Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

Kennett Consolidated School District

300 East South Street
Kennett Square, PA 19348
610.444.6600

Kennett Consolidated School District

Kennett Square, Pennsylvania 19348

www.kcsd.org

Annual Comprehensive Financial Report

For the

Fiscal Year Ended June 30, 2025

Prepared by the Business Office
Mark T. Tracy, Chief Financial Officer
Kristy L. Brady, Director of Business Services

300 East South Street, Kennett Square, Pennsylvania 19348
610-444-6600

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INTRODUCTORY SECTION

KENNETT CONSOLIDATED SCHOOL DISTRICT

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December 23, 2025

To the Members of the Board of School Directors and Citizens of the
Kennett Consolidated School District,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Kennett Consolidated School District (KCSD) for the fiscal year ended June 30, 2025. The District's Business Office prepared this report.

The Annual Comprehensive Financial Report (ACFR) is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2024-25 school year. The business staff and management are responsible for the accuracy of the statements, notes, schedules, and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal control that has been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

Barbacane, Thornton & Company LLP, Certified Public Accountants, have audited the financial statements. They have issued an unmodified opinion on the Kennett Consolidated School District's financial statements for the year ending June 30, 2025. Their report is located at the beginning of the financial section of the ACFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report provides an overview of the District's financial performance during the fiscal year ending June 30, 2025. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

Reporting Entity

School districts were established by the Public School Code of 1949 to assist the General Assembly in its constitutionally mandated duty to provide for the maintenance and support of a thorough and efficient system of public education in the Commonwealth of Pennsylvania. As established by the School Code, the Kennett Consolidated School District is a legally autonomous and fiscally independent political subdivision of the third class. The laws of Pennsylvania give the District corporate powers that distinguish it as a legally separate entity from the Commonwealth of Pennsylvania and any of its subdivisions. The District has the power to determine its budget; to approve and modify that budget; to levy taxes, set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

300 EAST SOUTH STREET KENNETT SQUARE, PENNSYLVANIA 19348
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District Profile

Kennett Consolidated School District is comprised of the Townships of Kennett, New Garden, a portion of East Marlborough and the Borough of Kennett Square, all in Chester County. The School District covers an area of approximately 35 square miles. The area is located just north of New Castle County, Delaware, in southern Chester County. The School District lies 10 miles north of Wilmington, Delaware; 24 miles west of Philadelphia, Pennsylvania; 10 miles southwest of West Chester, Pennsylvania and 35 miles east of Lancaster, Pennsylvania. The School District is characterized by rolling hills and valleys that surround the Brandywine River and the White Clay and Red Clay creeks and their tributaries. Economically, the townships within the School District are primarily residential.

The Borough of Kennett Square is located at the geographic center (intersection of Routes #1 and #82) and provides the economic hub for the area served by the schools of the District. The Borough has a business center containing a full range of retail and service stores as well as professional offices to serve this suburban-rural community. Major shopping and commercial centers located in West Chester, Pennsylvania, and the cities of Wilmington and Newark, Delaware, are accessible easily to School District residents for shopping and employment.

The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

Most school district residents, a population of 27,844, find employment in the well-diversified agricultural, financial, medical and industrial sectors of Chester County and the surrounding areas labor markets. Information from U.S. Department of Labor, Bureau of Labor Statistics show for 2024 total employment rates in Chester County to be 294,070 employed and 3.6% unemployed. The state of Pennsylvania shows 4% unemployed and 4.1% for the U.S.

During the 2024-25 fiscal year, the district employed 465 employees comprised of 29.5 administrators, 339 classroom teachers and specialists, and 96.5 support staff. Teachers in the district are members of the Pennsylvania State Education Association (PSEA) and the Kennett Education Association (KEA), which is the representative bargaining unit.

The facilities presently operated by the School District consist of one Senior High School (grades 9-12), one Middle School (grades 6-8), three elementary schools (grades 1-5) and a full-day Kindergarten Center. The School District also shares facilities at the Chester County Technical College High School and the Chester County Child Development Center with neighboring school districts. Total enrollment at all schools for the 2024-25 school year was 3,752.

Bancroft Elementary School, located in New Garden Township, opened in September, 2011 and is 14 years old. Greenwood Elementary School, which serves the students from Kennett Township, opened in 1963 and was added to in 1984, making it 62 years old. The New Garden Elementary School, which serves New Garden Township, opened in 1955 with additions in 1960, 1966, 1989, 1994 and 1998, making it 70 years old. The District introduced full-day kindergarten in September 2011 and renovated the Mary D. Lang Elementary School, renamed Mary D. Lang Kindergarten Center, for this purpose, which is also 14 years old. The Kennett Middle School building, which serves all District students in grades six, seven, and eight, was opened in 2002 and is now 23 years old. Kennett High School, which observed its ninetieth anniversary in 2020, underwent extensive renovations in 2007 including the addition of a new multi-purpose stadium and improvements to existing playing fields. The high school is 95 years old.

While the District does not have any Charter Schools within its geographic boundaries, there are currently one-hundred and thirty-five (135) students who live within the District that attend Charter Schools. The District is obligated to pay the tuition for students that attend Charter Schools. During the year ending June 30, 2025, $2,976,116.63 in tuition fees was paid to Charter Schools, including cyber charter schools.

Budget Controls

The District budgets and expends funds following the Pennsylvania Public School Code and according to procedures mandated by the Pennsylvania Department of Education. The District's annually required general fund budget is the approved spending plan for the fiscal year and is revised as necessary in compliance with the requirements of State law and Board Policy. The Board may not obligate funds in excess of the budgeted amounts. However, the Board of Directors may during any fiscal year amend the budget by making additional appropriations or by increasing existing appropriations to meet emergencies. The funds must be provided from unexpended balances in existing appropriations, from un-appropriated revenues, or from temporary loans. Legal budgetary control is maintained by the Board of Directors at the department level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the Board of Directors.

Internal Controls

The objective of a system of internal controls is to provide reasonable, but not absolute, assurance that District assets are properly protected and to ensure that financial transactions, which are relied on in the preparation of financial reports, are accurately recorded. The concept of reasonable assurance recognizes that the cost of the system of internal controls should not exceed the benefits likely to be realized and that the valuation of costs and benefits requires estimates and judgments by management. Management has established policies and procedures to implement and maintain a system of internal accounting controls effectively. Management and independent auditors continually evaluate these policies and procedures to ensure the adequacy and effectiveness of the internal control structure.

Economic Condition and Outlook

The District's tax base declined by 4% from 2010 to 2014 due to poor economic conditions and increased tax assessment appeals for both residential and commercial properties. However, after four consecutive years of diminishing real estate tax valuations, the District has realized small increases over the past ten years, a 2.9% increase from 2024 to 2025, but still failing to return to the 2010 level of $2,087,547,878. Earned income tax collections continue to rebound post COVID-19, increasing for 2024-25 by roughly 5.6% or $348,217.

The student population of the District declined. Current enrollment shows a decrease from 3,825 for 2023-24 to 3,752 for 2024-25 and projections have enrollment trending down over the next decade. The District is in constant communication with our four municipalities to stay informed of all future and proposed new developments that will potentially impact not only our student enrollment but our tax base.

Chester County's economy remained at one of the lowest unemployment rate in Southeastern Pennsylvania at 3.6% for 2024. Economic indicators surpassed state and surrounding county data. Chester County remains one of the fastest growing counties in the Commonwealth according to the Delaware Valley Planning Commission. Major employers in the County include growth industries such as financial and insurance services, retail trade and medical services, and computer hardware and software development and design. Such employers include the Vanguard Group of Investments, Inc., Main Line Hospitals and QVC, Inc.

The District's financial results for 2024-25 remained positive for its governmental activities. Total revenues increased by $3,618,665, or about 3.46% over the prior

year. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of $78,389,595, or 72.54%. The District's expenses are predominately related to instructing, caring for and transporting students, which represents 95.5% of total expenses. The District experienced a decrease in expenses of $7,569,522, or 7.18% and is primarily attributed to the District's capital projects, specifically the commencement of construction for two new elementary schools. While expenditures increased total revenues exceeded expenditures by $14,832,533.

An existing Board Policy requires the maintenance of an unassigned fund balance in the amount of the lesser of eight percent (8%) of the following year's budgeted expenditures or the maximum amount permitted by the Commonwealth of Pennsylvania. At the end of each fiscal year, the excess of eight percent (8%) of budgeted expenditures, as certified by the local auditor of the District, is transferred to the Capital Reserve Fund. Reserve monies can only be used for expenditures for which the Board has granted its approval.

At the close of the fiscal year, the District's governmental funds reported combined ending fund balances of $87,578,531. This is a decrease of $14,739,686 in comparison with the prior year and 14.4% of the total amount, $8,129,663, is available for spending at the District's discretion. The remaining is restricted for capital projects - construction of two new elementary schools.

However, financially the future is not without challenges. The district continually explores new and improved methods of delivering the best education possible for students while minimizing the financial impact on the taxpayers. More information can be found in the Management's Discussion and Analysis and the statistical section of this document.

Long-Term Financial Planning and Financial Policies

The Board of Directors has adopted a three-prong strategy to minimize the impact of decreasing local revenues on educational and extra-curricular programs. The Board has authorized appropriations from fund balance, reductions in expenditures, and tax increases slightly above the Act 1 Index. Under the governance of Act 1 of 2006, the Homeowners Tax Relief Act, the District is restricted from increasing taxes beyond an inflationary index that is calculated and published annually by the Department of Education. If the District requires a tax increase beyond the index, the electorate must approve a referendum ballot question unless granted an exception by the Department of Education or the Chester County Courts.

The Board has been proactive in addressing the needs for expanding and renovating existing facilities. In August of 2011, the District opened the new Bancroft Elementary School. The 105,000 square foot building is designed for energy efficiency, use of sustainable materials, and low environmental impact. Financing for the project was obtained through the Build America Bonds program. In 2021 the Board authorized the construction of two new elementary schools to replace the aged Greenwood and New Garden Elementary Schools. The total estimated project cost is $107,000,000 with an opening in September 2026. The District also works closely with its financial advisors to monitor refinancing opportunities of its existing debt continually when economic and market conditions are favorable.

Major Initiatives

During the past year, the Kennett Consolidated School District graduated 284 students, 71% of which continued their education at two- and four-year colleges, technical schools, and universities. The mean SAT scores for 2025 graduates were 601 for Evidence Based Reading and Writing and 569 for Math. The Class of 2025 had thirty-seven Advanced Placement scholars in the College Board Advanced Placement Program.

In 2025 The *U.S. News & World Report* named Kennett High School one of America's Best High Schools. To produce the 2025 Best High Schools rankings, *U.S. News & World Report* teamed up with North Carolina–based RTI International, a global nonprofit social-science research firm. Kennett High School ranked 55 out of 173 in the Philadelphia Metro Area, 108 out of 672 in the Commonwealth and 2,784 out of 17,907 of the country's eligible schools. The comprehensive rankings methodology is based on the key principles that a great high school must serve all of its students well, not just those who are college bound, and that it must be able to produce measurable academic outcomes to show it is successfully educating its student body across a range of performance indicators.

