



**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MYERSTOWN, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2025

EASTERN LEBANON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Entity-wide Financial Statements:	
- Statement of Net Position	13
- Statement of Activities	14
Fund Financial Statements:	
- Balance Sheet - Governmental Funds	15
- Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	16
- Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
- Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	18
- Budgetary Comparison Statement - General Fund	19
- Statement of Net Position - Proprietary Fund	20
- Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	21
- Statement of Cash Flows - Proprietary Fund	22
- Statement of Net Position - Fiduciary Funds	23
- Statement of Changes in Fiduciary Net Position - Fiduciary Funds	24
NOTES TO FINANCIAL STATEMENTS	25

EASTERN LEBANON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability	58
Schedule of District Pension Contributions	59
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS	60
Schedule of District OPEB Contributions - PSERS	61
Schedule of Changes in the District's Net OPEB Liability - Single Employer Plan	62
SINGLE AUDIT SUPPLEMENT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	65
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	70
Schedule of Findings and Recommendations	71



INDEPENDENT AUDITOR'S REPORT

December 12, 2025

Board of School Directors
Eastern Lebanon County School District
Myerstown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastern Lebanon County School District, Myerstown, Pennsylvania, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Emphasis of a Matter

As discussed in Notes 1 and 15 to the financial statements, the District has adopted the requirements of GASB Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As a result, the District has restated its governmental activities and food service fund net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of the District's net OPEB liability - single employer plan on pages 58 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards on pages 68 and 69 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of School Directors
Eastern Lebanon County School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2025**

Management's Discussion and Analysis of the financial performance of the Eastern Lebanon County School District ("the District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the basic financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position increased by \$2,596,521. Net position of governmental activities increased \$2,547,060 while net position of business-type activities increased \$49,461.
- Revenues totaled \$56,588,982. General revenues accounted for \$43,330,825, or 77 percent of total revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$13,258,157 or 23 percent of total revenues.
- The District had \$51,938,337 in expenses related to governmental activities. Of these expenses, \$11,161,744 was offset by program specific charges for services and operating grants and contributions. General revenues (primarily taxes and unrestricted grants and subsidies) of \$43,323,653 provided for these programs.
- Among major funds, the general fund had \$54,219,664 in revenues and other financing sources and \$57,315,588 in expenditures and other financing uses. Expenditures and other financing uses exceeded revenues and other financing sources for the year by \$3,095,924, resulting in a fund balance of \$5,662,184. The District has committed \$1,000,000 and assigned \$3,000,000 of the general fund balance for a variety of uses by the District.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These financial statements are organized so the reader can understand the District as a financial whole.

The statement of net position and statement of activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how the services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is the most significant fund.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its overall activities. These statements include all the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District (except for fiduciary funds held in trust for student purposes) using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes during the fiscal year. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as the District's property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at a conclusion regarding the overall health of the District.

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

- **Governmental Activities** – All the District's basic services are included here, such as instruction, administration, and community services. Property taxes, state, and federal subsidies and grants finance most of these activities.
- **Business-type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service program is reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements of the District's major funds provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as described further in the notes to the financial statements.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending in future periods. These funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds – Proprietary funds use the accrual basis of accounting, the same as the entity-wide statements; therefore, the statements will essentially match the business-type activities portion of the entity-wide statements.

Fiduciary Funds – The District is the trustee, or fiduciary, for its scholarship program and other items listed as private-purpose trusts. In addition, the District accounts for funds held on behalf of students of the District. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. The District excludes these activities from its other financial statements because the assets cannot be used by the District to finance its operations.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for 2025 compared to 2024:

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 10,127,792	\$ 24,210,382	\$ 741,622	\$ 651,340	\$ 10,869,414	\$ 24,861,722
Capital assets	89,971,332	82,539,683	20,089	-	89,991,421	82,539,683
Total Assets	<u>100,099,124</u>	<u>106,750,065</u>	<u>761,711</u>	<u>651,340</u>	<u>100,860,835</u>	<u>107,401,405</u>
Deferred Outflows of Resources	10,573,548	12,757,499	213,763	256,721	10,787,311	13,014,220
Liabilities:						
Current liabilities	7,853,564	11,922,175	185,289	119,808	8,038,853	12,041,983
Noncurrent liabilities	136,381,807	143,355,495	1,195,102	1,226,907	137,576,909	144,582,402
Total Liabilities	<u>144,235,371</u>	<u>155,277,670</u>	<u>1,380,391</u>	<u>1,346,715</u>	<u>145,615,762</u>	<u>156,624,385</u>
Deferred Inflows of Resources	4,418,391	4,758,044	158,878	174,602	4,577,269	4,932,646
Net Position (Deficit):						
Net investment in capital assets	14,068,683	13,954,318	20,089	-	14,088,772	13,954,318
Unrestricted (deficit)	(52,049,773)	(54,482,468)	(583,884)	(613,256)	(52,633,657)	(55,095,724)
Total Net Deficit	<u>\$(37,981,090)</u>	<u>\$(40,528,150)</u>	<u>\$ (563,795)</u>	<u>\$ (613,256)</u>	<u>\$(38,544,885)</u>	<u>\$(41,141,406)</u>

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

Table 2 shows the changes in net position for fiscal year 2025 compared to 2024:

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	\$ 462,889	\$ 669,496	\$ 639,381	\$ 607,187	\$ 1,102,270	\$ 1,276,683
Operating grants	10,698,855	11,174,427	1,457,032	1,428,668	12,155,887	12,603,095
General Revenues:						
Property taxes	34,785,309	33,184,008	-	-	34,785,309	33,184,008
Unrestricted grants and subsidies	7,054,863	6,754,739	-	-	7,054,863	6,754,739
Other	1,483,481	1,705,351	7,172	6,609	1,490,653	1,711,960
Total Revenues	54,485,397	53,488,021	2,103,585	2,042,464	56,588,982	55,530,485
Expenses						
Program Expenses:						
Instruction	34,326,812	33,024,191	-	-	34,326,812	33,024,191
Support Services:						
Instructional student support	5,008,706	5,098,800	-	-	5,008,706	5,098,800
Administrative and financial support services	4,395,784	4,331,535	-	-	4,395,784	4,331,535
Operation and maintenance of plant services	1,409,148	1,905,810	-	-	1,409,148	1,905,810
Pupil transportation	3,239,538	2,952,422	-	-	3,239,538	2,952,422
Student activities	1,283,523	1,276,275	-	-	1,283,523	1,276,275
Interest on long-term debt	2,274,826	2,132,799	-	-	2,274,826	2,132,799
Food service	-	-	2,054,124	1,928,501	2,054,124	1,928,501
Total Expenses	51,938,337	50,721,832	2,054,124	1,928,501	53,992,461	52,650,333
Change in Net Position	\$ 2,547,060	\$ 2,766,189	\$ 49,461	\$ 113,963	\$ 2,596,521	\$ 2,880,152

The changes in net position table show the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Table 4 shows, for business-type activities, the total cost of services and the net cost of services.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

**Table 3
Governmental Activities**

	2025		2024	
	Total Cost	Net Cost	Total Cost	Net Cost
Instruction	\$ 34,326,812	\$ 26,925,045	\$ 33,024,191	\$ 24,850,427
Support Services:				
Instructional student support	5,008,706	4,576,181	5,098,800	4,643,183
Administrative and financial support services	4,395,784	4,062,833	4,331,535	3,980,994
Operation and maintenance of plant services	1,409,148	1,060,768	1,905,810	1,533,734
Pupil transportation	3,239,538	1,198,812	2,952,422	1,106,174
Student activities	1,283,523	1,122,215	1,276,275	1,092,683
Interest on long-term debt	2,274,826	1,830,739	2,132,799	1,670,714
Total Expenses	<u>\$ 51,938,337</u>	<u>\$ 40,776,593</u>	<u>\$ 50,721,832</u>	<u>\$ 38,877,909</u>

**Table 4
Business-type Activities**

	2025		2024	
	Total Cost	Net Cost	Total Cost	Net Cost
Food service	<u>\$ 2,054,124</u>	<u>\$ (42,289)</u>	<u>\$ 1,928,501</u>	<u>\$ (107,354)</u>

The District depends on a combination of tax revenues and governmental grants for governmental activities. For all governmental activities, general revenue support is 77 percent of the total governmental revenues. The community, as a whole, is the primary financial support for the District's students.

