

PENN-DELCO SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2025



INTRODUCTORY SECTION

PENN-DELCO SCHOOL DISTRICT

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PENN-DELCO SCHOOL DISTRICT

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Penn-Delco 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Penn-Delco 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.

Emphasis of Matter - Adoption of New Accounting Pronouncement

As discussed in Note P to the basic financial statements, the School District has adopted the provisions of GASB Statement No. 101, *Compensated Absences* to record the change in accounting principle. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, 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 Penn-Delco 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 Penn-Delco 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 management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the PSERS net pension liability, schedule of the school district's PSERS pension contributions, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability, schedule of the school district's PSERS other postemployment benefit plan contributions, and the schedule of changes in the total other postemployment benefit plan liability and related ratios, 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.

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Penn-Delco School District's basic financial statements. The schedule of expenditures of federal and certain state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 on our consideration of Penn-Delco 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 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 Penn-Delco School District's internal control over financial reporting and compliance.



Limerick, Pennsylvania
December 9, 2025

PENN-DELCO SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

The discussion and analysis of Penn-Delco 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 notes to the financial statements and financial statements.

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 Number 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, presented in the MD&A.

SCHOOL DISTRICT HIGHLIGHTS

The Penn-Delco School District consists of six schools--four elementary, one middle and a secondary school--consisting of approximately 3,140 students. The Penn-Delco School District is located in Southeastern Pennsylvania approximately 15 miles southwest of Philadelphia. The School District encompasses Brookhaven and Parkside Boroughs and Aston Township all located in Delaware County, Pennsylvania. The School District employs approximately 350 full-time and 170 part-time employees.

The mission of Penn-Delco School District is to enable all students to achieve, success and excel: - Achieve mastery of essential academic competencies - Succeed at mastering "Ready for Life" skills - Excel in the pursuit of a personal interest or talent.

FINANCIAL HIGHLIGHTS

During the 2024-2025 fiscal year, revenues were impacted positively by rising interest rates producing a significant increase in local investment earnings, and an increase by the Commonwealth to the basic education subsidy produced additional state source revenues. The School District also continues to experience year over year increases in the cost of salaries and related benefits for our employees, as well as increased mandated costs; including state pension contributions, special education costs, and tuition to charter schools. The Board of School Directors adopted a deficit budget of \$268,318, with a 4.7% tax increase to the taxpayers of the Penn-Delco School District.

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement Number 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

Government-Wide Financial Statements

The first two statements are government-wide financial statements--the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the School District's overall financial status.

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 government's assets and liabilities. 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.

PENN-DELCO SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

The two government-wide statements report the School District's net position and how it has changed. Net Position, the difference between the School District's assets and liabilities, 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 performance of the students.

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

- **Governmental Activities:** All of the School District's basic services are included here, such as instruction, administration and community services. Property taxes, state and federal subsidies and grants finance most of these activities.
- **Business-Type Activities:** The School District runs a food service operation and charges fees to staff and students to cover the costs of the food service operations.

Fund Level Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The Governmental Funds statements tell how the School District's general services were financed in the short-term as well as what remains for future spending. Proprietary Fund statements offer short-term and long-term financial information about the activities that the School District operates like a business. For this District, this is our Food Service Fund. Fiduciary Fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others.

The School District has three kinds of funds:

- **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. Governmental Funds 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 Funds statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

PENN-DELCO SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

- ***Proprietary Fund*** - This fund is used to account for District activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the School District charges customers for services it provides--whether to outside customers or to other units in the School District--these services are generally reported in the Proprietary Fund. The Food Service Fund is the School District's Proprietary Fund and is the same as the business-type activities we report in the government-wide statements.
- ***Fiduciary Fund*** - The School District is the trustee, or fiduciary, for some student activities and scholarship funds. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT - GOVERNMENT-WIDE STATEMENTS

Revenues of the School District come from two major program sources. These sources include charges for services (\$1.09 million) and operating grants and contributions from local, state and federal sources (\$12.72 million). In addition to program sources, the general revenues of the School District include local taxes (\$56.57 million), state grants and subsidies for general operations (\$8.69 million) and miscellaneous local income and investments earnings (\$2.20 million).

PENN-DELCO SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

The following table presents condensed financial information for the net position of the School District as of June 30, 2025.

Schedules of Net Position (In Millions of Dollars)							
Years Ended June 30, 2024 and 2025							
	Governmental Activities		Business-Type Activities		Totals		
	2024	2025	2024	2025	2024	2025	
ASSETS							
Current assets	\$ 41.01	\$ 44.64	\$ 0.54	\$ 0.48	\$ 41.55	\$ 45.12	
Capital assets, net	107.82	105.25	0.02	0.03	107.84	105.28	
TOTAL ASSETS	<u>148.83</u>	<u>149.89</u>	<u>0.56</u>	<u>0.51</u>	<u>149.39</u>	<u>150.40</u>	
DEFERRED OUTFLOWS OF RESOURCES							
	<u>17.61</u>	<u>30.52</u>	<u>-</u>	<u>-</u>	<u>17.61</u>	<u>30.52</u>	
LIABILITIES							
Long-term liabilities	162.25	174.72	-	-	162.25	174.72	
Other liabilities	8.50	8.93	0.08	0.11	8.58	9.04	
TOTAL LIABILITIES	<u>170.75</u>	<u>183.65</u>	<u>0.08</u>	<u>0.11</u>	<u>170.83</u>	<u>183.76</u>	
DEFERRED INFLOWS OR RESOURCES							
	<u>11.34</u>	<u>8.76</u>	<u>-</u>	<u>-</u>	<u>11.34</u>	<u>8.76</u>	
NET POSITION							
Net investment in capital assets	28.65	29.29	0.02	0.03	28.67	29.32	
Restricted for capital projects	8.78	9.74	-	-	8.78	9.74	
Unrestricted	<u>(53.08)</u>	<u>(51.03)</u>	<u>0.46</u>	<u>0.37</u>	<u>(52.62)</u>	<u>(50.66)</u>	
TOTAL NET POSITION	<u>\$ (15.65)</u>	<u>\$ (12.00)</u>	<u>\$ 0.48</u>	<u>\$ 0.40</u>	<u>\$ (15.17)</u>	<u>\$ (11.60)</u>	

PENN-DELCO SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

The following table presents condensed financial information for the Statement of Activities in a different format so that you can see our total revenues for the year.

Changes in Net Position (In Millions of Dollars)						
Years Ended June 30, 2024 and 2025						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2025	2024	2025	2024	2025
REVENUES						
Program revenues	\$ 13.15	\$ 12.20	\$ 1.70	\$ 1.61	\$ 14.85	\$ 13.81
General revenues	64.04	67.42	0.02	0.06	64.06	67.48
TOTAL REVENUES	77.19	79.62	1.72	1.67	78.91	81.29
EXPENSES	66.11	75.97	1.65	1.75	67.76	77.72
CHANGE IN NET POSITION	\$ 11.08	\$ 3.65	\$ 0.07	\$ (0.08)	\$ 11.15	\$ 3.57

Governmental Activities

Governmental activities consist of the General Fund, the Capital Reserve Fund and the Capital Projects Fund. Revenues for the governmental activities include property taxes, grants and entitlements, investment earnings, personal income tax, rental income, charges for services and other miscellaneous items. Expenditures are classified as instruction, support services, operation of non-instructional services and debt service. Total revenues for governmental activities were \$79.62 million, and total expenditures were \$75.97 million.

Business-Type Activities

Business-type activities include the food service program. This program has revenues of \$1.67 million and expenses of approximately \$1.75 million. The program is designed to operate at or near break-even point so that the cost for the services offered will benefit the School District residents.

The Food Service program provided over 164,000 lunches and 70,000 breakfasts last year. Food Service receives both federal and state subsidies for lunch and breakfast programs and also receives some government commodities on a routine basis.

PENN-DELCO SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

THE SCHOOL DISTRICT FUNDS

Governmental Funds

At June 30, 2025, the School District reported a fund balance of \$35.01 million of which \$25.27 million is in the General Fund and \$9.74 million is in the Capital Reserve Fund. Only \$69 of fund balance is left in the Capital Projects Fund

Revenue - General Fund revenues totaled \$79,016,346 for the 2024-2025 year. The following table reflects sources of revenue.

	<u>Amount Received</u>
Local revenues	\$ 58,309,203
State sources	19,323,550
Federal sources	<u>1,383,593</u>
	<u>\$ 79,016,346</u>

The School District balanced its budget with funds from three sources: the Taxpayers of Aston, Brookhaven and Parkside, the State of Pennsylvania and the Federal Government. For the Taxpayers of Aston, Brookhaven and Parkside, the millage rate changed from 19.0898 mills to 19.987 mills in 2024-2025. State gaming revenue was available again this year in the amount of \$2.00 million dollars which equals the homestead tax credit applied to eligible properties.

General Fund Budget - During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. Those adjustments are again confirmed at the time the annual audit is accepted. This is done after the end of the fiscal year in accordance with state law. A schedule showing the School District’s original and final budget amounts compared with amounts actually paid and received is provided on page 58 of this report.

The School District applies for federal, state and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted revenues are adjusted to reflect actual revenues received for all approved grants.

Budgeted expenditures are also adjusted to reflect the actual expenditures made for all approved grants. Transfers between specific categories of expenditures/financing uses occur during the year.

The Budgetary Reserve includes amounts that will be funded for operating contingencies such as unpredictable change in the cost of goods and services and the occurrence of events which are vaguely perceptible during the time of the budget process, but which nonetheless may require expenditures by the School District during the year of operation.

PENN-DELCO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

CAPITAL ASSETS

At June 30, 2025, the School District had \$105,274,854 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) of \$2,565,996 or 2.38% from last year.

The following schedule shows the investment in capital assets and the corresponding amount of accumulated depreciation.