In 2024 for the fifth time since 2012, Kennett Middle School was recognized by the Pennsylvania Don Eichhorn Schools: School to Watch program. The program annually recognizes a small number of diverse, high-performing, growth-oriented middle schools that demonstrate academic excellence, developmental responsiveness to the unique challenges of early adolescence, social equity, and school structures and processes that support and sustain the path to excellence. The middle school joins a very select cadre of 38 schools in Pennsylvania that have earned the distinction of being a School to Watch and one of five in the Commonwealth to be re-designated three separate times. A middle school that is designated as a School to Watch retains that honor for three years and must reapply, as Kennett Middle School did.

The Kennett Consolidated School District has a curriculum that is aligned with Pennsylvania's Core standards and Common Core standards, meets the requirements of Chapter 4, and challenges its students to think critically and creatively. The District also works to utilize local assessments to measure how well students are achieving mastery of the standards. The assessments include teacher observations, traditional tests, and performance tasks such as projects, presentations, and experiments. District and classroom assessments, standardized tests, and feedback from parents all provide detailed information about children's academic progress. Kennett Consolidated teachers use information from all of these sources to make the best instructional decisions for all students.

Independent Audit

As required by State law, the Kennett Consolidated School District submits its financial data to independent certified public accountants at year end for a comprehensive annual audit of the District's financial affairs. The Board of School Directors has retained Barbacane, Thornton & Company LLP, Certified Public Accountants, to complete an independent audit of the financial position and results of its operations and cash flow of its governmental and business type activities in accordance with auditing standards generally accepted in the United States of America and with Government Auditing Standards. The results of that audit for 2024-25 fiscal year are included in the financial section of this report. The District also submitted its federal program financial and operational data to independent certified public accountants in compliance with the provisions of the Federal Government's Office of Management and Budget Uniform Grant Guidance. Results of that audit are reported in the Single Audit Section of this document.

Certificate of Excellence - ASBO

The Association of School Business Officials (ASBO) International awarded the Certificate of Excellence in Financial Reporting to the Kennett Consolidated School District for its Annual Comprehensive Financial Report (ACFR) for fiscal year ended June 30, 2024. This is the twelfth consecutive year that the District has received the Certificate of Excellence from ASBO International. We believe our current report will meet or exceed the program's Certificate of Excellence requirements and we are submitting it to ASBO for review.

Certificate of Achievement-GFOA

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kennett Consolidated School District for its Annual Comprehensive Financial report for the fiscal year ended June 30, 2024. This was the thirteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the diligent and dedicated services of the Business Department staff and the administrative assistants in the offices of the Superintendent and Human Resources. We would also like to express our appreciation to the administrators and employees of the Kennett Consolidated School District for their interest and support in planning and conducting the financial affairs in a responsible and progressive manner.

Respectfully submitted,

Dr. Kimberly Rizzo Saunders

Dr. Kimberly Rizzo Saunders, Ed.D.
Superintendent

Mark T. Tracy

Mark T. Tracy
Chief Financial Officer

Kristy L. Brady

Kristy L. Brady
Director of Business Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Kennett Consolidated School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kennett Consolidated School District
Pennsylvania

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

KENNETT CONSOLIDATED SCHOOL DISTRICT

Organization
Board of School Directors

David Kronenberg..... President

Victoria Gehrt..... Vice-President

Michael H. Finnegan ..... Treasurer

Mark Bowden.....Member

Lenda Carrillo .....Member

Ethan Cramer .....Member

Jeffrey McVey. .....Member

LaToya Myers.....Member

Lynn Golden-Mirarchi .....Member

Kimberly Rizzo Saunders, Ed. D. (non-voting member) ..... Superintendent

Mark T. Tracy (non-voting member)..... Secretary

KENNETT CONSOLIDATED SCHOOL DISTRICT

Organization
Board Committees

Curriculum Committee ..... Victoria Gehrt, Chairperson

Finance Committee ..... Michael H. Finnegan, Chairperson

Policy Communications ..... Ethan Cramer, Chairperson

Liaison with Administration

Intermediate Unit Board ..... Victoria Gehrt

Legislative Council ..... Ethan Cramer

PSBA ..... Victoria Gehrt

Chester County School Authority ..... Victoria Gehrt

KENNETT CONSOLIDATED SCHOOL DISTRICT

Organization
District Administration

Kimberly Rizzo Saunders, Ed.D. ..... District Superintendent
Michael A. Barber, Ed.D. .....Assistant Superintendent
Mark T. Tracy ..... Chief Financial Officer
Vacant..... Director of Teaching and Learning
Casandra Jones. .....Director of Pupil Services and Supports
David Brice .....Director of Facilities
Christine Marsala.....Director of Human Resources
Daniel E. Maguire ..... Director of Technology Services
Kristy Brady, DBA..... Director of Business Services
Lorenzo G. DeAngelis, Jr., Ed.D. ..... Principal, Kennett High School
Jacob Moore, Ed.D. ..... Principal, Kennett Middle School
Elizabeth A. Weaver. ..... Principal, New Garden Elementary School
Bridgette Miles, Ed. D. ..... Principal, Greenwood Elementary School
Leah A. McComsey .....Principal, Bancroft Elementary School
April L. Reynolds ..... Principal, Mary D. Lang Kindergarten Center
Duane C. Kotz. .....Assistant Principal, Kennett High School
Chanel August Ruffin..... Assistant Principal, Kennett High School
Jeffrey J. Thomas ..... Assistant Principal, Kennett High School
Erin A. Miller. .....Assistant Principal, Kennett Middle School
Kathryn King .....Assistant Principal, Kennett Middle School

KENNETT CONSOLIDATED SCHOOL DISTRICT

Consultants and Advisors

Independent Auditors

Barbacane, Thornton & Company LLP
Certified Public Accountants
200 Springer Building
3411 Silverside Road
Wilmington, DE 19810

Legal Counsel

Sweet, Stevens, Katz, & Williams, CCP
331 E. Butler Avenue
New Britain, PA 18901
(Special Counsel)

Saxton & Stump
280 Granite Run, Suite 300
Lancaster, PA 17601
(Bond Counsel)

Jeffrey T. Sultanik, Esquire
Fox Rothschild LLP
2000 Market Street
Philadelphia, PA 19103
(Labor Counsel)

Financial Advisors

RBC Dain Rauscher
2101 Oregon Pike
Lancaster, PA 17601

Public Financial Management
One Keystone Plaza, Suite 300
North Front and Market Streets
Harrisburg, PA 17101-2044

Official Depositories

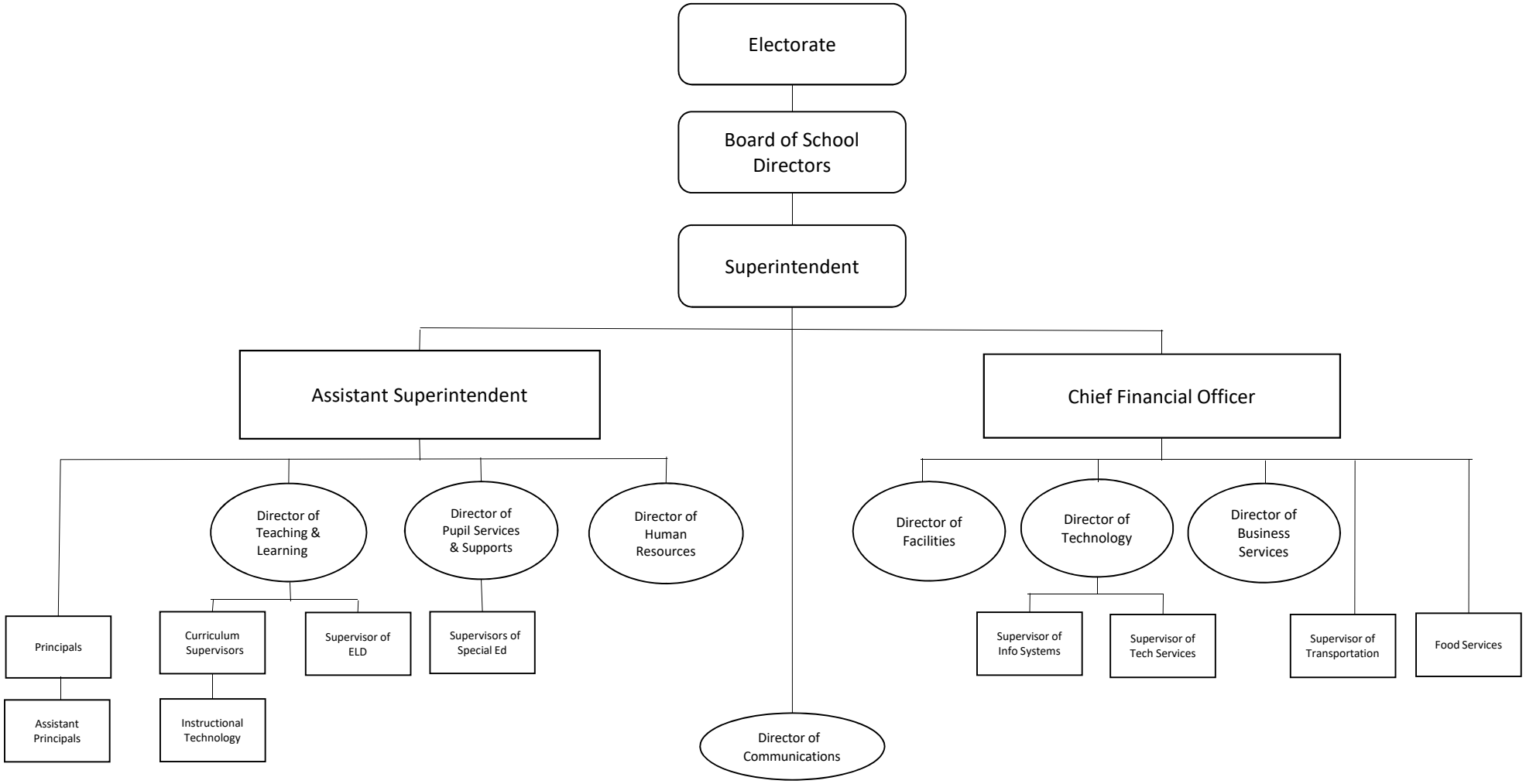
Fulton Bank
501 Schoolhouse Road
Kennett Square, PA 19348

RBC Public Funds Services (PSFLAF)
2101 Oregon Pike
Lancaster, PA 17601

Architects

Breslin, Ridyard, Fadero Architects
1226 Union Boulevard
Allentown, PA 18109

KENNETT CONSOLIDATED SCHOOL DISTRICT ORGANIZATIONAL CHART



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

December 4, 2025

Members of the Board
Kennett Consolidated School District
Kennett Square, 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 Kennett Consolidated School District (the District), Kennett Square, 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 Kennett Consolidated School District, Kennett Square, Pennsylvania, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Members of the Board
Kennett Consolidated School District

Responsibilities of Management for the Financial Statements

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

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

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

Emphasis of a Matter

As discussed in Notes 1 and 17 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 net position as of July 1, 2023.Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated October 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 34, and 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, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability - single employer plan on pages 81 through 85 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, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Members of the Board
Kennett Consolidated School District

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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 and schedules included within the financial section, including the supplementary information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 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

KENNETT CONSOLIDATED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

This section of the Kennett Consolidated School District's ("the District") annual financial report provides a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the fiscal year by $27,497,502. This is due to the recognition of the District's share of the net pension liability of the Public School Employees Retirement System of Pennsylvania ("PSERS") as required by Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions" and the District's net other postemployment benefits ("OPEB") liability as required by GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The District's allocation of PSERS net pension liability is $95,178,000, and the District's net OPEB liability is $14,250,000. As a result, the District's unrestricted net position is $(29,721,409).