Business-type Activities

Business-type activities consist of food service operations. This program had revenues of \$2,103,585 and expenses of \$2,054,124 for fiscal year 2025. Business-type activities receive no support from tax revenues. The Food Service Fund results are equal to the business-type activities results.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

General Fund Budgeting Highlights and Governmental Fund Results

The District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, budgeted revenue and other financing sources totaled \$56,008,872, but the District realized actual revenues and other sources of \$54,219,664. The budgeted expenditures and transfers were \$56,685,423 plus a budgetary reserve for unexpected items of \$151,095. The District expended \$57,315,588 (including transfers and refund of prior year receipts). The District budgets expenditures based upon a long-term strategy of sustainability and held the line on the actual expenditures during the year in support of that strategy.

The Capital Reserve Fund's fund balance decreased by \$7,246,632 due to current year capital outlays. For the debt service fund, fund balance did not change.

Capital Assets and Debt Administration

Capital Assets – At the end of fiscal 2025, the District had \$89.99 million invested in capital assets, of which \$89.97 million was related to governmental activities.

Table 5 shows the fiscal 2025 balance compared to 2024:

**Table 5
Capital Assets at June 30
(Net of Depreciation/Amortization)**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land and land improvements, net	\$ 2,762,348	\$ 2,951,376	\$ -	\$ -	\$ 2,762,348	\$ 2,951,376
Construction-in-progress	3,229,969	30,388,160	-	-	3,229,969	30,388,160
Buildings and improvements, net	81,540,759	46,416,915	-	-	81,540,759	46,416,915
Furniture and equipment, net	1,109,310	1,129,143	20,089	-	1,129,399	1,129,143
Vehicles, net	246,137	207,582	-	-	246,137	207,582
Right to use assets, net	1,082,809	1,446,507	-	-	1,082,809	1,446,507
Totals	\$89,971,332	\$82,539,683	\$ 20,089	\$ -	\$89,991,421	\$82,539,683

Debt Administration – At June 30, 2025, the District had \$72.60 million in bonds outstanding, excluding unamortized premiums and discounts with \$3.285 million due within one year. Table 6 on the following page summarizes bonds outstanding.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

**Table 6
Outstanding Debt at Year End, at Face
(In Thousands)**

	Governmental Activities	
	2025	2024
General Obligation Bonds:		
2018 Bonds	\$ 6,610	\$ 7,285
2018 A Bonds	7,880	8,400
2019 Bonds	7,655	7,720
2019 A Bonds	4,515	5,705
2020 Bonds	-	710
2020 A Bonds	4,150	4,155
2021 Bonds	9,735	9,740
2022 Bonds	9,735	9,740
2023 Bonds	8,545	8,550
2024 Bonds	13,770	13,775
Total	\$ 72,595	\$ 75,780

The District has no special assessment debt. Long-term debt is liquidated from the debt service fund. Additional information regarding capital assets and long-term debt is available in Notes 5 and 7 to the financial statements, respectively.

At June 30, 2025, the District had \$989 thousand in leases outstanding, with \$567 thousand due within one year.

For the Future

The District is financially sound. As the preceding information shows, the District depends heavily on its property taxpayers. With the passage of a 18.0402 mill-operating levy and collection beginning in fiscal 2025, the District will be able to continue its education programs. However, financially, the future is not without challenges.

While the District was successful in increasing its tax revenue millage, additional increases will be needed to maintain programs and to prepare for future renovations to aging buildings. Management must continue to diligently plan expenses, staying carefully within the District's five-year plan.

In conclusion, the District has committed itself to financial excellence for many years. All of the District's financial abilities will be needed to meet the challenges of the future.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2025**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money received. If you have questions about this report or need additional financial information, please contact the Business Manager, Eastern Lebanon County School District, 180 Elco Drive, Myerstown, PA 17067.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities	Business-type Activities	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	\$ 7,418,312	\$ 577,901	\$ 7,996,213
Investments	139,644	-	139,644
Taxes receivable	549,386	-	549,386
Internal balances	(61,228)	61,228	-
Due from other governments	1,859,942	86,006	1,945,948
Other receivables	154,740	61	154,801
Prepaid expenses	800	-	800
Inventories	66,196	16,426	82,622
Construction-in-progress	3,229,969	-	3,229,969
Land	71,150	-	71,150
Land improvements, net	2,691,198	-	2,691,198
Buildings and improvements, net	81,540,759	-	81,540,759
Furniture and equipment, net	1,109,310	20,089	1,129,399
Vehicles, net	246,137	-	246,137
Right to use lease assets, net	1,082,809	-	1,082,809
TOTAL ASSETS	<u>100,099,124</u>	<u>761,711</u>	<u>100,860,835</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pension	9,171,034	164,302	9,335,336
Deferred outflows related to OPEB	1,402,514	49,461	1,451,975
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,573,548</u>	<u>213,763</u>	<u>10,787,311</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$110,672,672</u>	<u>\$ 975,474</u>	<u>\$111,648,146</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	\$ 1,017,554	\$ 159,626	\$ 1,177,180
Accrued salaries, payroll withholdings, and benefits	2,882,872	-	2,882,872
Accrued interest payable	251,213	-	251,213
Unearned revenues	-	25,663	25,663
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable, net	3,064,799	-	3,064,799
Lease payable	567,062	-	567,062
Earned income tax settlement payable	61,632	-	61,632
Accumulated compensated absences	8,432	-	8,432
Portion due or payable after one year:			
Bonds payable, net	72,261,396	-	72,261,396
Lease payable	422,292	-	422,292
Earned income tax settlement payable	308,158	-	308,158
Accumulated compensated absences	3,248,853	71,092	3,319,945
Net OPEB liability	4,178,692	121,426	4,300,118
Net pension liability	55,962,416	1,002,584	56,965,000
TOTAL LIABILITIES	<u>144,235,371</u>	<u>1,380,391</u>	<u>145,615,762</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pension	925,627	16,583	942,210
Deferred inflows related to OPEB	3,492,764	142,295	3,635,059
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,418,391</u>	<u>158,878</u>	<u>4,577,269</u>
NET POSITION (DEFICIT):			
Net investment in capital assets	14,068,683	20,089	14,088,772
Unrestricted (deficit)	(52,049,773)	(583,884)	(52,633,657)
TOTAL NET DEFICIT	<u>(37,981,090)</u>	<u>(563,795)</u>	<u>(38,544,885)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	<u>\$110,672,672</u>	<u>\$ 975,474</u>	<u>\$111,648,146</u>