<i>Schedules of Capital Assets and Accumulated Depreciation</i>						
<i>As of June 30, 2024 and 2025</i>						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2025	2024	2025	2024	2025
CAPITAL ASSETS						
Land and site improvements	\$ 948,970	\$ 948,970	\$ -	\$ -	\$ 948,970	\$ 948,970
Buildings and building improvements	176,502,730	177,651,084	-	-	176,502,730	177,651,084
Furniture and equipment	5,218,679	5,715,815	368,408	378,377	5,587,087	6,094,192
Construction in progress	679,501	1,778,643	-	-	679,501	1,778,643
TOTAL CAPITAL ASSETS	183,349,880	186,094,512	368,408	378,377	183,718,288	186,472,889
Accumulated depreciation	(75,529,262)	(80,845,961)	(348,176)	(352,074)	(75,877,438)	(81,198,035)
CAPITAL ASSETS, net	\$ 107,820,618	\$ 105,248,551	\$ 20,232	\$ 26,303	\$ 107,840,850	\$ 105,274,854

DEBT ADMINISTRATION

<i>Debt Service Schedule</i>			
<i>June 30, 2025</i>			
	Principal Outstanding July 1, 2024	Additions (Payments)	Principal Outstanding June 30, 2025
GENERAL OBLIGATION BONDS			
Series of 2013A	\$ 8,160,000	\$ (1,230,000)	\$ 6,930,000
Series of 2016	175,000	(175,000)	-
Series of 2017	9,765,000	(135,000)	9,630,000
Series of 2019	10,745,000	(380,000)	10,365,000
Series of 2020	16,490,000	(180,000)	16,310,000
Series of 2021	9,770,000	(275,000)	9,495,000
Series of 2022	23,025,000	(955,000)	22,070,000
	\$ 78,130,000	\$ (3,330,000)	\$ 74,800,000

PENN-DELCO SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

Other obligations include accrued vacation pay and severance for specific employees of the School District. More detailed information about our long-term liabilities is included in the Notes to the Basic Financial Statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

The most impactful factor relating to the School District's future continues to be Act 1 of 2006. This legislation enacted by the Commonwealth of Pennsylvania was intended to provide a mechanism to relieve the burden of funding public education from property tax sources. Under Act 1, school districts cannot increase real estate tax rates above a state established index percentage with an adjustment factor for less wealthy districts.

A school district may only adopt a budget with real estate taxes that exceed its adjusted index if the School District qualifies for certain referendum exceptions subject to approval by the Commonwealth of Pennsylvania. Without an approved referendum exception, a school district must reduce the tax rate increase to no more than the adjusted index or submit a referendum question for voter approval.

The School District adopted a 2024-2025 budget totaling \$75,412,894 with a real estate tax millage rate increase of 4.7%. For the 2024-2025 fiscal year, the base index is 5.0% and the adjusted index for the School District is 6.6%.

The School District's student enrollment is projected to decrease by 2% over the next two years.

Additional tax and enrollment information is available on the School District's website: (www.pdsd.org).

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, creditors and any other stakeholder with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office.

PENN-DELCO SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 37,631,034	\$ 439,532	\$ 38,070,566
Taxes receivable, net	1,996,866	-	1,996,866
Due from other governments	2,227,990	31,266	2,259,256
Other receivables, net	2,646,679	562	2,647,241
Inventories	72,246	7,701	79,947
Prepaid expenses	68,624	-	68,624
Capital assets			
Land and site improvements	948,970	-	948,970
Buildings and building improvements	177,651,084	-	177,651,084
Furniture and equipment	5,715,815	378,377	6,094,192
Construction in progress	1,778,643	-	1,778,643
Accumulated depreciation	(80,845,961)	(352,074)	(81,198,035)
TOTAL ASSETS	149,891,990	505,364	150,397,354
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	1,086,605	-	1,086,605
Deferred outflows of resources, pension activity	27,944,000	-	27,944,000
Deferred outflows of resources, OPEB activity	1,497,000	-	1,497,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,527,605	-	30,527,605
LIABILITIES			
Accounts payable	1,625,145	79,571	1,704,716
Accrued salaries and benefits	7,027,064	-	7,027,064
Accrued interest	257,991	-	257,991
Unearned revenue	20,808	30,592	51,400
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	3,440,000	-	3,440,000
Compensated absences	2,035,829	-	2,035,829
Portion due or payable after one year			
Bonds payable	71,360,000	-	71,360,000
Bond premium, net of discount	2,237,976	-	2,237,976
Compensated absences	429,009	-	429,009
Net pension liability	90,114,000	-	90,114,000
Net OPEB liability	5,102,000	-	5,102,000
TOTAL LIABILITIES	183,649,822	110,163	183,759,985
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	5,731,000	-	5,731,000
Deferred inflows of resources, OPEB activity	3,035,000	-	3,035,000
TOTAL DEFERRED INFLOWS OF RESOURCES	8,766,000	-	8,766,000
NET POSITION			
Net investment in capital assets	29,297,249	26,303	29,323,552
Restricted for capital projects	9,742,764	-	9,742,764
Unrestricted	(51,036,240)	368,898	(50,667,342)
TOTAL NET POSITION	\$ (11,996,227)	\$ 395,201	\$ (11,601,026)

See accompanying notes to the basic financial statements.

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PENN-DELCO SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular programs	\$ 30,917,007	\$ 81,186	\$ 3,383,674	\$ -
Special programs	14,266,168	-	5,400,160	-
Vocational education	730,259	-	-	-
Other instructional programs	167,607	3,100	48,367	-
Support services				
Pupil personnel services	3,369,677	-	353,514	-
Instructional staff services	2,687,441	-	269,464	-
Administration services	4,613,412	-	482,405	-
Pupil health services	1,094,443	-	158,295	-
Business services	1,155,176	-	125,745	-
Operation and maintenance of plant services	6,047,323	68,148	1,056,011	-
Student transportation services	4,690,374	-	433,303	-
Central services	2,339,693	-	180,275	-
Other services	46,853	-	-	-
Operation of non-instructional services				
Student activities	1,233,058	37,893	121,508	-
Community services	222,532	-	6,897	-
Interest on long-term debt	2,395,098	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	75,976,121	190,327	12,019,618	-
BUSINESS-TYPE ACTIVITIES				
Food service	1,752,845	902,203	702,798	-
TOTAL SCHOOL DISTRICT ACTIVITIES	\$ 77,728,966	\$ 1,092,530	\$ 12,722,416	\$ -

GENERAL REVENUES

Taxes

Property taxes, levied for general purposes

Public utility taxes

Earned income taxes

Grants and contributions not restricted to specific programs

Investment earnings

Gain on sale of capital assets

Miscellaneous

TRANSFERS

**TOTAL GENERAL REVENUES
AND TRANSFERS**

CHANGE IN NET POSITION

**NET POSITION AT BEGINNING OF YEAR, as
previously reported**

ADOPTION OF GASB STATEMENT NO. 101

NET POSITION AT BEGINNING OF YEAR, as restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (27,452,147)	\$ -	\$ (27,452,147)
(8,866,008)	-	(8,866,008)
(730,259)	-	(730,259)
(116,140)	-	(116,140)
(3,016,163)	-	(3,016,163)
(2,417,977)	-	(2,417,977)
(4,131,007)	-	(4,131,007)
(936,148)	-	(936,148)
(1,029,431)	-	(1,029,431)
(4,923,164)	-	(4,923,164)
(4,257,071)	-	(4,257,071)
(2,159,418)	-	(2,159,418)
(46,853)	-	(46,853)
(1,073,657)	-	(1,073,657)
(215,635)	-	(215,635)
(2,395,098)	-	(2,395,098)
(63,766,176)	-	(63,766,176)
-	(147,844)	(147,844)
(63,766,176)	(147,844)	(63,914,020)
52,029,659	-	52,029,659
46,767	-	46,767
4,502,983	-	4,502,983
8,692,654	-	8,692,654
1,963,198	9,392	1,972,590
21,184	-	21,184
216,023	-	216,023
(54,322)	54,322	-
67,418,146	63,714	67,481,860
3,651,970	(84,130)	3,567,840
(14,947,227)	479,331	(14,467,896)
(700,970)	-	(700,970)
(15,648,197)	479,331	(15,168,866)
\$ (11,996,227)	\$ 395,201	\$ (11,601,026)

PENN-DELCO SCHOOL DISTRICT**BALANCE SHEET****GOVERNMENTAL FUNDS****JUNE 30, 2025**

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 28,587,805	\$ 9,043,160	\$ 69	\$ 37,631,034
Taxes receivable, net	1,996,866	-	-	1,996,866
Due from other funds	-	1,000,000	-	1,000,000
Due from other governments	2,227,990	-	-	2,227,990
Other receivables	2,646,679	-	-	2,646,679
Inventories	72,246	-	-	72,246
Prepaid expenses	68,624	-	-	68,624
TOTAL ASSETS	<u>\$ 35,600,210</u>	<u>\$ 10,043,160</u>	<u>\$ 69</u>	<u>\$ 45,643,439</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,324,749	\$ 300,396	\$ -	\$ 1,625,145
Due to other funds	1,000,000	-	-	1,000,000
Unearned revenue	20,808	-	-	20,808
Accrued salaries and benefits	7,027,064	-	-	7,027,064
Compensated absences	24,000	-	-	24,000
TOTAL LIABILITIES	<u>9,396,621</u>	<u>300,396</u>	<u>-</u>	<u>9,697,017</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues, property taxes	<u>935,226</u>	<u>-</u>	<u>-</u>	<u>935,226</u>
FUND BALANCES				
Nonspendable				
Inventories	72,246	-	-	72,246
Prepaid expenses	68,624	-	-	68,624
Restricted for capital projects	-	9,742,764	69	9,742,833
Assigned to				
Technology	1,575,000	-	-	1,575,000
Future expenditures	2,824,270	-	-	2,824,270
Capital expenditures	5,158,226	-	-	5,158,226
Committed to				
Capital projects	4,850,000	-	-	4,850,000
Debt service	2,871,979	-	-	2,871,979
Retirement rate stabilization	1,865,000	-	-	1,865,000
Unassigned	5,983,018	-	-	5,983,018
TOTAL FUND BALANCES	<u>25,268,363</u>	<u>9,742,764</u>	<u>69</u>	<u>35,011,196</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 35,600,210</u>	<u>\$ 10,043,160</u>	<u>\$ 69</u>	<u>\$ 45,643,439</u>

