Audited Financial Statements

June 30, 2025

# Red Lion Area School District

# CONTENTS


| | PAGE |
|---|---|
| **INDEPENDENT AUDITOR'S REPORT** | 1 - 3 |
| **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** | 4 - 18 |
| **BASIC FINANCIAL STATEMENTS** | |
| Government-wide Financial Statements | |
| Statement of Net Position | 19 |
| Statement of Activities | 20 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 21 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 22 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 23 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 |
| Statement of Net Position - Proprietary Funds | 25 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds | 26 |
| Statement of Cash Flows - Proprietary Funds | 27 |
| Statement of Fiduciary Net Position | 28 |
| Statement of Changes in Fiduciary Net Position | 29 |
| Notes to Financial Statements | 30 – 66 |
| **REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)** | |
| Budgetary Comparison Schedule – General Fund | 67 |
| Schedule of School District's Proportionate Share of Net Pension Liability – Public School Employees' Retirement System | 68 |
| Schedule of School District's Contributions – Public School Employees' Retirement System | 69 |
| Schedule of Changes in the School District's Total OPEB Liability and Related Ratios – School District Plan | 70 |
| Schedule of School District's Proportionate Share of Net OPEB Liability – Public School Employees' Retirement System | 71 |
| Schedule of School District's OPEB Contributions – Public School Employees' Retirement System | 72 |
| **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** | 73 - 74 |

SEK CPAs & ADVISORS | Guidance You Can Count On.

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Red Lion Area School District
Red Lion, Pennsylvania

## *REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS*

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Lion Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Red Lion Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Lion Area School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Change in Accounting Principle*

As discussed in Note 1 and 15 to the financial statements for the year ended June 30, 2025, the District adopted new accounting guidance GASB No. 101 *Compensated Absences*. Our opinions are not modified with respect to this matter.

## *Responsibilities of Management for the Financial Statements*

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, the budgetary comparison schedule on page 67, and the schedules related to the pension and OPEB liabilities on pages 68 to 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of Red Lion Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Red Lion Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Lion Area School District's internal control over financial reporting and compliance.

Smith Elliott Kearns & Company, LLC

York, Pennsylvania
November 10, 2025

The management's discussion and analysis of Red Lion Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

## *OVERVIEW OF THE FINANCIAL STATEMENTS*

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements, which present different views of the School District. The first two statements are Government-wide financial statements that provide both short-term and long-term information about the School District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the government-wide statements. The governmental fund statements indicate how basic services such as regular and special education were financed in the short term as well as indicate future spending plans. Proprietary funds statements offer short-term and long-term financial information about the activities the School District operates like a business, such as food services. Fiduciary fund statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, such as student activity funds.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

**Components of the RLASD Financial Reports**

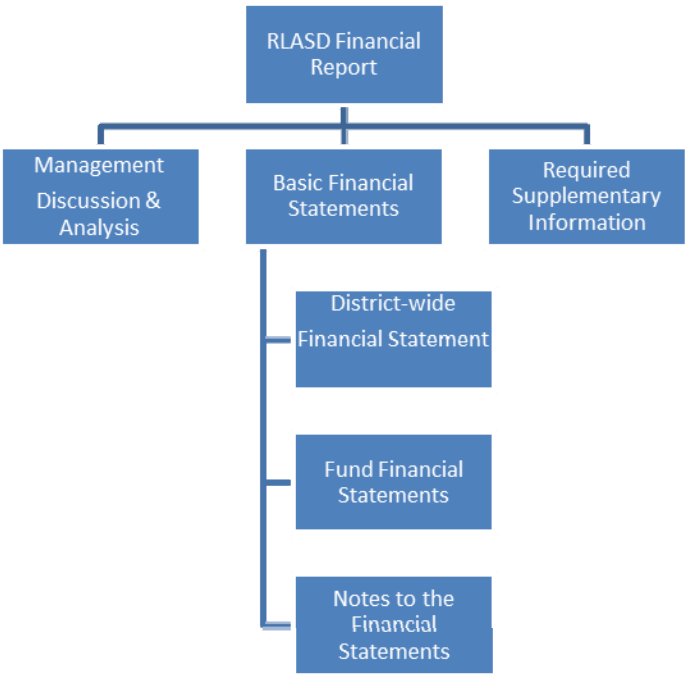



Figure A-2 (next page) summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

**Figure A-2 Major Features of Red Lion Area School District**
**Government-wide and Fund Financial Statements**

| | | Fund Financial Statements | | |
|---|---|---|---|---|
| | **Government-wide Statements** | **Governmental Funds** | **Proprietary Funds** | **Fiduciary Funds** |
| **Scope** | Entire School District (except fiduciary funds) | Activities of the School District that are not proprietary or fiduciary, such as general operating and capital projects. | Activities the School District operates similar to private businesses, such as food service. | Instances in which the School District administers resources on behalf of someone else, such as student activities programs. |
| **Required Financial Statements** | • Statement of net position<br>• Statement of activities | • Balance Sheet<br>• Statement of revenues, expenditures and changes in fund balance | • Statement of net position<br>• Statement of revenues, expenses and changes in fund net position<br>• Statement of cash flows | • Statement of fiduciary net position<br>• Statement of changes in fiduciary net position |
| **Accounting Basis and Measurement Focus** | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial focus. | Accrual accounting and economic resources focus. | Accrual accounting and economic resources focus. |
| **Types of Assets/Liability Information** | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long term. | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included. | All assets and liabilities, both financial and capital, and short-term and long-term. | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can. |
| **Types of inflow/outflow information** | All revenues and expenses during year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All revenues and expenses during year, regardless of when cash is received or paid. | All additions and deductions during year, regardless of when cash is received or paid. |

### *Government-wide Statements*

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Net position, the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the condition or need for improvements or expansion of the existing school facilities.

The government-wide financial statements of the School District are divided into two categories. Governmental activities, including most of the School District's basic services, such as instruction, administration, and community services, are included here. Business-type activities (food service operation) charges fees to students, staff and visitors to help it cover the costs of the food service operation.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the School District's funds. These statements focus on the School District's most significant or "major" funds – not on the School District as a whole. Funds are accounting components that the School District uses to keep track of specific sources of funding and spending on particular programs.

The School District has three types of funds as follows:

**Governmental funds** – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary funds** – These funds are used to account for the School District's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. The Food Service Fund and the Insurance Fund make up the School District's proprietary funds and provide more detail and additional information, such as cash flows in comparison to the government-wide statements.

**Fiduciary funds** – The School District is the trustee, or fiduciary, for assets that belong to others, such as the student activity fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong; the School District cannot use these assets to finance its operations.

### *Financial Highlights*

- The School District's total General Fund assets decreased by $ 728,405 during the 2024-25 fiscal year.
- Overall revenues for the General Fund totaled $ 103,454,860 that was $ 3,583,664 more than 2023-24. The change in revenue is due to the increase local Real Estate Tax revenue as a result of a tax millage increase and the Ready to Learn Adequacy Grant provided by the Commonwealth.
- Total General Fund expenditures were $ 105,339,528 (excluding transfers) that was $ 6,605,457 more than 2023-24. The change is due to increases in wages, benefits, utilities, cyber/charter tuition, and capital improvement projects.
- At the end of the current fiscal year, the fund balance of the General Fund decreased by $ 2,736,453 to $ 24,445,690. Included in this amount is $ 3,311,466 committed for future retirement rate increases, $ 2,000,000 committed for debt service, $ 550,000 committed for Technology, $ 204,961 non-spendable for prepaid expenditures and inventory, $ 110,000 restricted for future completion of Deitz Road, $ 11,258,327 assigned for 2025-26 budget deficit, retirement, debt service payments, and future capital projects, and unassigned amount of $ 7,010,936.
- The School District utilizes an internal service fund to account for the Employee Healthcare Benefit Plan. All employee premiums and School District funding are sent to a Wilmington Trust Account. All claims and costs for healthcare are paid out of this account. The cash balance as of June 30, 2025 was $ 4,654,264, an increase of $ 759,887 from June 30, 2024.

## *Financial Analysis of the School District as a Whole*

Table A-1 shows the School District's full accrual financial position as of June 30, 2023, June 30, 2024, and June 30, 2025.

**Table A-1 - Condensed Statement of Net Position**

| as of June 30 | Governmental Activities | | | Business-Type Activites | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| **Assets** | | | | | | | | | |
| Current and Other Assets | $ 48,073,797 | $ 47,998,390 | $ 61,851,277 | $ 4,669,782 | $ 4,967,135 | $ 5,367,758 | $ 52,743,579 | $ 52,965,525 | $ 67,219,035 |
| Noncurrent Assets | 84,274,762 | 81,556,585 | 80,282,377 | 197,838 | 343,339 | 364,971 | 84,472,600 | 81,899,924 | 80,647,348 |
| **Total Assets** | **$ 132,348,559** | **$ 129,554,975** | **$ 142,133,654** | **$ 4,867,620** | **$ 5,310,474** | **$ 5,732,729** | **$ 137,216,179** | **$ 134,865,449** | **$ 147,866,383** |
| Deferred Outflows of Resources | **$ 24,529,175** | **$ 22,072,087** | **$ 16,495,858** | **$ 720,857** | **$ 591,777** | **$ 475,399** | **$ 25,250,032** | **$ 22,663,864** | **$ 16,971,257** |
| **Total Assets and Deferred Outflows of Resources** | **$ 156,877,734** | **$ 151,627,062** | **$ 158,629,512** | **$ 5,588,477** | **$ 5,902,251** | **$ 6,208,128** | **$ 162,466,211** | **$ 157,529,313** | **$ 164,837,640** |
| **Liabilities** | | | | | | | | | |
| Current Liabilities | $ 19,453,212 | $ 19,265,311 | $ 21,579,943 | $ 213,290 | $ 78,034 | $ 105,239 | $ 19,666,502 | $ 19,343,345 | $ 21,685,182 |
| Long-Term Liabilities | 141,637,070 | 130,178,694 | 128,682,387 | 2,709,089 | 2,598,656 | 2,486,379 | 144,346,159 | 132,777,350 | 131,168,766 |
| **Total Liabilities** | **$ 161,090,282** | **$ 149,444,005** | **$ 150,262,330** | **$ 2,922,379** | **$ 2,676,690** | **$ 2,591,618** | **$ 164,012,661** | **$ 152,120,695** | **$ 152,853,948** |
| Deferred Inflows of Resources | $ 13,403,621 | $ 13,065,038 | $ 13,248,017 | $ 386,241 | $ 273,796 | $ 289,850 | $ 13,789,862 | $ 13,338,834 | $ 13,537,867 |
| **Net Position** | | | | | | | | | |
| Net investment in capital assets | $ 61,290,661 | $ 66,352,983 | $ 70,802,362 | $ 197,838 | $ 343,339 | $ 364,971 | $ 61,488,499 | $ 66,696,322 | $ 71,167,333 |
| Restricted | 10,179,584 | 8,727,834 | 23,150,815 | 104,748 | 49,448 | 67,412 | 10,284,332 | 8,777,282 | 23,218,227 |
| Unrestricted (Deficit) | (89,086,414) | (85,962,798) | (98,834,012) | 1,977,271 | 2,558,978 | 2,894,277 | (87,109,143) | (83,403,820) | (95,939,735) |
| **Total Net Position** | **$ (17,616,169)** | **$ (10,881,981)** | **$ (4,880,835)** | **$ 2,279,857** | **$ 2,951,765** | **$ 3,326,660** | **$ (15,336,312)** | **$ (7,930,216)** | **$ (1,554,175)** |
| **Total Liabilities, Deferred Inflows of Resources and Net Position** | **$ 156,877,734** | **$ 151,627,062** | **$ 158,629,512** | **$ 5,588,477** | **$ 5,902,251** | **$ 6,208,128** | **$ 162,466,211** | **$ 157,529,313** | **$ 164,837,640** |

* - net of eliminations

The School District's pension activity continues to have a significant impact on the Statement from when it was implemented June 30, 2015.

Most of the School District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position consists of unrestricted amount, except for $ 23,218,227 restricted for future capital expenditures and health insurance expenditures. The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania and the local taxes assessed to community taxpayers.

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, in order to see our total revenues for the year. The table also presents the expenses of both the Governmental Activities and the Business-type Activities of the School District.

**Table A-2 - Statement of Activities**

| | Governmental Activities | | | Business-Type Activites | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| **Years ended June 30:** | **2023** | **2024** | **2025** | **2023** | **2024** | **2025** | **2023** | **2024** | **2025** |
| Program Revenue: | | | | | | | | | |
| Charges for services | $ 413,230 | $ 401,664 | $ 371,427 | $ 1,071,967 | $ 929,184 | $ 909,449 | $ 1,485,197 | $ 1,330,848 | $ 1,280,876 |
| Operating grants and contributions | 23,164,027 | 21,842,257 | 24,180,234 | 2,746,789 | 2,740,943 | 2,507,559 | 25,910,816 | 24,583,200 | 26,687,793 |
| Capital grants and contributions | 889,247 | 1,056,927 | 505,388 | - | - | - | 889,247 | 1,056,927 | 505,388 |
| General Revenue: | | | | | | | - | - | - |
| Property taxes | 52,769,988 | 53,330,629 | 55,410,515 | - | - | - | 52,769,988 | 53,330,629 | 55,410,515 |
| Grants and entitlements | 19,237,359 | 20,354,898 | 21,224,070 | - | - | - | 19,237,359 | 20,354,898 | 21,224,070 |
| Other | 2,636,983 | 3,330,827 | 2,800,550 | 137,873 | 225,295 | 210,405 | 2,774,856 | 3,556,122 | 3,010,955 |
| **Total Revenue** | **99,110,834** | **100,317,202** | **104,492,184** | **3,956,629** | **3,895,422** | **3,627,413** | **103,067,463** | **104,212,624** | **108,119,597** |
| Program Expense: | | | | | | | | | |
| Instruction | 58,372,451 | 62,231,529 | 65,114,875 | - | - | - | 58,372,451 | 62,231,529 | 65,114,875 |
| Support Services: | | | | | | | | | |
| Instructional student support | 7,721,572 | 7,407,956 | 8,335,959 | - | - | - | 7,721,572 | 7,407,956 | 8,335,959 |
| Administrative and financial support | 4,574,439 | 4,890,919 | 5,015,303 | - | - | - | 4,574,439 | 4,890,919 | 5,015,303 |
| Operation and maintenance | 9,636,188 | 10,129,506 | 10,238,649 | - | - | - | 9,636,188 | 10,129,506 | 10,238,649 |
| Pupil transportation | 5,122,625 | 5,241,142 | 5,189,501 | - | - | - | 5,122,625 | 5,241,142 | 5,189,501 |
| Student activities | 1,354,730 | 1,336,188 | 1,397,170 | - | - | - | 1,354,730 | 1,336,188 | 1,397,170 |
| Community services | 20,880 | 25,400 | 41,672 | - | - | - | 20,880 | 25,400 | 41,672 |
| Central and other support services | 2,973,146 | 2,090,923 | 2,158,049 | - | - | - | 2,973,146 | 2,090,923 | 2,158,049 |
| Interest on long term debt | 410,230 | 313,268 | 304,991 | - | - | - | 410,230 | 313,268 | 304,991 |
| Food service | - | - | - | 3,109,111 | 3,244,693 | 3,314,142 | 3,109,111 | 3,244,693 | 3,314,142 |
| **Total Expenses** | **90,186,261** | **93,666,831** | **97,796,169** | **3,109,111** | **3,244,693** | **3,314,142** | **93,295,372** | **96,911,524** | **101,110,311** |
| Transfers (out) in | - | (21,178) | (62,574) | - | 21,178 | 62,574 | - | - | - |
| Change in Net Position | **$ 8,924,573** | **$ 6,629,193** | **$ 6,633,441** | **$ 847,518** | **$ 671,907** | **$ 375,845** | **$ 9,772,091** | **$ 7,301,100** | **$ 7,009,286** |