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital Reserve Fund	Debt Service Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 7,006,412	\$ 412,900	\$ -	\$ 7,419,312
Investments	139,644	-	-	139,644
Taxes receivable	549,386	-	-	549,386
Due from other governments	1,859,942	-	-	1,859,942
Other receivables	154,740	-	-	154,740
Inventories	66,196	-	-	66,196
Prepaid expenditures	800	-	-	800
	<u>\$ 9,777,120</u>	<u>\$ 412,900</u>	<u>\$ -</u>	<u>\$ 10,190,020</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Cash overdraft	\$ -	\$ -	\$ 1,000	\$ 1,000
Accounts payable	814,847	172,707	-	987,554
Accrued salaries, payroll withholdings, and benefits	2,882,872	-	-	2,882,872
Due to other funds	61,228	-	-	61,228
Retainage payable	-	30,000	-	30,000
Compensated absences	8,432	-	-	8,432
TOTAL LIABILITIES	<u>3,767,379</u>	<u>202,707</u>	<u>1,000</u>	<u>3,971,086</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	347,557	-	-	347,557
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>347,557</u>	<u>-</u>	<u>-</u>	<u>347,557</u>
FUND BALANCES:				
Nonspendable	66,996	-	-	66,996
Restricted for capital projects	-	210,193	-	210,193
Committed for healthcare stabilization	1,000,000	-	-	1,000,000
Assigned for capital projects	3,000,000	-	-	3,000,000
Unassigned (deficit)	1,595,188	-	(1,000)	1,594,188
TOTAL FUND BALANCES (DEFICIT)	<u>5,662,184</u>	<u>210,193</u>	<u>(1,000)</u>	<u>5,871,377</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,777,120</u>	<u>\$ 412,900</u>	<u>\$ -</u>	<u>\$ 10,190,020</u>

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2025**

TOTAL GOVERNMENTAL FUND BALANCES \$ 5,871,377

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

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

Land	\$	71,150	
Land improvements, net		2,691,198	
Construction-in-progress		3,229,969	
Buildings and improvements, net		81,540,759	
Furniture and equipment, net		1,109,310	
Vehicles, net		246,137	
Right to use assets, net		<u>1,082,809</u>	89,971,332

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

Bonds payable, net		(75,326,195)	
Lease payable		(989,354)	
Accumulated compensated absences		(3,248,853)	
Earned income tax settlement payable		(369,790)	
Accrued interest payable		(251,213)	
Net OPEB liability		(4,178,692)	
Net pension liability		<u>(55,962,416)</u>	(140,326,513)

Deferred inflows and outflows of resources related to the District's pension and OPEB plans and related to amounts deferred on bond refunding do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:			
Deferred outflows related to pensions		9,171,034	
Deferred outflows related to OPEB		1,402,514	
Deferred inflows of resources:			
Deferred inflows related to pensions		(925,627)	
Deferred inflows related to OPEB		<u>(3,492,764)</u>	6,155,157

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

347,557

NET DEFICIT OF GOVERNMENTAL ACTIVITIES

\$ (37,981,090)

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Reserve Fund	Debt Service Fund	Totals
REVENUES				
Local sources	\$ 36,455,894	\$ 202,919	\$ -	\$ 36,658,813
State sources	16,398,283	-	-	16,398,283
Federal sources	1,345,434	-	-	1,345,434
TOTAL REVENUES	54,199,611	202,919	-	54,402,530
EXPENDITURES				
Current:				
Instruction	33,357,405	-	-	33,357,405
Support services	16,718,267	23,941	-	16,742,208
Operation of noninstructional services	1,223,040	518,307	-	1,741,347
Capital outlays	3,600	7,182,303	-	7,185,903
Debt service	-	-	5,676,644	5,676,644
TOTAL EXPENDITURES	51,302,312	7,724,551	5,676,644	64,703,507
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,897,299	(7,521,632)	(5,676,644)	(10,300,977)
OTHER FINANCING SOURCES (USES)				
Refund of prior year receipts	(61,632)	-	-	(61,632)
Transfers in	-	275,000	5,676,644	5,951,644
Transfers out	(5,951,644)	-	-	(5,951,644)
Proceeds from sale of assets	20,053	-	-	20,053
TOTAL OTHER FINANCING SOURCES (USES)	(5,993,223)	275,000	5,676,644	(41,579)
NET CHANGE IN FUND BALANCES	(3,095,924)	(7,246,632)	-	(10,342,556)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	8,758,108	7,456,825	(1,000)	16,213,933
FUND BALANCES (DEFICIT), END OF YEAR	\$ 5,662,184	\$ 210,193	\$ (1,000)	\$ 5,871,377

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (10,342,556)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays (\$10,330,099) exceeded depreciation/amortization (\$2,858,398) in the period.		7,471,701
Capital outlays are reported in governmental funds as expenditures. During the year the school had a loss on capital assets sold		(40,052)
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.		44,534
Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which debt repayments, net of premiums and discounts exceeds proceeds from new debt issuances.		3,405,201
The incurrence of a lease agreement provides current financial resources to governmental funds while the repayment of the principal of the lease consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.		514,805
In the statement of activities, certain operating expenses, including compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts paid were less than current period compensated absences earned.		
Compensated absences	\$ 321,528	
Earned income tax settlement payable	<u>61,632</u>	383,160
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(3,382)
In the statement of activities, pension and OPEB expense reflects the change in net pension and OPEB liability, net of deferrals. In the governmental funds, however, pension and OPEB expenditures reflect payments made to fund the pension and OPEB plans. This is the amount by which the change in net pension and OPEB liabilities and related deferrals exceeds pension and OPEB contributions during the year.		<u>1,113,649</u>
CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 2,547,060</u></u>

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original and Final Budgeted Amounts	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES			
Local sources	\$ 37,705,109	\$ 36,455,894	\$ (1,249,215)
State sources	16,354,204	16,398,283	44,079
Federal sources	1,854,559	1,345,434	(509,125)
TOTAL REVENUES	<u>55,913,872</u>	<u>54,199,611</u>	<u>(1,714,261)</u>
EXPENDITURES			
Instruction:			
Regular programs	22,621,460	23,371,423	(749,963)
Special programs	7,995,198	8,491,879	(496,681)
Vocational programs	1,062,472	1,077,779	(15,307)
Other instructional programs	332,904	416,324	(83,420)
Total Instruction	<u>32,012,034</u>	<u>33,357,405</u>	<u>(1,345,371)</u>
Support services:			
Pupil personnel services	2,251,480	2,176,081	75,399
Instructional staff services	2,268,012	2,045,751	222,261
Administrative services	2,863,668	2,484,431	379,237
Pupil health	622,368	657,394	(35,026)
Business services	873,250	842,708	30,542
Operation and maintenance of plant services	4,677,874	4,429,305	248,569
Student transportation services	2,747,448	3,153,714	(406,266)
Central support services	888,859	908,159	(19,300)
Other support services	22,500	20,724	1,776
Total Support Services	<u>17,215,459</u>	<u>16,718,267</u>	<u>497,192</u>
Operation of noninstructional services:			
Student activities	1,370,197	1,223,040	147,157
Total Operation of Noninstructional Services	<u>1,370,197</u>	<u>1,223,040</u>	<u>147,157</u>
Facilities acquisition	-	3,600	(3,600)
Debt service	61,638	-	61,638
TOTAL EXPENDITURES	<u>50,659,328</u>	<u>51,302,312</u>	<u>(642,984)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,254,544</u>	<u>2,897,299</u>	<u>(2,357,245)</u>
OTHER FINANCING SOURCES (USES)			
Budgetary reserve	(151,095)	-	(151,095)
Refund of prior year receipts	-	(61,632)	61,632
Transfers to other funds	(5,875,000)	(5,951,644)	76,644
Proceeds from sale of assets	95,000	20,053	74,947
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,931,095)</u>	<u>(5,993,223)</u>	<u>62,128</u>
NET CHANGE IN FUND BALANCE	(676,551)	(3,095,924)	(2,419,373)
FUND BALANCE, BEGINNING OF YEAR	<u>8,758,108</u>	<u>8,758,108</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,081,557</u>	<u>\$ 5,662,184</u>	<u>\$ (2,419,373)</u>

