

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 19, 2025

NEW ISSUE - BOOK-ENTRY ONLY

RATING: Moody's: "A1" (Underlying)
S&P: "____" (Stable Outlook) (Insured)
(See "RATINGS" herein)

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation. This opinion of Bond Counsel is subject to continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations thereunder. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For further information concerning federal and state tax matters relating to the Bonds, see "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

\$47,110,000*

Upper Darby School District

Delaware County, Pennsylvania

General Obligation Bonds, Series of 2025

Dated: Date of Delivery

Interest Due: April 1 and October 1

Principal Due: April 1

First Interest Payment: April 1, 2026

The General Obligation Bonds, Series of 2025 (the "Bonds") in the aggregate principal amount of \$47,110,000* will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are general obligations of the Upper Darby School District, Delaware County, Pennsylvania (the "School District") payable from its tax and other general revenues. The School District has covenanted that it will, to the fullest extent permitted under applicable law, provide in its budget in each year, and will to the fullest extent permitted by applicable law appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See "Security" and "The Taxpayer Relief Act (Act 1)" *infra*).

Interest on each of the Bonds is payable initially on April 1, 2026, and thereafter semiannually on October 1 and April 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed TD Bank, N.A. (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office in Philadelphia, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

The proceeds of the Bonds will be used towards: (i) the planning, designing, equipping, furnishing and construction of a new Clifton Heights Middle School building; (ii) the planning, designing, constructing, equipping, furnishing and financing of various other capital equipment purchases and capital improvements to school facilities and school buildings owned or controlled and operated by the School District; and (iii) paying the costs and expenses related to the issuance of the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by _____.

PRINCIPAL MATURITY DATES AND AMOUNTS, INTEREST RATES AND INITIAL OFFERING YIELDS

See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Fox Rothschild LLP, of Blue Bell, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Fox Rothschild LLP, of Blue Bell, Pennsylvania, School District Solicitor, and for the Underwriter by Stevens & Lee, of Reading, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC will serve as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about _____, 2025.

RAYMOND JAMES®

Dated:

*Estimated, subject to change.

\$47,110,000*
Upper Darby School District
Delaware County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery

Principal Due: April 1, as shown below

Interest Due: April 1 and October 1

First Interest Payment: April 1, 2026

Maturity Date (April 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers⁽¹⁾
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				
2055				

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Estimated, subject to change.

UPPER DARBY SCHOOL DISTRICT
Delaware County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Mr. Neil Desnoyers	President
Ms. Desiree' Murphy Morrissey, M.A. Ed	Vice-President
Mr. Craig Rogers.....	Secretary*
Mr. Donald Fields.....	Member
Ms. Kimberly Glenn, A.S.....	Member
Mr. Mohammad Hossain.....	Member
Mrs. Michelle Piacentini-Kao, A.S.....	Member
Mr. Damien Christopher Warsavage.	Member
Ms. Brittney Williams, M.Ed.	Member
Ms. Debra A. Williams, MBA, M.Ed.....	Member

*Non-Voting Member

SUPERINTENDENT
DR. DANIEL P. MCGARRY

CHIEF FINANCIAL OFFICER
CRAIG ROGERS

SCHOOL DISTRICT SOLICITOR
FOX ROTHSCHILD LLP
Blue Bell, Pennsylvania

BOND COUNSEL TO THE SCHOOL DISTRICT
FOX ROTHSCHILD LLP
Blue Bell, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
STEVENS & LEE
READING, PENNSYLVANIA

PAYING AGENT
TD BANK, N.A.
Philadelphia, Pennsylvania

SCHOOL DISTRICT ADDRESS
8201 Lansdowne Ave
Upper Darby, PA 19082

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING OF SUCH BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE. THE ORDER AND PLACEMENT OF MATERIALS IN THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY, OR IMPORTANCE, AND THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY THE MEANS OF THE ENTIRE PRELIMINARY OFFICIAL STATEMENT.

_____ (“_____”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, _____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding _____ supplied by _____ and presented under the heading “Bond Insurance” and “Appendix E - Specimen of Municipal Bond Insurance Policy”.

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PRELIMINARY OFFICIAL STATEMENT

\$47,110,000*

Upper Darby School District Delaware County, Pennsylvania General Obligation Bonds, Series of 2025

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished by Upper Darby School District, Delaware County, Pennsylvania (the "School District"), in connection with the offering of \$47,110,000* aggregate principal amount of its General Obligation Bonds, Series of 2025, dated the date of delivery (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District anticipated to be adopted on March 11, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82, as amended (the "Act").

PURPOSE OF THE ISSUE

The proceeds of the Bonds will be used towards (i) the planning, designing, equipping, furnishing and construction of a new Clifton Heights Middle School building; (ii) the planning, designing, constructing, equipping, furnishing and financing of various other capital equipment purchases and capital improvements to school facilities and school buildings owned or controlled and operated by the School District; and (iii) paying the costs and expenses related to the issuance of the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

<u>Sources of Funds</u>	
Par Amount.....	
Net Original Issue Premium (Discount).....	
Total Source of Funds	
 <u>Uses of Funds</u>	
Construction Fund Deposit	
Costs of Issuance ⁽¹⁾	
Total Use of Funds	

⁽¹⁾Includes legal, financial advisor, printing, rating, bond discount, municipal bond insurance, CUSIP, paying agent and miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, will be in the aggregate principal amount of \$47,110,000*, will be dated as of the date of delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the cover page of this Preliminary Official Statement. Interest on the Bonds will be payable initially April 1, 2026, and thereafter, semiannually on October 1 and April 1.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See “BOOK – ENTRY ONLY SYSTEM” herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to TD Bank, N.A. (the “Paying Agent”), acting as paying agent and sinking fund depository for the Bonds, at its principal corporate trust office Philadelphia, Pennsylvania (or to any successor paying agent at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding April 1, 2026, in which event such Bond shall bear interest from the date of delivery; or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bond. Interest shall be paid on the Bonds initially on April 1, 2026, and thereafter, semiannually on October 1 and April 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a day on which the paying agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under “Book-Entry Only System,” Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

*Estimated, subject to change.

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the opening of business on the fifteenth (15th) day next preceding the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of mailing of the applicable notice of redemption; or (b) to transfer or exchange any portion of any Bond selected for redemption in whole or in part. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Budget Adoption**” hereinafter.

Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor timely signed the state’s 2021-2022 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a record high of \$13.55 billion in the 2021-2022 budget.

After a week’s delay and intense negotiations, a \$42.7 billion budget for the state’s 2022-2023 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-2023 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state’s budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

*During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. See “**Act 85 of 2016**” hereinafter.*

Act 85 of 2016

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) (“Act 85 of 2016”), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code (“Fiscal Code”). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled “School District Intercepts for the Payment of Debt Service During Budget Impasse”, which provides for intercept of

subsidy payments by the Pennsylvania Department of Education (“PDE”) to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of “intercept statutes” Section 633 of the Public School Code. The School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement “shall be appropriated” to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will to the fullest extent authorized under applicable law provide in its budget for each year, and will to the fullest extent permitted by applicable law appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable property within the School District within the limits provided by law (see “Taxing Powers of the School District” herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see “Defaults and Remedies” herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “Commonwealth Enforcement of Debt Service Payments” herein).

BOND INSURANCE

[TO BE DETERMINED]

BOND INSURANCE RISK FACTORS

The School District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The School District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the School District which is recovered by the School District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however,

such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the School District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the applicable agreements.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the applicable agreements. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description under "RATINGS" below.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the School District or Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2025" (the "Sinking Fund"), has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on April 1, ____ (the "Term Bonds") are subject to mandatory redemption prior to their stated maturity by lot by the Paying Agent from monies to be deposited in the Sinking Fund established under the Resolution at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. The School District hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the School District as permitted under the Resolution) on April 1 of the years, from the maturities and in the annual principal amounts set forth in the following schedule (or such lesser principal amount as shall at the time represent all Term Bonds which shall then be outstanding):

<u>Year</u> <u>(April 1)</u>	<u>Amount</u>
---------------------------------	---------------

*Stated Maturity.

Optional Redemption

The Bonds stated to mature on or after April 1, ____ shall be subject to redemption prior to maturity, at the option of the School District, as a whole or, from time to time, in part on _____, _____, or on any date thereafter (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption. Any notice of redemption of Bonds may state that the redemption is conditioned upon the deposit of sufficient funds prior to the redemption date. If sufficient funds are not received, such notice of redemption shall be of no effect.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The Upper Darby School District, Delaware County, Pennsylvania (the “School District”) is a second-class school district, located in southeastern Pennsylvania, adjacent to the City of Philadelphia, in the County of Delaware, Pennsylvania (the “County”) and consists of the Township of Upper Darby (the “Township”), and the Boroughs of Clifton Heights and Millbourne (the “Municipalities”) and covers approximately 8.6 square miles. The County is located in the southeastern corner of the Commonwealth, bounded on the northwest by Montgomery County, on the northeast by the City of Philadelphia, and on the south by the Delaware River and the State of Delaware, and on the west by the County of Chester.

Administration

The School District is governed by a board of nine School Directors who are citizens of the School District and who are elected to serve four-year terms on a staggered basis. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent who is appointed by the Board of School Directors.

School Facilities

The School District consists of one secondary center (grades 9-12), two middle schools (grades 6-8), six elementary schools (grades 1-5), three elementary schools (grades K-5) and one kindergarten center (grade K).

**TABLE 1
UPPER DARBY SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rate Pupil Capacity	2024-25 Enrollment
<i>Elementary:</i>					
Aronimink	1937	2023	1-5	765	626
Bywood	1926	1988	1-5	718	683
Charles Kelly	2007	-	1-5	348	270
Garrettford	1941	-	1-5	624	529
Highland Park	1973	-	1-5	718	738
Hillcrest	1950	1970	K-5	675	552
Primos	1949	1989	K-5	494	499
Stonehurst Hills	1926	1988	1-5	602	437
Westbrook Park	1939	1969	K-5	544	469
Kindergarten Center	1928	-	K	640	468
<i>Middle School:</i>					
Beverly Hills	1920	1968, 1995, 1998	6-8	1,728	1,474
Drexel Hills	1957	1969	6-8	1,566	1,244
<i>High School:</i>					
Upper Darby	1950	1954, 1970, 1993, 1998	9-12	4,440	4,202

Source: School District officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next 5 years. The table shows a trend of relatively constant enrollments.