- The District's net position increased by $14,969,848 during the current fiscal year. The increase in net position is primarily due to an increase in net investment in capital assets relating to the construction at New Garden Elementary and Greenwood Elementary schools.

- The District's governmental funds reported a combined ending fund balance of $87,578,531, reflecting a decrease of $14,739,686 from the prior year. This reduction is primarily attributed to expenditures associated with the construction of the District's two new elementary schools. Approximately 9.3 percent of the total balance, or $8,129,663, remains available for discretionary spending at the District's direction.

- The District issued General Obligation Bond Series of 2025 in April of 2025. Series of 2025 was issued in the amount of $34,800,000. The funds will be used toward the current building projects at New Garden Elementary and Greenwood Elementary.

- At the end of the fiscal year, the General Fund's unassigned balance was $8,129,663, representing 7.7 percent of total expenditures. The District also committed $550,000 in 2023-2024 and an additional $203,858 in 2024-2025 to help offset increased debt service payments anticipated in 2025-2026.

- The District's total liabilities increased by $29,872,674, or 13.6 percent, during the fiscal year. The increase is primarily due to changes in the District's general obligation bonds payable in future years of $113,688,757.

- The net position of business-type activities, the food service operation, increased by $137,315. The food service operation was allocated one percent of the District's net pension liability for PSERS and net OPEB liability, which is $951,779 and $142,500 for the current year, respectively. Revenues for the food service operation decreased by 2.6 percent to $2,146,165 and expenses increased by 2.0 percent to $2,008,850.

Overview of the Financial Statements

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

The following chart summarizes the major features of the District's financial statements. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services and self-insurance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ deferred outflow of resources/ liability/deferred inflow of resources information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, the non-financial factors, such as changes in the District's property tax base and the condition or need for improvements or expansion to existing school facilities, are considered.

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

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services, and administrative services. Property taxes, along with state formula aid, finance most of these activities.

- **Business-type Activities:** The District operates a food service program and charges fees to staff, students, and visitors to help cover costs of the food service operation.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. These statements focus on the District's most significant or "major" funds – not the District as a whole. Funds are accounting components the District used to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds as follows:

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this

information does not encompass the additional long-term focus of the government-wide statements, additional information on a schedule following each of the governmental funds statements explains the relationship (or differences) between them.

Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Proprietary funds are classified as enterprise or internal service. The District's *Enterprise Fund* (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the Food Service Fund.

Another type of proprietary fund, an internal service fund, is used to account for the operation of the District's self-insurance program for employee medical, prescription drug, and dental claims. An internal service fund uses the accrual basis of accounting which is the same as the enterprise fund; however, in the government-wide statements, an internal service fund is included with the governmental activities since it largely supports these activities.

Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Impact of GASB Statements No. 68 and No. 71

The District follows the accounting guidance of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measure Date - An Amendment of GASB Statement No. 68." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments (e.g. school districts).

The adoption of GASB Statements No. 68 and 71 has had and will continue to have a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing for certain retirement benefits to the work force.

More specifically, the District contributes to the PSERS, a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. In cost-sharing multi-employer plans, the plan assets and liabilities are shared. Plan assets can be used to pay the pensions of the employees of any employer that provides

pensions through the plan. The new standards have shifted pension reporting from a funding-based approach, in which the District reported only its contributions to the plan, to an accounting-based approach. Under this new approach, the District will report its proportionate share of the net pension liability on the statement of net position of the government-wide and proprietary fund financial statements. Reporting in the governmental fund statements is not affected by the implementation of these statements.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as expectation that the assets will grow at the long-term assumed rate of return on plan investments.

While the net pension liability is significant to the District's financial statements, it is a liability that the District has limited control over. In recent years, the PSERS employer contribution rate has risen significantly, from 4.78 percent in 2009 - 2010 to 33.9 percent in 2024 - 2025. These increases are expected to improve the plan's funding level, which should reduce net position in future years. This rate is anticipated to continue to increase to a level of 38 percent in future years. Senate Bill 1 of 2017, which took effect in 2019-2020, is intended to provide long-term reform to ensure the future sustainability of the pension system.

Impact of GASB Statement No. 75

The District follows the accounting guidance of GASB Statement No 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The purpose of this statement is to improve the transparency, consistency, and comparability of other postemployment benefits provided by state and local governments (e.g. school districts).

The adoption of GASB Statement No. 75 has had and will continue to have a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. Prior to the adoption of this standard, the OPEB liability was being recognized on an amortized basis over a term of 30 years in accordance with GASB Statement No. 45.

The following is a summary of the key changes as a result of the adoption of GASB Statement No. 75:

- The District must now recognize the net OPEB liability, as opposed to an amortized portion of the liability (the Net OPEB Obligation).
- The annual OPEB expense replaces the Annual Required Contribution ("ARC"), with faster recognition than what was previously required.
- Entry age normal cost method is required to determine liability.
- Discount rate is based on employer's assets and calculation of Actuarial Determined Contribution if prefunding. Since the District's plan is unfunded, a 20-year tax exempt municipal bond rate is utilized.

- Enhanced disclosures of historical contributions, funded status, and basis for actuarial assumptions is required.
- Description of any benefit and assumption changes as well as an expanded Notes section and Required Supplementary Information ("RSI") required.

Impact of GASB Statement No. 101

The District implemented GASB Statement No. 101, *"Compensated Absences,"* which establishes updated accounting and financial reporting requirements for compensated absences such as vacation, sick leave, and other forms of paid leave. The purpose of this statement is to enhance the consistency, comparability, and transparency of how governments recognize, and report leave benefits earned by employees.

Under the previous standard (GASB Statement No. 16), liabilities for compensated absences were generally recognized when the benefits vested or were expected to be paid. GASB 101 refines this guidance by requiring governments to recognize a liability and related expense as leave benefits are earned by employees, rather than when they are taken or paid.

The implementation of GASB 101 resulted in a change to the District's reporting of compensated absences and required an adjustment that decreased beginning net position for governmental activities.

The following is a summary of the key changes as a result of the adoption of GASB Statement No. 101:

- Liabilities for compensated absences are now recognized as benefits are earned, rather than when leave is taken or paid.
- The standard provides a single recognition model for all types of leave, improving consistency in reporting.
- Measurement of the liability is based on the amount of leave expected to be used or paid, incorporating relevant assumptions such as employee turnover and usage patterns.
- Leave that is more likely than not to be paid out must now be included in the liability, even if it does not vest
- Expanded disclosures are required, including descriptions of leave policies and the amounts recognized for compensated absences.

Financial Analysis of the District as a Whole

The District's net position was adversely affected by the District's recognition of its proportionate share of the net pension liability of the Public School Employees' Retirement System of Pennsylvania ("PSERS") and the District's net OPEB liability. For the current year, the District's share of the PSERS net pension liability is $95,178,000, and the District's net OPEB liability is $14,250,000. The total net position is $27,497,502, resulting in a negative *unrestricted net position* of $(29,721,409). The following table presents condensed financial information for the net position of the District as of June 30, 2025 and 2024.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$118,223,666	$124,085,954	$ 2,159,699	$ 1,975,069	$120,383,365	$126,061,023
Capital assets	146,500,970	91,066,985	144,577	255,352	146,645,547	91,332,337
Total Assets	264,724,636	215,152,939	2,304,276	2,230,421	267,028,912	217,383,360
Deferred Outflows of Resources	17,738,345	21,707,193	176,640	218,630	17,914,985	21,925,823
Total Assets and Deferred Outflows of Resources	282,462,981	236,860,132	2,480,916	2,449,051	284,943,897	239,309,183
Long-term liabilities	30,365,735	23,345,521	45,151	73,924	30,410,884	23,419,445
Other liabilities	217,712,690	194,735,629	1,102,529	1,198,355	218,815,219	195,933,984
Total Liabilities	248,078,423	218,081,150	1,147,680	1,272,279	249,226,103	219,353,429
Deferred Inflows of Resources	8,127,586	7,354,215	92,706	73,885	8,822,292	7,428,100
Total Liabilities and Deferred Inflows of Resources	256,206,009	225,435,365	1,240,386	1,346,164	257,446,395	226,781,529
Net position:						
Net investment in capital assets	28,924,896	70,420,280	144,577	168,147	29,069,473	70,588,427
Restricted	28,149,438	29,968,407	-	-	28,149,438	29,968,407
Unrestricted (Deficit)	(30,817,361)	(88,964,248)	1,095,953	935,068	(29,721,409)	(88,029,180)
Total net Position (Deficit)	$ 26,256,972	$ 11,424,439	$ 1,240,530	$ 1,103,215	$ 27,497,502	$ 12,527,654

A significant portion of the District's Governmental Activities based net position, $28,924,896, reflects its investment in capital assets (land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, $28,149,438, represents resources that are restricted for capital projects.

At the end of the current fiscal year, the District is reporting a negative unrestricted net position due to the application of GASB Statement No. 68 and GASB Statement No. 75. Total net position for the governmental activities and the business-type activities is positive. Balances for unrestricted net position for governmental activities was negative and business-type activities were positive for the prior fiscal year.

The District's net position increased by $14,969,848 during the current fiscal year. The increase in net position is attributable to increase in net investment in capital assets. Governmental activities increased the District's net position by $14,832,533, thereby accounting for the majority of the total growth in the net position.

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific categories are presented to determine the final amount of the District's activities that are supported by other general revenues. The largest revenues are property taxes and the basic education subsidy provided by the Commonwealth of Pennsylvania.

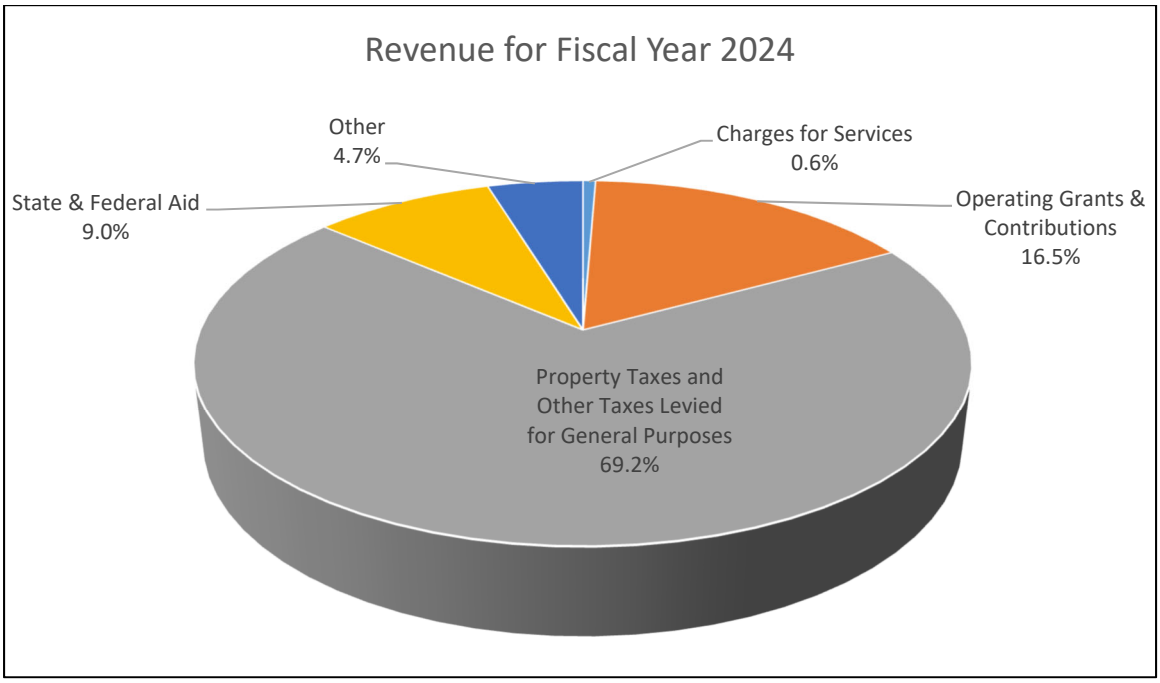
The following table presents condensed financial information from the statement of activities in a different format.