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2025**

	<u>Food Service Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS:	
Cash and cash equivalents	\$ 577,901
Due from other funds	61,228
Due from other governments	86,006
Accounts receivable	61
Inventories	16,426
Furniture and equipment, net	20,089
TOTAL ASSETS	<u><u>761,711</u></u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	164,302
Deferred outflows related to OPEB	49,461
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>213,763</u></u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 975,474</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	
LIABILITIES:	
Accounts payable	\$ 159,626
Unearned revenues	25,663
Long-term liabilities:	
Accrued compensated absences	71,092
Net OPEB liability	121,426
Net pension liability	1,002,584
TOTAL LIABILITIES	<u><u>1,380,391</u></u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions	16,583
Deferred inflows related to OPEB	142,295
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>158,878</u></u>
NET DEFICIT:	
Investment in capital assets	20,089
Unrestricted (deficit)	(583,884)
TOTAL NET DEFICIT	<u><u>(563,795)</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	<u><u>\$ 975,474</u></u>

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 639,381
Total Operating Revenues	<u>639,381</u>
 OPERATING EXPENSES	
Salaries	462,321
Employee benefits	259,217
Purchased professional and technical services	107,034
Other operating expenses	6,253
Supplies	1,210,906
Repairs and maintenance	5,643
Depreciation	1,339
Dues and fees	1,411
Total Operating Expenses	<u>2,054,124</u>
 OPERATING INCOME (LOSS)	 <u>(1,414,743)</u>
 NONOPERATING REVENUES	
Earnings on investments	7,172
State sources	315,202
Federal sources	1,141,830
Total Nonoperating Revenues	<u>1,464,204</u>
 CHANGE IN NET DEFICIT	 49,461
 NET DEFICIT, BEGINNING OF YEAR	 <u>(613,256)</u>
 NET DEFICIT, END OF YEAR	 <u>\$ (563,795)</u>

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 624,773
Payments to suppliers	(1,063,769)
Payments to employees	(726,049)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,165,045)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	379,468
Federal sources	1,120,377
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,499,845
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(21,428)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(21,428)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	7,172
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	7,172
NET CHANGE IN CASH AND CASH EQUIVALENTS	320,544
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	257,357
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 577,901
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (1,414,743)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,339
Donated commodities	216,979
Decrease (Increase) in:	
Due from other funds	(29,590)
Deferred outflows of resources - pension	34,882
Deferred outflows of resources - OPEB	8,076
Increase (Decrease) in:	
Accounts payable	80,089
Unearned revenues	(14,608)
Compensated absences	18,437
Net OPEB liability	4,176
Net pension liability	(54,419)
Deferred inflows of resources - pension	2,116
Deferred inflows of resources - OPEB	(17,779)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,165,045)
<u>SUPPLEMENTAL DISCLOSURE</u>	
Noncash noncapital financing activity:	
USDA donated commodities	\$ 216,979

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025**

	Private Purpose Trust Scholarship Fund	Custodial Fund Student Activities Fund
ASSETS:		
Cash	\$ 11,459	\$ 234,711
Investments	88,764	-
TOTAL ASSETS	\$ 100,223	\$ 234,711
 LIABILITIES AND NET POSITION:		
LIABILITIES		
Accounts payable	\$ -	\$ -
NET POSITION	100,223	234,711
TOTAL LIABILITIES AND NET POSITION	\$ 100,223	\$ 234,711

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Private Purpose Trust Scholarship Fund	Custodial Fund Student Activities Fund
ADDITIONS		
Contributions	\$ 443	\$ 488,276
Investment gain (loss)	(5,850)	5,632
Total Additions	(5,407)	493,908
DEDUCTIONS		
Student activities	-	504,555
Total Deductions	-	504,555
CHANGE IN NET POSITION	(5,407)	(10,647)
NET POSITION, BEGINNING OF YEAR	\$ 105,630	\$ 245,358
NET POSITION, END OF YEAR	\$ 100,223	\$ 234,711

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eastern Lebanon County School District ("the District"), located in Lebanon County, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through 12 to students living in Myerstown and Richland Boroughs and Heidelberg, Jackson, and Millcreek Townships. These include regular, advanced academic, and vocational education programs, and special education programs for gifted and handicapped children. The governing body of the District is a board of nine school directors who are each selected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. The District is comprised of two elementary schools, one intermediate school, one middle school, and one high school serving approximately 2,400 students. The accounting policies of the District conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The following is a summary of the District's significant accounting policies:

Reporting Entity

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

Joint Ventures

Lebanon County Career and Technology Center

The District is one of six member school districts of the Lebanon County Career and Technology Center ("LCCTC"). The LCCTC provides vocational technical training and education to participating students of the member districts. The LCCTC is controlled and governed by the Career and Technology Center Board for Lebanon County, which is comprised of school board members of all the member districts. No member school district exercises specific control over the fiscal policies or operations of the LCCTC. The LCCTC is not reported as part of the District's reporting entity. The District's share of annual operating costs for the LCCTC fluctuates, based upon the percentage of enrollment of each member school district. General fund expenditures include \$953,745 incurred and paid by the District to the LCCTC

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

during the year ended June 30, 2025. At June 30, 2025, there were no amounts receivable from or payable to the LCCTC. Complete financial statements for the LCCTC can be obtained from the Administrative Office at 833 Metro Drive, Lebanon, PA 17042.

Lebanon County Area Career and Technology Center Authority

The District is also a member of the Lebanon County Area Career and Technology Center Authority ("the Authority"). In 1965, the Authority entered into an agreement with the member school districts and the LCCTC to acquire land and construct buildings to provide the facilities for the operation of the LCCTC. Note 8 describes the operating lease that the District has entered into with the Authority. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 833 Metro Drive, Lebanon, PA 17042.

Lancaster Lebanon Joint Authority

The District is a member in the Lancaster Lebanon Joint Authority ("the Authority"). The Authority was incorporated on February 14, 1980, under the Municipality Authorities Act of 1945, Act of May 2, 1945, P. L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning, and/or leasing projects for public school purposes and for the purposes of the Lancaster Lebanon Intermediate Unit No. 13. The Authority is not reported as part of the District's reporting entity.

The District did not have any financial transactions with the Authority during the year ended June 30, 2025. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

Basis of Presentation

Entity-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements include the financial activities of the primary government, except for fiduciary funds.

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

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

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

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

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

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

The **Capital Reserve Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the enterprise fund or renovation fund. The District also uses the capital reserve fund to pay initial functional costs involved in operating a facility; therefore, all expenditures are not recorded as capital outlay. This fund is also used to account for proceeds by transfer of surplus appropriations in the general fund and surplus money in the general fund at year end.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Revenue Recognition

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

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

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the proprietary fund. Thus, general fund expenditures which partially benefit the proprietary fund (utilities, janitorial services, insurance, etc.) are not recognized proportionately within the proprietary fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

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

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets as custodial funds and trust funds. These funds account for monies contributed for scholarships and memorials as well as student activities and are accounted for using the accrual basis of accounting and economic resources measurement focus.

Cash and Cash Equivalents

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

Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the District uses the following hierarchy. The lowest level of valuation available (e.g. Level 1 when available) is used for all investments.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as “internal balances.”

The District, in accordance with accounting principles generally accepted in the United States of America, recognizes delinquent and unpaid taxes receivable. All taxes are determined to be collectible.

Property Taxes

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

July 1 - August 31	-	Discount period, 2% of gross levy
September 1 - October 31	-	Face period
November 1 - collection	-	Penalty period, 10% of gross levy
January 1	-	Lien date

The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for the 2024 - 2025 fiscal year was 18.0402 mills (\$18.0402 for \$1,000 of assessed valuation) for the entire District.