**TABLE 2
UPPER DARBY SCHOOL DISTRICT
ENROLLMENT TRENDS**

School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	5,514	6,816	12,330	2025-26	5,261	6,900	12,161
2021-22	5,460	6,851	12,311	2026-27	5,138	6,768	11,906
2022-23	2,396	7,047	9,443	2027-28	5,149	6,666	11,815
2023-24	5,370	7,162	12,532	2028-29	5,123	6,609	11,732
2024-25	5,411	6,780	12,191	2029-30	5,081	6,565	11,646

Source: School District officials and the Pennsylvania Department of Education.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the Superintendent and Business Manager and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis of accounting. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. Baker Tilly Virchow Krause LLP of Philadelphia, Pennsylvania, serves as the School District Auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its audit report included in an Appendix to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor has also not been engaged to perform, and has not performed, any procedures relating to this Preliminary Official Statement.

Budgeting Process in School Districts under the Taxpayer Relief Act

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department and submitted to the board of school directors for approval prior to the beginning of each fiscal year on which commences July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together “The Taxpayer Relief Act” or “Act 1”) all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the primary election immediately preceding the beginning of each fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days’ public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from the PA Department of Education (PDE) suggests that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education (PDE) no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district’s Index (see “**The Taxpayer Relief Act (Act 1)**” herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see “**The Taxpayer Relief Act (Act 1)**” herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district’s request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district’s request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared and approved at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days’ public notice be given of the board’s intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

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Summary and Discussion of Financial Results

A summary of the General Fund Balance Sheet and changes in fund balances is presented in Tables 3 show annual changes in ending General Fund Balances and Revenues and Expenditures during the past five years (5) years and the 2024-25 budget, as adopted June 18, 2024.

TABLE 3
UPPER DARBY SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years Ending June 30)

	Actual					Budget
REVENUES	2020	2021	2022	2023	2024	2025 ⁽¹⁾
Local Sources.....	\$111,763,804	\$113,697,751	\$116,424,133	\$115,455,630	\$119,373,841	\$120,012,346
State Sources.....	88,926,839	85,451,485	87,273,616	104,567,140	114,107,542	117,942,753
Federal Sources.....	7,369,494	22,833,410	20,218,384	23,976,439	29,198,361	20,672,220
Other Financing Sources.....	0	0	0	0	0	750,000
TOTAL REVENUES.....	\$208,060,592	\$221,982,646	\$223,916,133	\$243,999,209	\$262,679,744	\$259,377,319
EXPENDITURES						
Instruction.....	\$136,099,881	\$143,647,335	\$147,552,075	\$152,576,827	\$164,067,331	\$155,509,885
Support Services.....	56,600,679	54,073,104	56,886,325	61,742,587	69,929,264	71,270,397
Non-Instructional Services.....	5,327,543	4,071,957	3,507,354	3,432,297	3,053,459	3,690,597
Refund of Prior Year Receipts.....	1,454	0	1,467	646,686	375,519	0
Capital Outlay.....	2,266,753	0	168,622	9,847,913	16,284,544	19,451,701
Debt Service.....	7,188,652	13,359,535	7,066,871	7,570,994	7,566,042	9,402,135
Leases/Other Right-to-Use Arrangements.....	0	0	0	0	319,353	0
TOTAL EXPENDITURES.....	\$207,484,962	\$215,151,931	\$215,182,714	\$235,817,304	\$261,595,512	\$259,324,715
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES.....	\$575,630	\$6,830,715	\$8,733,419	\$8,181,905	1,084,232	\$52,604
OTHER FINANCING SOURCES (USES)						
Insurance Reimbursement.....	\$0	\$0	\$0	\$0	\$41,983	\$0
Sale of Compensation-Loss of Fixed Assets.....	0	0	0	0	97,360	0
Proceeds from Extended Term Financing.....	2,188,808	615,997	705,770	0	0	0
Proceeds from Bond Insurance.....	0	5,973,035	0	0	0	0
Fund Transfers In.....	894,035	860,130	729,304	543,568	764,666	0
Fund Transfers Out.....	(3,150,000)	(12,000,000)	(8,000,000)	(4,740,000)	(500,000)	0
Budgetary Reserve.....	0	0	0	0	0	(4,151,428)
TOTAL OTHER FINANCING SOURCES.....	(\$67,157)	(\$4,550,838)	(\$6,564,926)	(\$4,196,432)	\$ 404,009	(\$4,151,428)
NET CHANGE IN FUND BALANCE	\$508,473	\$2,279,877	\$2,168,493	\$3,985,473	1,488,241	(\$4,098,824)
<i>Beginning Fund Balance.....</i>	<i>\$26,410,104</i>	<i>\$26,918,576</i>	<i>\$29,198,453</i>	<i>\$31,366,946</i>	<i>\$35,352,419</i>	<i>\$31,392,438</i>
<i>Ending Fund Balance.....</i>	<i>\$26,918,577</i>	<i>\$29,198,453</i>	<i>\$31,366,946</i>	<i>\$35,352,419</i>	<i>\$36,840,660</i>	<i>\$32,741,836</i>

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 18, 2024. The (approved) State Budget Funding is not included and the Estimated Funding from the State would net an additional \$10,544,233 to the District.

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “The Taxpayer Relief Act (Act 1)” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (“The Taxpayer Tax Relief Act” or “Act 1”), a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district’s petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the current and prior fiscal years are as follows:

Fiscal Year	Index %
2021-22	4.4%
2022-23	5.0%
2023-24	6.0%
2024-25	7.9%
2025-26	5.8%

In accordance with Act 1, the School District put a referendum question on the ballot at the May15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax (“EIT”) or a personal income tax (“PIT”) and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election in 2009 or any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

Status of the Bonds under Act 1

The Bonds described in this Preliminary Official Statement do not represent debt that was approved (“incurred”) by the board of school directors prior to the effective date of Act 1, therefore the board of school directors may not apply to the Pennsylvania Department of Education (PDE) to use the Act 1 referendum exception for previously incurred debt if a tax increase greater than the Index is needed to provide for payment of principal or interest on the Bonds. The School District, however, has included sufficient new millage in its current year budget to cover the full amount of the debt service on the Bonds without exceeding the Act 1 Index (although the actual tax increase may have exceeded the Index as a result of the application of other approved exceptions to the Index).

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District has not scheduled a public hearing or taken other action to conduct a referendum under the Local Tax Enabling Act, as amended by Act 130 of 2008.

Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

Tax Levy Trends

Table 4 which follows shows the recent trend of tax rates levied by the School District. Table 5 shows the comparative trend of real property tax rates for the School District, Clifton Heights Borough, Millbourne Borough, Upper Darby Township, and Delaware County.

**TABLE 4
UPPER DARBY SCHOOL DISTRICT
TAX RATES**

Fiscal Year	Real Estate (mills)	Real Estate Transfer (%)	Earned Income (%)
2020-21	37.8452	0.50%	0.00%
2021-22	38.8292	0.50%	0.00%
2022-23	24.8737	0.50%	0.00%
2023-24	25.1224	0.50%	0.00%
2024-25	25.8761	0.50%	0.00%

Source: School District Officials.

**TABLE 5
UPPER DARBY SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
School District	38.8292	24.8737	25.1224	25.8761	25.8761
Clifton Heights Borough.....	11.2338	11.2338	11.2338	11.2340	11.2340
Millbourne Borough	24.2650	35.0000	7.6850	10.5890	10.5890
Upper Darby Township.....	13.1400	13.1400	13.4900	14.0200	14.0200
Delaware County	2.9990	2.9990	2.9990	3.1490	3.1490

Source: School District Officials and PA DCED website.

Real Property Tax

The real property tax (excluding delinquent collections) produced \$103,845,649 in 2023-24 approximately 39.5% of overall revenues. The property tax is levied on July 1 of each year. Taxpayers who remit on or before August 31 receive a 2 percent discount, and those who remit between September 1 and October 31 are paid at par, unpaid taxes are turned over to the Tax Claim Bureau for collection. Those who remit after October 31 are assessed at a 10 percent penalty.

**TABLE 6
UPPER DARBY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Fiscal Year	Market Value	Assessed Value	Ratio
2019	\$3,798,154,799	\$2,939,730,116	77.40%
2020	3,797,468,229	2,880,939,147	75.86%
2021	3,797,468,229	4,670,386,151	122.99%
2022	4,752,246,862	4,781,227,613	100.61%
2023	4,732,210,119	4,764,153,303	100.68%

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

TABLE 7
UPPER DARBY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2022	2022	2023	2023
	<u>Market Value</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Assessed Value</u>
School District.....	\$3,797,468,229	\$4,781,227,613	\$4,732,210,119	\$4,764,153,303
Clifton Heights Borough	277,917,551	343,686,596	348,108,627	341,356,586
Millbourne Borough	26,725,227	38,063,210	33,425,941	36,781,150
Upper Darby Township	3,492,825,451	4,399,477,807	4,350,675,551	4,386,015,567
Delaware County.....	56,190,922,472	58,168,637,193	56,682,227,303	58,656,831,445

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

TABLE 8
UPPER DARBY SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2019	2020	2021	2022	2023
Residential	\$2,336,110,211	\$2,291,048,420	\$3,495,471,492	\$3,495,174,645	\$3,494,876,784
Lots.....	13,252,411	11,369,436	22,284,457	22,240,067	22,198,694
Industrial.....	11,484,345	12,057,705	20,031,460	40,765,730	36,318,390
Commercial	578,883,149	566,463,586	1,132,598,742	1,223,047,171	1,210,759,435
Total.....	<u>\$2,939,730,116</u>	<u>\$2,880,939,147</u>	<u>\$4,670,386,151</u>	<u>\$4,781,227,613</u>	<u>\$4,764,153,303</u>

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

TABLE 9
UPPER DARBY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

Fiscal Year	Levy	Current Collections Amount	State Homestead Tax Exclusion Revenue	Total Current Year Collections	Current Year Collections as Percent	Delinquent Collections	Total Collections as Percent
2019-20	\$109,558,420	\$98,111,758	\$5,141,347	\$103,253,105	94.24%	\$5,274,617	99.06%
2020-21	112,013,448	100,612,262	5,141,875	105,754,137	94.41%	6,165,165	99.92%
2021-22	114,896,501	100,381,088	5,143,900	105,524,988	91.84%	6,894,064	97.84%
2022-23	119,191,413	99,847,426	6,481,808	106,329,234	89.21%	7,861,527	95.80%
2023-24	119,893,669	103,839,563	6,491,888	110,331,451	92.02%	4,644,541	95.90%

Source: School District Officials.