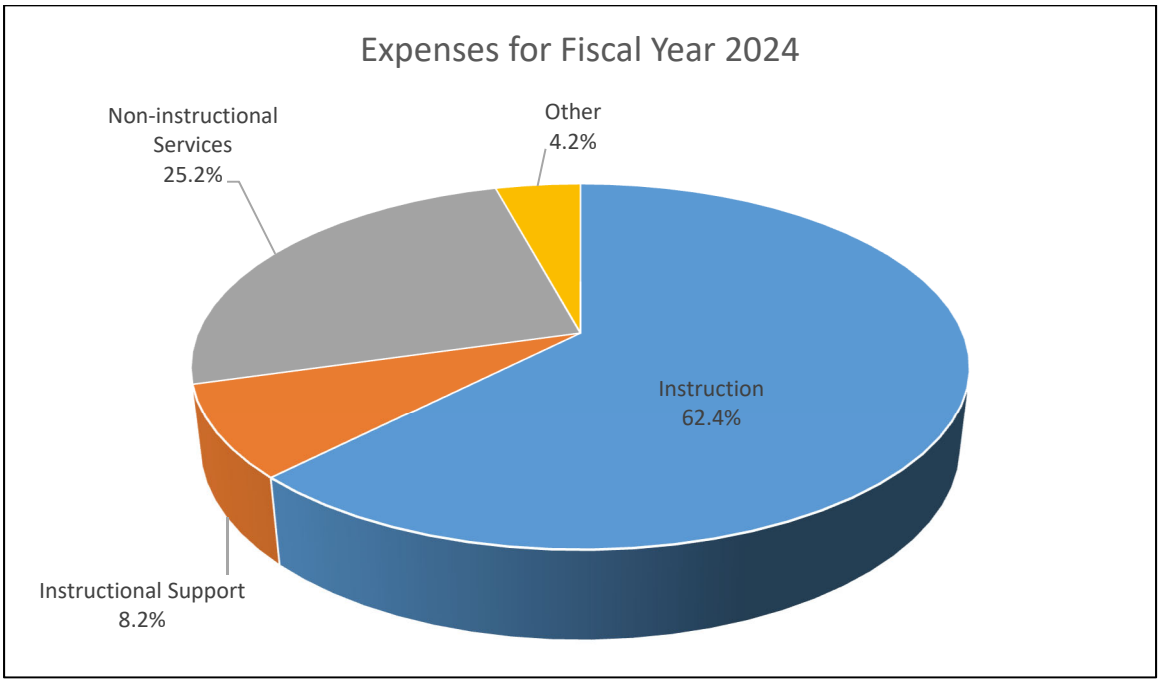
Changes in Net Position from Operating Results

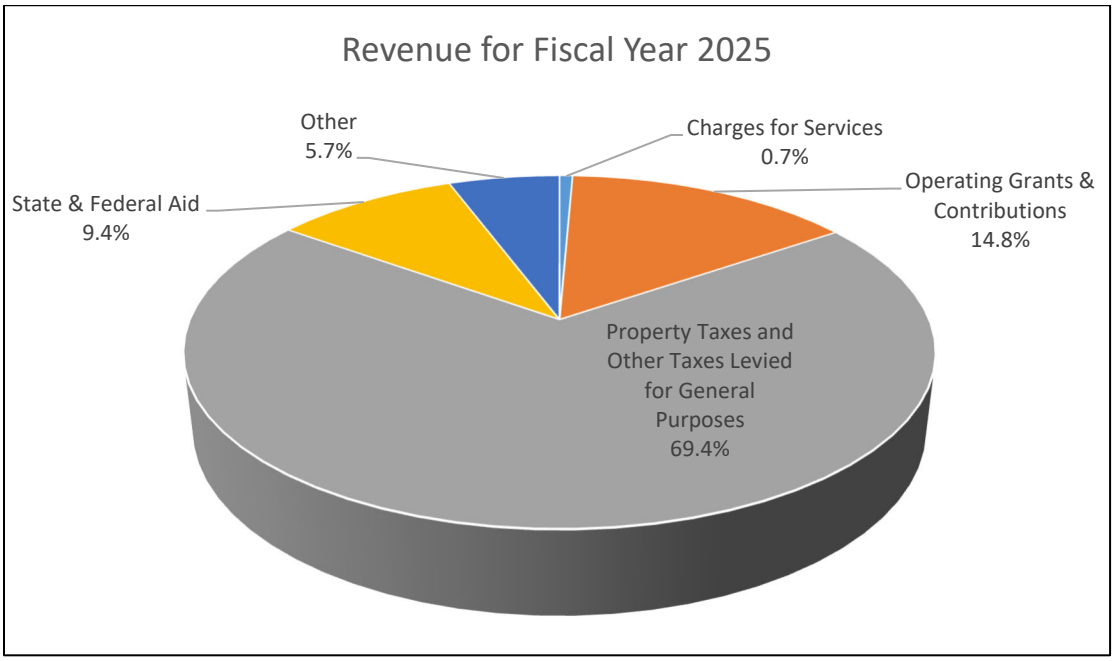
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ 137,700	$ 126,367	$ 617,118	$ 555,102	$ 754,818	$ 681,469
Operating grants and contributions	15,253,619	16,464,181	1,435,943	1,553,025	16,689,562	18,017,206
General Revenues:						
Property taxes and other taxes						
Levied for general purposes	78,335,156	75,656,545	-	-	78,335,156	75,656,545
State and federal aid	10,636,126	9,788,177	-	-	10,636,126	9,788,177
Other	6,335,192	5,081,360	93,104	95,987	6,428,296	5,177,347
Total Revenues	110,697,793	107,116,630	2,146,165	2,204,114	112,843,958	109,320,744
Expenses:						
Instruction	54,859,619	65,757,655	-	-	54,859,619	65,757,655
Instructional support	9,196,472	8,646,734	-	-	9,196,472	8,646,734
Non-instructional services	27,930,395	26,599,433	-	-	27,930,395	26,599,841
Other	3,878,774	2,046,323	2,008,850	2,399,302	5,887,624	4,439,814
Total Expenses	95,865,260	103,050,054	2,008,850	2,399,302	97,874,110	105,443,636
Increase (Decrease) in Net Position	14,832,533	4,066,576	137,315	(189,468)	14,969,848	3,877,108
Beginning Net Position (Deficit), Restated	11,424,439	7,357,863	1,103,215	1,292,683	12,527,654	8,650,546
Ending Net Position (Deficit)	$ 26,256,972	$ 11,424,439	$ 1,240,530	$ 1,103,215	$ 27,497,502	$ 12,527,654

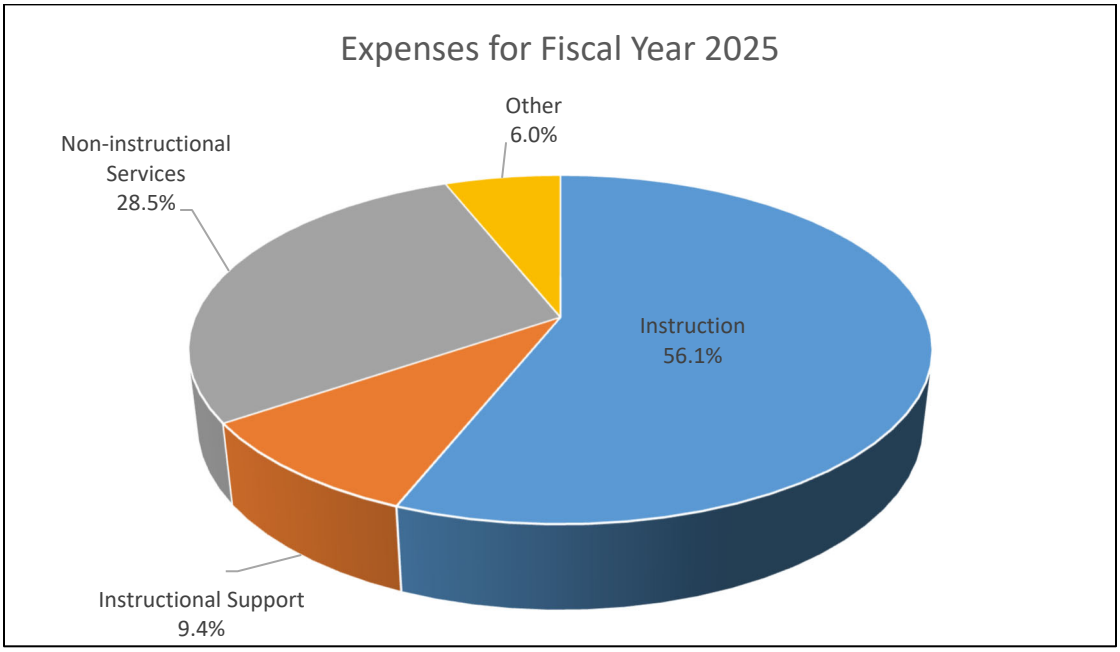
Governmental Activities: Total revenues increased by $3,581,163 or 3.3 percent. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of $78,335,156, or 70.8 percent. The increase of $2,378,611 (3.5 percent) is due to an increase in the millage rate of 2.7 percent and a recovery in the tax base, along with an increase in realty transfer and earned income taxes. Another $10,636,126, or 9.6 percent, came from state and federal aid, such as the basic education and Title subsidies, respectively. The remainder, $21,726,511 or 19.6 percent, came from various sources. Revenue of $15,253,619 came from operating grants, including funds for special education, student transportation, retirement, and social security. Revenue of $5,751,367 came from earnings on investments, revenue of $137,700 came from fees charged for services, and other revenue amounted to $583,825.

The total cost of all governmental programs and services decreased to $95,865,260, a decrease of $7,184,794, or 7.0 percent. The District's expenses are predominately related to instructing, caring for (instructional support services and operation/maintenance of school facilities) and transporting students, which represents $91,986,486, or 96.0 percent, of total expenses. Total revenues exceeded total expenses, which produced an increase in net position of $14,832,533 over the past year.