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2025

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 35,011,196

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:

Land and site improvements	948,970
Buildings and building improvements	177,651,084
Furniture and equipment	5,715,815
Construction in progress	1,778,643
Accumulated depreciation	(80,845,961)

Some of the School District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

935,226

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows of resources, pension activity	27,944,000
Deferred outflows of resources, OPEB activity	1,497,000
Deferred inflows of resources, pension activity	(5,731,000)
Deferred inflows of resources, OPEB activity	(3,035,000)

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

Accrued interest	(257,991)
Bonds payable	(74,800,000)
Compensated absences	(2,440,838)
Net pension liability	(90,114,000)
Net OPEB liability	(5,102,000)

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond premium, net of discount	(2,237,976)
Deferred amount on refunding, net of amortization	1,086,605

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (11,996,227)

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources	\$ 58,309,203	\$ 417,181	\$ 8,255	\$ 58,734,639
State sources	19,323,550	-	-	19,323,550
Federal sources	1,383,593	-	-	1,383,593
TOTAL REVENUES	79,016,346	417,181	8,255	79,441,782
EXPENDITURES				
Instruction	42,182,368	-	-	42,182,368
Support services	24,646,826	-	-	24,646,826
Operation of non-instructional services	1,342,867	-	708	1,343,575
Facilities acquisition, construction and improvement services	202,386	1,711,508	201,190	2,115,084
Debt service	5,816,930	-	-	5,816,930
Refund of prior year revenues	20,054	-	-	20,054
TOTAL EXPENDITURES	74,211,431	1,711,508	201,898	76,124,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,804,915	(1,294,327)	(193,643)	3,316,945
OTHER FINANCING SOURCES (USES)				
Insurance proceeds from loss of capital asset	26,272	-	-	26,272
Transfers in	-	2,250,000	-	2,250,000
Transfers out	(2,304,322)	-	-	(2,304,322)
TOTAL OTHER FINANCING SOURCES (USES)	(2,278,050)	2,250,000	-	(28,050)
NET CHANGE IN FUND BALANCES	2,526,865	955,673	(193,643)	3,288,895
FUND BALANCES AT BEGINNING OF YEAR, as previously reported	22,404,711	8,787,091	193,712	31,385,514
ADOPTION OF GASB STATEMENT NO. 101	336,787	-	-	336,787
FUND BALANCES AT BEGINNING OF YEAR, as restated	22,741,498	8,787,091	193,712	31,722,301
FUND BALANCES AT END OF YEAR	\$ 25,268,363	\$ 9,742,764	\$ 69	\$ 35,011,196

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,288,895
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital additions of construction in progress	2,059,569
Capital additions of buildings and building improvements	1,148,354
Capital additions of furniture and equipment	524,274
Construction in progress put into service	(960,427)
Depreciation expense	(5,338,749)
	<u>(2,566,979)</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

(5,088)

Because some property taxes and earned income taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues increased by this amount this year.

219,447

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on bonds payable	<u>3,330,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:

Accrued interest on long-term debt	13,120
Amortization of bond premiums and discounts	158,156
Amortization of deferred amount on refunding	(79,444)
Compensated absences	(367,137)
Changes in pension liabilities and related deferred outflows and inflows of resources	(429,000)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	90,000
	<u>(614,305)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>3,651,970</u>
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See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2025

	Enterprise Fund Food Service Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 439,532
Due from other governments	31,266
Other receivables	562
Inventories	7,701
TOTAL CURRENT ASSETS	<u>479,061</u>
CAPITAL ASSETS	
Furniture and equipment	378,377
Accumulated depreciation	(352,074)
TOTAL CAPITAL ASSETS	<u>26,303</u>
TOTAL ASSETS	<u>\$ 505,364</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 79,571
Unearned revenue	30,592
TOTAL CURRENT LIABILITIES	<u>110,163</u>
NET POSITION	
Net investment in capital assets	26,303
Unrestricted	368,898
TOTAL NET POSITION	<u>395,201</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 505,364</u>

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Enterprise Fund
	Food Service Fund
OPERATING REVENUES	
Charges for services	\$ 870,443
Miscellaneous	31,760
TOTAL OPERATING REVENUES	<u>902,203</u>
OPERATING EXPENSES	
Purchased property services	8,552
Other purchased services and supplies	1,697,961
Depreciation	3,898
Repairs and maintenance	41,438
Dues and fees	996
TOTAL OPERATING EXPENSES	<u>1,752,845</u>
OPERATING LOSS	<u>(850,642)</u>
NONOPERATING REVENUES	
Interest and investment revenue	9,392
Transfers in	54,322
Federal sources	563,240
State sources	139,558
TOTAL NONOPERATING REVENUES	<u>766,512</u>
CHANGE IN NET POSITION	(84,130)
NET POSITION AT BEGINNING OF YEAR	<u>479,331</u>
NET POSITION AT END OF YEAR	<u>\$ 395,201</u>

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

	Enterprise Fund
	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 906,326
Cash paid for operating expenses	(1,624,643)
NET CASH USED BY OPERATING ACTIVITIES	<u>(718,317)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal sources	467,265
State sources	139,558
Transfers in	54,322
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>661,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	9,392
Purchase of machinery and equipment	(9,969)
NET CASH USED BY INVESTING ACTIVITIES	<u>(577)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,749)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>497,281</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 439,532</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (850,642)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	3,898
Donated food	95,975
(Increase) decrease in	
Due from other governments	(1,384)
Inventories	6,438
Increase (decrease) in	
Accounts payable	28,329
Unearned revenue	(931)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (718,317)</u>
SUPPLEMENTAL DISCLOSURES	
Noncash activities	
Donated food	\$ 95,975

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds	
	Student Activities	Scholarship
ASSETS		
Cash and cash equivalents	\$ 237,094	\$ 30,684
Other receivables	1,560	200
TOTAL ASSETS	<u>\$ 238,654</u>	<u>\$ 30,884</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ 12,305	\$ -
NET POSITION		
Restricted for student activities	226,349	-
Restricted for scholarships	-	30,884
TOTAL NET POSITION	<u>226,349</u>	<u>30,884</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 238,654</u>	<u>\$ 30,884</u>

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2025

	Custodial Funds	
	Student Activities	Scholarship
ADDITIONS		
Contributions		
Local sources	\$ 289,278	\$ 10,220
Investment earnings		
Interest	4,614	664
TOTAL ADDITIONS	<u>293,892</u>	<u>10,884</u>
DEDUCTIONS		
Student activity expense	279,181	-
Scholarships paid	-	13,001
TOTAL DEDUCTIONS	<u>279,181</u>	<u>13,001</u>
CHANGE IN NET POSITION	14,711	(2,117)
NET POSITION AT BEGINNING OF YEAR	<u>211,638</u>	<u>33,001</u>
NET POSITION AT END OF YEAR	<u>\$ 226,349</u>	<u>\$ 30,884</u>

See accompanying notes to the basic financial statements.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Penn-Delco School District (the "School District") operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The School District operates under a locally elected nine-member board form of government.

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the School District's ability to impose its will over a component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. In addition, component units can be other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. This report presents the activities of the Penn-Delco School District. The School District is not a component unit of another reporting entity, nor does it have any component units.

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the Fiduciary Fund. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column (Other Governmental Funds). Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. 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. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds are reported using the economic resources measurement focus.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Reserve Fund - The Capital Reserve Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements. The Capital Reserve Fund is considered to be a Capital Projects fund type.

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

Proprietary Fund

Food Service Fund - The Food Service Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiduciary Fund

Custodial Funds - The Custodial Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled under Act 72 of the Pennsylvania General Assembly of 1971. Monies for all funds, including the Proprietary Fund, are maintained in this pool. Individual fund integrity is maintained throughout the School District's records.

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

Investments

Statutes authorize the School District to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the School District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value.

Pennsylvania Local Government Investment Trust ("PLGIT") Funds are invested in accordance with Section 440.1 of the School Code. Each school district owns a pro rata share of each investment or deposit which is held in the name of the fund.

The School District has adopted GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, No. 72, Fair Value Measurement and Application and No. 79 Certain External Investment Pools and Pool Participants. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

At June 30, 2025, the School District had no investments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the Governmental Funds balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

Inventories and Prepaid Items

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated food received from the federal government. The donated food is valued at its fair market value in accordance with the *Manual of Accounting for Pennsylvania School Systems - Food Service Fund*. Food and supplies are carried at the lower of cost or net realizable value, using the first-in, first-out (FIFO) method of accounting. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial, individual cost equal to or greater than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	15-40
Furniture and equipment	7-20

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. The first item, the deferred outflow related to pension activity is reported in the government-wide statement of net position. The deferred outflow related to pension activity is the result of several underlying causes detailed in Note J. The second item, the deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item is the deferred outflow related to OPEB activity, which is reported in the government wide statement of net position. The deferred outflow related to OPEB activity is the result of several underlying causes detailed in Note K and Note L.