The ten largest real property taxpayers, together with their assessed values, are shown on Table 10 which follows. The aggregate assessed value of these ten taxpayers totals approximately 8.5 percent of total assessed value.

**TABLE 10
UPPER DARBY SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

Owner	2025-26 Assessed Value
PROSPECT CCMC LLC*	\$124,486,917
DREXELBROOK 2019 LLC	82,102,500
69TH ST RETAIL OWNER LP	42,159,610
WRD SEARS LP*	32,760,000
WP BISHOP NEWCO LLC	28,065,750
MADISON RTL CLIFTON HTS PA LLC	28,340,000
MCBH DREXELINE PLAZA LP	24,011,550
DREXELBROOK ASSOC LLC	15,766,730
LAUREL MANOR TIC III LLC	14,951,160
LT NORTH APARTMENTS LP	13,198,830
Total	\$405,843,047

* The above taxpayer initiated appeals are currently pending; however, the School District does not anticipate any material impact to the budget.
Source: School District Officials.

Other Taxes

Under Act 511, the School District collected \$3,137,456.66 in other taxes in 2023-24.

COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (5.06%) or the wealth based Market Value Aid Ratio ("MVAR") currently (70.88%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to

adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the State would start to allow applicants to enter into the new program.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

DEBT STATEMENT AND DEBT LIMITS

Debt Statement

Table 11 which follows shows the debt of the Upper Darby School District as of February 20, 2025, including the issuance of the Bonds.

TABLE 11
UPPER DARBY SCHOOL DISTRICT
DEBT STATEMENT*
(As of February 20, 2025)

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2025	\$47,110,000
General Obligation Bonds, Series of 2024	32,755,000
General Obligation Bonds, Series of 2023	9,995,000
General Obligation Bonds, Series of 2022	9,990,000
General Obligation Bonds, Series A of 2021	36,540,000
General Obligation Bonds, Series of 2020	26,490,000
General Obligation Bonds, Series of 2019	6,060,000
General Obligation Bonds, Series of 2018	2,565,000
Qualified School Construction Bonds, Series C of 2011	26,857
Qualified School Construction Bonds, Series A of 2010	339,333
TOTAL NONELECTORAL DEBT	\$171,871,190
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$171,871,190

*Includes the estimated Bonds offered through this Preliminary Official Statement.

Table 12 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$171,871,190. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$170,873,219.

TABLE 12
UPPER DARBY SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of February 20, 2025)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$171,871,190	\$170,873,219
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$171,871,190	\$170,873,219
OVERLAPPING DEBT		
Municipal General Obligation Debt	\$32,573,335	\$32,573,335
Delaware County ⁽²⁾	25,215,900	25,215,900
TOTAL OVERLAPPING DEBT	\$57,789,235	\$57,789,235
TOTAL DIRECT AND OVERLAPPING DEBT	\$229,660,425	\$228,662,454
DEBT RATIOS		
Per Capita	\$2,449.55	\$2,438.91
Assessed Value	4.82%	4.80%
Market Value	4.85%	4.83%

*Includes the estimated Bonds offered through this Preliminary Official Statement.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See "Commonwealth Aid to School Districts".

⁽²⁾Pro rata 8.35 percent share of \$390,162,125 of principal amount outstanding as of February 21, 2025, as reported by PA DCED.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2022	\$210,684,838
Total Revenues for 2023	227,007,088
Total Revenues for 2024	241,531,923
Total	\$679,223,848
Annual Arithmetic average (Borrowing Base)	\$226,407,949

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing base	\$509,417,886	\$171,871,190	\$337,546,696

*Includes the estimated Bonds described herein, does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by State aid.

Debt Service Requirements

Table 13 presents the debt service requirements on the School District's outstanding general obligation indebtedness including debt service on the estimated Bonds.

The School District has never defaulted on the payment of debt service.

TABLE 13
UPPER DARBY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other Outstanding General Obligation Debt	Series of 2025			Total Requirements
		Principal	Interest	Subtotal	
2024-25	\$7,445,614				
2025-26	8,241,956				
2026-27	7,612,116				
2027-28	7,612,356				
2028-29	7,612,106				
2029-30	7,612,581				
2030-31	7,614,606				
2031-32	7,613,656				
2032-33	7,611,056				
2033-34	7,613,306				
2034-35	7,611,006				
2035-36	7,613,156				
2036-37	7,614,344				
2037-38	7,614,356				
2038-39	7,612,956				
2039-40	7,614,531				
2040-41	7,614,056				
2041-42	7,611,281				
2042-43	7,611,031				
2043-44	7,612,881				
2044-45	7,610,806				
2045-46	7,615,156				
2046-47	7,615,231				
2047-48	7,610,831				
2048-49	7,611,413				
2049-50	7,611,650				
2050-51	7,611,081				
2051-52	7,614,319				
2052-53	7,610,100				
2053-54	7,612,500				
Total	\$228,842,042				

*Totals may not add due to rounding.

Table 14 presents data on the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

TABLE 14
UPPER DARBY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID*

2023-24 Commonwealth Aid Received	\$114,107,542
2023-24 Debt Service Requirements	8,260,914
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2023-24 (estimated) Debt Service Requirements	13.81 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

*Assumes current State Aid Ratio. See "Commonwealth Aid to School Districts."

Future Financing

The School District is currently anticipating issuing additional long-term debt of approximately \$15-\$20 million within the next 1-2 years to fund the Clifton Heights Middle School Project.

LABOR RELATIONS

School District Employees

The School District employs 1,664 employees, which include 981 professional/instructional personnel, fully certified in their area of responsibility, 85 administration/supervisory personnel, and 598 custodial/maintenance and support personnel.

The professional/instructional employees of the School District are represented for purposes of collective bargaining by the Upper Darby Educational Association ("UDEA"), an affiliate of the Pennsylvania State Education Association (the "PSEA"). The contract between the School District and the UDEA expires on June 30, 2027.

The School District's maintenance and transportation employees are represented by Transportation Workers Union Local #289 AFL/CIO, with a current contract which expires June 30, 2026. Certain office personnel are represented by the PSEA, with a current contract which expires on June 30, 2028.

Food services are contracted to ARAMARK Food Service Co., which provides all of the School District's food services.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administered by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.0% for the fiscal year 2025-26.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS will transition from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

2020-21	\$29,274,483
2021-22	\$30,480,061
2022-23	\$32,023,493
2023-24	\$32,756,349
2024-25 (budgeted)	\$35,195,220

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

was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion of the PSERS net pension liability was 0.5842%, which was a decrease of 0.0080% from its proportion measured as of June 30, 2023.

As of June 30, 2024, the PSERS plan was 64.63% funded, with an unfunded actuarial accrued liability of approximately \$42.3 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 7.05%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix "D" - Audit Report - Fiscal year Ended June 30, 2024.

The School District is current in all payments. Current projections indicate an increase in the contribution rate for future years and for further discussions of these increases please refer to the PSERS web site website on the Internet: www.psers.state.pa.us.

LITIGATION

At the time of settlement, the School District will deliver a certificate stating to the knowledge of the School District there is no litigation pending with respect to the Bonds, the Resolution or the right of the School District to issue the Bonds and there is no litigation which would materially affect the School District's financial condition.

DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, Fox Rothschild LLP ("Bond Counsel") will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Bonds, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District complies with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Bonds.

Notwithstanding the general exclusion of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Bonds.

The initial public offering price of the Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity. Bond Counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity ("original issue premium"). Investors should seek advice thereon from their own tax advisor.

The initial public offering price of the Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes "original issue discount." Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Bond Counsel will express no other opinion regarding other tax consequences with respect to the Bonds, including whether or not interest on the Bond is subject to taxation under the laws of any jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL TAX LEGISLATION. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire official Statement inclusive of its Appendices.

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a cyber breach or a cyber breach that resulted in a material financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate (hereinafter defined).

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See “TAX MATTERS” herein.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal Year Ending	Filing Due Dates	Filing Dates: Audit/Operating Data & Budget
6/30/2024	12/27/2024	12/11/2024
6/30/2023	12/31/2023	12/15/2023
6/30/2022	12/31/2022	12/20/2022
6/30/2021	12/31/2021	12/23/2021
6/30/2020	12/27/2020	12/9/2020

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

RATING

S&P Global Ratings, a business unit of Standard Poor’s Financial Services LLC (“S&P”) is expected to assign its municipal bond rating of “___” (Stable Outlook) to the Bonds and will do so with the understanding that upon delivery of the Bonds, a municipal bond insurance policy with respect to the Bonds will be issued by BAM. Moody’s Investor Service has assigned an underlying municipal bond rating of “A1” (Stable Outlook) to this issue of Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P, 55 Water Street, 38th Floor, New York, New York 10041 and Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

The above ratings are not recommendations to buy, sell, or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE" herein.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$ _____ (representing the par amount of the Bonds of \$ _____, [plus/less] an original issue [premium/discount] of \$ _____ less an underwriting discount of \$ _____). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

LEGAL MATTERS

The Bonds are offered subject to the receipt of the approving legal opinion of Fox Rothschild LLP, Bond Counsel to the School District, of Blue Bell, Pennsylvania. Certain legal matters will be passed upon for the School District by Fox Rothschild LLP, of Blue Bell, Pennsylvania, School District Solicitor. Certain legal matters will be passed on for the Underwriter by its Limited Scope Underwriter's Counsel, Stevens & Lee, Reading, Pennsylvania.

FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. Although the Financial Advisor has assisted the School District in the preparation of this Preliminary Official Statement, it is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

The School District has authorized the distribution of this Preliminary Official Statement.

**UPPER DARBY SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA**

By: _____
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Upper Darby School District

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Population

Table A-1 shows population trends for Delaware County and the Commonwealth. Table A-2 shows 2020 age composition and average number of persons per household in Delaware County and for the Commonwealth.