Revenue for Fiscal Year 2024
Other
4.7%
Charges for Services
0.6%
State & Federal Aid
9.0%
Operating Grants &
Contributions
16.5%
Property Taxes and
Other Taxes Levied
for General Purposes
69.2%


Expenses for Fiscal Year 2024
Non-instructional
Services
25.2%
Other
4.2%
Instruction
62.4%
Instructional Support
8.2%


Revenue for Fiscal Year 2025
Other
5.7%
Charges for Services
0.7%
Operating Grants &
Contributions
14.8%
State & Federal Aid
9.4%
Property Taxes and
Other Taxes Levied
for General
Purposes
69.4%


Expenses for Fiscal Year 2025
Other
6.0%
Non-instructional
Services
28.5%
Instruction
56.1%
Instructional Support
9.4%

Presented below is the cost of four major District activities: instruction, instructional support, non-instructional services, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions. The net cost of all governmental activities decreased by $5,985,565 to $80,473,941. The state and federal governments subsidized certain programs with capital and operating grants and contributions totaling $15,253,619. Charges for services decreased by $1,327,644 from the prior year.

Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2025	2024	Change	2025	2024	Change
Functions/Programs						
Instruction	$ 54,859,619	$ 65,757,655	-16.6%	$ 44,318,942	$ 53,545,338	-17.2%
Instructional support	9,196,472	8,646,734	6.4%	8,389,407	7,877,968	6.5%
Non-instructional services	27,930,395	26,599,433	5.0%	24,310,706	23,436,942	3.7%
Other	3,878,774	2,046,232	89.6%	3,454,886	1,599,258	116.0%
Total	$ 95,865,260	$103,050,054	-7.0%	$ 80,473,941	$ 86,459,506	-6.9%

Business-type Activities: Business-type activities increased the District's net position by $137,315. Total revenues decreased by $57,949 over the prior year. The United States Department of Agriculture (USDA) continued several waivers allowing the District to feed all children, 18 and under, this additional revenue along with the return of revenue from sales of non-reimbursable food items was the contributing factors. Total expenses also decreased by $384,732, or 16.1 percent, as a result of increased volume. In addition to the District-wide financial statements, the Food Service program is reported in greater detail in the proprietary fund statements.

The table below reflects the activities of the Food Service program, the only business-type activity of the District.

Net Cost of Business-type Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2025	2024	Change	2025	2024	Change
Food services	$ 2,008,850	$ 2,393,582	-16.1%	$ 44,211	$ (285,455)	-115.5%

Financial Analysis of the Government's Funds

Governmental Funds

At the end of June 30, 2025, governmental funds had total fund balances of $87,578,531, a decrease of $14,739,686 in comparison with the previous year. Approximately 7.8 percent of this total amount, $8,129,663, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *restricted or committed* to indicate that it is not available for new spending because it has already been committed for capital projects or other expenditures.

The general fund is the chief operating fund of the District. At the end of the previous fiscal year, unassigned fund balance of the general fund was $7,780,598, the District committed $1,500,000 for use in 2024-2025 and $550,000 for use in 2025-2026, in the current year the district committed an additional $203,858 for use in 2025-2026 to offset a temporary increase in debt service payments.

In 2024-2025 the District issued General Obligation Bond Series of 2025 in April of 2025. Series of 2025 was issued in the amount of $34,800,000. The capital projects fund had a restricted balance of $50,544,431, on June 30, 2025. The restricted fund balance will be used toward future building projects at New Garden Elementary and Greenwood Elementary.

The capital reserve fund has a total fund balance of $28,149,438, all of which is restricted for capital improvements. Receipts for this type of capital reserve fund come from transfers during or at the end of the fiscal year from appropriations in the general fund when there is a surplus. The net decrease in fund balance during the current year in the capital reserve fund was $1,818,969. The capital reserve fund received transfers from the general fund of $1,786,139. The capital reserve fund had expenditures of $4,800,457 for a variety of facility improvements including renovations to the High School Annex, District Office expansion project, new roofing at Mary D. Lang Kindergarten Center and Kennett High School.

Proprietary Funds

The unrestricted net position of the food service fund at the end of the year amounted to $1,095,953. The net position for this fund increased by $137,595. Factors concerning the finances of this fund are addressed in the discussion of the District's business-type activities.

The District's internal service fund is used to account for the operation of its self-insurance program for employee medical, prescription drug, and dental claims. The unrestricted net position of the internal service fund at the end of the year amounted to $6,921,566 and represents resources accumulated for anticipated future losses. The net position for this fund increased by $1,074,595, due increased charges for health insurance. This residual balance is reported in the governmental activities since the services provided primarily benefit the governmental activities.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors authorizes transfers between functional categories to accommodate differences from the original budget to the actual expenditures. A schedule showing the District's original budget and final budget amounts compared to amounts actually received or disbursed is provided in the financial statements.

While the District's original budget for the general fund anticipated a balanced budget, the actual results for the year reflected a surplus of $440,123 prior to transfers. An amount of $1,786,139 was transferred to the District's capital reserve fund for anticipated capital improvements as outlined in the District's five-year plan. $1,500,000 of committed funds were used to offset expenses related to debt service. The net deficiency after the transfer decreased the general fund's fund balance by $956,041 to $8,884,662.

Significant variances between the final budget and actual revenue occurred in local sources of revenues as a result of a healthier than anticipated employment market. The most significant increase was seen in investment earnings. The following are the major factors that contributed to the variance in revenues:

- Increases in delinquent tax collection resulted in additional revenues of $808,002.
- Increases in investment earnings resulted in additional revenues of $998,864.
- Increases in earned income taxes resulted in additional revenues of $603,604.
- Increases in transfer tax collections resulted in additional revenues of $123,859.
- Decrease in interim tax collections resulted in decreased revenues of $546,624.
- Sale of fixed asset resulted in additional revenues of $389,975.

The following are the major factors that contributed to the variance in expenditures:

- As a result of increased contracted services for classroom aids resulted in additional expenses of $672,000.
- Increase interest expenses on debt service resulted in additional expenses of $1,049,100.
- Increased instructional supplies resulted in additional expenditure of $47,000.
- Increased special education intermediate unit services resulted in additional expenditures of $1,362,311.
- Increase in special education personal care assistants resulted in additional expenditures of $295,232.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2025, the District had investments of $146,645,547 (net of depreciation) in a broad range of capital assets, including land, school buildings, administrative offices, athletic facilities, fixtures, and equipment. This amount represents an increase of $52,230,675, or 55.3 percent, for the year, the increase is attributed to the construction-in-progress for New Garden Elementary School and Greenwood Elementary School. Total depreciation expense for the year amounted to $4,540,526. More detailed information about capital assets can be found in Note 7 to the financial statements.

	Governmental Activities		Business-type Activities		Totals		Percentage
	2025	2024	2025	2024	2025	2024	Change
Land	$ 3,060,599	$ 3,060,599	$ -	$ -	$ 3,060,599	$ 3,060,599	0.0%
Construction-in-progress	58,859,162	7,915,968	-	-	58,859,162	7,915,968	643.5%
Building and building improvements	82,228,456	80,767,037	-	-	82,228,456	80,767,037	1.8%

Continued on next page

	Governmental Activities		Business-type Activities		Totals		Percentage
	2025	2024	2025	2024	2025	2024	Change
(cont'd)							
Right to use lease asset	496,162	234,241	-	-	496,162	234,241	111.8%
Right to use subscription asset	91,353	178,459	-	-	91,353	178,459	-48.9%
Fixtures and equipment	2,115,646	1,645,142	144,577	613,426	2,260,223	2,258,568	-6.33%
Total	$ 146,500,970	$ 93,801,446	$ 144,577	$ 613,426	$ 146,645,547	$ 94,414,872	55.3%

Long-term Debt

As of June 30, 2025, the District had $218,815,219 in outstanding long-term debt, an increase of $22,881,235 or 11.7 percent, over last year. The District made annual debt service payments totaling $7,020,000 and the general fund issued new debt in 2025. More detailed information about the District's long-term liabilities is presented Note 8 of the financial statements. The table below excludes the short-term portion of long-term debt.

Outstanding Long-term Liabilities – Governmental & Busienss-Type Activities

	Governmental Activities		Business-Type Activities		Totals		Percentage
	2025	2024	2025	2024	2025	2024	Change
General Obligation Bonds, net	$109,017,519	$ 75,450,680	$ -	$ -	$109,017,519	$ 75,450,680	44.5%
Leases Payable	171,658	216,973	-	-	171,658	216,973	-20.9%
Subscription Liability	90,885	114,718	-	-	90,885	114,718	-20.8%
Compensated Absences	791,907	2,376,997	8,250	13,616	800,157	2,390,613	-66.5%
Net OPEB Liability	13,414,500	15,060,670	142,500	159,330	13,557,000	15,220,000	-10.9%
Net Pension Liability	94,226,221	101,515,591	951,779	1,025,409	95,178,000	102,541,000	-7.2%
Total	$217,712,690	$194,735,629	$1,102,529	$1,198,355	$218,815,219	$ 195,933,984	11.7%

Factors Bearing on the District's Future

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

- June 30, 2027 will mark the expiration of the current five-year contract with the Kennett Education Association. The economic package (salaries and fringe benefits) over the next year provides for an annual increase of 3.7 percent and includes increasing employee contributions for healthcare costs.

- July 31, 2027 will mark the expiration of the current six-year Student Transportation Agreement with the Krapf Bus Company. The agreement represents approximately five percent of the District's annual operating budget. The agreement had stipulated increases in the second, third and fourth years tied to the 12-month Calendar Consumer Price Index for Philadelphia-All Urban Consumers with a minimum of 2.0 percent and a maximum of 5.0 percent. Year five and year six provide for annual increases of 2.5 percent and 2.0 percent respectively.

- The District commissioned Sundance Associates of Cherry Hill, New Jersey to perform a comprehensive 10-year enrollment study. Sundance delivered their report entitled "Public School Enrollments for the Kennett Consolidated School District" in September 2021. The Methodology used in projecting enrollments is the recommended method of the Pennsylvania Department of Education (PDE) and is known as "Cohort Survival". The study finds data to support a slow downward trend in the District's enrollment from a high of 3,976 in 2021-22 to a low of 3,538 in 2029-30.

- In 2021 the School Board authorized the construction of two new elementary schools to replace the aged Greenwood and New Garden Elementary Schools. The new schools will be built on the existing sites and will not cause a disruption to the operation our educational programs. The Board subsequently engaged the professional architectural services of Breslin Architects, Allentown PA, and construction management services of D'Huy Engineering, Inc., Bethlehem PA, to design, bid, and construct the schools for an opening in September 2026. The total estimated project cost is $107,000,000. The first borrowing, General Obligation Bond Series of 2022, occurred in November of 2022 in the amount of $9,995,000. The second borrowing, General Obligation Bond Services of 2023, occurred in September 2023 in the amount of $9,995,000. The third borrowing, General Obligation Bond Series of 2024, occurred in May of 2024 in the amount of $46,625,000. The fourth and final borrowing General Obligations Bond Series of 2025, occurred in April of 2025 in the amount of $34,800,000.

- Consistent with historical trends, the District expects state and federal funding for public education to remain relatively flat, which will result in the need for greater local tax effort to fund instructional programs and services. The Commonwealth of Pennsylvania provided only 21.0 percent of total revenue sources to fund costs supporting the District's educational programs during the past year. Local sources of revenue, primarily property taxes, now support 75.0 percent of the costs for educational programs and services in the District. The federal government provided 4.0 percent of the funds to support general operations.