Table A-3 shows the School District's nine largest functions – Instruction, Instructional Student Support, Administration and Financial Support, Operation and Maintenance of Plant, Pupil Transportation, Student Activities, Community Services, Central and Other Support, and Interest on Long Term Debt. This table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

**Table A-3 Net Cost of Services**

| Governmental Activities | Total Cost of Services | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| Instruction | $ 58,372,451 | (2.2%) | $ 62,231,529 | 6.6% | $ 65,114,875 | 4.6% |
| Support Services: | | | | | | |
| Instructional student support | 7,721,572 | 1.0% | 7,407,956 | (4.1%) | 8,335,959 | 12.5% |
| Administrative and financial support | 4,574,439 | (8.5%) | 4,890,919 | 6.9% | 5,015,303 | 2.5% |
| Operation and maintenance | 9,636,188 | 2.3% | 10,129,506 | 5.1% | 10,238,649 | 1.1% |
| Pupil transportation | 5,122,625 | 5.1% | 5,241,142 | 2.3% | 5,189,501 | (1.0%) |
| Student activities | 1,354,730 | (6.3%) | 1,336,188 | (1.4%) | 1,397,170 | 4.6% |
| Community services | 20,880 | (9.5%) | 25,400 | 21.6% | 41,672 | 64.1% |
| Central and other support services | 2,973,146 | 40.6% | 2,090,923 | (29.7%) | 2,158,049 | 3.2% |
| Interest on long term debt | 410,230 | (36.2%) | 313,268 | (23.6%) | 304,991 | (2.6%) |
| **Total Governmental Activities** | **$ 90,186,261** | **(0.7%)** | **$ 93,666,831** | **3.9%** | **$ 97,796,169** | **4.4%** |

| | Net Cost of Services | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| Instruction | $ 47,018,949 | 3.1% | $ 50,561,668 | 7.5% | $ 51,969,326 | 2.8% |
| Support Services: | | | | | | |
| Instructional student support | 1,805,587 | (1.3%) | 1,530,200 | (15.3%) | 1,974,930 | 29.1% |
| Administrative and financial support | 2,772,783 | 9.0% | 3,786,712 | 36.6% | 3,971,246 | 4.9% |
| Operation and maintenance | 8,012,798 | 7.8% | 9,453,914 | 18.0% | 9,576,580 | 1.3% |
| Pupil transportation | 2,600,288 | 3.2% | 2,682,788 | 3.2% | 2,263,302 | (15.6%) |
| Student activities | 1,030,811 | 77.7% | 1,003,068 | (2.7%) | 1,058,765 | 5.6% |
| Community services | (15,588) | (45.6%) | 369 | (102.4%) | (32,681) | (8956.6%) |
| Central and other support services | 2,973,146 | (0.3%) | 2,090,923 | (29.7%) | 2,158,049 | 3.2% |
| Interest on long term debt | (479,017) | (14.7%) | (743,659) | 55.2% | (200,397) | (73.1%) |
| **Total Governmental Activities** | **$ 65,719,757** | **3.5%** | **$ 70,365,983** | **7.1%** | **$ 72,739,120** | **3.4%** |

The Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds will further detail the results of those operations.

## *Financial Highlights of the School District Funds*

Four separate funds are maintained in order to provide services for the School District. Two of these funds are included in the governmental group: General Fund and Capital Projects. The third and fourth are Proprietary Funds for food services and health insurance. At June 30, 2025, the School District's governmental funds reported a combined fund balance of $ 44,101,072.

During the fiscal year, the Board of School Directors authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is shown in the financial statements.

a. **General Fund Highlights.** Actual 2024-2025 total revenue ($ 103,454,860) increased by 3.6% over the amount received in 2023-2024 ($ 99,871,196). This was a result of the increase in local Real Estate Tax revenue as a result of a tax millage increase and the Ready to Learn Adequacy Grant provided by the Commonwealth. During the 2024-2025 fiscal year total expenditures ($ 105,339,528) increased by 6.7% over the amount expended in 2023-2024 ($ 98,734,071). The increase is due to increases in wages, benefits, cyber/charter tuition, and capital improvement projects.

**Table A-4 Budget Performance**

| | Final Budget | Actual | Variance | Percent | Variance Explanation |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Local Revenue | $ 58,792,540 | $ 58,983,506 | $ 190,966 | 0.3% | |
| State Revenue | 39,587,120 | 42,559,015 | 2,971,895 | 7.5% | Ready to Learn Adequacy |
| Federal Revenue | 2,078,000 | 1,912,339 | (165,661) | (8.0%) | BSCA Funding (Timing) |
| | **$ 100,457,660** | **$ 103,454,860** | **$ 2,997,200** | **3.0%** | |
| **Expenditures** | | | | | |
| Instruction | $ 65,107,532 | $ 67,138,166 | $ (2,030,634) | (3.1%) | Salaries, Cyber Tuition, Special Ed. |
| Support Services | 29,446,312 | 29,264,384 | 181,928 | 0.6% | |
| Non-Instructional Services | 1,496,275 | 1,490,191 | 6,084 | 0.4% | |
| Debt Service | 7,449,881 | 7,446,787 | 3,094 | 0.0% | |
| | **$ 103,500,000** | **$ 105,339,528** | **$ (1,839,528)** | **(1.8%)** | |

b. **Capital Projects Fund Highlights**. The fund balance increased from $ 5,878,664 on June 30, 2024 to $ 19,655,382 on June 30, 2025. The School District secured the General Obligation Bond of 2025 for numerous capital improvement projects district-wide.

**c. Proprietary/Food Service Highlights.** The Food Service program had a change in net position of $ 357,881 during 2024-2025. The overall program revenue had a $ 267,936 decrease from 2023-2024 (excluding transfers). Total operating expenses increased $ 103,431 from 2023-2024. The change in expenses is due to increases in salaries and benefits.

## *Capital Assets and Debt Administration*

a. Assets at June 30, 2025, the School District had $ 80,647,348 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation/amortization) of $ 1,247,339.

**Table A-5 Capital Assets**
**Governmental Activities**
**(at net)**

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| Land and improvements | $ 8,937,261 | $ 8,652,993 | $ 8,526,567 |
| Buildings and improvements | 74,232,253 | 72,172,216 | 69,363,369 |
| Furniture, equipment and vehicles | 615,033 | 365,735 | 1,443,633 |
| Right-to-use asset - equipment | 98,839 | 53,291 | 131,190 |
| Right-to-use asset - IT subscriptions | 375,914 | 165,290 | 347,941 |
| Construction in process | - | 141,823 | 469,677 |
| Total | $ 84,259,300 | $ 81,551,348 | $ 80,282,377 |

**Business-Type Activities**

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| Furniture and equipment | $ 197,838 | $ 343,339 | $ 364,971 |
| Total | $ 197,838 | $ 343,339 | $ 364,971 |

**Total Activities**

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| Land and improvements | $ 8,937,261 | $ 8,652,993 | $ 8,526,567 |
| Buildings and improvements | 74,232,253 | 72,172,216 | 69,363,369 |
| Furniture, equipment and vehicles | 812,871 | 709,074 | 1,808,604 |
| Right-to-use asset - equipment | - | 53,291 | 131,190 |
| Right-to-use asset - IT subscriptions | - | 165,290 | 347,941 |
| Construction in process | - | 141,823 | 469,677 |
| Total | $ 83,982,385 | $ 81,894,687 | $ 80,647,348 |

a. **Debt Administration.** As of June 30, 2025, the School District had total outstanding bond principal of $ 22,260,000.

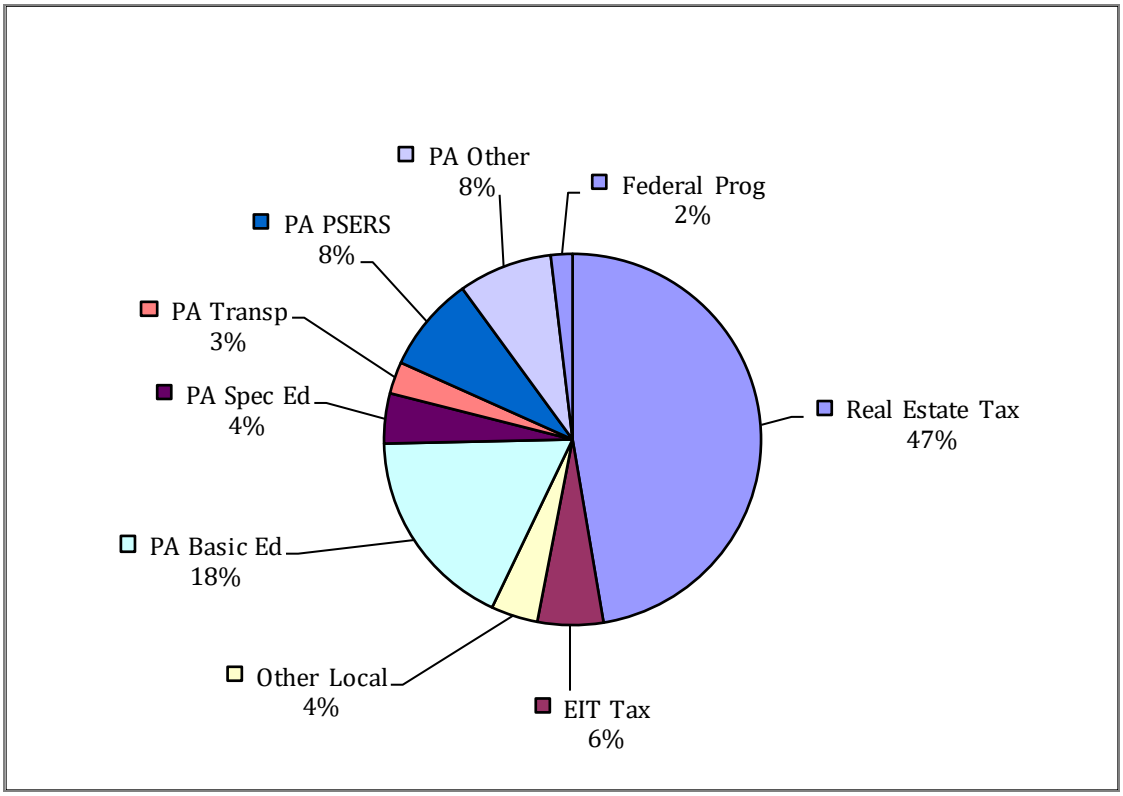
**Table A-6 Outstanding Debt**

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| **General Obligation Bonds and Notes** | | | |
| Series of 2019 | $ 11,660,000 | $ 11,650,000 | $ 4,665,000 |
| Series of 2020 A and B | 6,568,000 | 3,036,000 | 3,035,000 |
| Series of 2021 | 3,798,388 | - | - |
| Series of 2025 | - | - | 14,560,000 |
| Total Outstanding Debt (Principal Only) | $ 22,026,388 | $ 14,686,000 | $ 22,260,000 |

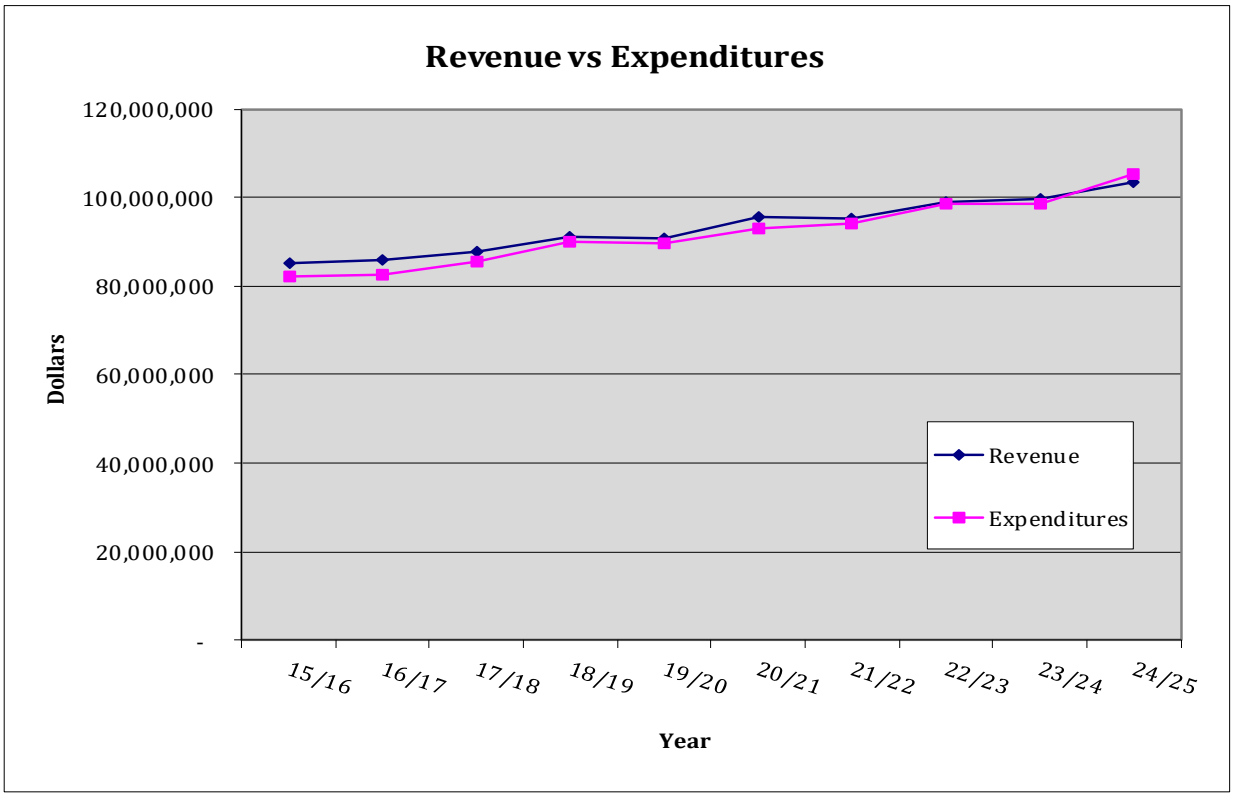
### *Looking Back, Then Forward*

The School District relies principally on taxes and state subsidies to fund its programs. Looking at the future, taxes are now the major source of revenue (47%) with the total local contribution now at 57%. The state share in 24-25 is 41% of total revenue. As the School Board struggles to meet the ever-widening gulf between increasing mandates and real dollar decreases in subsidy, they are forced to look to the taxpayer to fund steadily rising costs in energy, cyber/charter tuition, special education, collective bargaining agreements, employee health insurance programs, and social services. On the tax side of the revenue picture, the Act 1 cap does allow local revenue to keep pace with inflation; however, it does not allow School Boards to make up for the declining subsidy support – especially since the state is not reducing mandates. The bottom line is that under Act 1, any additional program costs will require an equivalent cut in another area to maintain budget parity.