In addition to liabilities, the statement of financial position 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 position 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 has three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension activity, are reported in the government-wide statement of net position. The deferred inflow related to pension activity is the result of several underlying causes detailed in Note J. The third item is the deferred inflow related to OPEB activity, which is reported in the government wide statement of net position. The deferred inflow related to OPEB activity is the result of several underlying causes detailed in Note K and Note L.

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

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

Typically, the General Fund has been used to liquidate other long-term liabilities in prior years.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation, sick, personal, and other pay benefits. See Note M to the basic financial statements.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position from the net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of Estimates

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

GASB Statement No. 54

The School District has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- ***Committed*** - Amounts that can be used only for specific purposes determined by a formal action by the Board of School Directors. This includes the budget reserve account.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Assigned** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of School Directors or by the Business Administrator to which the Board of School Directors has delegated the authority.
- **Unassigned** - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds balance sheet (page 9). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

NOTE B - CASH AND INVESTMENTS

Cash and Cash Equivalents

Custodial Credit Risk - 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's deposit policy for custodial credit risk follows the Commonwealth of Pennsylvania School Code. As of June 30, 2025, the School District's total bank balance was \$39,238,278. Of the bank balances, \$250,000 was covered by federal depository insurance, and \$4,646,321 was uninsured and collateralized with securities held by the pledging bank's trust department not in the School District's name. The remaining cash deposits totaling \$34,341,957 are placed with the Pennsylvania School District Liquid Asset Fund (PSDLAF), the Pennsylvania Local Government Investment Trust (PLGIT), and Arbiter.

NOTE C - PROPERTY TAXES

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. Property taxes are based on assessed valuations of real property within the School District.

Taxes are levied on July 1 and payable in the following periods:

Discount period July 1 to August 31 - 2% of gross levy
Flat period September 1 to November 1
Penalty period November 2 to December 31 - 10% of gross levy
Lien date January 1

School District taxes are billed and collected by the local elected tax collector. Property taxes attach as an enforceable lien on property as of July 1.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025, consisted of taxes, other revenue and intergovernmental grants and entitlements. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of accounts receivable by fund is as follows:

	General Fund	Capital Reserve Fund	Capital Projects Fund	Food Service Fund
Real estate taxes	\$ 1,076,821	\$ -	\$ -	\$ -
Earned income taxes	857,002	-	-	-
Real estate transfer taxes	63,043	-	-	-
Due from other governments	2,227,990	-	-	31,266
Other receivables	2,646,679	-	-	562
	<u>\$ 6,871,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,828</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and site improvements	\$ 948,970	\$ -	\$ -	\$ 948,970
Construction in progress	679,501	2,059,569	(960,427)	1,778,643
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,628,471	2,059,569	(960,427)	2,727,613
Capital assets being depreciated				
Buildings and building improvements	176,502,730	1,148,354	-	177,651,084
Furniture and equipment	5,218,679	524,274	(27,138)	5,715,815
TOTAL CAPITAL ASSETS BEING DEPRECIATED	181,721,409	1,672,628	(27,138)	183,366,899
Accumulated depreciation				
Buildings and building improvements	(71,277,143)	(5,131,519)	-	(76,408,662)
Furniture and equipment	(4,252,119)	(207,230)	22,050	(4,437,299)
TOTAL ACCUMULATED DEPRECIATION	(75,529,262)	(5,338,749)	22,050	(80,845,961)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	106,192,147	(3,666,121)	(5,088)	102,520,938
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	107,820,618	(1,606,552)	(965,515)	105,248,551
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Furniture and equipment	368,408	9,969	-	378,377
Accumulated depreciation	(348,176)	(3,898)	-	(352,074)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	20,232	6,071	-	26,303
CAPITAL ASSETS, net	\$ 107,840,850	\$ (1,600,481)	\$ (965,515)	\$ 105,274,854

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E - CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

GOVERNMENTAL ACTIVITIES

Instruction

Regular programs	\$ 2,204,818
Special programs	1,033,460
Vocational education	53,035
Other instructional programs	12,108

Support services

Pupil personnel services	243,389
Instructional staff services	194,156
Administration services	333,201
Pupil health services	79,139
Business services	83,360
Operation and maintenance of plant services	485,293
Student transportation services	339,001
Central services	169,223
Other services	3,403

Operation of non-instructional services

Student activities	89,046
Community services	<u>16,117</u>

\$ 5,338,749

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - LONG-TERM DEBT

Series A of 2013 - On July 18, 2013, the School District issued \$23,165,000 in General Obligation Bonds. The bonds were issued to fund the construction, renovation and equipping of the Northley Middle School, the Coeburn Elementary School and certain other capital improvements of the properties of the School District, pay capitalized interest on the bonds and pay the costs and expenses of issuing and insuring the bonds. On December 1, 2020, the School issued GOB Series 2020 to advance refund a portion of the Series A 2013 bonds (see below). After the refunding, the bonds bear interest at rates ranging from 3.75% to 4.35%, are outstanding in the amount of \$6,930,000 at June 30, 2025, and mature annually through June 2030.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 1,280,000	\$ 287,775	\$ 1,567,775
2027	1,330,000	236,575	1,566,575
2028	1,380,000	183,375	1,563,375
2029	1,440,000	126,450	1,566,450
2030	1,500,000	65,250	1,565,250
	<u>\$ 6,930,000</u>	<u>\$ 899,425</u>	<u>\$ 7,829,425</u>

Series of 2016 - On December 6, 2016, the School District issued \$9,900,000 in General Obligation Bonds. The bonds were issued to fund the Capital Program and to pay the costs of issuing the Bonds. The bonds were partially refunded during fiscal year June 30, 2022 as part of the General Obligations Bonds Series of 2021 issuance. The bonds were paid in full in 2025.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - LONG-TERM DEBT

Series of 2017 - On November 17, 2017, the School District issued \$9,795,000 in General Obligation Bonds. The bonds were issued to fund the Capital Program and to pay the costs of issuing the Bonds. The bonds bear interest at rates ranging from 2.00% to 4.00%, are outstanding in the amount of \$9,630,000 at June 30, 2025, and mature annually through February 2042.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 135,000	\$ 350,419	\$ 485,419
2027	140,000	347,550	487,550
2028	145,000	344,400	489,400
2029	145,000	340,050	485,050
2030	150,000	335,700	485,700
2031 to 2035	825,000	1,608,000	2,433,000
2036 to 2040	4,185,000	1,417,613	5,602,613
2041 to 2042	<u>3,905,000</u>	<u>235,800</u>	<u>4,140,800</u>
	<u>\$ 9,630,000</u>	<u>\$ 4,979,532</u>	<u>\$ 14,609,532</u>

Series of 2019 - On October 31, 2019, the School District issued \$10,765,000 in General Obligation Bonds. The bonds were issued to fund the Capital Program and to pay the costs of issuing the Bonds. The bonds bear interest at rates ranging from 2.00% to 4.00%, are outstanding in the amount of \$10,365,000 at June 30, 2025, and mature annually through June 2045.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 385,000	\$ 379,650	\$ 764,650
2027	395,000	364,250	759,250
2028	5,000	348,450	353,450
2029	5,000	348,300	353,300
2030	5,000	348,150	353,150
2031 to 2035	25,000	1,738,500	1,763,500
2036 to 2040	195,000	1,734,750	1,929,750
2041 to 2045	<u>9,350,000</u>	<u>1,375,800</u>	<u>10,725,800</u>
	<u>\$ 10,365,000</u>	<u>\$ 6,637,850</u>	<u>\$ 17,002,850</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - LONG-TERM DEBT

Series of 2020 - On December 1, 2020, the School District issued \$17,330,000 in General Obligation Bonds. The bonds were issued to advance refund part of Series A of 2013 and to pay the costs of issuing the Bonds. The bonds bear interest at rates ranging from 0.792% to 2.661%, are outstanding in the amount of \$16,310,000 at June 30, 2025, and mature annually through June 2038.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 185,000	\$ 398,749	\$ 583,749
2027	185,000	395,908	580,908
2028	190,000	392,770	582,770
2029	195,000	389,158	584,158
2030	195,000	385,256	580,256
2031 to 2035	9,245,000	1,494,102	10,739,102
2036 to 2038	6,115,000	328,234	6,443,234
	<u>\$ 16,310,000</u>	<u>\$ 3,784,177</u>	<u>\$ 20,094,177</u>

Series of 2021 - On December 16, 2021, the School District issued \$9,870,000 in General Obligation Bonds. The bonds were issued to currently refund a portion of the Series of 2016 Bonds and to pay the costs of issuing the Bonds. The bonds bear interest at rates ranging from 2.00% to 4.00%, are outstanding in the amount of \$9,495,000 at June 30, 2025, and mature annually through February 2042.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 465,000	\$ 207,225	\$ 672,225
2027	475,000	193,275	668,275
2028	495,000	174,275	669,275
2029	505,000	164,375	669,375
2030	515,000	154,275	669,275
2031 to 2035	2,725,000	612,875	3,337,875
2036 to 2040	3,020,000	328,306	3,348,306
2041 to 2042	1,295,000	41,438	1,336,438
	<u>\$ 9,495,000</u>	<u>\$ 1,876,044</u>	<u>\$ 11,371,044</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - LONG-TERM DEBT

Series of 2022 - On March 7, 2022, the School District issued \$23,105,000 in General Obligation Bonds. The bonds were issued to currently refund the Series of 2013 Bonds and to pay the costs of issuing the Bonds. The bonds bear interest at rates ranging from 0.95% to 4.00%, are outstanding in the amount of \$22,070,000 at June 30, 2025, and mature annually through June 2038.