TABLE A-1
POPULATION TRENDS

<u>Area</u>	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
Delaware County.....	558,979	576,830	0.31%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, 2010 & 2020 Census.

TABLE A-2
AGE COMPOSITION

	<u>0-17</u> <u>Years</u>	<u>18-64</u> <u>Years</u>	<u>65+</u> <u>Years</u>
Delaware County	22.2%	61.4%	16.4%
Pennsylvania	20.9	60.9	18.2

Source: Pennsylvania State Data Center, 2020 General Population and Housing Characteristics: Pennsylvania.

The larger employers of Delaware County located within or near the School District include:

<u>Name</u>
The Boeing Company
Delaware County
Wawa Inc
Villanova University
Prospect CCMC LLC
SAP of America Inc
United Parcel Service Inc
Federal Government
Giant Food Stores LLC
Elwyn

Source: Quarterly Census of Employment and Wages. Center for Workforce Information & Analysis. Q2 2024

Employment

Overall employment data are not compiled for the School District or the municipality within it, but such data are compiled for the Philadelphia Primary Metropolitan Statistical Area (“PMSA”).

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
PHILADELPHIA PRIMARY METROPOLITAN STATISTICAL AREA
(Bucks, Chester, Delaware, Montgomery, and Philadelphia – PA Counties)

NONFARM JOBS
(December 2024)

Establishment Data	Industry Employment				Net Change From:	
	Dec 2024	Nov 2024	Oct 2024	Dec 2023	Nov 2024	Dec 2023
TOTAL NONFARM	3,160,400	3,160,700	3,147,300	3,117,700	-300	42,700
TOTAL PRIVATE	2,806,300	2,806,300	2,795,400	2,768,500	0	37,800
GOODS PRODUCING	305,600	308,600	309,600	306,200	-3,000	-600
Mining, Logging, and Construction	126,000	128,800	130,400	122,800	-2,800	3,200
Manufacturing	179,600	179,800	179,200	183,400	-200	-3,800
Durable Goods	92,100	92,100	91,900	93,300	0	-1,200
Non-Durable Goods	87,500	87,700	87,300	90,100	-200	-2,600
SERVICE-PROVIDING	2,854,800	2,852,100	2,837,700	2,811,500	2,700	43,300
PRIVATE SERVICE-PROVIDING	2,500,700	2,497,700	2,485,800	2,462,300	3,000	38,400
Trade, Transportation, and Utilities	563,400	555,300	544,300	563,500	8,100	-100
Wholesale Trade	121,800	121,500	121,800	122,100	300	-300
Retail Trade	289,000	284,000	278,600	289,800	5,000	-800
Transportation, Warehousing, and Utilities	152,600	149,800	143,900	151,600	2,800	1,000
Information	52,500	52,400	52,400	52,900	100	-400
Financial Activities	231,500	230,300	230,300	229,600	1,200	1,900
Finance and insurance	189,100	188,300	188,200	187,800	800	1,300
Professional and Business Services	497,400	501,500	501,400	496,000	-4,100	1,400
Professional and technical services	253,100	253,400	253,700	251,500	-300	1,600
Administrative and waste services	175,200	178,600	178,300	175,800	-3,400	-600
Education and Health Services	755,600	758,200	752,200	727,000	-2,600	28,600
Health care and social assistance	614,100	612,300	607,600	582,500	1,800	31,600
Hospitals	147,200	146,700	145,900	143,200	500	4,000
Leisure and Hospitality	274,700	275,400	280,300	269,300	-700	5,400
Accommodation and food services	221,200	221,100	223,400	217,300	100	3,900
Other Services	125,600	124,600	124,900	124,000	1,000	1,600
Government	354,100	354,400	351,900	349,200	-300	4,900
Federal Government	57,200	57,100	57,000	56,200	100	1,000
State Government	56,800	56,900	56,300	56,800	-100	0
Local Government	240,100	240,400	238,600	236,200	-300	3,900
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor and Industry – www.paworkstats.state.pa.us

Table A-4 shows recent trends in labor force, employment and unemployment for Delaware County. The unemployment rate for the County has been higher than the Commonwealth.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(DELAWARE COUNTY)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	Compound Average Annual % Rate
Delaware County							
Civilian Labor Force (000)	301.5	294.7	295.8	298.6	301.1	297.4	-0.27%
Employment (000)	289.9	267.8	277.2	288.8	293.0	288.2	-0.12%
Unemployment (000)	11.6	26.9	18.6	9.7	8.1	9.2	-4.53%
Unemployment Rate	3.80%	9.10%	6.30%	3.30%	2.70%	3.10%	
Pennsylvania							
Civilian Labor Force (000)	6,492.0	6,483.0	6,406.0	6,479.0	6,485.0	6,393.0	-0.31%
Employment (000)	6,208.0	5,894.0	5,999.0	6,196.0	6,296.0	6,179.0	-0.09%
Unemployment (000)	284.0	589.0	407.0	283.0	189.0	214.0	-5.50%
Unemployment Rate	4.40%	9.10%	6.30%	4.40%	2.90%	3.30%	

⁽¹⁾As of December 2024.

Source: paworkstats.state.pa.us website.

Income

The data on Table A-5 shows trends in per capita income for Delaware County and Pennsylvania over the 2010-2020 period.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Percentage Change 2010-2020
Delaware County	39,067	40,740	0.53%
Pennsylvania.....	27,049	35,518	3.46%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: U.S. Census Bureau, 2010 & 2020 Census

Commercial Activity

Table A-6 shows trends for retail sales in Delaware County and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Delaware County	\$9,257,449	\$9,510,061	\$9,134,845	\$9,768,201	\$10,596,620
Pennsylvania.....	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: The Nielson Company.

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APPENDIX B
Form of Opinion of Bond Counsel

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Blue Bell, PA 19422
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www.foxrothschild.com

_____, 2025

Raymond James & Associates, Inc.
2173 Embassy Drive
Lancaster, PA 17603

Re: Upper Darby School District
Delaware County, Pennsylvania
\$ _____ General Obligation Bonds, Series of 2025

Ladies and Gentlemen:

We have acted as Bond Counsel to the Upper Darby School District, Delaware County, Pennsylvania (the “School District”), a school district located in the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the authorization, issuance and sale by the School District of its General Obligation Bonds, Series of 2025, dated _____, 2025, in the aggregate principal amount of _____ Dollars (\$ _____) (the “Bonds”).

The Board of Directors of the School District, by a Resolution dated March 11, 2025 (the “Resolution”), has authorized and directed the issuance of the Bonds. The Resolution provides, inter alia, that the proceeds of the Bonds will be used for purposes of providing financing for: (i) the planning, designing, constructing, equipping, furnishing, and financing of a new Clifton Heights Middle School building; (ii) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements to school facilities and school buildings owned or controlled and operated by the School District; and (iii) paying the costs and expenses related to the issuance of the Bonds, all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the “LGUDA”). Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the provisions of the LGUDA. The Department of Community and Economic Development (the “Department”) of the

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Massachusetts Minnesota Missouri
Nevada New Jersey New York North Carolina Oklahoma **Pennsylvania** South Carolina Texas Washington



Raymond James & Associates, Inc.

_____, 2025

Page 2

Commonwealth has approved the proceedings for the incurring of this debt of the School District as authorized in the Resolution, as required by the LGUDA.

As to questions of fact material to our opinion, without undertaking to verify such facts by independent investigation, we have relied upon the certified proceedings and other certifications of the School District and other public officials, including without limitation, the matters listed in the following paragraph, which have been furnished to us.

As Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings related to the issuance and delivery of the Bonds as filed with and approved by the Department; (2) an executed counterpart of the Resolution; (3) a form of Bond; (4) a General Certificate of the School District; (5) a Tax Compliance Agreement; (6) a Due Diligence Memorandum completed and executed by the School District; and (7) the usual closing affidavits, certificates and documents. In our examination, we have assumed the genuineness of all signatures, including electronic signatures.

We have assumed that the School District, pursuant to the Resolution, has established a sinking fund with the Paying Agent named in the Resolution, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds will be deposited no later than the date fixed for the disbursement thereof. The School District has set forth in the Resolution to make payments out of such sinking fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the Bonds.

The School District in the Resolution has covenanted to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payment due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due and it has pledged its full faith, credit and taxing power to such payment, budgeting and appropriation.

We have further assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, succession or inheritance taxes or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

Based upon the foregoing, and subject to the further qualifications stated herein, and assuming investment and application of the proceeds of the Bonds as set forth in the Tax Compliance



Raymond James & Associates, Inc.

_____, 2025

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Agreement and the continuing compliance by the School District therewith and with the applicable provisions of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder, we are of the opinion that:

1. The School District is authorized, under applicable laws of the Commonwealth, to issue the Bonds to provide funds as enumerated in the Resolution.

2. The amount of non-electoral debt of the School District issued and outstanding or authorized by vote of the Board of Directors of the School District, including the Bonds, computed in accordance with the LGUDA, is not in excess of legal limitations; and the incurring of non-electoral debt of the School District, which is evidenced by the Bonds, is permitted by the LGUDA and the Constitution of the Commonwealth to be made by vote of the Board of Directors of the School District without assent of electors of the School District.

3. The proceedings pursuant to which the Bonds have been authorized and thus the incurring of the non-electoral debt of the School District, which is evidenced by the Bonds, are in accordance with applicable law. The Bonds are a full faith and credit obligation of the School District, the payment for which the School District is obligated, if necessary, to exercise its ad valorem taxing power, subject to the limits of Act 1, discussed below, upon all taxable property within the School District.

4. The Bonds are not presently "arbitrage bonds" as that term is contemplated by, and defined in, Section 103(b)(2) and Section 148, respectively, of the Code and applicable Regulations promulgated thereunder.

5. Interest on the Bonds is excludable from gross income for Federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. The Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from the personal income tax and the corporate net income tax imposed by the Commonwealth.

7. The Bonds, when issued and approved by the Pennsylvania Department of Community and Economic Development, will constitute indebtedness of the Local Government Unit for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.



Raymond James & Associates, Inc.