**Chart A-1 2024-25 Revenue**



The chart below shows that during the past ten years, the revenues have exceeded the expenditures and have increased the taxpayer equity in the School District. Unfortunately, expenses exceeded revenues during the 2024-25 fiscal year. Most of the taxpayer equity has been reserved within the General Fund's fund balance to assist with future debt service payments, future capital projects, and estimated payment increases to the Pennsylvania State Employee Retirement System.



### *Expenditures*

Below are two graphs of expenditures including a ten-year history for comparison.

**Chart A-3 (a) Regular Education/Special Education Actual Expenditures**

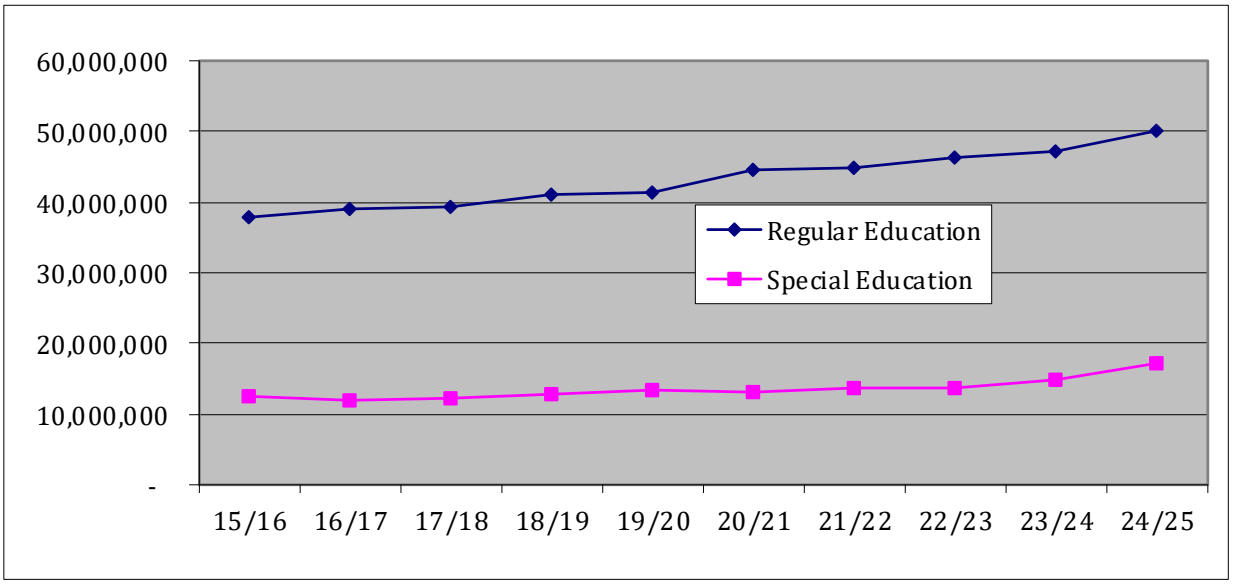
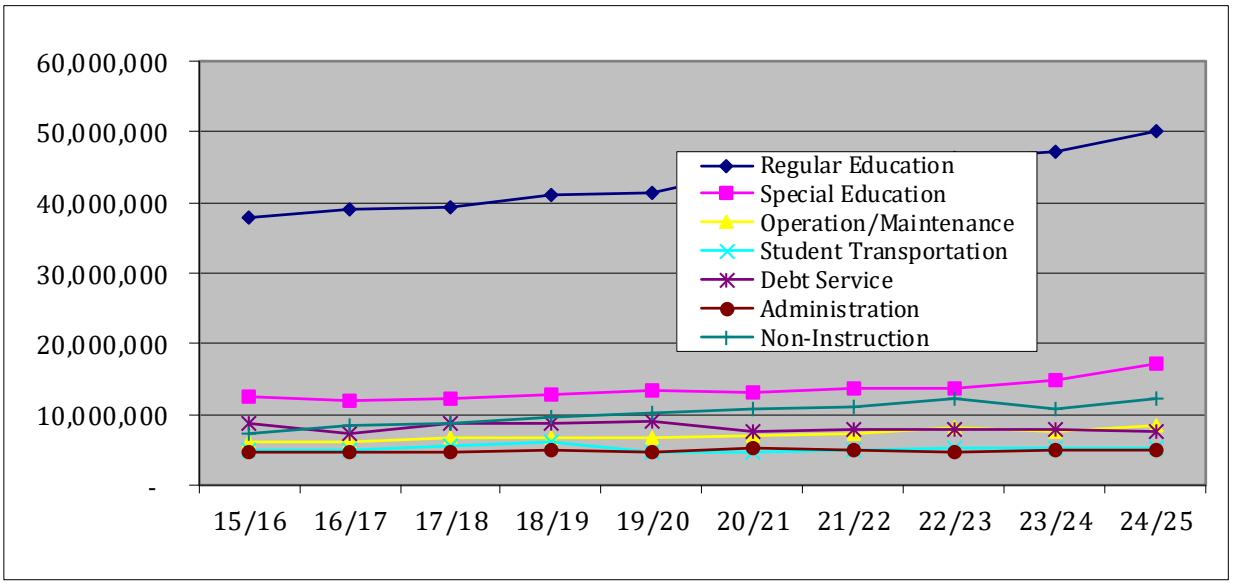


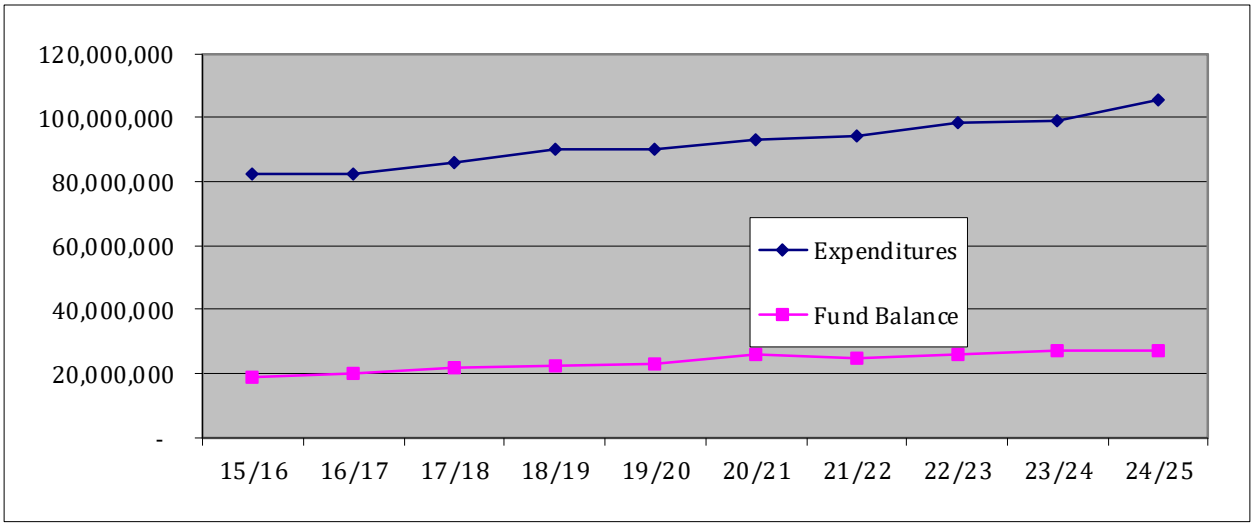

**Chart A-3(b) Total Expenditures**



### *Reserve Funds*

Below is a look at taxpayer equity in the School District. The School District has committed the following fund balance amounts: $ 3,311,466 for future Pennsylvania State Employer Retirement System (PSERS) payments, $ 2,000,000 for debt service payments, and $ 550,000 for technology purchases. Restricted is $ 110,000 for the future completion of Dietz Road. The School District has assigned $ 2,695,000 to balance the 2025-26 budget, $ 1,716,106 to fund future payments to the Pennsylvania State Employee Retirement System, $ 250,000 for future debt payments, and $ 6,597,221 for future capital improvement projects. Also, the School District has a non-spendable fund balance designated of $ 204,961 for prepaid expenditures and inventory. The balance, $ 7,010,936 is unassigned and can be used to fund emergencies or balance future budgets as determined by the School Board. The unassigned fund balance is 6.4% of the current year operating budget which complies with the Pennsylvania Department of Education's recommendation and School Board policy 620 – Fund Balance.

**Chart A-4 Expenditures vs Fund Balance**
**Challenges Going Forward**




- The cost of Collective Bargaining Agreements (CBA) remains the single biggest expenditure to the School District. The CBA with the teaching staff was signed on November 21, 2024 and expires on June 30, 2029. The CBA with the support staff was signed on June 5, 2025 and expires on June 30, 2030.
- The Pennsylvania State Employee Retirement System employer contribution rate increased to 34.0% in 2025-2026. Based upon salaries paid in 2010-2011 that would equate to an increase in the employer/state retirement contributions by $ 33,621 or 0.3% over 2024-2025. We consistently use 2010-2011 as the "payroll year" to complete comparisons. This is the same payroll year that is used for ACT 1 exceptions.
- In the current economy, the School District's real estate taxes are forecasted to hold steady. Interest income will continue to see ups and down dependent on rates established by government. Supply chain issues and labor shortages will cause supply costs to increase. We also anticipate continued increases in Cyber/Charter tuition costs, special education expenses, and utilities.

### *Contacting the School District Financial Management*

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Tonja Wheeler, Chief Financial Officer at Red Lion Area School District, 696 Delta Road, Red Lion, PA 17356, (717) 244-4518.

# RED LION AREA SCHOOL DISTRICT
## Statement of Net Position
## June 30, 2025

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | $ 42,497,069 | $ 5,296,108 | $ 47,793,177 |
| Investments | 12,000,000 | - | 12,000,000 |
| Receivables | | | |
| Taxes, net | 2,638,540 | - | 2,638,540 |
| Intergovernmental | 4,343,905 | 1,908 | 4,345,813 |
| Other | 161,333 | - | 161,333 |
| Leases | 5,237 | - | 5,237 |
| Internal balances | 232 | (232) | - |
| Prepaid items | 80,471 | - | 80,471 |
| Inventories | 124,490 | 69,974 | 194,464 |
| Total current assets | 61,851,277 | 5,367,758 | 67,219,035 |
| **Noncurrent Assets** | | | |
| Capital assets not being depreciated | | | |
| Land | 6,956,596 | - | 6,956,596 |
| Construction in progress | 469,677 | - | 469,677 |
| Capital assets net of accumulated depreciation/amortization | | | |
| Site improvements | 1,569,971 | - | 1,569,971 |
| Buildings and building improvements | 69,363,369 | - | 69,363,369 |
| Furniture and equipment | 1,355,356 | 364,971 | 1,720,327 |
| Vehicles | 88,277 | - | 88,277 |
| Right-to-use asset - equipment | 131,190 | - | 131,190 |
| Right-to-use asset - IT subscriptions | 347,941 | - | 347,941 |
| Total noncurrent assets | 80,282,377 | 364,971 | 80,647,348 |
| Total assets | 142,133,654 | 5,732,729 | 147,866,383 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred outflows related to pension liability | 14,960,195 | 434,266 | 15,394,461 |
| Deferred outflows related to OPEB liability | 1,535,663 | 41,133 | 1,576,796 |
| Total deferred outflows of resources | 16,495,858 | 475,399 | 16,971,257 |
| Total assets and deferred outflows of resources | $ 158,629,512 | $ 6,208,128 | $ 164,837,640 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts payable | $ 2,116,060 | $ 23,522 | $ 2,139,582 |
| Accrued salaries and benefits/withholdings | 10,671,798 | 290 | 10,672,088 |
| Accrued interest | 294,887 | - | 294,887 |
| Unearned revenues | 34,983 | 66,988 | 101,971 |
| Portion due or payable within one year | | | |
| Bonds and notes payable | 7,423,562 | - | 7,423,562 |
| Lease obligation | 48,205 | - | 48,205 |
| IT subscription liability | 72,662 | - | 72,662 |
| Compensated absences | 765,121 | 11,367 | 776,488 |
| OPEB liability | 152,665 | 3,072 | 155,737 |
| Total current liabilities | 21,579,943 | 105,239 | 21,685,182 |
| **Noncurrent Liabilities** | | | |
| Portion due or payable after one year | | | |
| Bonds and notes payable | 15,697,183 | - | 15,697,183 |
| Lease obligation | 79,995 | - | 79,995 |
| IT subscription liability | 158,555 | - | 158,555 |
| Compensated absences | 1,097,991 | 21,557 | 1,119,548 |
| Net pension liability | 103,270,805 | 2,287,361 | 105,558,166 |
| OPEB liability | 8,377,858 | 177,461 | 8,555,319 |
| Total noncurrent liabilities | 128,682,387 | 2,486,379 | 131,168,766 |
| Total liabilities | 150,262,330 | 2,591,618 | 152,853,948 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred inflows related to leases | 3,754 | - | 3,754 |
| Deferred inflows related to pension liability | 7,021,470 | 157,575 | 7,179,045 |
| Deferred inflows related to OPEB liability | 6,222,793 | 132,275 | 6,355,068 |
| Total deferred inflows of resources | 13,248,017 | 289,850 | 13,537,867 |
| **NET POSITION** | | | |
| Net investment in capital assets | 70,802,362 | 364,971 | 71,167,333 |
| Restricted | 23,150,815 | 67,412 | 23,218,227 |
| Unrestricted | (98,834,012) | 2,894,277 | (95,939,735) |
| Total net position | (4,880,835) | 3,326,660 | (1,554,175) |
| Total liabilities, deferred inflows of resources and net position | $ 158,629,512 | $ 6,208,128 | $ 164,837,640 |