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 990,000	\$ 746,800	\$ 1,736,800
2027	1,035,000	707,200	1,742,200
2028	1,515,000	665,800	2,180,800
2029	1,580,000	605,200	2,185,200
2030	1,640,000	542,000	2,182,000
2031 to 2035	9,135,000	1,782,600	10,917,600
2036 to 2038	<u>6,175,000</u>	<u>374,250</u>	<u>6,549,250</u>
	<u>\$ 22,070,000</u>	<u>\$ 5,423,850</u>	<u>\$ 27,493,850</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE G - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
GENERAL OBLIGATION BONDS					
Series A of 2013	\$ 8,160,000	\$ -	\$ (1,230,000)	\$ 6,930,000	\$ 1,280,000
Series of 2016	175,000	-	(175,000)	-	-
Series of 2017	9,765,000	-	(135,000)	9,630,000	135,000
Series of 2019	10,745,000	-	(380,000)	10,365,000	385,000
Series of 2020	16,490,000	-	(180,000)	16,310,000	185,000
Series of 2021	9,770,000	-	(275,000)	9,495,000	465,000
Series of 2022	23,025,000	-	(955,000)	22,070,000	990,000
TOTAL GENERAL OBLIGATION BONDS	78,130,000	-	(3,330,000)	74,800,000	3,440,000
BOND PREMIUM (DISCOUNT)					
Series A of 2013	28,470	-	(2,034)	26,436	-
Series of 2017	143,569	-	(8,446)	135,123	-
Series of 2019	448,568	-	(22,428)	426,140	-
Series of 2021	99,254	-	(5,514)	93,740	-
Series of 2022	1,676,271	-	(119,734)	1,556,537	-
TOTAL BOND PREMIUM (DISCOUNT)	2,396,132	-	(158,156)	2,237,976	-
COMPENSATED ABSENCES	2,073,701	391,137	-	2,464,838	2,035,829
NET PENSION LIABILITY	74,114,000	16,000,000	-	90,114,000	-
NET OPEB LIABILITY	5,195,000	-	(93,000)	5,102,000	-
TOTAL LONG-TERM LIABILITIES	\$ 161,908,833	\$ 16,391,137	\$ (3,581,156)	\$ 174,718,814	\$ 5,475,829

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE H - DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

Real estate taxes collected within 60 days of the close of the fiscal year are recorded as current revenues. The noncurrent portion of real estate taxes receivable is recorded as a deferred inflow until it becomes available. Program grants received prior to the incurrence of qualifying expenditures are recorded as unearned revenue.

At June 30, 2025, the School District's General Fund had deferred inflows of resources related to property taxes in the amount \$935,226.

At June 30, 2025, the School District's General Fund had unearned revenue in the amount \$20,808.

At June 30, 2025, the School District's Food Service Fund had unearned revenue in the amount of \$30,592

NOTE I - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursement expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The composition of interfund receivables/payables at June 30, 2025, is as follows:

<u>Due To</u>	<u>Amount</u>	<u>Due From</u>	<u>Amount</u>
General Fund	\$ <u>1,000,000</u>	Capital Reserve Fund	\$ <u>1,000,000</u>

The composition of interfund transfers as of June 30, 2025, is as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Reserve Fund	\$ 2,250,000	General Fund	\$ 2,250,000
Food Service Fund	<u>54,322</u>	General Fund	<u>54,322</u>
	\$ <u>2,304,322</u>		\$ <u>2,304,322</u>

Transfers from the General Fund to the Capital Reserve Fund are to subsidize costs associated with the acquisition of capital assets and future capital expenditures. Meanwhile, transfers from the General Fund to the Food Service Fund are to subsidize operational costs and cover the forgiveness of negative student lunch balances.

NOTE J - PENSION PLAN

Summary of Significant Accounting Policies

Pensions - 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 (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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.pa.gov/PSERS.

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

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 2.5%, 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. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN

Contributions

Members 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%
T-C	On or after July 22, 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% 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% 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% 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% 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 the fiscal year ended June 30, 2025, was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were \$10,110,000 for the year ended June 30, 2025.

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 \$90,114,000 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 as it relates to the total one-year reported contributions. At June 30, 2025, the School District's proportion was 0.2153%, which was an increase of 0.0487% from its proportion measured as of June 30, 2024.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN

For the year ended June 30, 2025, the School District recognized pension expense of \$10,539,000. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,417,000
Net difference between projected and actual investment earnings	1,492,000	-
Changes in proportions	16,342,000	4,314,000
Contributions subsequent to the measurement date	<u>10,110,000</u>	<u>-</u>
	\$ <u>27,944,000</u>	\$ <u>5,731,000</u>

\$10,110,000 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 new pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ 1,284,000
2027	5,468,000
2028	5,652,000
2029	<u>(301,000)</u>
	\$ <u>12,103,000</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN

Changes in 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:

- Valuation Date - June 30, 2023
- Actuarial cost method - entry age normal - level percent of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

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

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
School District's proportionate share of the net pension liability	\$ <u>118,707,000</u>	\$ <u>90,114,000</u>	\$ <u>65,968,000</u>

Pension Plan Fiduciary Net Position - Detailed information about PSERS's fiduciary net position is available in the PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.pa.gov/PSERS.

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

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 Public School Employees' Retirement System (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.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. 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 increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in 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.pa.gov/PSERS.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Employer Contributions

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 any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$193,000 for the year ended June 30, 2025.

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

At June 30, 2025, the School District reported a liability of \$3,805,000 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 0.2142% percent, which was an increase of 0.0470% from its proportion measured as of June 30, 2024.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

For the year ended June 30, 2025, the School District recognized OPEB expense of \$227,000. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 14,000	\$ 57,000
Changes in assumptions	232,000	581,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportions	854,000	369,000
Contributions subsequent to the measurement date	<u>193,000</u>	<u>-</u>
	<u>\$ 1,297,000</u>	<u>\$ 1,007,000</u>

\$193,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ (18,000)
2027	(40,000)
2028	(61,000)
2029	71,000
2030	<u>145,000</u>
	<u>\$ 97,000</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

Actuarial Assumptions

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:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Participation rate:
Eligible retirees will elect to participate pre age 65 at 50%.
Eligible retirees will elect to participate post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefitting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% 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.

Changes in Actuarial Assumptions

- The discount rate used to measure the Total OPEB Liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Investments

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.

PENN-DELCO SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.70%

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.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 3,805,000	\$ 3,805,000	\$ 3,805,000

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Change in the Discount Rates

The following presents the net OPEB liability, calculated using the discount rate of 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
School District's proportionate share of the net OPEB liability	\$ 4,299,000	\$ 3,805,000	\$ 3,392,000

OPEB Plan Fiduciary Net Position

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

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Plan Description

The School District provides medical, prescription drug, dental, and vision benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by School District Supervisors and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District’s General Fund.

Plan Membership - At July 1, 2024, plan membership consisted of the following:

Active plan members	332
Retired members	6
	<u>338</u>

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ending June 30, 2025 benefit payments paid as they came due were \$57,000.

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Eligibility for Healthcare Coverage

Teachers: Act 110/43.

Administrators: Eligible for School District incentive upon qualification for PSERS superannuation and completion of 7 years of School District service. Else, Act 110/43.

Support Staff: Act 110/43.

Duration of Healthcare Benefits

Teachers: Retirees receive coverage until age 65 (or qualification for Medicare if earlier). Spouse and surviving spouse coverage ceases upon spouse's attainment of age 65 (or qualification for Medicare if earlier).

Administrators: Retirees receive coverage until age 65 (or qualification for Medicare if earlier). Spouse and surviving spouse coverage ceases upon spouse's attainment of age 65 (or qualification for Medicare if earlier).

Support Staff: Retirees receive coverage until age 65 (or qualification for Medicare if earlier). Spouse and surviving spouse coverage ceases upon spouse's attainment of age 65 (or qualification for Medicare if earlier).

Participant Contributions for Healthcare Coverage

Teachers: Retiree/spouse contributes the full premium rate.

Administrators: For members retiring under the incentive, the contribution required during retirement equals the active employee contribution at the time of retirement (currently 13% of the premium). The incentive period lasts for up to 7 years, expiring at age 65. Under Act 110/43, the retiree/spouse contributes the full premium rate.

Support Staff: Retiree/spouse contributes the full premium rate.

Monthly Premium Rates for 2024-2025 Plan Year

Plan	Retiree	Retiree/Spouse
Personal Choice C2F101	\$ 506	\$ 1,275
Personal Choice Gold Plan	456	1,149
Prescription Drug	170	340
Dental	44	88
Vision	5	13

Changes in Plan Provisions since the Prior Valuation

- None.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Actuarial Assumptions

The following assumptions and actuarial methods and calculation were used:

Discount Rate - 5.20%, compounded annually. (Based on the 20-Bond GO Bond Buyer municipal bond index for the June 30, 2025 measurement date. This is a prescribed assumption.)

CPI - 2.30%, compounded annually. (Based on the 30-year breakeven inflation rate in combination with the Blue Chip Financial Forecasts.)

Health Care Cost Trend Rate - Healthcare costs and premium rates are assumed to increase as shown in the following table (selected years shown):

<u>Year Ending June 30,</u>	<u>Increase in Health Cost over Prior Year</u>
2026	6.50%
2027	5.80%
2028	5.40%
2029	5.00%
2030	4.90%
2035	4.20%
2040	4.10%
2045	4.10%
2055	4.10%
2075 and later	3.70%

The Society of Actuaries (SOA) developed and regularly updates a long-term medical trend model based on detailed research performed by a committee of economists and actuaries, which included a representative from Milliman. Milliman uses this model as the foundation for the trend that it recommends to our clients for postretirement medical valuations, with certain adjustments designed to produce trends that are appropriate for employer plans. These adjustments include incorporating assumed administrative cost trend and removing the impact of age-related morbidity (since age-related morbidity assumptions are applied separately in the valuation when applicable).

Ultimate rates were determined considering historic and projected rates of real growth, long-term inflation and additional growth attributable to technology, and medical costs as a component of gross domestic product (GDP).