- <u>Special Session of Act 1 of 2006</u>: The law limits real estate tax increases to an index established by the Pennsylvania Department of Education. Districts that cannot balance their budget, even after including revenue to be obtained by increasing taxes to the maximum extent allowed by the index, are eligible to seek back-end referendum exceptions. The exceptions are for costs that are beyond the direct control of local school boards. However, the number of exceptions has been reduced from seven to two; increases in contributions to the employee retirement system and mandated special education costs (Act 25 of 2011). The District's adjusted Act 1 Index for 2025-2026 is 4.0 percent and for 2026–2027 is 3.5 percent. The District does not need a referendum for the 2025-2026 budget nor does it anticipate needing one for the 2026-2027 budget.

- Senate Bill 1 of 2017: The bill offers a significant step toward systemic long-term reform intended to ensure the future sustainability of the pension system. The bill focuses on the long-term advantages by gradually shifting the investment, inflation and longevity risks away from the state and school districts to future employees. Current employees have a Defined Benefit (DB) plan, which provides them with a retirement payment determined by a formula that takes into account retirement age, years of service, and final average salary. A Defined Contribution (DC) plan is a retirement investment program that is designed to offer employees a vehicle to save for retirement in a tax deferred environment. The pension benefit is determined by the amount of the contributions and the investment performance of the member's account. The plan under Senate Bill 1 of 2017 requires employees starting in 2019-2020 to select one of three new plan design options, either one of two side-by-side hybrid defined benefit (DB)/defined contribution (DC) plans or a stand-alone DC plan. No changes were made to retirement benefits for current employees, but they would have the option to choose one of the new plan designs. The PSERS retirement rate decreased from 34.00 percent in 2023 - 2024 to 33.90 percent in 2024 - 2025. The PSERS projections indicate that employer contribution rates will increase to 34.00 percent in 2025 - 2026. Rates are projected into the future to increase to 37.30 percent by 2029 – 2030, further out than previously anticipated. Positive economic performance and plan design changes are expected to slow the employer rate increases and eventually lower them.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Kennett Consolidated School District, 300 East South Street, Kennett Square, PA 19348.

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	Governmental Activities	Business-type Activities	Totals 2025	Totals 2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	$ 12,352,869	$ 2,065,645	$ 14,418,514	$ 11,369,138
Investments	101,948,979	-	101,948,979	110,576,672
Taxes receivable, net	1,343,355	-	1,343,355	1,470,315
Due from other governments	2,470,797	48,478	2,519,275	2,539,485
Internal balance	1,511	(1,511)	-	-
Other receivables	105,014	-	105,014	95,308
Prepaid expenses	1,141	-	1,141	10,105
Inventories	-	47,087	47,087	87,205
Capital Assets:				
Land	3,060,599	-	3,060,599	3,060,599
Construction-in-progress	58,859,162	-	58,859,162	2,500,068
Buildings and improvements	156,673,061	-	156,673,061	153,750,597
Right to use lease asset	261,921	-	261,921	496,162
Right to use subscription asset	178,459	-	178,459	178,459
Furniture and equipment	8,031,605	803,303	8,834,908	8,433,883
Accumulated depreciation and amortization	(80,563,837)	(658,726)	(81,222,563)	(77,184,636)
TOTAL ASSETS	264,724,636	2,304,276	267,028,912	217,383,360
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows relating to OPEB	2,396,841	22,879	2,419,720	3,369,045
Deferred outflows relating to pension	15,341,504	153,761	15,495,265	18,556,778
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,738,345	176,640	17,914,985	21,925,823
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 282,462,981	$ 2,480,916	$ 284,943,897	$ 239,309,183
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	$ 14,646,565	$ 35,966	$ 14,682,531	$ 7,066,804
Accrued salaries and benefits	7,974,849	-	7,974,849	7,758,552
Unearned revenues	-	-	-	4,899
Accrued interest	274,222		274,222	242,957
Noncurrent liabilities				
Portion due or payable within one year:				
Bonds payable in future years, net	4,671,238		4,671,238	7,311,189
Lease liability	45,315		45,315	41,635
Subscription liability	23,833	-	23,833	20,617
Net OPEB liability	693,000	-	693,000	713,000
Accumulated compensated absences	2,036,711	9,185	2,045,896	259,792
Portion due or payable after one year:				
Bonds payable in future years, net	109,017,519	-	109,017,519	75,450,680
Lease liability	171,658	-	171,658	216,973
Subscription liability	90,885	-	90,885	114,718
Accumulated compensated absences	791,907	8,250	800,157	2,390,613
Net OPEB liability	13,414,500	142,500	13,557,000	15,220,000
Net pension liability	94,226,221	951,779	95,178,000	102,541,000
TOTAL LIABILITIES	248,078,423	1,147,680	249,226,103	219,353,429
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to OPEB	4,784,997	47,932	4,832,929	4,819,121
Deferred inflows relating to pension	3,342,589	44,774	3,387,363	2,608,979
TOTAL DEFERRED INFLOWS OF RESOURCES	8,127,586	92,706	8,220,292	7,428,100
NET POSITION (DEFICIT):				
Net investment in capital assets	28,924,896	144,577	29,069,473	70,588,427
Restricted - capital projects	28,149,438	-	28,149,438	29,968,407
Unrestricted (deficit)	(30,817,362)	1,095,953	(29,721,409)	(88,029,108)
TOTAL NET POSITION (DEFICIT)	26,256,972	1,240,530	27,497,502	12,527,654
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 282,462,981	$ 2,480,916	$ 284,943,897	$ 239,309,183

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals 2025	Totals 2024
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 54,859,619	$ 3,715	$10,531,636	$ -	$(44,324,268)	$ -	$(44,324,268)	$(53,545,338)
Instructional student support	9,196,472	-	918,661	-	(8,277,811)	-	(8,277,811)	(7,877,968)
Administrative and financial support services	10,742,956	-	976,022	-	(9,766,934)	-	(9,766,934)	(9,083,193)
Operation and maintenance of plant services	8,493,213	-	771,628	-	(7,721,585)	-	(7,721,585)	(7,464,091)
Pupil transportation	5,993,644	37,790	1,386,430	-	(4,569,424)	-	(4,569,424)	(4,657,974)
Student activities	2,700,582	96,195	245,354	-	(2,359,033)	-	(2,359,033)	(2,231,684)
Community services	-	-	-	-	-	-	-	(2,333)
Interest on long-term debt	2,516,618	-	423,888	-	(2,092,730)	-	(2,092,730)	(472,166)
Unallocated depreciation/amortization expense*	1,362,156	-	-	-	(1,362,156)	-	(1,362,156)	(1,124,759)
TOTAL GOVERNMENTAL ACTIVITIES	95,865,260	137,700	15,253,619	-	(80,473,941)	-	(80,473,941)	(86,459,506)
BUSINESS-TYPE ACTIVITIES:								
Food service	2,008,850	617,118	1,435,943	-	-	44,211	44,211	(285,455)
TOTAL BUSINESS-TYPE ACTIVITIES	2,008,850	617,118	1,435,943	-	-	44,211	44,211	(285,455)
TOTAL PRIMARY GOVERNMENT	$ 97,874,110	$ 754,818	$16,689,562	$ -	(80,473,941)	44,211	(80,429,730)	(86,744,961)
		GENERAL REVENUES						
		Property taxes, levied for general purposes			70,436,665	-	70,436,665	68,153,831
		Taxes levied for specific purposes			7,898,491	-	7,898,491	7,502,714
		Grants and entitlements not restricted to specific programs			10,636,126	-	10,636,126	9,788,177
		Investment earnings			5,751,367	93,104	5,844,471	4,684,294
		Miscellaneous			583,825	-	583,825	493,053
		TOTAL GENERAL REVENUES			95,306,474	93,104	95,399,578	90,622,069
		CHANGE IN NET POSITION (DEFICIT)			14,832,533	137,315	14,969,848	3,877,108
		NET POSITION (DEFICIT), BEGINNING OF OF YEAR, RESTATED			11,424,439	1,103,215	12,527,654	8,650,546
		NET POSITION, END OF YEAR			$ 26,256,972	$ 1,240,530	$ 27,497,502	$ 12,527,654

*This line item excludes direct depreciation expenses of the various programs

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals 2025	Totals 2024
ASSETS					
Cash and cash equivalents	$ 3,058,590	$ 7,434,794	$ 861,185	$ 11,354,569	$ 7,596,164
Investments	18,079,530	52,086,105	26,327,784	96,493,419	105,769,918
Taxes receivable	1,362,836	-	-	1,362,836	1,489,795
Due from other funds	1,511	-	1,786,139	1,787,650	6,220,088
Due from other governments	2,470,798	-	-	2,470,798	2,523,587
Other receivables	105,014	-	-	105,014	94,705
Prepaid expenditures	1,141	-	-	1,141	10,105
TOTAL ASSETS	$ 25,079,420	$ 59,520,899	$ 28,975,108	$ 113,575,427	$ 123,704,362
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 4,061,359	$ 8,976,468	$ 825,670	$ 13,863,497	$ 6,226,182
Due to other funds	3,036,912	-	-	3,036,912	6,220,416
Accrued salaries and benefits	7,820,053	-	-	7,820,053	7,758,552
Unearned revenues	-	-	-	-	4,899.00
Accumulated compensated absences	154,796	-	-	154,796	-
TOTAL LIABILITIES	15,073,120	8,976,468	825,670	24,875,258	20,210,049
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - delinquent taxes	1,121,638	-	-	1,121,638	1,176,096
TOTAL DEFERRED INFLOWS OF RESOURCES	1,121,638	-	-	1,121,638	1,176,096
FUND BALANCES:					
Nonspendable	1,141	-	-	1,141	10,105
Restricted - capital projects	-	50,544,431	28,149,438	78,693,869	92,477,514
Committed	753,858	-	-	753,858	2,050,000
Unassigned	8,129,663	-	-	8,129,663	7,780,598
TOTAL FUND BALANCES	8,884,662	50,544,431	28,149,438	87,578,531	102,318,217
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 25,079,420	$ 59,520,899	$ 28,975,108	$ 113,575,427	$ 123,704,362

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL GOVERNMENTAL FUND BALANCES		$ 87,578,531
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	$ 3,060,599	
Construction-in-progress	58,859,162	
Buildings and improvements	156,673,061	
Furniture and equipment	8,031,605	
Right to use lease asset	261,921	
Right to use subscription asset	178,459	
Accumulated depreciation and amortization	(80,563,837)	146,500,970
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 in future years, net	(113,688,757)	
Accumulated compensated absences	(2,828,618)	
Accrued interest	(274,222)	
Subscription liability	(114,718)	
Lease liability	(216,973)	
Net OPEB liability	(14,107,500)	
Net pension liability	(94,226,221)	(225,457,009)
The establishment of an allowance for doubtful accounts for property taxes receivable is not recorded in the funds because property taxes receivable are recorded as deferred outflows of resources.		(19,483)
An internal service fund is used by the District to charge the cost of health insurance claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		6,921,566
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.		1,121,638
Deferred inflows and outflows related to the District's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined total OPEB liability or proportion of the District's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred OPEB	2,396,841	
Deferred inflows of resources:		
Deferred OPEB	(4,784,997)	(2,388,156)
Deferred inflows and outflows related to the District's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the District's amount of the total pension liability, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred pension	15,341,504	
Deferred inflows of resources:		
Deferred pension	(3,342,589)	11,998,915
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 26,256,972