Inventories

All inventories are valued at the lower of cost (first-in, first-out method) or market.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$4,000. Management has elected to include certain homogeneous asset categories with individual assets less than \$4,000 but with an aggregate value of \$10,000 or more as composite groups for capitalization purposes. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

Buildings and building improvements	40 years
Land improvements	20 years
Furniture and equipment	5 - 12 years
Vehicles	12 years
Right to use lease assets	Life of lease

Compensated Absences

District policies permit employees to accumulate earned but unused vacation and personal and sick days as stipulated in each bargaining unit's contract. The liability for these compensated absences is recorded as long-term debt in the entity-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources.

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method.

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District currently has three types of items that qualify for reporting in this category. Delinquent taxes not collected within 60 days of year end, and therefore are not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. Pension and OPEB contributions made subsequent to the measurement date, and therefore not reflected in the net pension and OPEB liabilities under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

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

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Unassigned – all other spendable amounts.

Use of Estimates in the Preparation of Financial Statements

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.

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 101, “Compensated Absences.” The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As described in Note 15, the District has restated opening balances as a result of the implementation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital projects funds.

The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by District officials on a uniform form furnished by such Department and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on July 1.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

Under the Taxpayer Relief Act, the District must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the Board of School Directors may hold a public hearing on the budget; and the Board must give at least 10 days' public notice of its intent to adopt such budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education ("PDE") no later than 85 days prior to the date of the election immediately preceding the fiscal year. The PDE is to compare the proposed percentage increase in the rate of any tax with the District's Index and within 10 days, but no later than 75 days, prior to the upcoming election to inform the District whether the proposed percentage increase is less than or equal to the Index. If the PDE determines that a proposed tax increase will exceed the Index, the District must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one or more of the referendum exceptions authorized by the Taxpayer Relief Act.

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

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the District must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the District must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the District of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court, in approving the petition, shall determine the dollar amount for which the exception is granted, the tax rate increase required to fund the exception, and the appropriate duration of the tax increase. If the court denies the District's petition, such Act permits the District to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If the District seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one or more of the referendum exceptions

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the Board of School Directors may not approve an increase in the tax rate greater than the applicable Index.

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

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

Excess of Expenditures Over Appropriations

General fund instruction - regular programs, instruction – special programs, instruction – vocational programs, instruction – other instructional programs, support services – pupil health, support services – student transportation services, support services – central support services, and facilities acquisition incurred expenditures in excess of appropriations of \$749,963, \$496,681, \$15,307, \$83,420, \$35,026, \$406,266, \$19,300 and \$3,600, respectively, for the year ended June 30, 2025. The excess of expenditures over appropriations was financed by current year expenditures under budget in other areas, and the use of available fund balance.

NOTE 3 CASH, POOLED CASH, AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH, POOLED CASH, AND INVESTMENTS (cont'd)

June 30, 2025, the carrying amount of the District's deposits was \$8,242,383 and the bank balance was \$9,317,693. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$8,360,258 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name. The remaining \$207,435 was invested in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization, and is subject to an independent annual audit.

Credit Risk

The District has an investment policy that limits its investment choices in local government investment pools only to the extent it is rated in the highest rating category by a nationally recognized rating agency. As of June 30, 2025, PLGIT was rated as AAAM by a nationally recognized statistical rating organization.

Investments

Statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds. The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The District has the following recurring fair value measurements as of June 30, 2025:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash reserve investment management	\$ 139,644	\$ -	\$ 139,644
Fixed income securities	46,028	-	46,028
Money market	32,277	32,277	-
Mutual funds	10,459	10,459	-
TOTAL	\$ 228,408	\$ 42,736	\$ 185,672

NOTE 4 UNEARNED REVENUES

The District records unearned revenue for resources that have been received but not yet earned. Unearned revenue in the proprietary funds and the entity-wide financial statements represents resources that have been received but not yet earned.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated/ amortized:				
Land	\$ 71,150	\$ -	\$ -	\$ 71,150
Construction-in-progress	30,388,160	9,436,271	36,594,462	3,229,969
Total Capital Assets Not Being Depreciated/Amortized	<u>30,459,310</u>	<u>9,436,271</u>	<u>36,594,462</u>	<u>3,301,119</u>
Capital assets being depreciated/amortized:				
Land improvements	5,252,320	9,270	92,280	5,169,310
Buildings and improvements	92,560,667	37,234,739	18,916	129,776,490
Furniture and equipment	7,063,451	168,223	252,180	6,979,494
Vehicles	500,652	76,058	-	576,710
Right to use lease assets	3,502,855	-	-	3,502,855
Total Capital Assets Being Depreciated/Amortized	108,879,945	37,488,290	363,376	146,004,859
Less accumulated depreciation/amortization	56,799,572	2,858,398	323,324	59,334,646
Total Capital Assets Being Depreciated/ Amortized, Net	<u>52,080,373</u>	<u>34,629,892</u>	<u>40,052</u>	<u>86,670,213</u>
Governmental Activities Assets, Net	<u>\$82,539,683</u>	<u>\$44,066,163</u>	<u>\$36,634,514</u>	<u>\$89,971,332</u>
<i>Business-type Activities</i>				
Capital assets being depreciated:				
Furniture and equipment	\$ 352,557	\$ 21,428	\$ -	\$ 373,985
Less accumulated depreciation	352,557	1,339	-	353,896
Business-type Activities Assets, Net	<u>\$ -</u>	<u>\$ 20,089</u>	<u>\$ -</u>	<u>\$ 20,089</u>

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

<i>Governmental Activities:</i>	
Instruction	\$ 1,795,743
Instructional student support	288,994
Administrative and financial support services	252,082
Operation and maintenance of plant services	262,346
Pupil transportation	186,793
Student activities	<u>72,440</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 2,858,398</u>

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. As of June 30, 2025, the General Fund owed \$61,228 to the Food Service Fund. There were two transfers during the year. The general fund transferred \$5,676,644 to the debt service fund to fund current year principal and interest payments on long-term debt. The general fund also transferred \$275,000 to the capital reserve fund to help fund capital projects during the current year.

NOTE 7 GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Bonds payable, net	\$ 78,731,396	\$ -	\$ 3,405,201	\$ 75,326,195	\$ 3,064,799
Leases payable	1,504,159	-	514,805	989,354	567,062
Accumulated compensated absences	3,570,381	-	313,096	3,257,285	8,432
EIT settlement payable	431,422	-	61,632	369,790	61,632
Net pension liability	58,999,997	-	3,037,581	55,962,416	-
Net OPEB liability	4,099,058	79,634	-	4,178,692	-
TOTALS	\$147,336,413	\$ 79,634	\$ 7,372,315	\$140,083,732	\$ 3,701,925

The following summarizes the changes in long-term liabilities of business-type activities for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Accumulated compensated absences	\$ 103,828	\$ -	\$ 32,736	\$ 71,092	\$ -
Net pension liability	1,057,003	-	54,419	1,002,584	-
Net OPEB liability	117,250	4,176	-	121,426	-
TOTALS	\$ 1,278,081	\$ 4,176	\$ 87,155	\$ 1,195,102	\$ -

Long-term liabilities of governmental activities are anticipated to be liquidated by the general and debt service funds. Long-term liabilities of business-type activities are anticipated to be liquidated by the food service fund.

Bonds payable at June 30, 2025 is comprised of the following:

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GENERAL LONG-TERM LIABILITIES (cont'd)

Bonds payable, at face	\$72,595,000
Unamortized discount	(102,687)
Unamortized premium	<u>2,833,882</u>
Bonds payable, net	<u>\$75,326,195</u>

Payments of long-term debt are expected to be funded by the general fund.