Adjustments have been made to reflect an anticipation of fees and surcharges effective in future calendar years, including insured plan fees, to the extent applicable.

Dental and vision costs are assumed to increase by 4% annually.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Monthly Per Capita Claims Cost - Expected claim costs vary by age, gender, and employee versus spouse. The claim costs shown below represent average medical and pharmacy benefit costs per cohort and also include a provision for reinsurance premiums and administrative expenses. Also refer to the development of per capita claims cost at the end of this Section.

PPO Plan				
Age Group	Male Retirees	Female Retirees	Male Spouses	Female Spouses
60-64	\$ 1,319	\$ 1,281	\$ 1,132	\$ 1,128
55-59	1,117	1,155	926	1,016
50-54	960	1,082	772	930

Coverage Election Rates

Teachers: 50% of current active members who retire at age 55 or later after meeting the requirements of Act 110/43 are assumed to elect to purchase coverage in retirement. (Based on continuous review of experience and actuarial judgement.)

Administrators: 100% of current active members who retire at age 55 or later are assumed to elect coverage at retirement if eligible for the School District incentive. 50% of current active members who retire at age 55 or later are assumed to elect coverage at retirement if eligible for Act 110/43. (Based on continuous review of experience and actuarial judgement.)

Support Staff: 10% of current active members who retire at age 55 or later after meeting the requirements of Act 110/43 are assumed to elect to purchase coverage in retirement. (Based on continuous review of experience and actuarial judgement.)

For all groups, actual elections are used for retirees.

Dependent Coverage

Teachers: For current active members, of those who elect to purchase coverage under Act 110/43, 10% are assumed to cover a spouse, with husbands three years older than wives. (Based on continuous review of experience and actuarial judgement.)

Administrators: For current active members, of those who are eligible for the incentive or who elect to purchase coverage under Act 110/43, 30% are assumed to cover a spouse, with husbands three years older than wives. (Based on continuous review of experience and actuarial judgement.)

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Support Staff: For current active members, of those who elect to purchase coverage under Act 110/43, 10% are assumed to cover a spouse, with husbands three years older than wives. (Based on continuous review of experience and actuarial judgement.)

For all groups, actual elections are used for retirees.

Mortality - PubT-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee). As a generational table, it reflects mortality improvements both before and after the measurement date.

Termination - Withdrawal rates are based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees Retirement System and vary by age, service and gender. Illustrative rates are shown below:

Males			
Age	< 5 Years	5 - 9 Years	10+ Years
25	22%	9%	5%
35	15%	4%	2%
45	15%	5%	1%
55	16%	5%	4%
Females			
Age	< 5 Years	5 - 9 Years	10+ Years
25	18%	7%	4%
35	15%	6%	3%
45	13%	5%	2%
55	13%	5%	4%

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Retirement - Retirement rates are based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age, service, and gender. No employee is assumed to work beyond age 65.

Sample Early Retirement Rates		
Age	Male	Female
55	15%	15%
60	15%	15%

Sample Superannuation Retirement Rates		
Age	Male	Female
55	25%	16%
60	29%	31%
62	36%	31%

Salary Increases - For purposes of cost method allocation, assumed salary increases are based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees Retirement System and vary by age. Illustrative rates are shown below:

Age	Rate
25	8.65%
35	6.15%
45	4.15%
55	2.75%

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Changes in Actuarial Assumptions since the Prior Valuation

- The discount rate has increased to 5.20% based on the Bond Buyer 20 Year Bond GO Index.
- The assumed medical coverage election rate for future Teacher retirees has been reduced from 75% to 50%.
- Per capita claims costs were updated as described below.
- Future retiree healthcare trend rates were updated to reflect current expectations of future experience.

Development of Per Capita Claims Cost

Claim costs were calculated using the reported July 1, 2024 through June 30, 2025 premium equivalent rates for the relevant plans as calculated and provided by the Plan's broker. Factors from Milliman's Health Cost Guidelines (HCGs) were used to adjust the average age cost per life into per life costs over a range of ages, separately by gender and status (retiree and dependent). The HCGs are a cooperative effort of Milliman health actuaries and represent a combination of their experience, research, and judgment. An extensive amount of data is used in developing the HCGs and that data is updated annually. The cost models consider utilization and average charge levels for roughly 60 benefit categories, and can provide relativities in per capita plan costs between programs of different design, demographics, or geography.

Actuarial Cost Method

The plan's actuarial cost method is the entry age normal method. Under this method, a projected benefit is determined at each active participant's assumed retirement age. The plan's normal cost is the sum of each active participant's annual cost for the current year of service determined such that, if it were calculated as a level percentage of his compensation each year, it would accumulate at the valuation interest rate over his total prior and future years of service to his assumed retirement date into an amount sufficient to fund his projected benefit. The plan's accrued liability is the sum of (a) the accumulation of each active participant's normal costs attributable to all prior years of service plus (b) the present value of each inactive participant's future benefits.

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Changes in the Total OPEB Liability

	Total OPEB Liability
	<u> </u>
Balance at June 30, 2024	\$ 2,170,000
Changes for the year	
Service cost	120,000
Interest cost	84,000
Economic/demographic (gains) or losses	(69,000)
Changes of assumptions	(951,000)
Benefit payments	(57,000)
Net changes	<u>(873,000)</u>
Balance at June 30, 2025	\$ <u>1,297,000</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 1,421,000	\$ 1,297,000	\$ 1,184,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rates	1% Increase
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 1,137,000	\$ 1,297,000	\$ 1,488,000

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2025, the School recognized OPEB expense of \$(67,000). At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 128,000	\$ 1,853,000
Difference between expected and actual experience	72,000	175,000
	<u>\$ 200,000</u>	<u>\$ 2,028,000</u>

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

Year Ending June 30,	
2026	\$ (268,000)
2027	(259,000)
2028	(249,000)
2029	(288,000)
2030	(249,000)
Thereafter	<u>(515,000)</u>
	<u>\$ (1,828,000)</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE M - COMPENSATED ABSENCES AND EARLY RETIREMENT INCENTIVE PLAN

School District employees who are required to work on a 12-month schedule are eligible to earn vacation time. Vacation time allotments vary by employee group and years of service. Vacation time may be taken or accumulated within certain limits and is paid out prior to retirement or termination at the employee's current rate of pay. Compensation payable in future years was \$523,938 at June 30, 2025.

The majority of School District employees, with the exception of part-time substitutes, are entitled to sick time. Sick time allotments vary by employee group and years of service. Sick time may be taken or accumulated without limit and is paid out prior to retirement from the School District. Payment is based on applicable daily limits by employee group and years of service. Compensation payable in future years was \$1,502,396 at June 30, 2025.

Other compensated absences include personal and emergency time. At the end of the school year, any unused time converts to sick time and is accumulated without limit. Compensation payable in future years was \$438,504 at June 30, 2025.

NOTE N - CONTINGENCIES

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

The School District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. School District officials do not expect any significant adjustments as a result of these examinations.

NOTE O - 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. It is the policy of the School District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE P - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

The School District implemented GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

This adoption resulted in a restatement of previously reported amounts and was completed in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. This adoption led to a \$700,970 restatement of the School District's Governmental Activities beginning net position and compensated absences as well as a \$336,787 restatement of the School District's General Fund beginning fund balance and compensated absences.

REQUIRED SUPPLEMENTARY INFORMATION

PENN-DELCO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 53,302,624	\$ 53,302,624	\$ 58,309,203	\$ 5,006,579
State sources	20,712,952	20,712,952	19,323,550	(1,389,402)
Federal sources	1,129,000	1,129,000	1,383,593	254,593
TOTAL REVENUES	<u>75,144,576</u>	<u>75,144,576</u>	<u>79,016,346</u>	<u>3,871,770</u>
EXPENDITURES				
Instruction	43,132,796	43,132,796	42,182,368	950,428
Support services	24,523,373	24,523,373	24,646,826	(123,453)
Operation of non-instructional services	1,539,795	1,539,795	1,342,867	196,928
Facilities acquisition, construction and improvement services	-	-	202,386	(202,386)
Debt service	5,816,930	5,816,930	5,816,930	-
Refund of prior year revenues	-	-	20,054	(20,054)
Budgetary reserve	400,000	400,000	-	400,000
TOTAL EXPENDITURES	<u>75,412,894</u>	<u>75,412,894</u>	<u>74,211,431</u>	<u>1,201,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(268,318)</u>	<u>(268,318)</u>	<u>4,804,915</u>	<u>5,073,233</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds from loss of capital asset	-	-	26,272	-
Transfers out	-	-	(2,304,322)	(2,304,322)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(2,278,050)</u>	<u>(2,304,322)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (268,318)</u>	<u>\$ (268,318)</u>	<u>2,526,865</u>	<u>\$ 2,795,183</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>22,741,498</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 25,268,363</u>	

See accompanying note to the budgetary comparison schedule.

PENN-DELCO SCHOOL DISTRICT

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2025

NOTE A - BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the Capital Projects Fund.

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

1. Prior to April 1, the Business Manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the School District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The Board may, by resolution, transfer unencumbered budgeted amounts between departments within any fund.
5. The operating budget is adopted on a basis prescribed by the Department of Education.
6. Any excess expenditures were funded by available fund balance in the General Fund.