_____, 2025

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Notwithstanding the general excludability of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in other Federal, state, local and/or foreign tax consequences to certain taxpayers, including, without limitation, corporations required to include such interest in the calculation and payment of the alternative minimum tax under Section 55 of the Code (as noted in Paragraph 5 above); certain foreign corporations doing business in the United States that are subject to the Branch Profits Tax imposed by Section 884 of the Code; individuals or entities required to take such interest into account as market discount; financial institutions; insurance companies required to include such interest in amounts required to reduce the deductions for loss reserves pursuant to Section 832 of the Code; certain "S" Corporations (as defined in Section 1361 of the Code) with accumulated earnings and profits; individual recipients of Social Security, or Railroad Retirement benefits; and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We offer no opinion as to any of such other tax consequences.

With respect to the foregoing opinion, we advise you that the rights of the holders of the Bonds and the enforceability of the Bonds will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

The opinions set forth in paragraphs 4 and 5 above are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Code establishes certain requirements relating to the use and expenditures of the Bonds proceeds, restrictions on investments prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Non-compliance with any of these or other applicable requirements of the Code might cause interest on the Bonds to be subject to Federal income taxation either prospectively or retroactively to the date of issuance. The School District has covenanted to comply with such requirements.

We call to your attention to the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006, as amended by Act 25 of 2011 ("Act 1"). Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by more than an index based on factors described in Act 1 without voter approval by referendum. The Bonds were not authorized before the effective date of Act 1 and, as a result, are not "grandfathered" and the School District cannot be granted an exception to the Act 1 referendum requirement on the basis of the debt service due and payable on the Bonds if a tax increase greater than the applicable index is needed.



Raymond James & Associates, Inc.

_____, 2025

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We express no opinion herein as to any matter not expressly set forth herein, including Federal, state, local and/or foreign tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 4, 5 and 6 above. Further, we express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the time of closing on the date hereof, and is based on existing law as enacted and construed as of that time. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in such laws, regulations, or judicial or administrative decisions, any of which could adversely affect a holder of the Bonds.

Very truly yours,

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APPENDIX C
Form of Continuing Disclosure Certificate

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**UPPER DARBY SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2025**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Upper Darby School District, Delaware County, Pennsylvania (the “School District”), in connection with the issuance of its \$_____ aggregate principal amount General Obligation Bonds, Series of 2025 (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the School District, dated March 11, 2025 (the “Resolution”). The School District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Certificate to be for the benefit of such Beneficial Owners.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the School District and which has filed with the School District a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Certificate.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Certificate made with each NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Certificate.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule. Currently, MSRB’s address, phone number and fax number for purposes of the Rule are:

MSRB
1300 I Street, NW #1000
Washington, DC 20005
Phone: 202-838-1500
Fax: 202-898-1500

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Certificate, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Certificate, no SID has been designated.

SECTION 3. Provision of Annual Reports.

(a) The School District shall not later than 270 days after the end of each fiscal year of the School District, commencing with the fiscal year ending June 30, 2025, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In connection therewith, not later than fifteen (15) Business Days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent (if one has been designated by the School District under this Disclosure Certificate). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be

submitted separately from the remainder of the Annual Report when such audited financial statements are available. If the audited financial statements are not submitted as part of the Annual Filing to each Repository pursuant to this Section 3(a), the School District shall provide to each Repository such audited financial statements when they are available to the School District.

(b) If the School District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the School District shall send or cause the Dissemination Agent to send a notice to each NRMSIR and the SID in substantially the form attached as Exhibit A.

(c) The School District or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(iii) The School District shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID.

(d) If the Dissemination Agent does not receive the Annual Report from the School District by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the School District with respect to the School District's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following:

(i) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;

(ii) the annual budget or summary thereof for the most recent fiscal year;

(iii) the total assessed value and market value of all taxable real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both

as a percentage of the current year's levy and as an aggregate dollar amount) (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and

(v) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to each of the Repositories or the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each such other document so incorporated by reference. The School District reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events, with respect to a particular series of the Bonds, constitutes a "Listed Event" only with respect to such series of the Bonds. This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of securities holders, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the School District;

(xiii) The consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;

(xv) Failure to provide annual financial information as required;

(xvi) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and

(xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the School District, any of which reflect financial difficulties.

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall as soon as possible (with respect to those Listed Events where a determination of materiality by the School District is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the School District is not relevant to the obligation to give notice of a Listed Event or (ii) the School District determines (with respect to those Listed Events where a determination of materiality by the School District is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School District shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Paying Agent.

(d) For purposes of the Listed Events in Section 5(a)(xii), the School District and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: “ *Note: for the purposes of the event identified in subparagraph (b)(5)(1)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental*

body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;”

SECTION 6. Termination of Reporting Obligation. The School District’s obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the School District covenants to use its best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Certificate to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The School District shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Bonds or the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the

School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent, if other than the School District. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the School District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the School District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Undertaking with Respect to Certain Procedures and Policies. The School District agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single School District official will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other School District employees with respect to the School District's continuing disclosure undertakings.

SECTION 13. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 14. Alternative Filing. Notwithstanding the other provisions of this Disclosure Certificate, any filing under this Disclosure Certificate, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Certificate).

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Paying Agent, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[signature page follows]

[signature page to Continuing Disclosure Certificate
General Obligation Bonds, Series of 2025]

Attest:

**UPPER DARBY
SCHOOL DISTRICT**
Delaware County, PA

By: _____
Craig Rogers, Secretary
Board of School Directors

By: _____
Donald Fields, President
Board of School Directors

Date: _____, 2025

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Upper Darby School District
Delaware County, Pennsylvania

Name of Bond Issue: Upper Darby School District, Delaware County, Pennsylvania
\$_____ aggregate principal amount General Obligation
Bonds,
Series of 2025 (the “Bonds”)

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Upper Darby School District, Delaware County, Pennsylvania (the “School District”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2025, executed by the School District. The School District anticipates that the Annual Report will be filed by _____.

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

UPPER DARBY SCHOOL DISTRICT,
DELAWARE COUNTY, PENNSYLVANIA
[OR DISSEMINATION AGENT ON
BEHALF OF THE UPPER DARBY SCHOOL
DISTRICT, DELAWARE COUNTY,
PENNSYLVANIA]

Dated:_____

cc: Paying Agent

APPENDIX D
Audit Report - June 30, 2024

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Upper Darby School District

Financial Statements and
Supplementary Information

June 30, 2024

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Upper Darby School District

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Upper Darby School District

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Independent Auditors' Report

To the Board of School Directors of
Upper Darby School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis on pages 4 through 20 and the Required Supplementary Information on pages 59 through 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 69, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
December 3, 2024

Upper Darby School District

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

This Management's Discussion and Analysis (MD&A) of the financial performance of the Upper Darby School District (the District) provides an overview of the District's financial performance for the fiscal year ended June 30, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

District Profile

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

District Mission

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

Financial Highlights

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

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

Upper Darby School District

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business. These statements are prepared using the accrual basis of accounting. The focus of the statements are for the long-term.

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

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

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

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

Governmental Activities

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

Business-Type Activities

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

The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund Financial Statements

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

Upper Darby School District

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

Governmental Funds

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

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

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

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

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

Proprietary Fund

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

Fiduciary Funds

The District is the fiduciary for assets that belong to others, consisting of scholarship funds and general welfare funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on pages 31 and 32 of this report.

Notes to the Financial Statements

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

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

Upper Darby School District

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

Government-Wide Financial Analysis

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

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

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

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

Upper Darby School District

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

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

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

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

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation plus unspent bond proceeds less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At June 30, 2024, the District's net investment in capital assets was \$63,462,664, an increase of \$14,252,436 over 2023.

Upper Darby School District

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

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

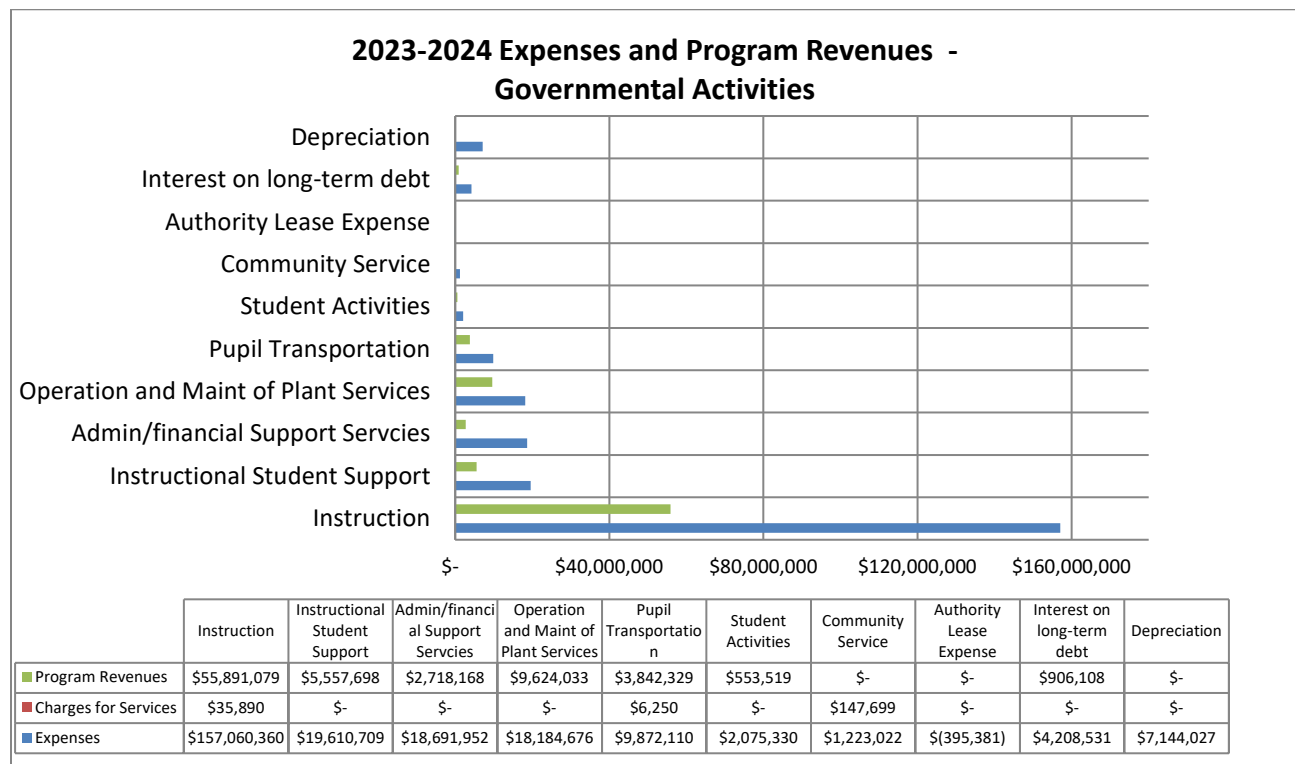
	Governmental Activities		Business-Type Activities		Total		Net
	2024	2023	2024	2023	2024	2023	Change
	(In Thousand)						
Program revenues:							
Charges for services	\$ 190	\$ 430	\$ 57	\$ 47	\$ 247	\$ 477	\$ (230)
Operating grants and contributions	79,093	74,304	9,648	9,930	88,741	84,234	4,507
General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

Upper Darby School District

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

Overall, the District's financial position remained stable, however, challenges such as increased special education costs, charter school tuition, pension contributions, state-mandated programs, current employee contracts and the need for financing to address infrastructure issues remain. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base is in the form of residential housing or 73.00% of its tax base. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities of 25.65%.