General Obligation Bonds

Series of 2018, maturing through November 15, 2032, bearing interest at 1.88% - 3.25%, interest payable semi-annually on May 15 and November 15.	\$ 6,610,000
Series A of 2018, maturing through May 15, 2038, bearing interest at 2.00% - 4.00%, interest payable semi-annually on May 15 and November 15.	7,880,000
Series of 2019, maturing through May 15, 2038, bearing interest at 1.75% - 4.00%, interest payable semi-annually on May 15 and November 15.	7,655,000
Series A of 2019, maturing through November 15, 2033, bearing interest at 2.00% - 4.00%, interest payable semi-annually on May 15 and November 15.	4,515,000
Series A of 2020, maturing through May 15, 2035, bearing interest at 1.50% - 2.50%, interest payable semi-annually on May 15 and November 15.	4,150,000
Series of 2021, maturing through May 15, 2041, bearing interest at 1.00% - 4.00%, interest payable semi-annually on May 15 and November 15.	9,735,000
Series of 2022, maturing through May 15, 2042, bearing interest at 3.00% - 4.00%, interest payable semi-annually on May 15 and November 15.	9,735,000
Series of 2023, maturing through May 15, 2042, bearing interest at 3.00% - 4.00%, interest payable semi-annually on May 15 and November 15.	8,545,000
Series of 2024, maturing through February 15, 2044, bearing interest at 3.00% - 5.00%, interest payable semi-annually on February 15 and August 15.	<u>13,770,000</u>
TOTAL	<u><u>\$ 72,595,000</u></u>

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GENERAL LONG-TERM LIABILITIES (cont'd)

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

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2026	\$ 3,285,000	\$ 2,679,593	\$ 5,964,593
2027	2,960,000	2,610,874	5,570,874
2028	3,030,000	2,536,211	5,566,211
2029	3,110,000	2,458,044	5,568,044
2030	3,195,000	2,375,257	5,570,257
2031 - 2035	17,565,000	10,508,895	28,073,895
2036 - 2040	21,365,000	7,066,300	28,431,300
2041 - 2045	18,085,000	2,140,550	20,225,550
	<u>\$ 72,595,000</u>	<u>\$ 32,375,724</u>	<u>\$104,970,724</u>

NOTE 8 LEASES

The District is a member of the Lebanon County Area Career and Technology Center Authority ("the Authority"). In 1965, the Authority entered into an agreement with the member school districts and the LCCTC to acquire land and construct buildings to provide the facilities for the operation of the LCCTC. In May 2008, Lease Revenue Bonds, Series of 2008, were issued by the Authority to provide funds for upgrade and modernization of the LCCTC facilities. The LCCTC board and the six member school districts entered into a lease agreement with the Authority, and each school district will pay its proportionate share of the lease rentals in order to fund the Lease Revenue Bonds. In August 2013, the Authority refinanced the 2008 bonds.

The District's lease payment to the Authority for the year ended June 30, 2025 was \$87,250, and the District's share of the Lease Revenue Bonds is \$694,277.

Future Authority rental payments are:

<u>Year Ending June 30,</u>	
2026	\$ 86,648
2027	86,644
2028	87,207
2029	86,916
2030	80,433
2031 - 2033	<u>266,429</u>
Total	<u>\$ 694,277</u>

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LEASES (cont'd)

The District has entered into lease agreements as a lessee for financing the acquisition of technology equipment used throughout the District. These lease agreements have been capitalized (see Note 5).

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 567,062	\$ 1,975	\$ 569,037
2027	422,292	67	422,359
Total	<u>\$ 989,354</u>	<u>\$ 2,042</u>	<u>\$ 991,396</u>

NOTE 9 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania 17108-0125, or by visiting the PSERS website at www.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 became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination of age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

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

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

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

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the rate of the employer contribution was 33.90 percent of covered payroll, which was comprised of 32.92 percent for pension contributions, 0.63 percent for healthcare contributions, and 0.35 percent for the PSERS defined contribution plan. The District's pension contribution to PSERS for the year ended June 30, 2025 was \$7,450,336.

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

At June 30, 2025, the District reported a liability of \$56,965,000 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 District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.1361 percent, which was an increase of 0.0011 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$6,460,495. At June 30, 2025, the 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>
Net difference between projected and actual investment earnings	\$ 943,000	\$ -
Difference between expected and actual experience	-	896,000
Changes in proportions	942,000	-
Difference between employer contributions and proportionate share of total contributions	-	46,210
Contributions subsequent to the date of measurement	<u>7,450,336</u>	<u>-</u>
	<u>\$ 9,335,336</u>	<u>\$ 942,210</u>

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

An amount of \$7,450,336 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ended June 30,

2026	\$ (973,000)
2027	1,779,386
2028	355,755
2029	<u>(219,351)</u>
	<u>\$ 942,790</u>

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the system's total pension 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 percentage of pay
- Investment return – 7.00 percent, including inflation of 2.50 percent
- Salary increases – effective average of 4.50 percent, which reflects an allowance for inflation of 2.50 percent, and 2.00 percent for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50 percent PubT-2010 and 50 percent PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	30.0%	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 PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

Discount Rate

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

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability	\$ 75,040,000	\$ 56,965,000	\$ 41,701,000

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

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

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The system provides premium assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit ("OPEB") plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. 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 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

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

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

Pension Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website 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. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the rate of the employer contribution was 33.90 percent of covered payroll, which was comprised of 32.92 percent for pension contributions, 0.63 percent for healthcare contributions, and 0.35 for the PSERS defined contribution plan. The District's OPEB contribution to PSERS for the year ended June 30, 2025 was \$142,579.

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

At June 30, 2025, the District reported a liability of \$2,416,000 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 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, 2024, the District's proportion was 0.1360 percent, which was an increase of 0.0011 from its proportion measured as of June 30, 2023.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2025, the District recognized OPEB expense of \$124,051. At June 30, 2025, the 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>
Net difference between projected and actual investment earnings	\$ 2,000	\$ 36,000
Net difference between expected and actual experience	9,000	-
Change in assumptions	147,000	369,000
Changes in proportions	122,000	-
Difference between employer contributions and proportionate share of total contributions	41,628	-
Contributions subsequent to the date of measurement	<u>142,579</u>	<u>-</u>
	<u>\$ 464,207</u>	<u>\$ 405,000</u>

Change in assumptions: The discount rate used to measure the total OPEB liability increased from 4.13 percent as of June 30, 2023 to 4.21 percent as of June 30, 2024.

An amount of \$142,579 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ (24,000)
2027	(24,056)
2028	(41,057)
2029	10,741
2030	<u>(5,000)</u>
	<u>\$ (83,372)</u>

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:

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Actuarial cost method – entry age normal - level percentage of pay
- Investment return – 4.21 percent - S&P 20-year Municipal Bond Rate
- Salary growth – .50 percent cost of living adjustment, 1.50 percent real wage growth, with a merit increase for professional staff and administrators varying from 0.00 percent to 2.75 percent
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50 percent PubT-2010 and 50 percent PubG-2020 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50 percent.
 - Eligible retirees will elect to participate post-age 65 at 70 percent.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 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 – 63 percent of eligible retirees are assumed to elect premium assistance.
- Morality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	100.0%	1.7%
	<u>100.0%</u>	

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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 OPEB liability was 4.21 percent. 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 percent, 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.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 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 system's net OPEB liability for June 30, 2024, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$ 2,730,000	\$ 2,416,000	\$ 2,154,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.21 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

is one percentage point lower (3.21 percent) or one percentage point higher (5.21 percent) than the current rate:

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
Proportionate share of the net OPEB liability	\$ 2,730,000	\$ 2,416,000	\$ 2,154,000

OPEB Plan Fiduciary Net Position

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

NOTE 11 SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The District administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan") for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. Under GASB Statement No. 75, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2025, the District paid \$87,810 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2024 using the actuarial assumptions noted below.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Discount Rate

The discount used to measure the total OPEB liability was 4.13 percent based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2024.