# RED LION AREA SCHOOL DISTRICT
## Statement of Activities
## Year Ended June 30, 2025

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-type Activities | Net (Expense) Revenue and Changes in Net Position: Total |
|---|---|---|---|---|---|---|---|
| Governmental activities | | | | | | | |
| Instruction | $ 65,114,875 | $ 133,280 | $ 13,012,269 | $ - | $ (51,969,326) | $ - | $ (51,969,326) |
| Instructional student support | 8,335,959 | - | 6,361,029 | - | (1,974,930) | - | (1,974,930) |
| Administrative and financial support services | 5,015,303 | - | 1,044,057 | - | (3,971,246) | - | (3,971,246) |
| Operation and maintenance of plant services | 10,238,649 | 60,091 | 601,978 | - | (9,576,580) | - | (9,576,580) |
| Pupil transportation | 5,189,501 | - | 2,926,199 | - | (2,263,302) | - | (2,263,302) |
| Student activities | 1,397,170 | 178,056 | 160,349 | - | (1,058,765) | - | (1,058,765) |
| Community services | 41,672 | - | 74,353 | - | 32,681 | - | 32,681 |
| Central and other support services | 2,158,049 | - | - | - | (2,158,049) | - | (2,158,049) |
| Interest | 304,991 | - | - | 505,388 | 200,397 | - | 200,397 |
| Total governmental activities | 97,796,169 | 371,427 | 24,180,234 | 505,388 | (72,739,120) | - | (72,739,120) |
| Business-type activities | | | | | | | |
| Food service | 3,314,142 | 909,449 | 2,507,559 | - | - | 102,866 | 102,866 |
| Total primary government | $ 101,110,311 | $ 1,280,876 | $ 26,687,793 | $ 505,388 | (72,739,120) | 102,866 | (72,636,254) |
| **General revenues and transfers** | | | | | | | |
| Property taxes levied for general purposes, public utility realty tax, and earned income tax | | | | | $ 55,410,515 | $ - | $ 55,410,515 |
| Grants, subsidies, and contributions not restricted | | | | | 21,224,070 | - | 21,224,070 |
| Investment earnings | | | | | 2,503,446 | 210,405 | 2,713,851 |
| Miscellaneous income | | | | | 297,104 | - | 297,104 |
| Transfers | | | | | (62,574) | 62,574 | - |
| Total general revenues and transfers | | | | | 79,372,561 | 272,979 | 79,645,540 |
| Change in net position | | | | | 6,633,441 | 375,845 | 7,009,286 |
| Net position - beginning, as previously reported | | | | | (10,881,981) | 2,951,765 | (7,930,216) |
| Restatement - change in accounting principle | | | | | (632,295) | (950) | (633,245) |
| Net position - beginning, as restated | | | | | (11,514,276) | 2,950,815 | (8,563,461) |
| Net position - ending | | | | | $ (4,880,835) | $ 3,326,660 | $ (1,554,175) |

# RED LION AREA SCHOOL DISTRICT
## Balance Sheet - Governmental Funds
## June 30, 2025

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 29,932,579 | $ 8,001,094 | $ 37,933,673 |
| Investments | - | 12,000,000 | 12,000,000 |
| Taxes receivable, net | 2,638,540 | - | 2,638,540 |
| Due from other funds | 284,681 | - | 284,681 |
| State subsidies receivable | 4,134,793 | - | 4,134,793 |
| Federal subsidies receivable | 209,112 | - | 209,112 |
| Lease receivable | 5,237 | - | 5,237 |
| Other receivables | 161,333 | - | 161,333 |
| Prepaid expenditures | 80,471 | - | 80,471 |
| Inventories | 124,490 | - | 124,490 |
| Total assets | $ 37,571,236 | $ 20,001,094 | $ 57,572,330 |
| **LIABILITIES** | | | |
| Accounts payable | $ 876,834 | $ 61,263 | $ 938,097 |
| Due to other funds | - | 284,449 | 284,449 |
| Accrued salaries and benefits/withholdings | 10,671,798 | - | 10,671,798 |
| Unearned revenue | 34,983 | - | 34,983 |
| Total liabilities | 11,583,615 | 345,712 | 11,929,327 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Leases | 3,754 | - | 3,754 |
| Unavailable revenue | 1,538,177 | - | 1,538,177 |
| Total deferred inflows of resources | 1,541,931 | - | 1,541,931 |
| **FUND BALANCES** | | | |
| Nonspendable | 204,961 | - | 204,961 |
| Restricted | 110,000 | 19,655,382 | 19,765,382 |
| Committed | 5,861,466 | - | 5,861,466 |
| Assigned | 11,258,327 | - | 11,258,327 |
| Unassigned | 7,010,936 | - | 7,010,936 |
| Total fund balances | 24,445,690 | 19,655,382 | 44,101,072 |
| Total liabilities, deferred inflows of resources and fund balances | $ 37,571,236 | $ 20,001,094 | $ 57,572,330 |

# RED LION AREA SCHOOL DISTRICT
## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
## June 30, 2025

| | | |
|---|---|---|
| **Total fund balances - Governmental funds** | | $ 44,101,072 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund balance sheet, but are reported in the governmental activities of the Statement of Net Position. | | |
| Cost of assets | 158,852,423 | |
| Accumulated depreciation/amortization | (78,570,046) | 80,282,377 |
| An internal service fund is used by management to pay for health insurance costs. The portion of net position of the internal service fund related to the governmental funds are included in the governmental activities in the Statement of Net Position. | | 3,385,433 |
| Certain taxes and other receivables are not available to pay current period expenditures and therefore are deferred in the fund financial statements, but are reported as revenue in governmental activities of the Statement of Net Position. | | 1,538,177 |
| Long-term liabilities and other payables are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and related accrued interest consist of: | | |
| Bonds and notes payable | (23,120,745) | |
| Lease obligations | (128,200) | |
| IT subscription liability | (231,217) | |
| Compensated absences | (1,863,112) | |
| Net pension liability | (103,270,805) | |
| Deferred outflows related to pension liability | 14,960,195 | |
| Deferred inflows related to pension liability | (7,021,470) | |
| OPEB liability | (8,530,523) | |
| Deferred outflows related to OPEB liability | 1,535,663 | |
| Deferred inflows related to OPEB liability | (6,222,793) | |
| Accrued interest | (294,887) | (134,187,894) |
| **Total net position - governmental activities** | | $ (4,880,835) |

# RED LION AREA SCHOOL DISTRICT
## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
## Year Ended June 30, 2025

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Local revenues | | | |
| Taxes | $ 54,827,161 | $ - | $ 54,827,161 |
| Investment earnings | 2,047,219 | 296,160 | 2,343,379 |
| Federal revenue from intermediate sources | 1,341,627 | - | 1,341,627 |
| Other | 767,499 | - | 767,499 |
| State sources | 42,559,015 | - | 42,559,015 |
| Federal sources | 1,912,339 | - | 1,912,339 |
| Total revenues | 103,454,860 | 296,160 | 103,751,020 |
| **EXPENDITURES** | | | |
| Instruction | 66,794,368 | - | 66,794,368 |
| Support services | 29,264,384 | - | 29,264,384 |
| Operation of noninstructional services | 1,490,191 | - | 1,490,191 |
| Facilities acquisition, construction, and improvements | - | 1,670,779 | 1,670,779 |
| Subscription-based IT arrangements outlay | 343,798 | - | 343,798 |
| Debt service and fiscal charges | 7,446,787 | 206,939 | 7,653,726 |
| Total expenditures | 105,339,528 | 1,877,718 | 107,217,246 |
| Excess (deficiency) of revenues over expenditures | (1,884,668) | (1,581,558) | (3,466,226) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Proceeds from subscription-based IT arrangements and leases | 503,884 | - | 503,884 |
| Refund of prior year (receipts) expenditures | (3,095) | - | (3,095) |
| Transfers | (1,362,574) | - | (1,362,574) |
| Proceeds from the sale of capital assets | 10,000 | - | 10,000 |
| Proceeds from new bond issuance | - | 14,560,000 | 14,560,000 |
| Bond premium | - | 798,276 | 798,276 |
| Total other financing sources (uses) | (851,785) | 15,358,276 | 14,506,491 |
| Net change in fund balances | (2,736,453) | 13,776,718 | 11,040,265 |
| Fund balances - beginning | 27,182,143 | 5,878,664 | 33,060,807 |
| Fund balances - ending | $ 24,445,690 | $ 19,655,382 | $ 44,101,072 |

# RED LION AREA 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, 2025

| | | |
|---|---|---|
| **Net change in fund balances - Total governmental funds:** | | $ 11,040,265 |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, in the Statement of Activities, the outlay is allocated over the assets estimated useful lives as depreciation/amortization expense for the period. | | |
| Capital outlays | $ 2,303,138 | |
| Depreciation/amortization expense | (3,572,109) | (1,268,971) |
| Revenue and expenses of the internal service fund are reported as proprietary activities in the fund financials, but a portion supports the governmental activities, and thus the net gain/(loss) applicable to the governmental activities is: | | 646,263 |
| Governmental funds do not present revenues that are unavailable to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. | | 574,192 |
| The issuance of long term obligations (bonds, leases, loans, IT subscription) provides current financial resources to governmental funds, while the repayment of prinicipal of long term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. | | |
| Repayment of general obligation bonds/notes - principal | | 6,986,000 |
| Issuance of general obligation bonds | | (14,560,000) |
| Issuance of lease | | (160,086) |
| Issuance of IT subscription | | (336,325) |
| Bond premium on debt issuance | | (798,276) |
| Amortization of bond premiums, discounts, deferred charge on bond refunding and prepaid bond insurance | | 276,128 |
| Repayment of lease oblgiations - principal | | 87,879 |
| Repayment of IT subscription liability - principal | | 222,883 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of: | | |
| Compensated absences | | (149,833) |
| Net pension liability and related deferred outflows and inflows | | 4,317,792 |
| Net OPEB liability and related deferred outflows and inflows | | (129,796) |
| Accrued interest and other payables | | (114,674) |
| **Change in net position - governmental activities** | | $ 6,633,441 |

# RED LION AREA SCHOOL DISTRICT
## Statement of Net Position - Proprietary Funds
## June 30, 2025

| | Enterprise Food Service | Internal Service Insurance Fund |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 5,205,240 | $ 4,654,264 |
| Due from other governments | 1,908 | - |
| Inventories | 69,974 | - |
| Total current assets | 5,277,122 | 4,654,264 |
| **Noncurrent Assets** | | |
| Furniture and equipment, net | 364,971 | - |
| Total noncurrent assets | 364,971 | - |
| Total assets | 5,642,093 | 4,654,264 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred outflows related to pension liability | 434,266 | - |
| Deferred outflows related to OPEB liability | 41,133 | - |
| Total deferred outflows of resources | 475,399 | - |
| Total assets and deferred outflows of resources | $ 6,117,492 | $ 4,654,264 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts payable/accrued medical claims | $ 66 | $ 1,201,419 |
| Due to other funds | 232 | - |
| Accrued salaries and benefits | 290 | - |
| Compensated absences | 11,367 | - |
| Unearned revenues | 66,988 | - |
| OPEB liability - current portion | 3,072 | - |
| Total current liabilities | 82,015 | 1,201,419 |
| **Noncurrent Liabilities** | | |
| Compensated absences | 21,557 | - |
| Net pension liability | 2,287,361 | - |
| OPEB liability | 177,461 | - |
| Total noncurrent liabilities | 2,486,379 | - |
| Total liabilities | 2,568,394 | 1,201,419 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred inflows related to pension liability | 157,575 | - |
| Deferred inflows related to OPEB liability | 132,275 | - |
| Total deferred inflows of resources | 289,850 | - |
| **NET POSITION** | | |
| Net investment in capital assets | 364,971 | - |
| Restricted | - | 3,452,845 |
| Unrestricted | 2,894,277 | - |
| Total net position | 3,259,248 | 3,452,845 |
| Total liabilities, deferred inflows of resources and net position | $ 6,117,492 | $ 4,654,264 |
| Net position above | $ 3,259,248 | |
| Some amounts reported for business-type activities in the statement of net position are different because certain assets and liabilities of the insurance (internal service) fund are included with business-type activities. | 67,412 | |
| Net position of business-type activities | $ 3,326,660 | |

# RED LION AREA SCHOOL DISTRICT
## Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
## Year Ended June 30, 2025

| | Enterprise | Internal Service |
|---|---|---|
| | Food Service | Insurance Fund |
| **OPERATING REVENUE** | | |
| Charges for services/insurance premiums | $ 909,449 | $ 10,416,612 |
| Total operating revenues | 909,449 | 10,416,612 |
| **OPERATING EXPENSES** | | |
| Salaries | 947,964 | - |
| Employee benefits | 579,415 | - |
| Food and milk purchases | 1,602,680 | - |
| General supplies and small equipment | 115,422 | - |
| Depreciation | 48,901 | - |
| Miscellaneous | 34,537 | - |
| Insurance claims | - | 9,939,669 |
| Administrative fees | - | 1,111,194 |
| Other medical costs | - | 164,776 |
| Total operating expenses | 3,328,919 | 11,215,639 |
| Operating income (loss) | (2,419,470) | (799,027) |
| **NON-OPERATING REVENUES** | | |
| Federal subsidies | 1,935,853 | - |
| State subsidies | 571,706 | - |
| Transfers | 62,574 | 1,300,000 |
| Interest income | 207,218 | 163,254 |
| Total non-operating revenue | 2,777,351 | 1,463,254 |
| Change in net position | 357,881 | 664,227 |
| Net position - beginning, as previously reported | 2,902,317 | 2,788,618 |
| Restatement - change in accounting principle | (950) | - |
| Net position - beginning, as restated | 2,901,367 | 2,788,618 |
| Total net position - ending | $ 3,259,248 | $ 3,452,845 |
| Change in net position above | $ 357,881 | |
| Some amounts reported for business-type activitities in the statement of net position are different because certain assets and liabilities of the insurance (internal service) fund are included with business-type activities. | 17,964 | |
| Change in net position of business-type activities | $ 375,845 | |