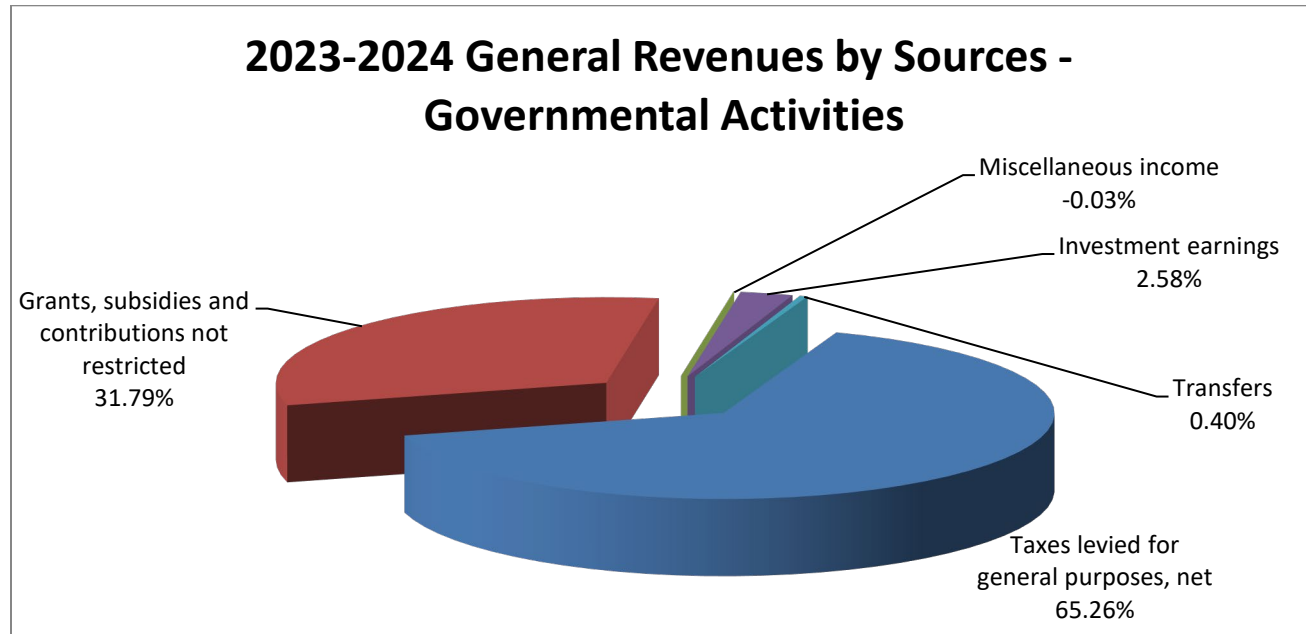
The Statement of Activities focuses on how the District finances its services. The Statement of Activities compares the cost of the District's functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph,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



Upper Darby School District

Management's Discussion and Analysis
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(Unaudited)

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



Fund Financial Analysis

The governmental fund financial statements provide detailed information on the District's major and nonmajor funds. Some funds are required to be established by statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2024, the District's governmental funds reported a combined fund balance of \$84,475,837, which is an increase of \$2,558,056 from 2023. The following table summarizes the District's total governmental fund balances as of June 30, 2024 and 2023 and the 2024 change in governmental fund balances.

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

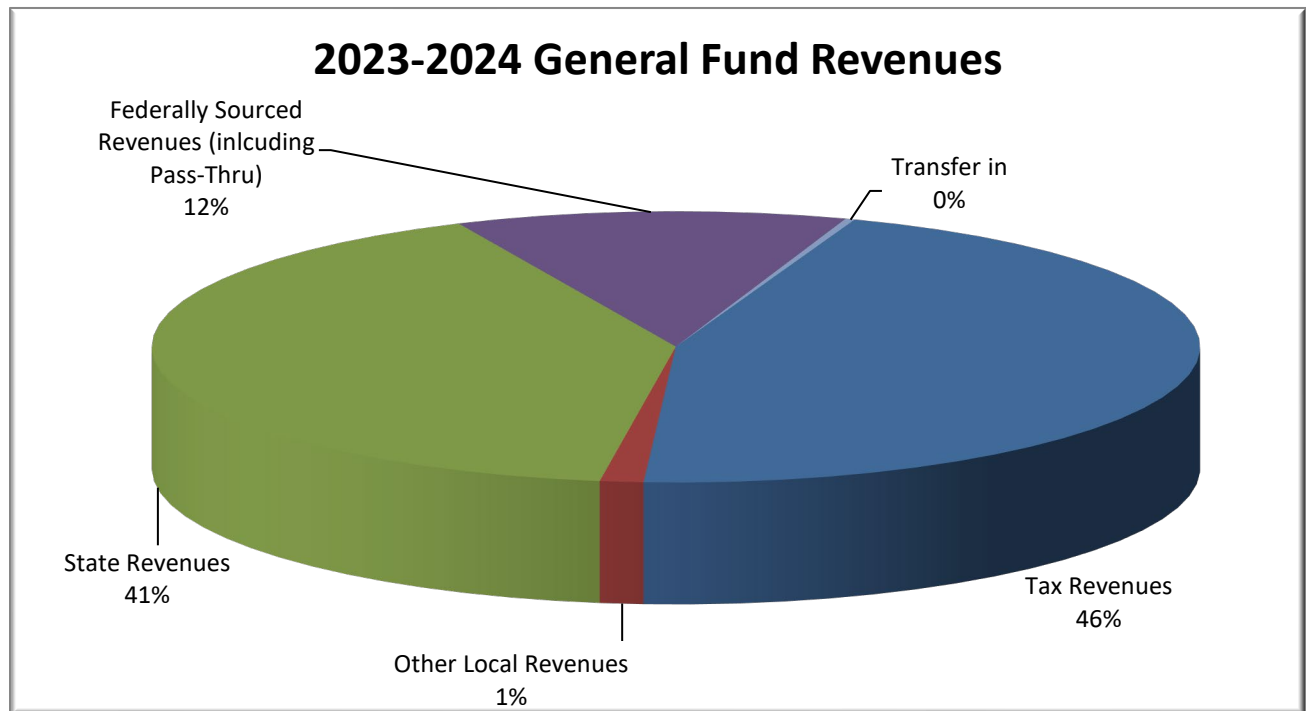
Upper Darby School District

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

General Fund

The General Fund is the District's primary operating fund. At June 30, 2024, the General Fund had a fund balance of \$36,840,659 representing an increase of \$1,488,240, or 4.21%, over 2023. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023-2024 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 46% of General Fund revenues are derived from local taxes.



General Fund Revenues

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

Upper Darby School District

Management's Discussion and Analysis
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(Unaudited)

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

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

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

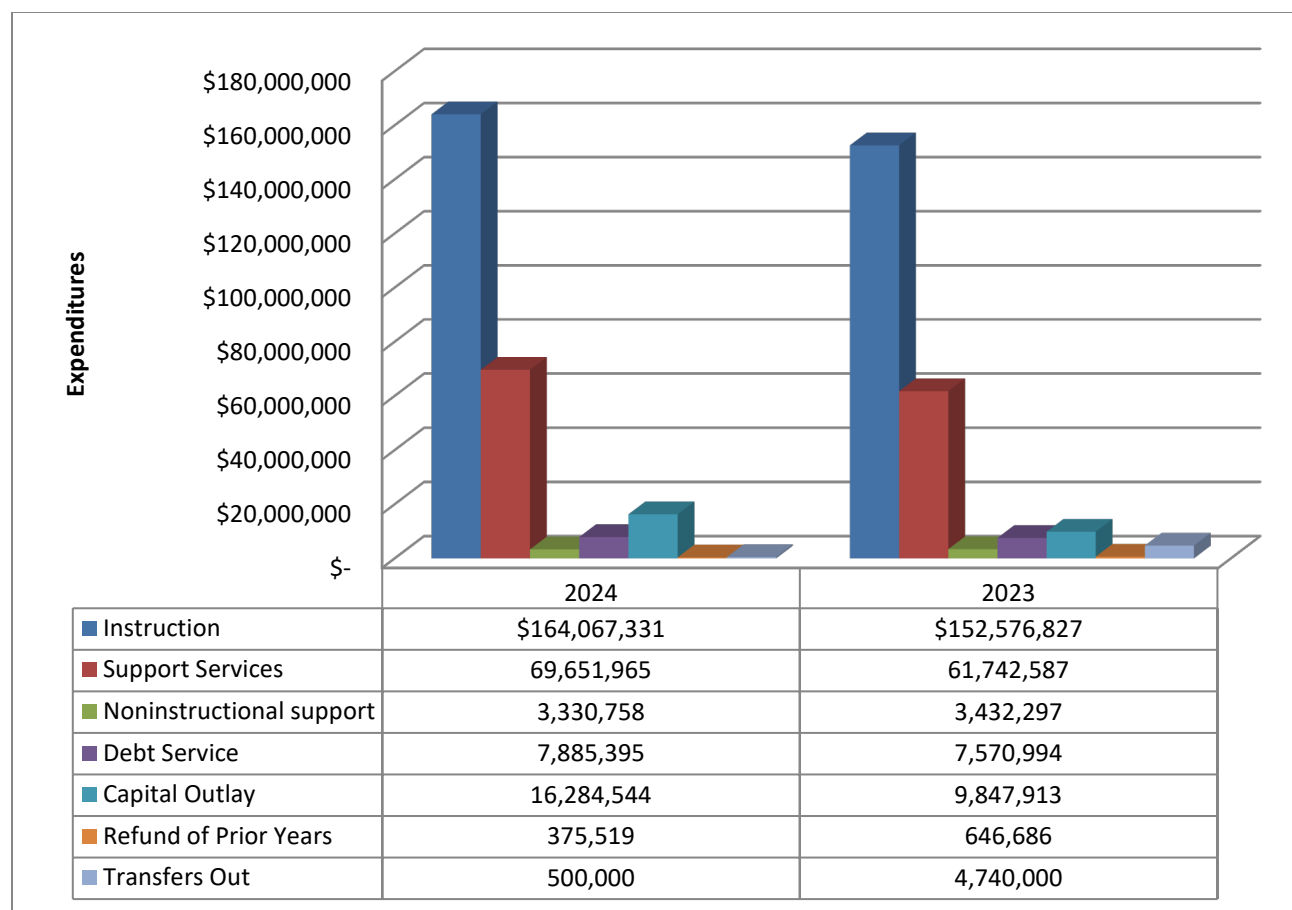
	2024	2023	Change
Instruction/block and miscellaneous grants	\$ 64,025,918	\$ 57,227,758	\$ 6,798,160
Special education	10,936,416	10,214,618	721,798
Transportation	2,445,067	2,506,966	(61,899)
Rental/leasing fund	656,234	832,641	(176,407)
Social Security and retirement	28,629,504	26,396,323	2,233,181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