Salary Increases

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5 percent cost of living adjustment.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. The plan utilizes Actuary's Turnover Table T-3 for establishing withdrawal rates. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>
25	3.90%
40	1.67%
55	3.66%

Mortality Rates

Pre-retirement mortality rates are established based on the PubT-2010 headcount-weighted mortality tables as published by the Society of Actuaries. Post-retirement mortality rates are established based on the PubG-2010 headcount-weight mortality tables as published by the Society of Actuaries. Mortality improvement utilizes Scale MP-2021 (Male and Female) as published by the Society of Actuaries.

Disability

No disability was assumed.

Retirement

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Percent of Eligible Retirees Electing Coverage in Plan

Sixty percent of all employees and twenty percent of all spouses are assumed to elect coverage.

Percent Married at Retirement

Eighty percent of employees are assumed to be married and 20 percent of spouses will participate in the retiree medical program. The spouse is assumed to be the opposite sex and the same age as the employee.

Per Capita Claims Cost

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

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
0 - 49	\$ 6,667	\$ 9,629
50 - 54	\$ 8,830	\$ 10,882
55 - 59	\$ 10,754	\$ 11,387
60 - 64	\$ 14,034	\$ 13,081

Retiree Contributions

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

Healthcare Cost Trend

The healthcare cost trend was 7.0 percent in 2024 and decreasing in increments to 4.0 percent in 2075 and beyond.

Actuarial Cost Method – Entry Age Normal

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Participant Data

Participant data is based on census information as of July 2024, at which time the plan consisted of 324 participants, of which 311 were active and 13 were retired and receiving benefits.

Sensitivity Analysis

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB liability	\$ 2,028,255	\$ 1,884,118	\$ 1,747,695
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,028,255</u>	<u>\$ 1,884,118</u>	<u>\$ 1,747,695</u>

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

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 1,667,826	\$ 1,884,118	\$ 2,138,384
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,667,826</u>	<u>\$ 1,884,118</u>	<u>\$ 2,138,384</u>

Changes in Total OPEB Liability

Total OPEB liability - beginning	\$ 1,775,308
Service cost	112,866
Interest	76,177
Changes in assumptions	430
Benefit payments	(80,663)
Net change	<u>108,810</u>
Total OPEB liability - ending	<u>\$ 1,884,118</u>

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

The amount of OPEB expense for the single employer plan recognized by the District was (\$7,147) for the year ended June 30, 2025. At June 30, 2025, the 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>
Change in assumptions	\$ 898,121	\$ 683,491
Differences between expected and actual experience	-	2,546,568
Benefit payments subsequent to measurement date	<u>89,647</u>	<u>-</u>
	<u>\$ 987,768</u>	<u>\$ 3,230,059</u>

Change in Assumptions

The discount rate changed from 4.13 percent to 4.29 percent.

An amount of \$89,647 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. The remaining amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ (227,685)
2027	(227,685)
2028	(227,685)
2029	(227,685)
2030	(237,019)
Thereafter	<u>(1,184,179)</u>
	<u>\$ (2,331,938)</u>

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

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan (See Note 11)	\$ 1,884,118	\$ 987,768	\$ 3,230,059
PSERS Plan (See Note 10)	2,416,000	464,207	405,000
Total	\$ 4,300,118	\$ 1,451,975	\$ 3,635,059

NOTE 12 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

As of June 30, 2025, the District was in the process of several capital projects. Construction commitments completed to date are as follows:

Project	Contract Amount	Completed 6/30/2025	Commitment
High School Renovations	\$ 38,447,609	\$ 38,435,735	\$ 11,874
Less placed in service	35,205,766	35,205,766	-
June 30, 2025 ending balance	\$ 3,241,843	\$ 3,229,969	\$ 11,874

NOTE 13 RISK MANAGEMENT

The 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. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2024 - 2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 DEFICIT NET POSITION

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$52,049,773, \$583,884, and \$583,884, respectively, includes the effect of the District's net pension and OPEB liabilities, including the net effects of related deferred inflows and outflows of resources. The debt service fund reflects a deficit fund balance of \$1,000 at June 30, 2025, which will be remedied through future interfund transfers.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

The District has restated its beginning net position due to the implementation of GASB 101. The effect of this change to the financial reporting resulted in restatement of beginning net position of the governmental activities as follows:

	<u>06/30/2024 as Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>06/30/2024 as Restated</u>
Governmental Wide:			
Governmental activities	<u>\$ (38,735,402)</u>	<u>\$ (1,792,748)</u>	<u>\$ (40,528,150)</u>
Proprietary Funds			
Food Service	<u>\$ (581,533)</u>	<u>\$ (31,723)</u>	<u>\$ (613,256)</u>

NOTE 16 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through December 12, 2025 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	MEASUREMENT DATE									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1361%	0.1350%	0.1335%	0.1313%	0.1264%	0.1241%	0.1230%	0.1244%	0.1201%	0.1180%
District's proportion of the net pension liability - dollar value	\$ 56,965,000	\$ 60,057,000	\$ 59,352,000	\$ 53,907,000	\$ 62,238,000	\$ 58,057,000	\$ 59,046,000	\$ 61,439,000	\$ 59,518,000	\$ 51,111,999
District's covered employee payroll	\$ 21,250,469	\$ 20,771,932	\$ 19,707,626	\$ 18,831,283	\$ 17,670,612	\$ 17,264,706	\$ 16,268,907	\$ 16,085,928	\$ 15,606,001	\$ 15,176,841
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	268.06%	289.13%	301.16%	286.26%	352.21%	336.28%	362.94%	381.94%	381.38%	336.78%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 7,450,336	\$ 7,031,789	\$ 7,126,850	\$ 6,698,622	\$ 6,310,363	\$ 5,894,916	\$ 5,628,294	\$ 5,163,751	\$ 4,697,091	\$ 3,914,779
Contributions in relation to the contractually required contribution	<u>7,450,336</u>	<u>7,031,789</u>	<u>7,126,850</u>	<u>6,698,622</u>	<u>6,310,363</u>	<u>5,894,916</u>	<u>5,628,294</u>	<u>5,163,751</u>	<u>4,697,091</u>	<u>3,914,779</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered employee payroll	\$ 22,631,640	\$ 21,250,469	\$ 20,771,932	\$ 19,707,626	\$ 18,831,283	\$ 17,670,612	\$ 17,264,706	\$ 16,268,907	\$ 16,085,928	\$ 15,606,001
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.09%

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

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

	MEASUREMENT DATE						
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net OPEB liability	0.1360%	0.1349%	0.1334%	0.1314%	0.1265%	0.1241%	0.1230%
District's proportion of the net OPEB liability - dollar value	\$ 2,416,000	\$ 2,441,000	\$ 2,456,000	\$ 3,114,000	\$ 2,733,000	\$ 2,639,000	\$ 2,564,000
District's covered employee payroll	\$ 21,250,469	\$ 20,771,932	\$ 19,707,626	\$ 18,831,283	\$ 17,670,612	\$ 17,264,706	\$ 16,268,907
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.37%	11.75%	12.46%	16.54%	15.47%	15.29%	15.76%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 142,579	\$ 136,003	\$ 155,789	\$ 157,661	\$ 154,417	\$ 148,433	\$ 143,297
Contributions in relation to the contractually required contribution	<u>142,579</u>	<u>136,003</u>	<u>155,789</u>	<u>157,661</u>	<u>154,417</u>	<u>148,433</u>	<u>143,297</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered employee payroll	\$ 22,631,640	\$ 21,250,469	\$ 20,771,932	\$ 19,707,626	\$ 18,831,283	\$ 17,670,612	\$ 17,264,706
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%