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals 2025	Totals 2024
REVENUES					
Local sources	$80,890,009	$ 2,126,939	$ 1,195,349	$ 84,212,297	$ 80,197,726
State sources	23,898,028	-	-	23,898,028	22,084,471
Federal sources	1,921,738	-	-	1,921,738	4,167,887
TOTAL REVENUES	106,709,775	2,126,939	1,195,349	110,032,063	106,450,084
EXPENDITURES					
Current:					
Instruction	59,594,513	-	-	59,594,513	56,242,970
Support services	34,340,223	-	-	34,340,223	32,086,121
Operation of noninstructional services	2,328,806	417,438	-	2,746,244	2,833,122
Capital outlays	68,293	51,970,526	4,800,457	56,839,276	10,860,803
Debt service	9,937,817	-	-	9,937,817	7,971,317
TOTAL EXPENDITURES	106,269,652	52,387,964	4,800,457	163,458,073	109,994,333
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	440,123	(50,261,025)	(3,605,108)	(53,426,010)	(3,544,249)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	34,800,000	-	34,800,000	56,620,000
Premium on bond issuance	-	3,496,349	-	3,496,349	4,383,611
Issuance of lease	-	-	-	-	261,921
Sale of capital assets	389,975	-	-	389,975	-
Interfund transfers	(1,786,139)	-	1,786,139	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,396,164)	38,296,349	1,786,139	38,686,324	61,265,532
NET CHANGE IN FUND BALANCES	(956,041)	(11,964,676)	(1,818,969)	(14,739,686)	57,721,283
FUND BALANCES, BEGINNING OF YEAR	9,840,703	62,509,107	29,968,407	102,318,217	44,596,934
FUND BALANCES, END OF YEAR	$ 8,884,662	$50,544,431	$28,149,438	$ 87,578,531	$ 102,318,217

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

KENNETT CONSOLIDATED 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		$ (14,739,686)
Amounts reported for governmental activities in the statement of activities are different because:		
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 and amortization expense in the statement of activities. This is the effect of these activities:		
Capital outlays	$60,324,551	
Loss on disposal	(350,040)	
Depreciation/amortization expense	(4,540,526)	55,433,985
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 and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year.		(54,458)
The issuance of long-term debt (e.g. bonds, leases, subscription based IT arrangements) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt 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.		(27,717,748)
An internal service fund has been established to account for self-insured healthcare costs. The net revenue is reported with governmental activities.		1,074,595
In the statement of activities, certain operating expenses - 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).		(199,321)
Governmental funds report bond premiums and discounts as other financing sources/uses. However, these amounts are reported netted against the outstanding bond liability on the statement of net position and amortized over the life of the debt. This is the amount of net amortization.		(3,146,888)
Interest 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.		(31,265)
OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the District's estimated future benefit payments and related deferred inflows and deferred outflows, whereas OPEB expenditures are recognized in the governmental funds when a requirement to pay the benefits or to make contributions to the plan exists.		714,549
Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.		3,498,770
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 14,832,533

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
REVENUES				
Local sources	$ 80,361,619	$ 78,711,200	$ 80,890,009	$ 2,178,809
State sources	22,181,127	23,417,535	23,898,028	480,493
Federal sources	1,586,667	1,668,667	1,921,738	253,071
TOTAL REVENUES	104,129,413	103,797,402	106,709,775	2,912,373
EXPENDITURES				
Instruction:				
Regular programs	40,700,695	39,818,718	40,102,014	(283,296)
Special programs	14,092,899	15,307,796	17,436,927	(2,129,131)
Vocational programs	1,920,257	1,920,257	1,840,961	79,296
Other instructional programs	279,000	279,000	213,961	65,039
Nonpublic school programs	-	-	650	(650)
Total Instruction	56,992,851	57,325,771	59,594,513	(2,268,742)
Support Services:				
Pupil services	4,503,546	4,458,099	4,636,254	(178,155)
Instructional support	4,276,442	4,239,760	4,242,670	(2,910)
Administrative support	6,281,845	6,219,653	5,973,029	246,624
Pupil health	934,972	924,272	978,919	(54,647)
Business support	1,330,012	1,316,208	1,275,924	40,284
Operation and maintenance of plant services	8,435,066	8,377,154	7,893,109	484,045
Student transportation	6,276,840	6,273,493	5,977,371	296,122
Central support	3,678,868	3,653,677	3,329,989	323,688
Other support services	35,000	35,000	32,958	2,042
Total Support Services	35,752,591	35,497,316	34,340,223	1,157,093
Operation of noninstructional services	2,180,254	2,160,598	2,328,806	(168,208)
Capital outlay	225,000	225,000	68,293	156,707
Debt service	8,888,717	8,888,717	9,937,817	(1,049,100)
TOTAL EXPENDITURES	104,039,413	104,097,402	106,269,652	(2,172,250)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,000	(300,000)	440,123	740,123
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(90,000)	(90,000)	-	90,000
Use of fund balance	-	390,000	-	390,000
Sale of capital assets	-	-	389,975	389,975
Transfers out	-	-	(1,786,139)	(1,786,139)
TOTAL OTHER FINANCING USES	(90,000)	300,000	(1,396,164)	(916,164)
NET CHANGE IN FUND BALANCE	-	-	(956,041)	(956,041)
FUND BALANCE, BEGINNING OF YEAR	9,840,703	9,840,703	9,840,703	-
FUND BALANCE, END OF YEAR	$ 9,840,703	$ 9,840,703	$ 8,884,662	$ (956,041)

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025 AND 2024

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS:				
Cash and cash equivalents	$ 2,065,645	$ 1,958,567	$ 998,300	$ 1,814,407
Investments	-	-	5,455,560	4,806,754
Due from other governments	48,478	15,899	-	-
Due from other funds	-	328	1,250,774	-
Other receivables	-	603	-	-
Inventories	47,087	87,205	-	-
Total Current Assets	2,161,210	2,062,602	7,704,634	6,621,161
FURNITURE AND EQUIPMENT:				
Net furniture and equipment	144,577	168,147	-	-
TOTAL ASSETS	2,305,787	2,230,749	7,704,634	6,621,161
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows relating to OPEB	22,879	34,254	-	-
Deferred outflows relating to pension	153,761	184,376	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	176,640	218,630	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,482,427	$ 2,449,379	$ 7,704,634	$ 6,621,161
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES:				
Short Term Liabilities				
Accounts payable	$ 35,966	$ 66,432	$ 783,068	$ 774,190
Compensated absences	9,185	7,492	-	-
Due to other funds	1,511	-	-	-
Total Current Liabilities	46,662	73,924	783,068	774,190
Long Term Liabilities:				
Portion due or payable after one year:				
Compensated absences	8,250	13,616	-	-
Net OPEB liability	142,500	159,330	-	-
Net pension liability	951,779	1,025,409	-	-
Total Noncurrent Liabilities	1,102,529	1,198,355	-	-
TOTAL LIABILITIES	1,149,191	1,272,279	783,068	774,190
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to OPEB	47,932	47,795	-	-
Deferred inflows relating to pension	44,774	26,090	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	92,706	73,885	-	-
NET POSITION:				
Investment in capital assets	144,577	168,147	-	-
Unrestricted	1,095,953	935,068	6,921,566	5,846,971
TOTAL NET POSITION	1,240,530	1,103,215	6,921,566	5,846,971
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 2,482,427	$ 2,449,379	$ 7,704,634	$ 6,621,161

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
OPERATING REVENUES				
Food service revenues	$ 617,118	$ 555,102	$ -	$ -
Charges for health insurance	-	-	9,159,212	7,620,841
TOTAL OPERATING REVENUES	617,118	555,102	9,159,212	7,620,841
OPERATING EXPENSES				
Salaries	177,056	190,126	-	-
Employee benefits	73,381	106,587	-	-
Other purchased services	1,716,836	1,638,435	-	-
Self-insurance claims	-	-	8,414,832	7,177,116
Supplies	18,007	13,154	-	-
Depreciation	22,320	19,436	-	-
TOTAL OPERATING EXPENSES	2,007,600	1,967,738	8,414,832	7,177,116
OPERATING INCOME (LOSS)	(1,390,482)	(1,412,636)	744,380	443,725
NONOPERATING REVENUES				
Earnings on investments	93,104	95,987	330,215	296,792
State sources	219,782	199,531	-	-
Federal sources	1,216,161	1,353,494	-	-
TOTAL NONOPERATING REVENUES	1,529,047	1,649,012	330,215	296,792
CHANGE IN NET POSITION BEFORE GAIN (LOSS) ON SALE OF CAPITAL ASSETS	138,565	236,376	1,074,595	740,517
Gain (Loss) on sale of capital assets	(1,250)	(425,844)	-	-
TOTAL GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(1,250)	(425,844)	-	-
CHANGE IN NET POSITION, AFTER GAIN (LOSS ON SALE OF CAPITAL ASSETS	137,315	(189,468)	1,074,595	740,517
NET POSITION, BEGINNING OF YEAR, RESTATED	1,103,215	1,292,683	5,846,971	5,106,454
NET POSITION, END OF YEAR	$ 1,240,530	$ 1,103,215	$ 6,921,566	$ 5,846,971

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Major Fund Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	$ 613,329	$ 540,901	$ 7,908,438	$ 7,620,841
Payments to suppliers	(1,526,176)	(1,483,736)	-	-
Payments to employees	(283,757)	(321,059)	-	-
Cash payments for health insurance costs	-	-	(8,408,200)	(7,169,220)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,196,605)	(1,263,894)	(499,762)	451,621
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State sources	219,783	199,530	-	-
Federal sources	990,796	1,129,060	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,210,579	1,328,590	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	-	(646,560)	(741,678)
Earnings on investments	93,104	95,987	330,215	296,792
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	93,104	95,987	(316,345)	(444,886)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	107,078	160,683	(816,107)	6,735
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,958,567	1,797,884	1,814,407	1,807,672
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,065,645	$ 1,958,567	$ 998,300	$ 1,814,407
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating (loss) income	$ (1,390,482)	$ (1,412,636)	$ 744,380	$ 443,725
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Depreciation	22,320	19,436	-	-
Donated commodities	197,506	224,434	-	-
(Increase) Decrease in:				
Other receivables	(4,117)	(13,873)	-	-
Due from other funds	328	(328)	(1,250,774)	-
Inventories	40,118	24,226	-	-
Deferred outflows of resources - OPEB	11,375	8,123	-	-
Deferred outflows of resources - pension	30,615	(44,057)	-	-
Increase (Decrease) in:				
Accounts payable	(30,466)	(80,807)	8,878	10,142
Due to other funds	1,511	-	(2,246)	(2,246)
Compensated absences	(3,673)	457	-	-
Net OPEB liability	(16,830)	(1,420)	-	-
Net pension liability	(73,630)	29,530	-	-
Deferred inflows of resources - OPEB	137	(12,489)	-	-
Deferred inflows of resources - pension	18,684	(4,490)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,196,605)	$ (1,263,894)	$ (499,762)	$ 451,621
SUPPLEMENTAL DISCLOSURE				
NONCASH NONCAPITAL FINANCING ACTIVITY:				
USDA donated commodities	$ 197,506	$ 224,434	$ -	$ -
Gain(loss) on Sale of Capital Assets	$ (1,250)	$ (425,844	$ -	$ -