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

Upper Darby School District

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

General Fund Expenditures and Other Financing Uses



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

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

Upper Darby School District

Management's Discussion and Analysis
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(Unaudited)

Capital Reserve Fund

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

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

Capital Projects Fund

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

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

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

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

General Fund Budget Information

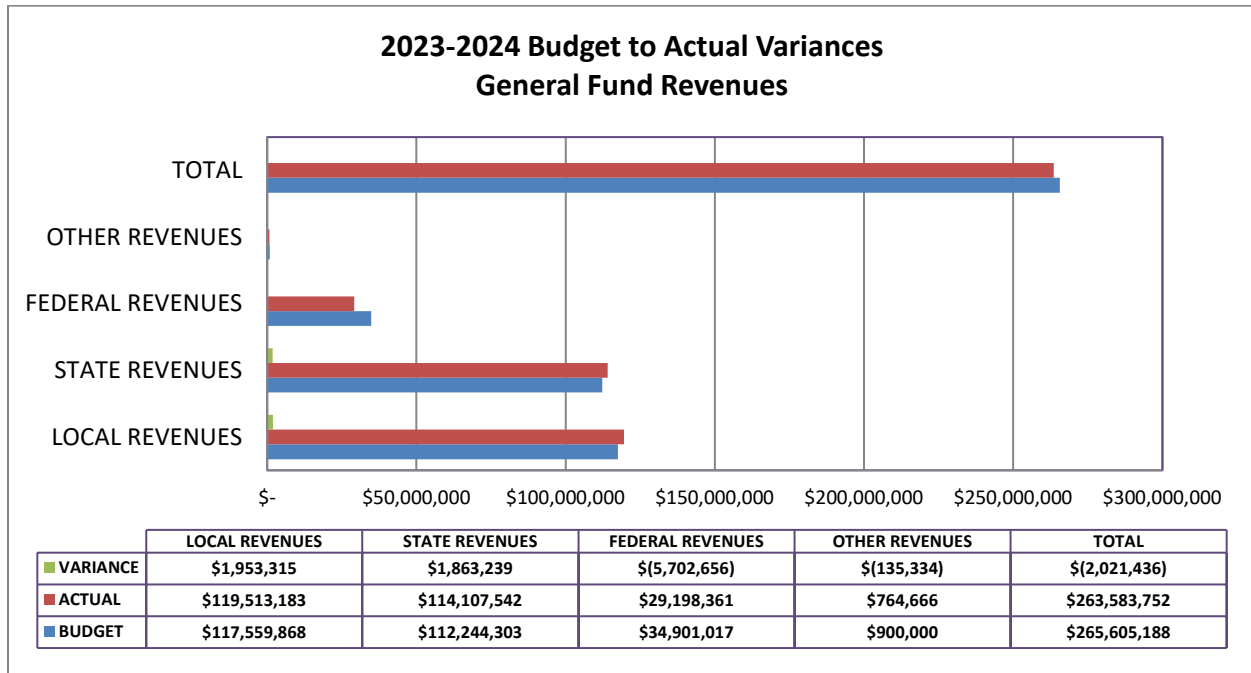
The District maintains its financial records and prepares its financial statements on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and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

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

Upper Darby School District

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

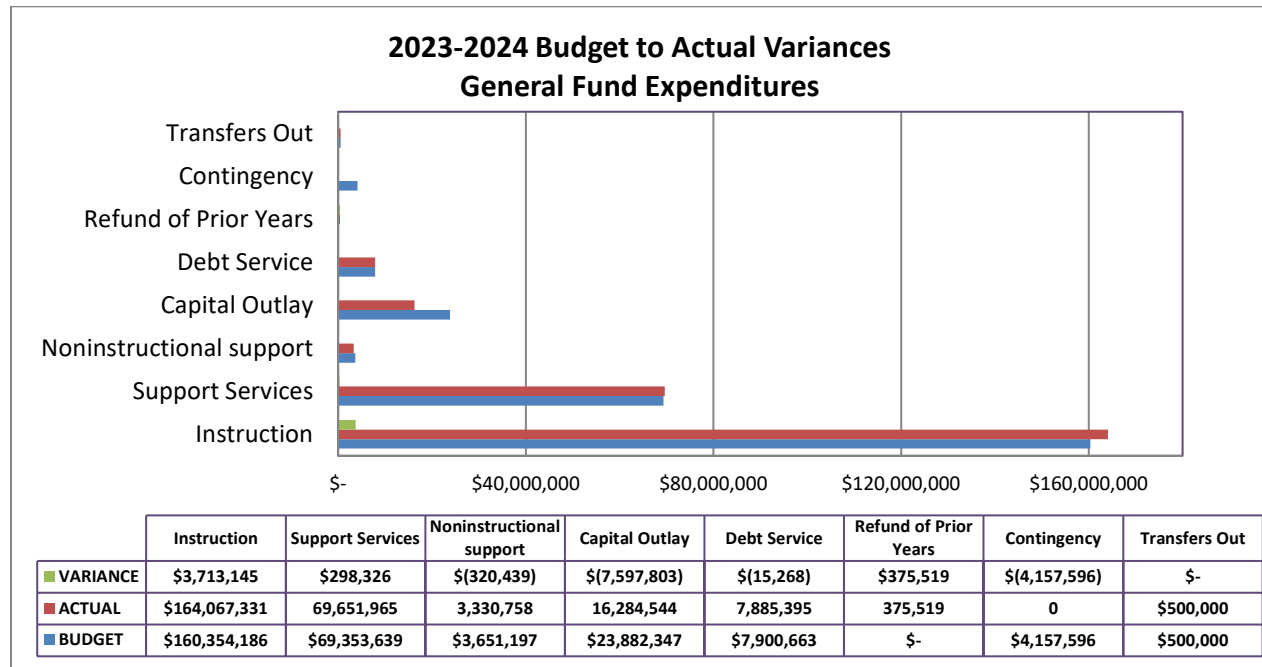


- Local revenues were \$1,953,315, or 1.66%, more than budgeted primarily due to one-time interim tax billings.
- State revenues were \$1,863,239, or 1.63%, more than budgeted due to additional funding being allocated to Upper Darby School district that were not expected at the time the budget was passed.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

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

Upper Darby School District

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



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

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

Upper Darby School District

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

Business-Type Activity/Proprietary Fund

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

Capital Assets

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

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

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

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

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

Long-Term Debt

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

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

Upper Darby School District

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

Economic Condition and Outlook

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

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

For more information regarding the District's future facility plans, please visit the District's website at upperdarbysd.org.

Upper Darby School District

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

Requests for Information

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

Upper Darby School District

Statement of Net Position (Deficit)

June 30, 2024

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

See notes to financial statements

Upper Darby School District

Statement of Activities

Year Ended June 30, 2024

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

See notes to financial statements

Upper Darby School District

Balance Sheet - Governmental Funds
June 30, 2024

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

See notes to financial statements

Upper Darby School District

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

Total Fund Balances, Governmental Funds \$ 84,475,837

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

Capital assets used in governmental activities are not financial
resources and are not reported in the funds 154,011,653

Real estate taxes receivable will not be collected soon enough
to pay for the current period's expenditures and therefore are
deferred in the funds 17,190,133

Accrued interest payable is included in the statement of net position (933,755)

Deferred outflows of resources related to the net pension liability
is included in the statement of net position 43,757,624

Deferred outflows of resources related to the other postretirement
benefits liability is included in the statement of net position 2,928,888

Deferred inflows of resources related to the net pension liability
is included in the statement of net position (8,939,000)

Deferred inflows of resources related to the other postretirement
benefits liability is included in the statement of net position (9,075,292)

Long-term liabilities are not due and payable in the current period,
and therefore, are not reported in the governmental funds:

Bonds and note payable (103,532,518)

Financed purchase agreements payable (409,617)

Authority obligation (5,650,288)

Compensated absences (3,099,346)

Special termination benefits (779,884)

Other postretirement benefits (17,346,311)

Net pension liability (259,889,000)

Total Net Deficit, Governmental Activities \$ (107,290,876)

Upper Darby School District

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

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

See notes to financial statements

Upper Darby School District

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

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

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

Capital outlays are reported in the governmental funds as expenditures.