# RED LION AREA SCHOOL DISTRICT
## Statement of Cash Flows - Proprietary Funds
## Year Ended June 30, 2025

| | Enterprise | Internal Service |
|---|---|---|
| | Food Service | Insurance Fund |
| **Cash flows from operating activities:** | | |
| Cash received from sales/insurance premiums | $ 930,641 | $ 10,416,612 |
| Cash payments to suppliers for goods and services | (1,546,965) | - |
| Cash payments to and on behalf of employees | (1,500,582) | (11,119,979) |
| Net cash (used) by operating activities | (2,116,906) | (703,367) |
| **Cash flows from capital financing activities:** | | |
| Purchase of equipment | (7,959) | - |
| Net cash (used) by capital financing activities | (7,959) | - |
| **Cash flows from noncapital financing activities:** | | |
| Interfund transfers | - | 1,300,000 |
| State subsidies | 569,798 | - |
| Federal subsidies | 1,719,700 | - |
| Net cash provided by noncapital financing activities | 2,289,498 | 1,300,000 |
| **Cash flows from investing activities:** | | |
| Earnings on investments | 207,218 | 163,254 |
| Net cash provided by investing activities | 207,218 | 163,254 |
| Net increase in cash and cash equivalents | 371,851 | 759,887 |
| Cash and cash equivalents - beginning | 4,833,389 | 3,894,377 |
| Cash and cash equivalents - ending | $ 5,205,240 | $ 4,654,264 |
| **Reconciliation of (loss) from operations to net cash (used) by operating activities** | | |
| **Cash flows from operating activities:** | | |
| Operating loss | $ (2,419,470) | $ (799,027) |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | | |
| Donated inventory used | 216,153 | - |
| Depreciation | 48,901 | - |
| (Increase) decrease in: | | |
| Other receivable | 4,402 | - |
| Inventories | (9,583) | - |
| Increase (decrease) in: | | |
| Accounts payable/accrued medical claims | (1,026) | 95,660 |
| Interfund payable | 130 | - |
| Accrued salaries and benefits | (1,692) | - |
| Unearned revenues | 16,790 | - |
| Compensated absences | 13,639 | - |
| Net pension liability and related deferred inflows/outflows | 5,864 | - |
| OPEB liability and related deferred inflows/outflows | 11,048 | - |
| Total adjustments | 304,626 | 95,660 |
| Net cash (used) by operating activities | $ (2,114,844) | $ (703,367) |
| **Noncash capital fnancing activities** | | |
| Noncash interfund transfer for the purchase of equipment | $ 62,574 | $ - |

# RED LION AREA SCHOOL DISTRICT
## Statement of Fiduciary Net Position
## June 30, 2025

| | Custodial Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 147,467 |
| Accounts receivable | 392 |
| Total assets | $ 147,859 |
| **NET POSITION** | |
| Restricted for individuals and organizations | $ 147,859 |
| Total net position | $ 147,859 |

# RED LION AREA SCHOOL DISTRICT
## Statement of Changes in Fiduciary Net Position
## Year Ended June 30, 2025

| | Custodial Funds |
|---|---|
| **ADDITIONS** | |
| Sales | $ 134,429 |
| Contributions | 14,713 |
| Fundraiser income | 112,312 |
| Interest income | 2,891 |
| Total additions | 264,345 |
| | |
| **DEDUCTIONS** | |
| Contributions | 5,943 |
| Fundraisers | 49,130 |
| Club activity expense | 132,325 |
| Scholarships | 5,500 |
| Supplies | 100,377 |
| Conferences | 827 |
| Total deductions | 294,102 |
| | |
| Change in net position | (29,757) |
| | |
| Net position - beginning | 177,616 |
| | |
| Net position - ending | $ 147,859 |

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Nature of Operations*

Red Lion Area School District (School District) operates a public school system which is comprised of the Boroughs of Red Lion, Windsor, Felton, and Winterstown, and the Townships of Chanceford, Lower Chanceford, Northern Hopewell and Windsor in York County, Pennsylvania.

The School District consists of Clearview, Larry J. Macaluso, Locust Grove, Mazie Gable, North Hopewell-Winterstown, Pleasant View and Windsor Manor Elementary Schools, Red Lion Area Junior High School and Red Lion Area Senior High School as well as the School District Administration Office.

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

### *Reporting Entity*

The financial statements of the School District include all funds, functions, and activities to which the Board of Directors has oversight responsibility. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Red Lion Area School District.

Governmental Accounting Standards Board (GASB) statements define the criteria used to determine the composition of the reporting entity. These standards require the reporting entity to include (1) the primary government, (2) organizations for which the primary government is financially accountable, (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the above criteria, the School District is not included in any other governmental reporting entity and no entities are reported as a component unit of the School District.

### *Joint Ventures*

The following joint ventures are not component units of Red Lion Area School District and are not included in this report.

**York County School of Technology**

The School District is one of fourteen member school districts participating in the operation of the York County School of Technology. The School is operated, administered, and managed by a joint operating committee consisting of board members from the fourteen member school districts. These members are elected by their individual school district board of directors. The School District's share of annual operating and capital costs for York County School of Technology are reflected as intergovernmental expenditures of the General Fund. During the year ended June 30, 2025, the School District paid $ 3,317,198 to York County School of Technology for operating expenditures. In addition, the School District paid $ 189,498 to the York County School of Technology Authority for debt service payments.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Joint Ventures (Continued)*

**York/LIU Joint Authority**

This is a separate legal entity organized by thirteen local school districts to provide services in York County. Each of the member school districts appoints one member to serve on the joint operating committee, and each has an ongoing financial responsibility to fund the Authority's operations. During the year ended June 30, 2025, the School District paid $ 67,250 to the York/LIU Joint Authority for these services.

**Lincoln Intermediate Unit #12**

This is a separate legal entity organized by constituent school districts in York, Adams, and Franklin counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training. During the year ended June 30, 2025, the School District paid $ 3,003,493 to the Lincoln Intermediate Unit.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office.

### *Fund Accounting*

The accounts of Red Lion Area School District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

**1. Governmental Funds**

The School District reports the following major governmental funds:

**a. General Fund**

The General Fund accounts for all financial resources of the School District except those specifically required by law to be accounted for in another fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

**b. Capital Project Funds**

The Capital Improvement Fund is utilized to account for excess General Fund resources designated by board action for future capital improvement projects.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Fund Accounting (Continued)*

**2. Proprietary Funds**

**a. Enterprise Funds**

The Enterprise Funds are unbudgeted funds used to account for all revenue and expenses pertaining to food service operations. The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that costs (expenses, including deprecation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges. The Food Service Fund is a modified Enterprise Fund because food service funds in Pennsylvania's Public School System depend on support from the state and federal subsidization in order to operate. The Food Service Fund accounts for the costs of providing meals to students during the school year. Revenue is received from payments for meals and from state and federal subsidies.

**b. Internal Service Fund**

This fund is used to account for resources, derived primarily from premiums collected from other funds, for payment of medical and dental insurance premiums and claims.

**Policy for Defining Operating and Non-Operating Revenues of Proprietary Funds**

The School District defines proprietary funds operating revenues based on how the individual transaction would be categorized for purposes of preparing the Statement of Cash Flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities or investing activities would normally not be reported as operating revenues.

**3. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Custodial funds are used to account for fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The School District reports the Student Activities Fund as a custodial fund.

### *Basis of Presentation*

**Government-Wide Financial Statements** - The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The statements include the primary government, except for the fiduciary funds of the primary government.

Separate rows and columns are used to distinguish between the governmental and business-type activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Basis of Presentation (Continued)*

**Government-Wide Financial Statements (Continued)**

These activities are usually reported in Governmental Funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in Enterprise Funds.

**Measurement Focus and Basis of Accounting – Government-Wide Financial Statements** - The Statement of Net Position and Statement of Activities are prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB.

**Policy for Eliminating Internal Activity – Government-Wide Financial Statements** - In the process of aggregating data for the Statement of Net Position, some amounts reported as interfund balances in the funds are eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the "grossing-up" effect on the assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Program Revenues – Government-Wide Financial Statements -** The Statement of Activities reports three categories of program revenues: (1) charges for services, (2) program specific operating grants and contributions and (3) program specific capital grants and contributions. Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

### *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds of the School District are accounted for using a current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The proprietary fund and fiduciary fund are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current and noncurrent) associated with the operation of the funds are included on its statement of net position. The Proprietary Fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Basis of Accounting (Continued)*

**Modified Accrual Basis** - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other related grants designated for payment of specific School District expenditures is recognized when the related expenditures are incurred, and the revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as a liability until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Accrual Basis** - Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the proprietary fund and custodial funds.

### *Budgets and Budgetary Accounting*

The School District follows these procedures in establishing the budgetary data presented in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. The Board of Directors approves the total budget appropriations and authorizes budget transfers. The level of budgetary responsibility is by total appropriation.

3. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

4. Unexpended appropriations at year-end lapse.

During 2024/2025, the School District overspent the budgeted expenditures of the General Fund, which is a violation of the Pennsylvania School Code, but is not expected to result in any negative implications of the School District.

### *Use of Estimates*

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Cash and Cash Equivalents*

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of 90 days or less.

### *Investments*

The School District invests funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). PSDLAF and PLGIT operate and are authorized under the Intergovernmental Cooperation Act of 1972.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Deposit Insurance Corporation, or which are collateralized as provided by law of Act 72 of 1971.

### *Prepaid Items*

In both government-wide and fund financial statements, prepaid items are recorded as assets in the specific fund in which future benefits will be derived.

### *Inventories*

The General Fund inventory is valued at cost and consists of office and custodial supplies.

The Enterprise Fund inventory consists of government donated commodities which were valued at government declared value, as well as purchased commodities and supplies valued at cost.

### *Internal Balances/Activity*

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

### *Capital and Right-to-Use Assets*

Capital and right-to-use assets, which include land, property, buildings, equipment, and IT subscriptions, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital and right-to-use assets are defined by the School District as assets with an initial, individual cost of more than $ 7,500 and an estimated useful life in excess of one year. All capital and right-to-use assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Capital and Right-to-Use Assets (Continued)*

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

All capital and right-to-use assets except for land and construction in process are depreciated/amortized over the remaining useful lives of the related capital assets. Depreciation/Amortization is computed using the straight-line method over the following useful lives:

| Assets | Years |
|---|---|
| Buildings and portable classrooms | 25 - 30 |
| Building improvements | 15 - 30 |
| Site improvements | 20 |
| Machinery and equipment | 5 - 15 |
| Vehicles | 5 - 8 |
| Right-to-use asset - leased equipment | 4 |
| Right-to-use asset - IT subscriptions | 2 - 5 |
| Furniture and fixtures | 10 - 20 |

Under GAAP, capital assets are recorded as expenditures at the time of purchase in the Governmental Funds. Accordingly, no depreciation has been provided on capital assets in those funds. Proprietary fund capital assets are recorded at cost. Depreciation is provided for on a straight-line basis over periods ranging from 5 to 30 years. Donated capital assets are recorded at their acquisition value as of the date received.

### *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discount are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance is reported as an asset and amortized over the term of the related debt. Other bond issuance costs are expensed at the time the debt is issued.

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Leases*

**Lessee**: The School District is a lessee for a noncancellable lease of equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School District is reasonably certain to exercise.

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

**Lessor**: The School District is a lessor for a noncancellable lease of a farmland. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Subscription-based Information Technology Arrangements*

The School District is a lessee for noncancellable arrangements for subscription-based information technology. The School District recognizes a subscription liability and an intangible right-to-use IT subscription asset (subscription asset) in the government-wide financial statements.

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

Key estimates and judgments related to subscription arrangements include how the School District determines (1) the discount rate it uses to discount the expected subscription arrangement payments to present value, (2) subscription term, and (3) subscription payments.

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any renewal provisions that the School District is reasonably certain to exercise.

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

### *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category and various items related to the net pension liability and OPEB liability. These amounts will be amortized in future periods.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources consist of various items related to the pension liability and OPEB liability (on the statement of net position), unavailable revenue (on the balance sheet - governmental funds) and future revenues related to leases (on the statement of net position and the balance sheet for governmental funds).

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Retirement Plans*

The School District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School District accounts for the plan under the provisions of GASB Statements which establish standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

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

### *Compensated Absences*

The School District accounts for compensated absences in accordance with GASB Standards which establishes a unified approach for recognizing and measuring leave benefits. During the year ended June 30, 2025, the School District adopted GASB 101, *Compensated Absences*. See Note 15 for further information related to this change in accounting principle.

Under this guidance, a liability is recorded for leave that employees have earned but not yet used, provided the leave is expected to be paid or settled in the future. This includes vacation, sick leave, and other types of paid time off that accumulate and are attributable to services already rendered. The liability is recognized when it is more likely than not that the leave will be used for time off or otherwise compensated, either in cash or through noncash settlement. The measurement of the liability is based on the employee's pay rate as of the financial statement date, unless a different rate is specified in the leave arrangement. Additionally, salary-related payments that are directly and incrementally associated with leave payments – such as payroll taxes and certain pension contributions – are included in the liability. This approach ensures that the financial statements reflect the cost of compensated absences in the period in which the benefits are earned, providing a more accurate picture of the School District's financial obligations.

The School District's full-time employees earn up to a maximum of twenty-five vacation leave days per year and are entitled to compensation for accumulated, unpaid vacation leave upon termination up to a maximum of thirty-five days. Full-time employees also earn up to twelve sick leave days per year and are entitled to compensation for a portion of accumulated unpaid sick leave upon termination or retirement, after ten years of service. The maximum payout is $ 10,000 for sick days. Full-time employees earn up to three personal days per year and are not entitled to compensation for accumulated unpaid personal leave upon retirement.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Other Postemployment Benefits Other Than Pensions*

The School District provides postemployment benefits by permitting retired employees the ability to participate in the employee health plan through a single employer defined benefit other post-employment health plan (OPEB) at the same premium rate, albeit 100% paid for by the retirees. Consequently, the School District is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis.

The School District also participates in a governmental cost sharing multiple-employer OPEB plan with PSERS for all eligible employees who qualify and elect to participate.

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

### *Net Position – Government-wide Financial Statements/Proprietary Funds*

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets**

This component consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in the component of net position.

**Restricted**

This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

As of June 30, 2025, restricted net position consisted of the following:

| | Governmental Activities | Business-Type Activities |
|---|---|---|
| Escrow for prior road project | $ 110,000 | $ - |
| Future capital expenses | 19,655,382 | - |
| Future insurance claims | - | 3,452,845 |
| | $ 19,765,382 | $ 3,452,845 |

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Net Position – Government-wide Financial Statements/Proprietary Funds (Continued)*

**Unrestricted**

This component of net position is the net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Net Position Flow Assumption**

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

### *Fund Balance – Governmental Funds*

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

**Nonspendable**

This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long-term portion of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

**Restricted**

This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

**Committed**

This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the School Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Fund Balance – Governmental Funds (Continued)*

**Assigned**

This classification includes spendable amounts that are reported in governmental funds *other than in the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School Board, or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the Finance Committee or Chief Financial Officer has the authority to make assignments of fund balance. Thus, these assignments can be made or changed without formal action by the Board.

The assignment of fund balance cannot result in a negative unassigned fund balance.