Controls over spending in the Capital Reserve Fund are achieved by the use of internal spending limits. Effective expenditure control is achieved in the Capital Reserve Fund through bond indenture provisions.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

PENN-DELCO SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET PENSION LIABILITY LAST TEN FISCAL YEARS

	2025	2024	2023	2022
School District's proportion of the net pension liability (asset)	<u>0.2153%</u>	<u>0.1666%</u>	<u>0.1861%</u>	<u>0.1811%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 90,114,000</u>	<u>\$ 74,114,000</u>	<u>\$ 82,738,000</u>	<u>\$ 75,354,000</u>
School District's covered payroll	<u>\$ 34,005,909</u>	<u>\$ 25,608,553</u>	<u>\$ 27,423,692</u>	<u>\$ 25,683,205</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>265.00%</u>	<u>289.41%</u>	<u>301.70%</u>	<u>293.40%</u>
The plan's fiduciary net position as a percentage of the total pension liability	<u>64.63%</u>	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>

NOTE TO SCHEDULE

This District's covered payroll noted above is as of the measurement date of the net pension liability (June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015).

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>0.1930%</u>	<u>0.1911%</u>	<u>18.9400%</u>	<u>0.1855%</u>	<u>0.1856%</u>	<u>0.1856%</u>
\$ <u>95,031,000</u>	\$ <u>89,402,000</u>	\$ <u>90,921,000</u>	\$ <u>91,615,000</u>	\$ <u>91,977,000</u>	\$ <u>80,393,000</u>
\$ <u>27,057,790</u>	\$ <u>26,356,693</u>	\$ <u>25,512,262</u>	\$ <u>24,694,740</u>	\$ <u>24,043,522</u>	\$ <u>23,875,209</u>
<u>351.21%</u>	<u>339.20%</u>	<u>356.38%</u>	<u>370.99%</u>	<u>382.54%</u>	<u>336.72%</u>
<u>54.32%</u>	<u>54.00%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>45.64%</u>

PENN-DELCO SCHOOL DISTRICT**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 10,110,000	\$ 11,187,000	\$ 9,887,000	\$ 9,237,000
Contributions in relation to the contractually required contribution	<u>10,110,000</u>	<u>11,187,000</u>	<u>9,887,000</u>	<u>9,237,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	\$ <u>31,432,195</u>	\$ <u>34,005,909</u>	\$ <u>25,608,553</u>	\$ <u>27,423,692</u>
Contributions as a percentage of covered payroll	<u>32.16%</u>	<u>32.90%</u>	<u>38.61%</u>	<u>33.68%</u>

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 8,556,000	\$ 9,015,000	\$ 8,572,000	\$ 8,042,000	\$ 7,121,000	\$ 5,928,000
<u>8,556,000</u>	<u>9,015,000</u>	<u>8,572,000</u>	<u>8,042,000</u>	<u>7,121,000</u>	<u>5,928,000</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>25,683,205</u>	\$ <u>27,057,790</u>	\$ <u>26,356,693</u>	\$ <u>25,512,262</u>	\$ <u>24,694,740</u>	\$ <u>24,043,522</u>
<u>33.31%</u>	<u>33.32%</u>	<u>32.52%</u>	<u>31.52%</u>	<u>28.84%</u>	<u>24.66%</u>

PENN-DELCO SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY LAST EIGHT FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>
School District's proportion of the net OPEB liability	<u>0.2142%</u>	<u>0.1672%</u>	<u>0.1865%</u>
School District's proportionate share of the net OPEB liability	\$ <u>3,805,000</u>	\$ <u>3,025,000</u>	\$ <u>3,433,000</u>
School District's covered payroll	\$ <u>34,005,909</u>	\$ <u>25,608,553</u>	\$ <u>27,423,692</u>
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>11.19%</u>	<u>11.81%</u>	<u>12.52%</u>
The plan's fiduciary net position as a percentage of the total OPEB liability	<u>7.13%</u>	<u>7.22%</u>	<u>6.86%</u>

NOTES TO SCHEDULE

The District's covered payroll noted above is as of the measurement date of the net pension liability (June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>0.1812%</u>	<u>0.1928%</u>	<u>0.1911%</u>	<u>0.1894%</u>	<u>0.1855%</u>
\$ <u>4,294,000</u>	\$ <u>4,166,000</u>	\$ <u>4,064,000</u>	\$ <u>3,949,000</u>	\$ <u>3,779,000</u>
\$ <u>25,683,205</u>	\$ <u>27,057,790</u>	\$ <u>26,356,693</u>	\$ <u>25,512,262</u>	\$ <u>24,694,740</u>
<u>16.72%</u>	<u>15.40%</u>	<u>15.42%</u>	<u>15.48%</u>	<u>15.30%</u>
<u>5.69%</u>	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

PENN-DELCO SCHOOL DISTRICT**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER
POSTEMPLOYMENT BENEFIT PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 193,000	\$ 216,000	\$ 216,000
Contributions in relation to the contractually required contribution	<u>193,000</u>	<u>216,000</u>	<u>216,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	\$ <u>31,432,195</u>	\$ <u>34,005,909</u>	\$ <u>25,608,553</u>
Contributions as a percentage of covered payroll	<u>0.61%</u>	<u>0.64%</u>	<u>0.84%</u>

NOTE TO SCHEDULE

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 217,000	\$ 217,000	\$ 227,000	\$ 218,000	\$ 210,000
<u>217,000</u>	<u>217,000</u>	<u>227,000</u>	<u>218,000</u>	<u>210,000</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>27,423,692</u>	\$ <u>25,683,205</u>	\$ <u>27,057,790</u>	\$ <u>26,356,693</u>	\$ <u>25,512,262</u>
<u>0.79%</u>	<u>0.84%</u>	<u>0.84%</u>	<u>0.83%</u>	<u>0.85%</u>

PENN-DELCO SCHOOL DISTRICT**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

	2025	2024	2023
TOTAL OPEB LIABILITY			
Service cost	\$ 120,000	\$ 116,000	\$ 219,000
Interest	84,000	75,000	94,000
Economic/demographic (gains) or losses	(69,000)	-	(165,000)
Changes of assumptions	(951,000)	(53,000)	(676,000)
Benefit payments	(57,000)	(63,000)	(68,000)
NET CHANGE IN TOTAL OPEB LIABILITY	(873,000)	75,000	(596,000)
TOTAL OPEB LIABILITY, BEGINNING	2,170,000	2,095,000	2,691,000
TOTAL OPEB LIABILITY, ENDING	\$ 1,297,000	\$ 2,170,000	\$ 2,095,000
COVERED PAYROLL	\$ 34,005,909	\$ 25,608,553	\$ 27,423,692
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	3.81%	8.47%	7.64%

NOTES TO SCHEDULE

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2024 actuarial valuation, the discount rate changed from 3.93% to 5.20%. The assumed medical coverage election rate for future teacher retirees was reduced from 75% to 50%. Per capita claims costs and future retiree healthcare trend rates were updated. In the 2023 actuarial valuation, the discount rate changed from 3.54% to 3.93%. In the 2022 actuarial valuation, the discount rate changed from 3.54% to 3.65%. The per capital claims costs, future retiree healthcare trend rates, assumed termination, retirement, and salary increase rates were updated. The mortality assumption was updated from the RP-2014 Mortality Tables with Mortality Improvement Projection Scale MP-2019 to the PubT-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021. In the 2021 actuarial valuation, the discount rate changed from 2.16% to 3.54%. In the 2020 actuarial valuation, the discount rate changed from 2.21% to 2.16%. The per capital claims costs and future retiree healthcare trend rates were updated. In the 2019 actuarial valuation, the discount rate changed from 3.50% to 2.21%. In the 2018 actuarial valuation, the discount rate changed from 3.87% to 3.50%. The trend assumption was updated. The percent of eligible retirees electing coverage in the plan for those not eligible for the enhanced benefits was decreased from 55% to 50%. In the 2017 actuarial valuation, the discount rate changed from 3.58% to 3.87%. Assumptions for salary, mortality, withdrawal and retirement were updated based on the new PSERS assumptions.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 212,000	\$ 185,000	\$ 179,000	\$ 180,000	\$ 174,000
61,000	67,000	86,000	92,000	88,000
-	56,000	-	207,000	-
(373,000)	(483,000)	380,000	(311,000)	(69,000)
<u>(51,000)</u>	<u>(63,000)</u>	<u>(70,000)</u>	<u>(79,000)</u>	<u>(80,000)</u>
(151,000)	(238,000)	575,000	89,000	113,000
<u>2,842,000</u>	<u>3,080,000</u>	<u>2,505,000</u>	<u>2,416,000</u>	<u>2,303,000</u>
\$ <u>2,691,000</u>	\$ <u>2,842,000</u>	\$ <u>3,080,000</u>	\$ <u>2,505,000</u>	\$ <u>2,416,000</u>
\$ <u>25,683,205</u>	\$ <u>27,057,790</u>	\$ <u>26,356,693</u>	\$ <u>25,512,262</u>	\$ <u>24,694,740</u>
<u>10.48%</u>	<u>10.50%</u>	<u>11.69%</u>	<u>9.82%</u>	<u>9.36%</u>

***Independent Auditors' 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***

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Penn-Delco School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Penn-Delco School District's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Penn-Delco School District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Penn-Delco School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Penn-Delco 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 Penn-Delco School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Penn-Delco 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 Penn-Delco School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Penn-Delco School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Limerick, Pennsylvania
December 9, 2025

***Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance With the Uniform Guidance***

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Penn-Delco School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Penn-Delco School District's major federal programs for the year ended June 30, 2025. Penn-Delco School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Penn-Delco School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

To the Board of School Directors
Penn-Delco School District
Aston, Pennsylvania

Report on Internal Control Over Compliance

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

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

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

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



Limerick, Pennsylvania
December 9, 2025

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

PENN-DELCO SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS YEAR ENDED JUNE 30, 2025