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

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY -
Single Employer Plan**

	MEASUREMENT DATE						
	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
TOTAL OPEB LIABILITY							
Service cost	\$ 112,866	\$ 104,743	\$ 163,931	\$ 195,435	\$ 202,523	\$ 194,834	\$ 201,380
Interest on total OPEB liability	76,177	74,338	52,170	172,870	164,619	137,831	133,974
Effect of change in assumptions	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(127,933)	-	(2,612,525)	-	(1,103,213)	-
Change of assumptions	430	25,405	(553,797)	(371,934)	-	1,031,706	-
Benefit payments	(80,663)	(59,957)	(60,703)	(136,303)	(119,450)	(192,475)	(214,574)
NET CHANGE IN TOTAL OPEB LIABILITY	108,810	16,596	(398,399)	(2,752,457)	247,692	68,683	120,780
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	1,775,308	1,758,712	2,157,111	4,909,568	4,661,876	4,593,193	4,472,413
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 1,884,118</u>	<u>\$ 1,775,308</u>	<u>\$ 1,758,712</u>	<u>\$ 2,157,111</u>	<u>\$ 4,909,568</u>	<u>\$ 4,661,876</u>	<u>\$ 4,593,193</u>
PLAN FIDUCIARY NET POSITION							
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>						
DISTRICT'S NET OPEB LIABILITY	<u>\$ 1,884,118</u>	<u>\$ 1,775,308</u>	<u>\$ 1,758,712</u>	<u>\$ 2,157,111</u>	<u>\$ 4,909,568</u>	<u>\$ 4,661,876</u>	<u>\$ 4,593,193</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 20,052,426	\$ 20,052,426	\$ 18,357,314	\$ 18,357,314	\$ 16,929,050	\$ 16,516,146	\$ 14,900,685
District's net OPEB liability as a percentage of covered payroll	9.40%	8.85%	9.58%	11.75%	29.00%	28.23%	30.83%
Expected average remaining service years of all participants	13	13	13	13	13	13	13

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

SINGLE AUDIT SUPPLEMENT



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

December 12, 2025

Board of School Directors
Eastern Lebanon County School District
Myerstown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastern Lebanon County School District ("the District"), Myerstown, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Board of School Directors
Eastern Lebanon County School District

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

Report on Compliance and Other Matters

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

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP



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

December 12, 2025

Board of School Directors
Eastern Lebanon County School District
Myerstown, Pennsylvania

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Eastern Lebanon County School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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

Basis for Opinion on Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

Board of School Directors
Eastern Lebanon County School District

we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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


BARBACANE, THORNTON & COMPANY LLP

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUB- RECIPIENTS
U.S. Department of Education											
<u>Passed through Pennsylvania Department of Education</u>											
Title I - Grants to Local Education Agencies	I	84.010	013-24-0131	07/01/23-09/30/24	\$ 504,304	\$ 33,939	\$ 33,939	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-25-0131	07/01/24-09/30/25	497,907	498,485	-	497,907	497,907	(578)	-
Total ALN 84.010						532,424	33,939	497,907	497,907	(578)	-
Title II - Improving Teacher Quality	I	84.367	020-24-0131	07/01/23-09/30/24	73,963	1,073	1,073	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-25-0131	07/01/24-09/30/25	98,197	100,314	-	98,197	98,197	(2,117)	-
Total ALN 84.367						101,387	1,073	98,197	98,197	(2,117)	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-54-0131	8/18/24-09/30/25	37,979	37,979	-	37,979	37,979	-	-
Total ALN 84.424						37,979	-	37,979	37,979	-	-
Education Stabilization Fund:											
Elementary and Secondary School Emergency Relief:											
ARP - ESSER III 7%	I	84.425U	225-21-0131	03/13/20-9/30/24	270,513	14,755	14,755	-	-	-	-
Total ALN 84.425						14,755	14,755	-	-	-	-
<u>Passed through Lebanon-Lancaster Intermediate Unit #13</u>											
IDEA Part B	I	84.027	062-25-0013	07/01/24-06/30/25	538,862	489,027	-	538,862	538,862	49,835	-
Total ALN 84.027						489,027	-	538,862	538,862	49,835	-
IDEA Preschool	I	84.173	131-23-0013	07/01/24-06/30/25	4,986	-	-	4,986	4,986	4,986	-
Total ALN 84.173						-	-	4,986	4,986	4,986	-
Total Passed through Lebanon-Lancaster Intermediate Unit #13						489,027	-	543,848	543,848	54,821	-
Total U.S. Department of Education						1,175,572	49,767	1,177,931	1,177,931	52,126	-
U.S. Department of Health and Human Services											
<u>Passed through Pennsylvania Department of Public Welfare</u>											
Medical Assistance Program	I	93.778	N/A	07/01/24-06/30/25	29,897	20,965	-	29,897	29,897	8,932	-
Total ALN 93.778						20,965	-	29,897	29,897	8,932	-
Total U.S. Department of Health and Human Services						20,965	-	29,897	29,897	8,932	-
TOTAL FEDERAL AWARDS (this page)						1,196,537	49,767	1,207,828	1,207,828	61,058	-

Continued on next page.

**EASTERN LEBANON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUB- RECIPIENTS
U.S. Department of Agriculture											
<u>Passed through Pennsylvania Department of Agriculture</u>											
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	216,979	-	216,979	216,979	-	-
<u>Passed through Pennsylvania Department of Education</u>											
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	191,720	191,720	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	690,576	-	690,576	690,576	-	-
Total ALN 10.555						<u>1,099,275</u>	<u>191,720</u>	<u>907,555</u>	<u>907,555</u>	<u>-</u>	<u>-</u>
Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	3,806	3,806	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	234,275	-	234,275	234,275	-	-
Total ALN 10.553						<u>238,081</u>	<u>3,806</u>	<u>234,275</u>	<u>234,275</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster						<u>1,337,356</u>	<u>195,526</u>	<u>1,141,830</u>	<u>1,141,830</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>1,337,356</u>	<u>195,526</u>	<u>1,141,830</u>	<u>1,141,830</u>	<u>-</u>	<u>-</u>
U.S. Department of the Treasury											
<u>Passed through Pennsylvania Commission on Crime and Delinquency</u>											
COVID-SFR School Mental Health Grants	I	21.027	23-1667966	01/01/24 - 12/31/25	129,791	6,231	-	129,791	129,791	123,560	-
Total U.S. Department of the Treasury						<u>6,231</u>	<u>-</u>	<u>129,791</u>	<u>129,791</u>	<u>123,560</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>\$ 2,540,124</u>	<u>\$ 245,293</u>	<u>\$ 2,479,449</u>	<u>\$ 2,479,449</u>	<u>\$ 184,618</u>	<u>\$ -</u>
TOTAL SPECIAL EDUCATION CLUSTER (ALN 84.027 and 84.173)						<u>\$ 489,027</u>	<u>\$ -</u>	<u>\$ 543,848</u>	<u>\$ 543,848</u>	<u>\$ 54,821</u>	<u>\$ -</u>
TOTAL EDUCATION STABILIZATION FUND (ALN 84.425D AND 84.425U)						<u>\$ 14,755</u>	<u>\$ 14,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

I = Indirect Funding

EASTERN LEBANON COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555, National School Lunch Program, include surplus food consumed by the District during the 2024 - 2025 fiscal year.

NOTE D INDIRECT COST RATE

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

NOTE E ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was \$7,815.

EASTERN LEBANON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

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

_____ Yes X No

Identification of major program:

Assistance Listing Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

EASTERN LEBANON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.