**Unassigned**

This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

### *Minimum Fund Balance Policy*

The School District will strive to maintain an unassigned general fund balance of not less than five percent (5.0%) and not more than eight percent (8.0%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of several portions including committed, assigned and unassigned may exceed ten percent (10.0%) of the budgeted expenditures for the fiscal year. If the unassigned portion of the fund balance falls below the threshold of four percent (4.0%), the Board will pursue variations of increasing revenues and decreasing expenditures, or a combination of both, until five percent (5.0%) is attained.

### *Fund Balance Flow Assumptions*

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned and committed. This order of spending may be altered per board approval.

## NOTE 2 CASH AND INVESTMENTS

Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- U.S. Treasury Bills.
- Short term obligations of the U.S. Government or its agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity.
- Shares of an investment company registered under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any federal agency, instrumentality or Unites States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issues by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the banker's acceptances do not exceed 180 days.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a policy for custodial credit risk. As of June 30, 2025, $ 229,761 of the School District's total bank balance of $ 532,347 was exposed to custodial credit risk.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the School District have pledged collateral on a pooled basis on behalf of the School District and all other governmental depositors in the respective financial institutions.

### *Credit Risk - Investments*

Included in cash and cash equivalents on the statement of net position are pooled investments in the PA Local Government Investment Trust (PLGIT) of $ 52,153, PSDLAF-MAX of $ 10,200,033, and PSDLAF full flex pool of $ 34,429,554. PLGIT deposits are invested by PLGIT directly in a portfolio of securities which are held by a third-party custodian. These are PLGIT-

## NOTE 2 CASH AND INVESTMENTS (CONTINUED)

### *Credit Risk – Investments (Continued)*

Class Shares, which operate like a money market fund. PSDLAF deposits are invested by PSDLAF directly in portfolios of securities held by a third-party custodian and are collateralized with securities held by the PSDLAF agent in a collateral pool. The PSDLAF and PLGIT investments are basically mutual funds that consist of short-term money market instruments and seeks to maintain a constant net asset value of $ 1 per share.

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of June 30, 2025, the School District's investments were rated as:

| Investment | Standard & Poor's |
|---|---|
| PA Local Government Investment Trust | AAAm |
| PA School District Liquid Asset Fund | AAAm |
| Wilmington Trust – Money Market Mutual Fund | AAAm |

### *Policies Followed at PSDLAF and PLGIT*

PSDLAF and PLGIT are not registered with the Securities and Exchange Commission (SEC); however, PSDLAF and PLGIT follow investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The School District's investments in PSDLAF and PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

The School District has no limitations or restrictions on withdrawals on accounts held at PSDLAF or PLGIT.

### *Interest Rate Risk - Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in PSDLAF and PLGIT are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions. Investments in the PSDLAF full flex fund have weekly liquidity.

### *Investments – Fair Value Measurements*

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## NOTE 2 CASH AND INVESTMENTS (CONTINUED)

### *Investments – Fair Value Measurements (Continued)*

The School District has the following recurring fair value measurements as of June 30, 2025:

- Money market mutual funds of $ 4,654,264 are valued using quoted market prices (Level 1 inputs)

## NOTE 3 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS

Real estate taxes are considered fully collectible since liens can be filed on properties.

Property taxes are levied as of July 1 on assessed property values. The tax bills are mailed by the Tax Collectors on July 15 and are payable as follows:

| | |
|---|---|
| Discount | July 15 – September 15 |
| Face | September 16 – October 15 |
| Penalty | October 16 – November 15 |

After December 31, the bills are considered delinquent and are turned over to York County Tax Claim Bureau for collection.

Taxes receivable and deferred inflows of resources in the fund financial statements consist of the following as of June 30, 2025:

| | |
|---|---|
| Real estate | $ 1,223,437 |
| Earned income | 1,338,455 |
| Realty transfer | 76,648 |
| | 2,638,540 |
| Taxes collected within sixty days, recorded as revenues in governmental funds | (1,100,365) |
| Taxes estimated to be collected after sixty days, included in unavailable revenue in governmental funds | $ 1,538,175 |

### *Tax Abatements*

**Pennsylvania Clean and Green Program**

Clean and Green is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in tax savings for landowners.

Property owners can apply at the York County tax assessment office for their property to be included in Pennsylvania's Clean and Green program. The program was enacted as a tool to encourage protection of the Commonwealth's valuable farmland, forestland, and open spaces. To be eligible, a property must be at least ten acres in size, and in Agriculture Use, Agriculture Reserve, or Forest Reserve. Agricultural Use applications may be less than 10 acres in size if the

## NOTE 3 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS (CONTINUED)

### *Tax Abatements (Continued)*

**Pennsylvania Clean and Green Program (Continued)**

property is capable of generating at least $ 2,000 annually in farm income. A landowner who breaches the covenant is subject to seven years of rollback taxes at 6% interest per year. The rollback tax is the difference between what was paid under Clean and Green versus what would have been paid, if the property had not been enrolled, plus 6% simple interest per year.

For the fiscal year ended June 30, 2025, total School District property taxes of $ 5,337,167 were abated under this program.

## NOTE 4 INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consist of the following as of June 30, 2025:

| | Due From Other Funds | Due to Other Funds |
|---|---|---|
| General Fund | $ 284,681 | $ - |
| Capital Projects Fund | - | 284,449 |
| Food Service Fund | - | 232 |
| | $ 284,681 | $ 284,681 |

The general fund had receivables from the food service and capital projects funds for various operating expenses.

Interfund transfers consist of the following for the year ended June 30, 2025:

| | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ - | $ 1,362,574 |
| Food Service Fund | 62,574 | - |
| Self-Insurance Fund | 1,300,000 | - |
| Total | $ 1,362,574 | $ 1,362,574 |

The general fund made a transfer to the food service fund for the purchase of equipment. The general fund made a transfer to the self-insurance fund for future insurance claims.

## NOTE 5 FEDERAL AND STATE SUBSIDIES RECEIVABLE

Federal and state subsidies receivable for governmental activities at June 30, 2025 consist of the following:

| | | Governmental Activities |
|---|---|---|
| State: | Social security | $ 739,869 |
| | Retirement | 3,394,924 |
| | | 4,134,793 |
| Federal: | Title I | 138,924 |
| | Title II | 5,105 |
| | Title IV | 65,083 |
| | | 209,112 |
| | Total | $ 4,343,905 |

## NOTE 6 LEASE RECEIVABLE/DEFERRED INFLOWS

The School District entered into a lease agreement as lessor for the use of School District land for farming purposes. As of June 30, 2025, the value of the lease receivable is $ 5,237 with a related deferred inflow of $ 3,754. The lessee is required to make semi-annual fixed payments of $ 5,322. The lease has an interest rate of 3.25% and the School District recognized lease revenue of $ 10,225 and interest income of $ 420 related to this lease during the fiscal year. These amounts are shown as rental income in the financial statements.

## NOTE 7 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2025:

### *Governmental Activities*

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Cost** | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 6,956,596 | $ - | $ - | $ 6,956,596 |
| Construction in progress | 141,823 | 469,677 | (141,823) | 469,677 |
| Capital assets | | | | |
| Site improvements | 8,686,933 | 111,132 | - | 8,798,065 |
| Buildings and building improvements | 134,237,231 | 171,490 | - | 134,408,721 |
| Furniture and equipment | 5,592,347 | 1,173,978 | - | 6,766,325 |
| Vehicles | 537,416 | 14,800 | | 552,216 |
| Right-to-use asset - equipment | 182,199 | 160,086 | - | 342,285 |
| Right-to-use asset - IT subscriptions | 650,141 | 343,798 | (435,401) | 558,538 |
| Total cost | 156,984,686 | 2,444,961 | (577,224) | 158,852,423 |
| **Less accumulated depreciation/ amortization** | | | | |
| Site improvements | (6,990,536) | (237,558) | - | (7,228,094) |
| Buildings and building improvements | (62,041,408) | (3,003,944) | - | (65,045,352) |
| Furniture and equipment | (5,358,914) | (52,055) | - | (5,410,969) |
| Vehicles | (428,721) | (35,218) | - | (463,939) |
| Right-to-use asset - equipment | (128,908) | (82,187) | - | (211,095) |
| Right-to-use asset - IT subscriptions | (484,851) | (161,147) | 435,401 | (210,597) |
| Total accumulated depreciation/ amortization | (75,433,338) | (3,572,109) | 435,401 | (78,570,046) |
| **Capital assets, net** | $ 81,551,348 | $ (1,127,148) | $ (141,823) | $ 80,282,377 |

The balance in construction in progress is related to the roof restoration project, track project, and installation of the Tracer system.

Depreciation and amortization was charged to individual functions as follows:

| | Depreciation/ Amortization |
|---|---|
| Instruction | $ 1,109,643 |
| Instructional student support | 188,088 |
| Administrative and financial support services | 96,592 |
| Operation and maintenance of plant services | 2,177,786 |
| Total | $ 3,572,109 |

## NOTE 7 CAPITAL ASSETS (CONTINUED)

### *Business-type Activities*

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Cost** | | | | |
| Food service equipment | $ 2,429,561 | $ 70,533 | $ - | $ 2,500,094 |
| **Less accumulated depreciation** | | | | |
| Food service equipment | (2,086,222) | (48,901) | - | (2,135,123) |
| **Capital assets, net** | $ 343,339 | $ 21,632 | $ - | $ 364,971 |

Depreciation expense for the year ended June 30, 2025 was $ 48,901.

## NOTE 8 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

Accrued salaries and benefits/withholdings consist of the following at June 30, 2025:

| | |
|---|---|
| **General Fund** | |
| Accrued salaries | $ 4,712,528 |
| Retirement | 5,517,899 |
| Social security | 349,357 |
| Other withholdings and accruals | 92,014 |
| | $ 10,671,798 |
| **Food Service Fund** | |
| Other withholdings and accruals | $ 290 |
| | $ 290 |

## NOTE 9 LONG-TERM LIABILITIES

Changes in long term liabilities during the year ended June 30, 2025 are as follows:

| | Beginning Balance (as restated) | Additions | Reductions | Ending Balance | Current Portion | Long-term Portion |
|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | |
| General Obligation Bonds | | | | | | |
| Series of 2019 | $ 11,650,000 | $ - | $ (6,985,000) | $ 4,665,000 | $ 4,665,000 | $ - |
| Series of 2025 | - | 14,560,000 | - | 14,560,000 | - | 14,560,000 |
| Direct Borrowings | | | | | | |
| Series A and B of 2020 | 3,036,000 | - | (1,000) | 3,035,000 | 2,430,000 | 605,000 |
| Bond premium | 338,597 | 798,276 | (276,128) | 860,745 | 328,562 | 532,183 |
| Subtotal bonds/notes payable | 15,024,597 | 15,358,276 | (7,262,128) | 23,120,745 | 7,423,562 | 15,697,183 |
| Lease obligation | 55,993 | 160,086 | (87,879) | 128,200 | 48,205 | 79,995 |
| IT subscription liability | 117,775 | 336,325 | (222,883) | 231,217 | 72,662 | 158,555 |
| Compensated absences * | 1,713,279 | 149,833 | - | 1,863,112 | 765,121 | 1,097,991 |
| Total long term liabilities | $ 16,911,644 | $ 16,004,520 | $ (7,572,890) | $ 25,343,274 | $ 8,309,550 | $ 17,033,724 |
| **Business-Type Activities** | | | | | | |
| Compensated absences * | $ 21,347 | $ 11,577 | $ - | $ 32,924 | $ 11,367 | $ 21,557 |
| **Total long-term liabilities** | $ 21,347 | $ 11,577 | $ - | $ 32,924 | $ 11,367 | $ 21,557 |

*The change in the compensated absences liabilities are presented as net change.

## NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of bonds and notes payable at June 30, 2025, which were issued to finance various school facilities acquisitions and renovations:

| | Date of Issue | Last Maturity Date | Interest Rate | Outstanding Face Amount |
|---|---|---|---|---|
| A) | July 2, 2019 - Series of 2019 | February 1, 2026 | 1.40% to 4.00% | $ 4,665,000 |
| B) | May 18, 2020 - Series A and B of 2020 | April 25, 2027 | 0.80% | 3,035,000 |
| C) | March 12, 2025 - Series of 2025 | February 1, 2029 | 5.00% | 14,560,000 |
| | | | | $ 22,260,000 |

A) On July 2, 2019, the School District issued General Obligation Bonds, Series of 2019 in the aggregate principal amount of $ 12,075,000. Proceeds of the bond were used to refund the outstanding General Obligation Bonds, Series of 2013, a portion of the outstanding General Obligation Bonds, Series of 2015, to fund various projects of the School District and to pay the costs of issuing the Bonds.

B) On May 18, 2020, the School District issued General Obligation Note, Series A and B of 2020 in the aggregate principal amount of $ 10,645,000. Proceeds of the note were used to refund the outstanding General Obligation Bonds, Series of 2015, to fund various projects of the School District and to pay the costs of issuing the Note.

C) On March 12, 2025, the School District issued General Obligation Bonds, Series 2025 in the aggregate principal amount of $ 14,560,000. Proceeds of the bond were used to fund various capital projects of the School District and to pay the costs of issuing the Bonds.

The School District's general obligation bonds and notes contain a provision that in the event of default for non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders.

### Lease Obligation

The School District entered lease agreements for four years as lessee for the acquisition and use of copiers and iPads. The leases requires monthly principal and interest payments ranging from $ 4,100 to $ 45,046 based on an interest rates ranging between 0% and 4%. The associated right-to-use assets are disclosed in the Capital Assets footnote.

### IT Subscription Liabilities

The School District entered into subscription arrangements ranging from 2 to 6 years for the exclusive use of subscription-based information technology. The arrangements require annual principal and interest payments ranging from $ 3,250 to $ 117,596 based on an interest rate of 3.25%. The associated right-to-use asset is disclosed in the Capital Assets footnote.

The School District has one (1) three-year subscription arrangement that is based on user seats and is not included in the total IT Subscription Liabilities at June 30, 2025. The total user seat expense for the year ended June 30, 2025 was $ 44,262.

## NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

### *Maturities*

A schedule of the School District's debt service requirements as of June 30, 2025, which are financed by the General Fund, follows:

| Year Ending June 30 | Bonds | | Direct Borrowings | | Lease Obligations | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 4,665,000 | $ 831,689 | $ 2,430,000 | $ 21,040 | $ 48,204 | $ 41 |
| 2027 | 4,660,000 | 728,000 | 605,000 | 4,033 | 40,047 | - |
| 2028 | 5,505,000 | 495,000 | - | - | 39,949 | - |
| 2029 | 4,395,000 | 219,750 | - | - | - | - |
| | $ 19,225,000 | $ 2,274,439 | $ 3,035,000 | $ 25,073 | $ 128,200 | $ 41 |

| | IT Subscription Liabilities | | Total | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2026 | $ 72,662 | $ 7,515 | $ 7,215,866 | $ 860,285 |
| 2027 | 67,552 | 5,153 | 5,372,599 | 737,186 |
| 2028 | 44,774 | 2,958 | 5,589,723 | 497,958 |
| 2029 | 46,229 | 1,502 | 4,441,229 | 221,252 |
| | $ 231,217 | $ 17,128 | $ 22,619,417 | $ 2,316,681 |

## NOTE 10 PENSION PLAN

### *General Information About the Pension Plan*

#### Plan Description

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

#### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

## NOTE 10 PENSION PLAN (CONTINUED)

### *General Information About the Pension Plan (Continued)*

**Benefits Provided (Continued)**

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan 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).

Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. A members' right to a defined benefit is vested in 10 years.

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

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

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

## NOTE 10 PENSION PLAN (CONTINUED)

### *General Information About the Pension Plan (Continued)*

#### Contributions

*Member Contributions*

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

| Member Contribution Rates | | | | |
|---|---|---|---|---|
| **Membership Class** | **Continuous Employment Since** | **Defined Benefit (DB) Contribution Rate** | **DC Contribution Rate** | **Total Contribution Rate** |
| T-C | Prior to July 22, 1983 | 5.25% | N/A | 5.25%<br>6.25% |
| T-C | On or after July22, 1983 | 6.25% | N/A | 6.25% |
| T-D | Prior to July 22, 1983 | 6.50% | N/A | 6.50% |
| T-D | On or after July 22, 1983 | 7.50% | N/A | 7.50% |
| T-E | On or after July 1, 2011 | 7.50% base rate with shared risk provision | N/A | Prior to 7/1/21: 7.50%<br>After 7/1/21: 8.00% |
| T-F | On or after July 1, 2011 | 10.30% base rate with shared risk provision | N/A | Prior to 7/1/21: 10.30%<br>After 7/1/21: 10.80% |
| T-G | On or after July 1, 2019 | 5.50% base rate with shared risk provision | 2.75% | Prior to 7/1/21: 8.25%<br>After 7/1/21: 9.00% |
| T-H | On or after July 1, 2019 | 4.50% base rate with shared risk provision | 3.00% | Prior to 7/1/21: 7.50%<br>After 7/1/21: 8.25% |
| DC | On or after July 1, 2019 | N/A | 7.50% | 7.50% |

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

*Employer Contributions*

The School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll. This is 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 recognized as revenue by the defined benefit pension plan from the School District were $ 13,822,777 for the year ended June 30, 2025. In addition, the School District's contribution to the defined contribution plan was $ 173,836 for the year ended June 30, 2025.

*State Funding*

The Commonwealth of Pennsylvania generally reimburses the School District for 50-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension and OPEB liabilities and related pension and OPEB expense represent 100% of the School District's share of these amounts.

During the year ended June 30, 2025, the School District recognized revenue of $ 8,745,827 as reimbursement for its current year pension and OPEB payments.

## NOTE 10 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the School District reported a liability of $ 105,558,166 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions. At June 30, 2024, the School District's proportion was 0.2522 percent, which was a decrease of 0.0078 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense as follows:

| | |
|---|---|
| Governmental Activities | $ 9,173,509 |
| Business-Type Activities/Food Service Fund | 297,256 |

At June 30, 2025, the School 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 |
|---|---|---|
| Difference between expected and actual experience | $ - | $ 1,660,000 |
| Changes in assumptions | - | - |
| Net difference between projected and actual investment earnings | 1,748,000 | - |
| Changes in proportionate share - plan | - | 5,108,000 |
| Changes in proportionate share - governmental activities/business-type activities | 107,344 | 107,344 |
| Difference between employer contributions and proportionate share of total contributions | 8,519 | 303,701 |
| Contributions subsequent to the measurement date | 13,530,598 | - |
| | $ 15,394,461 | $ 7,179,045 |

The $ 13,530,598 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2026 | $ (5,368,703) |
| 2027 | 879,779 |
| 2028 | (471,258) |
| 2029 | (355,000) |
| Total | $ (5,315,182) |

## NOTE 10 PENSION PLAN (CONTINUED)

### *Actuarial Assumptions*

The total pension liability as of June 30, 2024 was determined by rolling forward the System's total pension liability as of the June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- The 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 and 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 projecting using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on an experience study that was performed over a 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The target allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2024 are as follows:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global public equity | 30.0% | 4.8% |
| Private equity | 12.0% | 6.7% |
| Fixed income | 33.5% | 3.9% |
| Commodities | 5.0% | 2.5% |
| Infrastructure/MLPs | 10.0% | 6.4% |
| Real estate | 9.5% | 5.9% |
| | 100.0% | |

## NOTE 10 PENSION PLAN (CONTINUED)

### *Discount Rate*

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

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

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

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $ 139,052,000 | $ 105,558,166 | $ 77,275,000 |

### *Pension Plan Fiduciary Net Position*

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

### *Payables to the Pension Plan*

As of June 30, 2025, the School District had $ 5,362,321 payable to the pension plan.

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN

### *Plan Descriptions and Benefits Provided*

**School District Plan**

The School District has a healthcare plan for retired employees, which is a single employer defined benefit healthcare plan administered by the School District. The plan provides medical, dental, and prescription drug coverage for both retiree and family. To continue coverage upon retirement, the retiree must reimburse the School District 100% of the School District's cost of coverage. The coverage shall continue until the earlier of the retiree reaching Medicare eligibility or the retiree's death.

Retirees opting to participate are asked to pay a premium amount that is less than the School District's actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy" by the School District, which gives rise to the benefits.

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

### *Plan Descriptions and Benefits Provided (Continued)*

**PSERS**

In addition to the other postemployment benefit detailed above, the Public School Employees' Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. 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. As of June 30, 2024, there were no assumed future benefit increase to participating eligible retirees.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS' health option program or employer-sponsored health insurance program.

### *Plan Membership*

### School District Plan

Membership in the School District's plan consisted of the following at July 1, 2023, the date of the latest actuarial valuation:

| | |
|---|---|
| Active participants | 580 |
| Vested former participants | 0 |
| Retired participants | 187 |
| Total | 767 |

### *Contributions*

**PSERS**

The School District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% 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 the unfunded accrued liability. Contributions to the OPEB plan from the employer were $ 265,040 for the year ended June 30, 2025.

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

**School District Plan**

The School District's total OPEB liability was measured as of June 30, 2024, and the total OPEB liability was determined by rolling forward the total liability from July 1, 2023 to June 30, 2024 based on an actuarial valuation as of July 1, 2023. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2025, the School District reported a total OPEB liability of $ 4,227,273.

For the year ended June 30, 2025, the School District recognized OPEB expense of $ 410,733.

**PSERS**

At June 30, 2025, the School District reported a liability of $ 4,483,783 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the School District's proportion was 0.2524 percent, which was a decrease of 0.0076 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized OPEB expense of $ 150,465.

The table below summarizes the combined OPEB liability and OPEB expense:

| | Total OPEB/ Net OPEB Liability | OPEB Expense |
|---|---|---|
| School District Plan | $ 4,227,273 | $ 410,733 |
| PSERS | 4,483,783 | 150,465 |
| Total | $ 8,711,056 | $ 561,198 |

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

### *Changes in the Total OPEB Liability*

**School District Plan**

| | Total OPEB Liability |
|---|---|
| **Beginning Balance** | $ 3,973,461 |
| **Changes for the year** | |
| Service cost | 242,241 |
| Interest | 170,594 |
| Changes of assumptions | (1,914) |
| Benefit payments | (157,109) |
| Net changes | 253,812 |
| **Ending Balance** | $ 4,227,273 |

| | School District Plan | | PSERS | | Total | |
|---|---|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | $ 227,237 | $ 3,245,778 | $ 17,000 | $ 67,000 | $ 244,237 | $ 3,312,778 |
| Changes in assumptions | 461,703 | 1,997,629 | 273,000 | 685,000 | 734,703 | 2,682,629 |
| Net difference between projected and actual investment earnings | - | - | 5,000 | - | 5,000 | - |
| Changes in proportions - plan | - | - | 159,000 | 333,000 | 159,000 | 333,000 |
| Changes in proportionate share - governmental activities/business-type activities | | | 13,987 | 13,987 | 13,987 | 13,987 |
| Difference between employer contributions and proportionate share of total contributions | - | - | 3,634 | 12,674 | 3,634 | 12,674 |
| Contributions subsequent to the measurement date | 155,737 | - | 260,498 | - | 416,235 | - |
| | $ 844,677 | $ 5,243,407 | $ 732,119 | $ 1,111,661 | $ 1,576,796 | $ 6,355,068 |

An amount of $ 416,235 is reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2026 related to the School District and PSERS plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year ended June 30 | School District Plan | PSERS | Total |
|---|---|---|---|
| 2026 | $ (431,629) | $ (148,952) | $ (580,581) |
| 2027 | (812,530) | (183,035) | (995,565) |
| 2028 | (764,161) | (189,812) | (953,973) |
| 2029 | (592,670) | (79,045) | (671,715) |
| 2030 | (592,670) | (39,196) | (631,866) |
| Thereafter | (1,360,806) | - | (1,360,806) |
| Total | $ (4,554,467) | $ (640,040) | $ (5,194,506) |

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

### *Actuarial Methods and Assumptions*

**School District Plan**

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**PSERS**

The total OPEB liability as of June 30, 2024, was determined by rolling forward the System's Total OPEB liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement.

| | School District Plan | PSERS |
|---|---|---|
| Actuarial Cost Method | Entry age normal | Entry age normal – level % of pay. |
| Investment Rate of Return | 4.29% (S&P 20 Year municipal bond rate – July 1, 2024) | 4.21% (S&P 20 Year municipal bond rate – June 30, 2024) |
| Salary | An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%. | 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 | PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for administrators and all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement. | Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjust to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale. |
| Percentage of Eligible Employees Electing Coverage in Plan | 45% of employees are assumed to elect coverage. | Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%. |
| Health Care Cost Trend Rate | 7.0% in 2024, with a 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. | Applied to retirees with less than $ 1,200 in premium assistance per year. Benefit is capped at $ 1,200 per year. |
| Per Capita Claims Cost | The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 0-49, $ 8,297 for males and $ 11,983 for females; 50-54, $ 10,988 for males and $ 13,543 for females; 55-59, $ 13,384 for males and $ 14,171 for females; 60-64, $ 17,465 for males and $ 16,279 for females. | N/A |

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

### *Actuarial Methods and Assumptions (Continued)*

**PSERS**

*Investment Return*

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

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

| OPEB - Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 100% | 1.7% |

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, 2024.

### *Discount Rate*

The discount rate used to measure the OPEB liability was 4.29% and 4.21% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, a rate of 4.29% which is to the S&P 20 year municipal bond rate as of July 1, 2024, is the applicable discount rate. Under the PSERS 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 or the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB's plan 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 4.21% which represents the S&P 20 year municipal bond rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

### *Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate*

The following presents the total and net OPEB liabilities of the School District, as well as what the School District's liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

| | 1% Decrease 3.29% | Current Discount Rate 4.29% | 1% Increase 5.29% |
|---|---|---|---|
| School District Plan - Total OPEB liability | $ 4,565,501 | $ 4,227,273 | $ 3,907,496 |

| | 1% Decrease 3.21% | Current Discount Rate 4.21% | 1% Increase 5.21% |
|---|---|---|---|
| PSERS - School District's proportionate share of the net OPEB liability | $ 5,065,000 | $ 4,483,783 | $ 3,997,000 |

### *Sensitivity of the Total and Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

For the PSERS plan, healthcare cost trends were applied to retirees receiving less than $ 1,200 in 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 following presents the total and net OPEB liabilities of the plans, as well as what the plans' total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

**School District Plan**

| | 1% Decrease | Current Healthcare Cost | 1% Increase |
|---|---|---|---|
| School District Plan - Total OPEB Liability | $ 3,729,189 | $ 4,227,273 | $ 4,813,496 |

**PSERS**

| | 1% Decrease | Current Healthcare Cost | 1% Increase |
|---|---|---|---|
| PSERS - School District's proportionate share of the net OPEB liability | $ 4,483,000 | $ 4,483,783 | $ 4,484,000 |

## NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

### *OPEB Plan Fiduciary Net Position*

**PSERS**

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

### *Payables to the OPEB Plan*

**School District Plan**

As of June 30, 2025, the School District had no amounts payable to the School District OPEB Plan.

**PSERS**

As of June 30, 2025, the School District had $ 159,632 payable to the pension plan related to OPEB.

## NOTE 12 COMMITMENTS AND CONTINGENCIES

The School District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the School District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the School District.

The School District is involved with various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision or any contingent liabilities that may result have been made in the financial statements.

The School District participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Note Agreement for General Obligation Note Series of 2020 A and B obligates the School District to pay any "termination charges" relating to interest rate swap agreements between the lender (Delaware Valley Regional Finance Authority) and third-party financial institutions. The market (termination) value of the related interest rate swap agreement is the estimated fee that would be owed by the School District. Termination charges may result from; prepayment by the School District of the 2020 Notes before the end of their scheduled terms; default by the School District on interest or principal payments for the 2020 Notes; or other specified events described in the "Interest Rate Management Plan" associated with the Note Agreement. The swap value associated with the School District's debt is currently $ 66,633. Management has

## NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

evaluated the likelihood of the events, which could trigger the termination charges and believes they are remote. There is no provision included in the financial statements for the potential impact of any termination charges.

As of June 30, 2025, the School District had the following construction commitments:

| Project | Total Contracts | Total Costs Incurred | Total Costs to be Incurred |
|---|---|---|---|
| Roof Restoration Project | $ 287,000 | $ 237,738 | $ 49,262 |
| Sidewalk Replacement Project | 119,454 | - | 119,454 |
| System Control Building Management System | 56,035 | 31,693 | 24,342 |
| Track Replacement Project | 538,875 | 200,246 | 338,629 |
| Mazie Gable Elementary Flooring Project | 257,248 | 195,883 | 61,365 |
| | $ 1,258,612 | $ 665,560 | $ 593,052 |

## NOTE 13 RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School District purchases commercial insurance.

During the year ended June 30, 2025, the School District did not reduce insurance coverage from coverage levels in place as of June 30, 2024. No settlements have exceeded coverage levels in place during the past three fiscal years.

### *Insurance Fund*

As of July 1, 2018, the School District implemented its own self-funded health care plan administered by Highmark. This plan is a "cost plus" plan in which the School District pays Highmark for actual claims and administering the plan. The School District has an internal service fund to account for the revenues and expenses of the program. Transfers are made from the general fund and food service fund to the internal service fund based on actuarially determined rates. Other sources of revenue are from stop-loss insurance coverage, COBRA payments and employee reimbursements (including retirees who elect to continue coverage). The School District maintains stop-loss coverage for claims greater than $ 175,000 individually.