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

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

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

4,879,543

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

Activity during the period is as follows:

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

Proceeds from bond and note issuances are considered a current financial resource and are reported in the funds but not in the statement of activities

(9,995,000)

Authority obligation adjustment for change in proportionate share

(308,553)

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

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

Change in accrued interest payable

(100,970)

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

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

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

Upper Darby School District

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

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

See notes to financial statements

Upper Darby School District

Balance Sheet - Proprietary Fund

June 30, 2024

Assets

Current Assets

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

Total current assets	12,878,968
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Capital Assets

615,392

Total assets	<u>\$ 13,494,360</u>
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Liabilities and Net Position

Liabilities

Current liabilities:

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

Total liabilities	<u>1,843,956</u>
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Net Position

Net investment in capital assets	615,392
Unrestricted net position	<u>11,035,012</u>

Total net position	<u>11,650,404</u>
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Total liabilities and net position	<u>\$ 13,494,360</u>
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See notes to financial statements

Upper Darby School District

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

Operating Revenues

Food service revenue	\$ 57,004
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Operating Expenses

Purchased services	7,125,356
Donated commodities	574,600
Other	2,611
Depreciation	155,526

Total operating expenses	7,858,093
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Operating loss	(7,801,089)
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Nonoperating Revenues (Expenses)

Federal subsidies	9,351,641
State subsidies	297,163
Earnings on investments	292,653
Transfers out	(764,666)

Nonoperating revenues, net	9,176,791
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Increase in net position	1,375,702
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Net Position, Beginning	10,274,702
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Net Position, Ending	\$ 11,650,404
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See notes to financial statements

Upper Darby School District

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2024

Cash Flows From Operating Activities

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

Cash Flows From Noncapital Financing Activities

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

Cash Flows From Investing Activities

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

Net increase in cash	1,734,748
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Cash, Beginning	<u>9,782,493</u>
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Cash, Ending	<u><u>\$ 11,517,241</u></u>
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Supplemental Disclosure of Noncash Transactions

USDA donated commodities	<u><u>\$ 581,917</u></u>
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Reconciliation of Operating Loss to Net Cash

Used in Operating Activities

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

See notes to financial statements

Upper Darby School District

Statement of Fiduciary Net Position

June 30, 2024

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

See notes to financial statements

Upper Darby School District

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

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

See notes to financial statements

Upper Darby School District

Notes to Financial Statements

June 30, 2024

1. Nature of Operations and Summary of Significant Accounting Policies

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

Nature of Operations

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

Reporting Entity

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

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

Basis of Presentation, Government-Wide Financial Statements

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

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

Basis of Presentation, Fund Financial Statements

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

Governmental Fund Types

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

General Fund (Major)

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

Capital Projects Fund

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

Capital Reserve Fund (Major)

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

Other Capital Projects Fund (Major)

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

Student Activity Fund (Nonmajor)

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

Proprietary Fund Type

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

Fiduciary Fund Type

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

Custodial Funds

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

Accrual Basis

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

Modified Accrual Basis

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

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

Allocation of Indirect Expenses

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

Budgetary Data

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

Cash and Cash Equivalents

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

Investments

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

Assets Held for Capital Projects

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

Inventories

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

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

Capital Assets

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

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

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

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

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

The District does not have any infrastructure capital assets.

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

Compensated Absences

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

Pensions/Other Postemployment Benefits (OPEB)

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

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

Governmental Fund Balance Classifications

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

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

Eliminations and Internal Balances

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

Use of Restricted Net Position/Fund Balances

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

Deferred Outflows/Inflows of Resources

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

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

Use of Estimates

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

Joint Ventures

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

Delaware County Community College and Community College Authority

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

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

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

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

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

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

Adoption of New Accounting Principles

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

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

2. Deposits and Investments

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

Deposits With Financial Institutions and PSDLAF

Custodial Credit Risk

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

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

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

3. Real Estate Taxes

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

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

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

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

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

4. Due From Other Governments

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

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

5. Capital Assets

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

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

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

6. Bonds and Notes Payable/Subsequent Event

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

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

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

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

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

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

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

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

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

7. Financed Purchase Agreements Payable

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

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

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

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

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

8. Authority Obligation

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

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

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

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

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

9. Lease Obligations

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

The following summarizes the changes in lease obligations in 2024:

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

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

10. Retirement Plan

Plan Description

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

Benefits Provided

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

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

Benefits are generally equal to 1% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Upper Darby School District

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June 30, 2024

Member Contributions

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

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

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

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

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.36%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were \$32,467,000 for the year ended June 30, 2024.

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

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

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

The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion of the PSERS net pension liability was 0.5842%, which was a decrease of 0.0080% from its proportion measured as of June 30, 2023.

Upper Darby School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$21,449,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 7,354,000	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	-	5,381,000
Changes in assumptions	3,878,000	-
Difference between expected and actual experience	59,000	3,558,000
District contributions subsequent to the measurement date	<u>32,466,624</u>	<u>-</u>
Total	<u>\$ 43,757,624</u>	<u>\$ 8,939,000</u>

The \$32,466,624 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

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

Changes in Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return – 7.00%, includes inflation at 2.50%;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale;
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.

Upper Darby School District

Notes to Financial Statements

June 30, 2024

- Demographic and economic assumptions approved by the PSERS Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% to 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0 %	5.2 %
Private equity	12.0	7.9
Fixed income	33.0	3.2
Commodities	7.5	2.7
Absolute return	10.0	5.4
Infrastructure/MLPs	11.0	5.7
Real estate	4.0	4.1
Cash	3.0	1.2
Leverage	(10.5)	1.2
	<u>100.00 %</u>	

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

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

11. Compensated Absences and Special Termination Benefits

Compensated Absences

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

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

Special Termination Benefits

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

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

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

12. Other Postemployment Benefits (OPEB)

District OPEB Plan

Plan Description and Benefits

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

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

Employees Covered by District Plan

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

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

District Plan Total OPEB Liability

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

District Plan Actuarial Assumptions

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

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

Changes in the District Plan Total OPEB Liability

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

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

Sensitivity to Changes in the Discount Rate

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

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

Upper Darby School District

Notes to Financial Statements

June 30, 2024

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

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

District Plan OPEB Expense and Deferred Outflows and Inflows of Resources

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

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

The \$343,129 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the District Plan's total OPEB liability in the year ended June 30, 2025.

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

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

PSERS Health Insurance Premium Assistance Program

General Information About the PSERS Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

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

- Attain Medicare eligibility with 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

District Contributions

The District's contractually required contribution rate for the year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were approximately \$623,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$10,598,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the District's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.5858%, which was a decrease of 0.0064% from its proportion measured at June 30, 2023.

Upper Darby School District

Notes to Financial Statements

June 30, 2024

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

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

The \$622,861 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the PSERS Plan's total OPEB liability in the year ended June 30, 2025.

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

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

Actuarial Assumptions

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

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

Upper Darby School District

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

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

The following assumptions were used to determine the contribution rate:

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

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

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

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

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

Discount Rate

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

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

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

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

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

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

OPEB Plan Fiduciary Net Position

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

13. Internal Balances/Interfund Balances and Transfers

Interfund balances are summarized as follows:

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

Upper Darby School District

Notes to Financial Statements
June 30, 2024

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

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

Interfund transfers for 2024 are summarized as follows:

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

14. Contingencies and COVID-19

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

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

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

Upper Darby School District

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

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the PSERS net pension liability	<u>0.5842%</u>	<u>0.5922%</u>	<u>0.5939%</u>	<u>0.6133%</u>	<u>0.6087%</u>	<u>0.6086%</u>	<u>0.6252%</u>	<u>0.6088%</u>	<u>0.5946%</u>
District's proportionate share of the PSERS net pension liability	<u>\$ 259,889</u>	<u>\$ 263,285</u>	<u>\$ 243,836</u>	<u>\$ 301,983</u>	<u>\$ 284,766</u>	<u>\$ 292,158</u>	<u>\$ 308,776</u>	<u>\$ 301,702</u>	<u>\$ 257,552</u>
District's covered-employee payroll	<u>\$ 89,743</u>	<u>\$ 87,225</u>	<u>\$ 84,241</u>	<u>\$ 86,212</u>	<u>\$ 83,951</u>	<u>\$ 81,951</u>	<u>\$ 83,236</u>	<u>\$ 78,840</u>	<u>\$ 76,505</u>
District's proportionate share of the PSERS net pension liability as a percentage of its covered-employee payroll	<u>289.59%</u>	<u>301.85%</u>	<u>289.45%</u>	<u>350.28%</u>	<u>339.21%</u>	<u>356.50%</u>	<u>370.96%</u>	<u>382.68%</u>	<u>336.65%</u>
PSERS plan fiduciary net position as a percentage of the total PSERS pension liability	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>

Information for years prior to 2016 is not available.

Upper Darby School District

Schedule of District PSERS Pension Contributions

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PSERS contractually required contribution	\$ 32,467	\$ 31,682	\$ 29,779	\$ 28,575	\$ 28,944	\$ 27,368	\$ 26,069	\$ 23,638	\$ 19,836
Contributions in relation to the contractually required contribution	<u>32,467</u>	<u>31,682</u>	<u>29,779</u>	<u>28,575</u>	<u>28,944</u>	<u>27,368</u>	<u>26,069</u>	<u>23,638</u>	<u>19,836</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 97,072</u>	<u>\$ 91,228</u>	<u>\$ 89,432</u>	<u>\$ 84,716</u>	<u>\$ 86,610</u>	<u>\$ 83,898</u>	<u>\$ 81,357</u>	<u>\$ 83,236</u>	<u>\$ 78,840</u>
Contributions as a percentage of covered-employee payroll	<u>33.45%</u>	<u>34.73%</u>	<u>33.30%</u>	<u>33.73%</u>	<u>33.42%</u>	<u>32.62%</u>	<u>32.04%</u>	<u>28.40%</u>	<u>25.16%</u>

Information for years prior to 2016 is not available.

Upper Darby School District

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

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

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

Information for years prior to 2017 is not available.

Upper Darby School District

Schedule of District PSERS OPEB Contributions

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

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

Information for years prior to 2017 is not available.

Upper Darby School District

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

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

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

Information for years prior to 2018 is not available.

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of School Directors of
Upper Darby School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Upper Darby School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated on December 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
December 3, 2024

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

Independent Auditors' Report

To the Board of School Directors of
Upper Darby School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upper Darby School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Philadelphia, Pennsylvania
December 3, 2024

Upper Darby School District

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

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

See notes to schedule of expenditures of federal awards

Upper Darby School District

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

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

Upper Darby School District

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

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Auditee qualified as low-risk auditee? X yes _____ no

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

Identification of major federal programs:

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

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Upper Darby School District

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

Section IV - Schedule of Prior Year Audit Findings

No audit findings reported in prior year.

APPENDIX E
Specimen Municipal Bond Insurance Policy

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