	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Start & End Date
U.S. DEPARTMENT OF EDUCATION				
Passed through the Pennsylvania Department of Education				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	I	84.010	013-24-0325	July 1, 2023 June 30, 2024
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	I	84.010	013-25-0325	July 1, 2024 June 30, 2025
TOTAL TITLE I - ALN 84.010				
Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	I	84.367	020-24-0325	July 1, 2023 June 30, 2024
Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	I	84.367	020-25-0325	July 1, 2024 June 30, 2025
TOTAL TITLE II - ALN 84.367				
Student Support and Academic Enrichment Program (Title IV)	I	84.424	144-25-0325	July 1, 2024 June 30, 2025
TOTAL TITLE IV - ALN 84.424				
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	I	84.425U	223-21-0325	March 13, 2020 September 30, 2024
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	I	84.425U	224-21-0325	March 13, 2020 September 30, 2024
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	I	84.425W	181-21-2326	March 13, 2020 September 30, 2024
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	I	84.425W	181-21-2326	July 1, 2024 September 30, 2024
TOTAL EDUCATION STABILIZATION FUND - ALN 84.425				
U.S. DEPARTMENT OF EDUCATION				
TOTAL FORWARD				

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2025	Amount Passed Through to Sub-Recipients
\$ 433,297	\$ 99,569	\$ 99,569	\$ -	\$ -	\$ -	\$ -
406,156	<u>288,053</u>	<u>-</u>	<u>406,156</u>	<u>406,156</u>	<u>118,103</u>	<u>-</u>
	<u>387,622</u>	<u>99,569</u>	<u>406,156</u>	<u>406,156</u>	<u>118,103</u>	<u>-</u>
76,195	6,331	(1,754)	8,085	8,085	-	-
67,178	<u>47,556</u>	<u>-</u>	<u>57,597</u>	<u>57,597</u>	<u>10,041</u>	<u>-</u>
	<u>53,887</u>	<u>(1,754)</u>	<u>65,682</u>	<u>65,682</u>	<u>10,041</u>	<u>-</u>
32,631	<u>23,308</u>	<u>-</u>	<u>32,631</u>	<u>32,631</u>	<u>9,323</u>	<u>-</u>
	<u>23,308</u>	<u>-</u>	<u>32,631</u>	<u>32,631</u>	<u>9,323</u>	<u>-</u>
2,226,089	161,897	161,897	-	-	-	-
39,567	3,597	3,597	-	-	-	-
15,095	6,886	6,886	-	-	-	-
15,095	<u>2,155</u>	<u>-</u>	<u>2,155</u>	<u>2,155</u>	<u>-</u>	<u>-</u>
	<u>174,535</u>	<u>172,380</u>	<u>2,155</u>	<u>2,155</u>	<u>-</u>	<u>-</u>
\$	<u>639,352</u>	<u>270,195</u>	<u>506,624</u>	<u>506,624</u>	<u>137,467</u>	<u>-</u>

PENN-DELCO SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS YEAR ENDED JUNE 30, 2025

	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Start & End Date
U.S. DEPARTMENT OF EDUCATION				
TOTAL FORWARDED				
Passed through the Delaware County Intermediate Unit				
Special Education - Grants to States (IDEA, Part B)	I	84.027	*	027-24-0093
				July 1, 2024 June 30, 2025
TOTAL IDEA, PART B - ALN 84.027				
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	*	173-24-0090
				July 1, 2024 June 30, 2025
TOTAL IDEA PRESCHOOL - ALN 84.173				
TOTAL SPECIAL EDUCATION CLUSTER				
TOTAL U.S. DEPARTMENT OF EDUCATION				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Pennsylvania Department of Public Welfare				
Medical Assistance Program (Medicaid; Title XIX)	I	93.778	N/A	July 1, 2023 June 30, 2024
Medical Assistance Program (Medicaid; Title XIX)	I	93.778	N/A	July 1, 2024 June 30, 2025
TOTAL MEDICAID CLUSTER - ALN 93.778				
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
U.S. DEPARTMENT OF THE TREASURY				
Passed through the Pennsylvania Commission on Crime and Delinquency				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	I	21.027	2023-CM-01 43035	January 1, 2024 December 31, 2025
TOTAL CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS - ALN 21.027				
TOTAL U.S. DEPARTMENT OF THE TREASURY				
U.S. DEPARTMENT OF EDUCATION				
TOTAL FORWARD				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
TOTAL FORWARD				
U.S. DEPARTMENT OF THE TREASURY				
TOTAL FORWARD				

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2025	Amount Passed Through to Sub-Recipients
	\$ 639,352	\$ 270,195	\$ 506,624	\$ 506,624	\$ 137,467	\$ -
\$ 704,669	704,669	-	704,669	704,669	-	-
	704,669	-	704,669	704,669	-	-
	2,805	-	2,805	2,805	-	-
	2,805	-	2,805	2,805	-	-
	707,474	-	707,474	707,474	-	-
	1,346,826	270,195	1,214,098	1,214,098	137,467	-
N/A	2,040	2,040	-	-	-	-
N/A	5,551	-	5,551	5,551	-	-
	7,591	2,040	5,551	5,551	-	-
	7,591	2,040	5,551	5,551	-	-
140,173	63,226	35,115	74,129	74,129	46,018	-
	63,226	35,115	74,129	74,129	46,018	-
	63,226	35,115	74,129	74,129	46,018	-
	1,346,826	270,195	1,214,098	1,214,098	137,467	-
	7,591	2,040	5,551	5,551	-	-
\$ 63,226	\$ 35,115	\$ 74,129	\$ 74,129	\$ 46,018	\$ -	

PENN-DELCO SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS

YEAR ENDED JUNE 30, 2025

	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Start & End Date
U.S. DEPARTMENT OF EDUCATION				
TOTAL FORWARDED				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
TOTAL FORWARDED				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
TOTAL FORWARDED				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Pennsylvania Department of Agriculture				
National School Lunch Program (NSLP) - Donated Commodities	I	10.555	N/A	July 1, 2024 June 30, 2025
Passed through the Pennsylvania Department of Education				
National School Lunch Program (NSLP)	I	10.555	N/A	July 1, 2023 June 30, 2024
National School Lunch Program (NSLP)	I	10.555	N/A	July 1, 2024 June 30, 2025
TOTAL NSLP - ALN 10.555				
School Breakfast Program (SBP)	I	10.553	N/A	July 1, 2023 June 30, 2024
School Breakfast Program (SBP)	I	10.553	N/A	July 1, 2024 June 30, 2025
TOTAL SBP - ALN 10.553				
TOTAL CHILD NUTRITION CLUSTER				
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
CERTAIN STATE AWARDS				
Passed through the Pennsylvania Department of Education				
State Matching Share - Lunch	S	N/A	N/A	July 1, 2023 June 30, 2024
State Matching Share - Lunch	S	N/A	N/A	July 1, 2024 June 30, 2025
State Matching Share - Breakfast	S	N/A	N/A	July 1, 2023 June 30, 2024
State Matching Share - Breakfast	S	N/A	N/A	July 1, 2024 June 30, 2025
TOTAL CERTAIN STATE AWARDS				
TOTAL FEDERAL AND CERTAIN STATE AWARDS				
LESS STATE SHARE				
TOTAL FEDERAL AWARDS				

Footnotes:

- (A) Total amount of foods received from Department of Agriculture.
 (B) Beginning inventory at July 1, 2024.
 (C) Total amount of foods used.
 (D) Ending inventory at June 30, 2025.

Source Codes:

- I = Indirect funding
 S = State share
 * = Major program

See accompany notes to the schedule of expenditures of federal and certain state awards.

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2025	Amount Passed Through to Sub-Recipients
	\$ 1,346,826	\$ 270,195	\$ 1,214,098	\$ 1,214,098	\$ 137,467	\$ -
	7,591	2,040	5,551	5,551	-	-
	63,226	35,115	74,129	74,129	46,018	-
\$ N/A	89,538 (A)	(14,139) (B)	95,975	95,975 (C)	(7,702) (D)	-
N/A	19,960	19,960	-	-	-	-
N/A	358,004	-	378,217	378,217	20,213	-
	467,502	5,821	474,192	474,192	12,511	-
N/A	4,331	4,331	-	-	-	-
N/A	84,642	-	89,048	89,048	4,406	-
	88,973	4,331	89,048	89,048	4,406	-
	556,475	10,152	563,240	563,240	16,917	-
	556,475	10,152	563,240	563,240	16,917	-
N/A	1,074	1,074	-	-	-	-
N/A	20,161	-	21,510	21,510	1,349	-
N/A	4,516	4,516	-	-	-	-
N/A	112,750	-	118,048	118,048	5,298	-
	138,501	5,590	139,558	139,558	6,647	-
	2,112,619	323,092	1,996,576	1,996,576	207,049	-
	(138,501)	(5,590)	(139,558)	(139,558)	(6,647)	-
\$	<u>1,974,118</u>	<u>317,502</u>	<u>1,857,018</u>	<u>1,857,018</u>	<u>200,402</u>	<u>\$ -</u>

PENN-DELCO SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND CERTAIN STATE AWARDS
YEAR ENDED JUNE 30, 2025

NOTE A - ORGANIZATION AND SCOPE

All federal programs as listed in the schedule of expenditures of federal and certain state awards are accounted for by the School District in the General Fund except for the U.S. Department of Agriculture programs which are accounted for in the School District's Food Service Fund.

NOTE B - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and certain state awards is presented using the modified accrual basis of accounting, which is described in Note A of the School District's basic financial statements.

NOTE C - DONATED FOODS

Donated foods were valued according to cost estimates provided by the U.S. Department of Agriculture.

NOTE D - INDIRECT COST RATES

The School District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

PENN-DELCO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Penn-Delco School District.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Penn-Delco School District were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With Uniform Guidance.
5. The auditors' report on compliance for the major award programs for the Penn-Delco School District expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with the Uniform Grant Guidance.
7. The programs tested as major programs include:

Program	ALN
Special Education Cluster (IDEA)	84.027, 84.173

8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. Penn-Delco School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

PENN-DELCO SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2025

None.