Changes in the self-insured claims liability amounts for the year ended June 30 were as follows:

| Year Ended June 30 | Liability Beginning | Current Year Expense (including Changes in Estimate) | Payments | Liability Ending |
|---|---|---|---|---|
| 2025 | $ 1,105,759 | $ 9,939,669 | $ 9,844,009 | $ 1,201,419 |
| 2024 | 1,279,585 | 9,577,317 | 9,751,143 | 1,105,759 |

The ending liability represents unpaid claims and the estimated amount of incurred but not reported (IBNR) claims as of June 30, 2025 and June 30, 2024, respectively. All expenditures for the School District's risk management are recorded in the internal service fund, general fund or food service fund.

## NOTE 13 RISK MANAGEMENT (CONTINUED)

### *Insurance Fund (Continued)*

In addition, the School District is a member of the School District Insurance Consortium (SDIC) to partially self-insure workers compensation. The consortium operates on a standalone basis in which each member contributes an actuarially determined amount to cover its expected claims and administrative costs. The consortium purchases excess insurance to cover substantial claims. The School District's past workers compensation experience levels are used in determining future contribution amounts.

Individual members do not share in the risk of loss related to other members. Total contributions paid to the consortium for the year ended June 30, 2025 were $ 121,627.

## NOTE 14 GOVERNMENTAL FUNDS – FUND BALANCE

The following table provides details of the fund balance classifications which are aggregated on the governmental funds balance sheet:

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|
| **Fund Balances** | | | |
| Nonspendable | | | |
| Prepaids | $ 80,471 | $ - | $ 80,471 |
| Inventory | 124,490 | - | 124,490 |
| | 204,961 | - | 204,961 |
| Restricted for | | | |
| Escrow for prior road project | 110,000 | - | 110,000 |
| Future capital expenditures | - | 19,655,382 | 19,655,382 |
| | 110,000 | 19,655,382 | 19,765,382 |
| Committed for | | | |
| Future retirement expenditures | 3,311,466 | - | 3,311,466 |
| Future debt service payments | 2,000,000 | - | 2,000,000 |
| Future technology expenditures | 550,000 | - | 550,000 |
| | 5,861,466 | - | 5,861,466 |
| Assigned for | | | |
| Subsequent year budget deficit | 2,695,000 | - | 2,695,000 |
| Future retirement expenditures | 1,716,106 | - | 1,716,106 |
| Future debt service payments | 250,000 | - | 250,000 |
| Future capital projects | 6,597,221 | - | 6,597,221 |
| | 11,258,327 | - | 11,258,327 |
| Unassigned | 7,010,936 | - | 7,010,936 |
| Total fund balances | $ 24,445,690 | $ 19,655,382 | $ 44,101,072 |

## NOTE 15 RESTATEMENT

During the year ended June 30, 2025, the District adopted GASB Standard Statement No. 101 *Compensated Absences*. Implementation of the new standard changed the School District's compensated absence liability measurement related to their employee's accrued vacation, sick, and personal leave liability. Implementation of the new standard impacted the current and noncurrent compensated absences line item of the Government-wide and Proprietary fund statements of net position. This change also impacted the Instruction, Instructional student support, and Administrative and financial support services expense line items for governmental activities and all expense items for business-type activities on the government-wide Statement of Activities.

For the Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position it impacts the Food Service fund Salaries expense line item.

| | Governmental Activities | Business-Type Activities | Food Service Fund |
|---|---|---|---|
| Net position, as originally stated - June 30, 2024 | $ (10,881,981) | $ 2,951,765 | $ 2,902,317 |
| Restatement of change in accounting principle - GASB 101 | (632,295) | (950) | (950) |
| Net position, as restated - June 30, 2024 | $ (11,514,276) | $ 2,950,815 | $ 2,901,367 |

# REQUIRED SUPPLEMENTARY INFORMATION

# RED LION AREA SCHOOL DISTRICT
## Required Supplementary Information - Budgetary Comparison Schedule - General Fund
## Year Ended June 30, 2025

| | BUDGET | | ACTUAL (BUDGETARY/ GAAP BASIS) | VARIANCE WITH FINAL BUDGET |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| **REVENUES** | | | | |
| Local Sources | | | | |
| Taxes | $ 55,294,190 | $ 55,294,190 | $ 54,827,161 | $ (467,029) |
| Investment earnings | 1,500,000 | 1,500,000 | 2,047,219 | 547,219 |
| Federal revenue from intermediate sources | 1,150,000 | 1,150,000 | 1,341,627 | 191,627 |
| Other | 848,350 | 848,350 | 767,499 | (80,851) |
| State sources | 39,587,120 | 39,587,120 | 42,559,015 | 2,971,895 |
| Federal sources | 2,078,000 | 2,078,000 | 1,912,339 | (165,661) |
| Total revenues | 100,457,660 | 100,457,660 | 103,454,860 | 2,997,200 |
| **EXPENDITURES** | | | | |
| **Instruction** | | | | |
| Regular programs | 43,957,507 | 41,943,989 | 44,001,694 | (2,057,705) |
| Special programs | 15,171,335 | 17,303,018 | 17,100,519 | 202,499 |
| Vocational education programs | 5,589,678 | 5,536,505 | 5,488,617 | 47,888 |
| Other instructional programs | 316,315 | 324,020 | 203,538 | 120,482 |
| Total instruction | 65,034,835 | 65,107,532 | 66,794,368 | (1,686,836) |
| **Support Services** | | | | |
| Pupil personnel | 4,438,947 | 4,887,320 | 4,829,681 | 57,639 |
| Instructional staff | 1,892,057 | 1,959,926 | 1,948,529 | 11,397 |
| Administration | 4,516,488 | 4,241,598 | 4,196,165 | 45,433 |
| Pupil health | 1,672,355 | 1,709,397 | 1,703,050 | 6,347 |
| Business | 797,303 | 796,821 | 786,796 | 10,025 |
| Operation and maintenance of plant | 8,528,824 | 8,383,654 | 8,332,036 | 51,618 |
| Student transportation | 5,303,880 | 5,197,782 | 5,198,531 | (749) |
| Other support services | 2,321,388 | 2,269,814 | 2,269,596 | 218 |
| Total support services | 29,471,242 | 29,446,312 | 29,264,384 | 181,928 |
| **Operation of Noninstruction Services** | | | | |
| Student activities | 1,547,136 | 1,496,275 | 1,490,191 | 6,084 |
| **Subscription-based IT arrangement outlay** | - | - | 343,798 | (343,798) |
| **Debt Service** | | | | |
| Principal | 6,986,000 | 6,986,000 | 6,986,000 | - |
| Interest | 460,787 | 463,881 | 460,787 | 3,094 |
| Total debt service | 7,446,787 | 7,449,881 | 7,446,787 | 3,094 |
| Total expenditures | 103,500,000 | 103,500,000 | 105,339,528 | (1,839,528) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from subscription-based IT arrangements and leases | - | - | 503,884 | (503,884) |
| Refund of prior year (receipts) expenditures | - | - | (3,095) | (3,095) |
| Transfers | - | - | (1,362,574) | (1,362,574) |
| Proceeds from sale of capital assets | 1,340 | 1,340 | 10,000 | 8,660 |
| Total other financing sources (uses) | 1,340 | 1,340 | (851,785) | (1,860,893) |
| Net change in fund balances | $ (3,041,000) | $ (3,041,000) | (2,736,453) | $ 304,547 |
| Fund balance - beginning | | | 27,182,143 | |
| Fund balance - ending | | | $ 24,445,690 | |

# RED LION AREA SCHOOL DISTRICT

## Required Supplementary Information - Schedule of School District's Proportionate Share of Net Pension Liability - Public School Employees' Retirement System

| For the Fiscal Year Ended June 30 | School District's Proportion of the Net Pension Liability (Asset) | School District's Proportionate Share of the Net Pension Liability (Asset) | School District's Covered Payroll - Measurement Period | School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2025 | 0.2522% | $ 105,558,166 | $ 40,061,985 | 263.49% | 64.63% |
| 2024 | 0.2600% | 115,664,588 | 39,840,061 | 290.32% | 61.85% |
| 2023 | 0.2686% | 119,416,127 | 39,506,440 | 302.27% | 61.34% |
| 2022 | 0.2745% | 112,700,724 | 38,919,845 | 289.57% | 63.67% |
| 2021 | 0.2581% | 127,085,900 | 36,271,905 | 350.37% | 54.32% |
| 2020 | 0.2627% | 122,897,911 | 36,223,865 | 339.27% | 55.66% |
| 2019 | 0.2581% | 123,901,000 | 34,751,952 | 356.53% | 54.00% |
| 2018 | 0.2507% | 123,816,730 | 33,394,856 | 370.77% | 51.84% |
| 2017 | 0.2454% | 121,612,454 | 31,750,562 | 383.02% | 50.14% |
| 2016 | 0.2479% | 107,378,650 | 31,897,471 | 336.64% | 54.36% |

### NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

### Changes in Actuarial Assumptions

The following actuarial assumptions were changed during 2020-2021:

- Actuarial cost method – Entry Age Normal – level precent of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary growth – effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates 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.

# RED LION AREA SCHOOL DISTRICT

## Required Supplementary Information - Schedule of School District's Contributions - Public School Employees' Retirement System

| For the Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll - Fiscal Year | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 13,822,777 | $ 13,822,777 | $ - | $ 42,063,122 | 32.9% |
| 2024 | 12,801,548 | 12,801,548 | - | 40,061,985 | 32.0% |
| 2023 | 13,657,379 | 13,657,379 | - | 39,840,061 | 34.3% |
| 2022 | 13,400,285 | 13,400,285 | - | 39,506,440 | 33.9% |
| 2021 | 12,295,752 | 12,295,752 | - | 38,919,845 | 31.6% |
| 2020 | 12,069,883 | 12,069,883 | - | 36,271,905 | 33.3% |
| 2019 | 11,694,534 | 10,892,516 | - | 36,223,865 | 30.1% |
| 2018 | 10,892,516 | 10,892,516 | - | 34,751,952 | 31.3% |
| 2017 | 9,605,528 | 9,605,528 | - | 33,394,856 | 28.8% |
| 2016 | 7,784,799 | 7,784,799 | - | 31,750,562 | 24.5% |

# RED LION AREA SCHOOL DISTRICT

## Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios – School District Plan

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | | | |
| Service cost | $ 242,241 | $ 256,792 | $ 403,529 | $ 240,049 | $ 258,153 | $ 339,697 | $ 361,076 | $ 252,412 |
| Interest | 170,594 | 178,027 | 124,177 | 331,823 | 328,571 | 337,863 | 337,243 | 200,065 |
| Differences between expected and actual experience | - | 67,882 | - | (4,990,033) | - | (222,033) | - | 3,116,447 |
| Changes in assumptions | (1,914) | (606,618) | (1,333,341) | 398,723 | - | (1,708,341) | - | 3,747,881 |
| Benefit payments | (157,109) | (110,719) | (107,168) | (480,598) | (488,886) | (672,662) | (661,271) | (237,530) |
| Net change in total OPEB liability | 253,812 | (214,636) | (912,803) | (4,500,036) | 97,838 | (1,925,476) | 37,048 | 7,079,275 |
| Total OPEB liability - beginning | 3,973,461 | 4,188,097 | 5,100,900 | 9,600,936 | 9,503,098 | 11,428,574 | 11,391,526 | 4,312,251 |
| Total OPEB liability - ending | $ 4,227,273 | $ 3,973,461 | $ 4,188,097 | $ 5,100,900 | $ 9,600,936 | $ 9,503,098 | $ 11,428,574 | $ 11,391,526 |
| Covered employee payroll | $ 38,667,275 | N/A | $ 36,992,786 | N/A | $ 33,969,807 | $ 33,141,275 | $ 30,826,395 | $ 30,074,532 |
| Total OPEB liability as a percentage of covered payroll | 10.93% | | 11.32% | | 28.26% | 28.67% | 37.07% | 37.88% |

## NOTES

This schedule will be expended to show 10 fiscal years once information becomes available in future years.

The amounts presented for each fiscal year were determined as of the measurement period year end that was used for the fiscal year. For the School District plan, the measurement period year-end is one year prior to the fiscal year-end.

# RED LION AREA SCHOOL DISTRICT

## Required Supplementary Information - Schedule of School District's Proportionate Share of Net OPEB Liability – Public School Employees' Retirement System

| For the Fiscal Year Ended June 30 | School District's Proportion of the Net OPEB Liability (Asset) | School District's Proportionate Share of the Net OPEB Liability (Asset) | School District's Covered Payroll - measurement period | School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability |
|---|---|---|---|---|---|
| 2025 | 0.2524% | $ 4,483,783 | $ 40,061,985 | 11.19% | 7.13% |
| 2024 | 0.2600% | 4,703,988 | 39,840,061 | 11.81% | 7.22% |
| 2023 | 0.2687% | 4,946,152 | 39,506,440 | 12.52% | 6.86% |
| 2022 | 0.2745% | 6,505,878 | 38,919,845 | 16.72% | 5.30% |
| 2021 | 0.2584% | 5,583,241 | 36,271,905 | 15.39% | 5.69% |
| 2020 | 0.2627% | 5,587,214 | 36,223,865 | 15.42% | 5.56% |
| 2019 | 0.2581% | 5,381,000 | 34,751,952 | 15.48% | 5.56% |
| 2018 | 0.2507% | 5,107,792 | 33,394,856 | 15.30% | 5.73% |

### NOTES

This schedule will be expended to show 10 fiscal years once information becomes available in future years.

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period is one year prior to the fiscal year-end. This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

# RED LION AREA SCHOOL DISTRICT

## Required Supplementary Information - Schedule of School District's OPEB Contributions – Public School Employees' Retirement System

| For the Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll - Fiscal Year | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2025 | $ 265,040 | $ 265,040 | $ - | $ 42,063,122 | 0.63% |
| 2024 | 248,216 | 248,216 | - | 40,061,985 | 0.64% |
| 2023 | 298,551 | 298,551 | - | 39,840,061 | 0.75% |
| 2022 | 315,641 | 315,641 | - | 39,506,440 | 0.80% |
| 2021 | 300,135 | 300,135 | - | 38,919,845 | 0.82% |
| 2020 | 303,604 | 303,604 | - | 36,271,905 | 0.84% |
| 2019 | 297,744 | 297,744 | - | 36,223,865 | 0.83% |
| 2018 | 284,839 | 284,839 | - | 34,751,952 | 0.83% |

### NOTES

This schedule will be expanded to show 10 fiscal years once information become available in the future.

SEK CPAs & ADVISORS | Guidance You Can Count On.

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

Board of Directors
Red Lion Area School District
Red Lion, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Lion Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Red Lion Area School District's basic financial statements, and have issued our report thereon dated November 10, 2025.

## *Report on Internal Control over Financial Reporting*

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. 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 Red Lion Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### *Purpose of this Report*

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

York, Pennsylvania
November 10, 2025