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025 AND 2024

	Private Purpose Trust		Custodial Fund	
	2025	2024	2025	2024
ASSETS				
Cash	$ 202,745	$ 213,455	$ 87,237	$ 106,113
TOTAL ASSETS	$ 202,745	$ 213,455	$ 87,237	$ 106,113
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	$ -	$ -	$ -	$ -
NET POSITION:				
Reserved for trust	202,745	213,455		
Reserved for custodial fund	-	-	87,237	106,113
TOTAL LIABILITIES AND NET POSITION	$ 202,745	$ 213,455	$ 87,237	$ 106,113

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Private Purpose Trust		Custodial Fund	
	2025	2024	2025	2024
ADDITIONS				
Local contributions	$ 34,000	$ 41,900	$ 93,140	$ 120,494
Earnings on investments	5,622	4,923	3,151	2,267
TOTAL ADDITIONS	39,622	46,823	96,291	122,761
DEDUCTIONS				
Fees paid and scholarships awarded	50,332	68,648	115,167	96,493
TOTAL DEDUCTIONS	50,332	68,648	115,167	96,493
CHANGE IN NET POSITION	(10,710)	(21,825)	(18,876)	26,268
NET POSITION, BEGINNING OF YEAR	213,455	235,280	106,113	79,845
NET POSITION, END OF YEAR	$ 202,745	$ 213,455	$ 87,237	$ 106,113

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

NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

The Kennett Consolidated School District (“the District”) was formed by state law and began operations on July 1, 1932. The District covers a geographical area of 33 square miles in the southeastern part of Chester County, Pennsylvania, and includes the townships of New Garden and Kennett, and the Borough of Kennett Square.

The District is a political subdivision of the Commonwealth created to assist in the administration of the General Assembly's duties under the Constitution of the Commonwealth to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."

The District is governed by a Board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person residing in such District between the ages of six and twenty-one years who may attend.

The Superintendent is the chief administrative officer and chief instructional officer of the Board and the District, and is responsible for the execution of all actions of the Board. Subject to the policies and direction of the Board, the Superintendent is responsible for the administration and operation of the public school system and oversees all matters pertaining to instruction. The Superintendent manages the District with the assistance of the Assistant Superintendent, Chief Financial Officer, and the Director of Communications.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates

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

Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable and, as such, may or may not be required to include within the District's financial statements. The criteria for including organizations within the

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

District's reporting entity, as set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification), relate to financial accountability. On the basis of these criteria, the District has no other entities that are required to be included in its financial statements, nor is the District includable in the financial statements of any other reporting entity. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of this criteria, the District has determined it does not have any component units for which the District must include in its financial statements.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate. Resources are allocated to and accounted for in the individual funds based on the purposes for which they are to be spent. The three fund types presented are governmental, proprietary, and fiduciary.

GOVERNMENTAL FUNDS – These funds are used to account for most of the District's finances. The focus is on determination of the financial position and changes in financial position (current financial resources) rather than on income determination. The following are the District's major governmental funds.

- **General Fund** – This is the general operating fund of the District. This fund is used to account for all financial resources not accounted for and reported in another fund.

- **Capital Reserve Fund** – This fund is used to account for maintenance and improvement projects under Section 1432 of the Municipal Code.

- **Capital Project Fund** - This fund is used to account for all financial resources restricted, committed, or assigned to expenditures for capital outlays, including capital asset acquisitions, construction, and improvements.

PROPRIETARY FUNDS – These funds account for District activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position. (Economic resources measurement focus proprietary funds are classified as Enterprise Funds or Internal Service Funds.)

- **Enterprise Fund** – The enterprise fund is used to account for operations where the intent of the governmental entity is to recover the costs of providing goods and services to the District's student population and staff primarily through user charges. The food service fund is the only enterprise fund operated by the District. This fund is used to account for the District's food service operations that are financed and operated in a manner similar to private business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for the Food Service Program.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Internal Service Fund** – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is used to account for the operation of the District's self-insurance program for employee medical, prescription drug, and dental claims on a cost reimbursement basis.

FIDUCIARY FUNDS – These funds are used to account for assets held by the District as trustee or agent. The District excludes these activities from the government-wide financial statements because it cannot use those assets to finance its operations.

- **Private Purpose Trust Funds** – Trust funds are used to account for assets held by the District in a trustee capacity. This fund accounts for various scholarship programs for students.

- **Custodial Fund** – This fund accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist with explicit approval and are subject to revocation of the District governing body. This accounting reflects the District's custodial relationship with the student activity organizations.

Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and fiduciary funds of the District. Major individual governmental funds and major individual enterprise and internal service funds are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The principal operating revenues of the District's internal service fund are charges to the general fund and food service fund for self-insured employee medical, prescription drug, and dental cost reimbursements. Operating expenses for the District's internal service fund include charges for medical, prescription drug, and dental claims paid to insurance providers. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations, and accumulated depreciation is reported on the statement of net position.

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

Budgetary Information

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting.

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

- The District, before levying annual school taxes, is required to adopt an operating budget by June 30 for the succeeding fiscal year.

- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, twenty days prior to final budget adoption, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District. Notice that public hearings will be held on the proposed

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the District Board of Directors.

- The District Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.

- Fund balances in budgetary funds may be appropriated based on resolutions passed by the District Board of Directors, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period.

- The general fund budget includes program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.

- Capital budgets are not implemented for capital improvements and capital projects in the capital projects fund. An adopted budget is not presently required due to the fund's recent inception and the limited amount of transactions. Additionally, all transactions of the capital projects fund are approved by the District Board of Directors prior to commitment, thereby constructively achieving budgetary control.

- Proprietary fund budgets are not adopted; however, formal budgets are prepared and approved by management; and expenditures are controlled on the basis of these budgets.

- Trust funds are not formally budgeted; however, each individual expenditure/expense request is reviewed for compliance with trust provisions and for availability of funding.

- There were no supplemental budgetary appropriations or amendments proposed or approved during the year.

Receivables/Payables

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

Cash and Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, certificates of deposit, and liquid asset funds.

Cash equivalents in the basic financial statements include all highly liquid investments with an original maturity of three months or less.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The District's investments are reported at amortized cost, which approximates fair value.

Inventories

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the consistent policy of the District to charge these items to expense upon acquisition.

Inventories of the food service fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their acquisition value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2025 consist of the purchased food/supplies for use in the food program in the amount of $47,087.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $10,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
School buildings	50
Building improvements	20
Land improvements	25
Furniture	15
Vehicles	10
Equipment	5 - 15
Right to use lease asset	Life of lease agreement
Right to use subscription asset	Life of subscription agreement

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences

The District accounts for compensated absences in accordance with the GASB Codification, which requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid.

The District allows employees to accumulate vacation days and sick leave subject to limits which are paid prior to retirement or termination. At the end of the fiscal year, the amount expected to be paid for compensated absences from current resources is accrued in the general fund and food service fund.

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. 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 amortization is calculated 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 while discounts and premiums on debt issuances are reported as other financial 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) until that time. The District currently has three items that qualify for reporting in this category. Certain changes to the net pension liability, including pension contributions made subsequent to the measurement date and, therefore, not reflected in the net pension liability under full accrual basis reporting, are required to be amortized over a period of years. Additionally, certain changes to the net OPEB liability, including OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net OPEB liability under full accrual basis reporting, 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. Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The District has one type of item that qualifies 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balances

The District complies with the GASB Codification, which provides clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- **Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (the District Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

- **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

- **Unassigned fund balance** – amounts available for any purpose. Positive amounts are reported only in the general fund. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The District Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the District Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

The District will typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately eight percent of the actual GAAP basis expenditures and other financing sources and uses.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Presentation of

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived. Certain amounts presented in the prior year summarized data have been restated consistent with implementation of new standards, as described below.

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 17 the District has restated opening balances as a result of the implementation.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

- Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore, shall be pledged by the depository.

- Commercial paper, bankers' acceptances, and negotiable certificates of deposit receiving top ratings from at least two nationally recognized statistical ratings organizations.

The deposit and investment policy of the District adheres to state statutes. The administration is not aware of any deposits or investment transactions during the year that were in violation of either state statues or the policy of the District.

The breakdown of total cash and investments at June 30, 2025 is as follows:

Cash and cash equivalents	$	14,708,496
Investments		101,948,979
Total Cash and Investments	$	116,657,475

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued

Deposits

At year end, the carrying amount of the District's deposits was $14,708,496, and the bank balance was $16,348,999. Of the bank balance of $250,000 was covered by federal depository insurance and $7,941,933 was collateralized under Pennsylvania Act 72, where financial institutions pledge collateral on a pooled basis to secure public deposits in excess of the FDIC insurance limits. The remaining $8,157,066 was cash equivalents held with the Pennsylvania School District Liquid Asset Fund (PSDLAF), which enables governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

Investments

In general, all of the District's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agency, but not in the government's name.

As of June 30, 2025, the District had the following investments:

	Fair Value
Pennsylvania School District Liquid Asset Trust (PSDLAF)	$101,948,979
Total Investments	$101,948,979

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent audit. The District currently has no investments which are categorized within the fair value hierarchy established by generally accepted accounting principles.

Of the investments, $20,056,800 is invested in FDIC-insured non-negotiable certificates of deposit with maturities of less than one year. Additionally, the School has $12,000,000 invested in treasury notes from the United States government. The remaining $69,892,179 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm.

Interest Rate Risk

The District does have a formal investment policy that limits maturities to 13 months or less in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2025, the District's investments were rated as:

Investment	Standard & Poor's
Pennsylvania School District Liquid Asset Fund (PSDLAF)	AAAm

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2025, all of the District's investments are in PSDLAF.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

NOTE 4 – REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Real estate taxes for the District are collected by the District. The assessed values are established by the County Board of Assessment. The District tax rate for the year ended June 30, 2025 was 33.65 mills ($33.65 per $1,000 of assessed valuation) as levied by the District Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-	Levy date
July 1 - August 31	-	2% discount period
September 1 - October 31	-	Face payment period
November 1 - December 15	-	10% penalty period
December 15	-	Lien date

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration.

The allowance as of June 30, 2025 was $19,483. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

NOTE 4 – REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE – continued

The deferred inflow of resources balance in the general fund of $1,121,638 consists of unavailable real estate taxes.

NOTE 5 – INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due To	Amount	Due From	Amount
Capital Reserve Fund	$ 1,786,139	General Fund	$ 1,786,139
Internal Service Fund	$ 1,250,774	General Fund	$ 1,250,774
General Fund	$ 1,511	Food Service Fund	$ 1,511

Transfer To	Amount	Transfer From	Amount
Capital Reserve Fund	$ 1,786,139	General Fund	$ 1,786,139

Interfund balances between funds represent transfers of funds which are carried out at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

NOTE 6 – UNEARNED REVENUES

The District records unearned revenue for resources that have been received but not yet earned. At the end of the current fiscal year, the District had no unearned revenues.

NOTE 7 – CHANGES IN CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,060,599	$ -	$ -	$ 3,060,599
Construction-in-progress	2,500,068	56,359,094	-	58,859,162
Total Capital Assets Not Being Depreciated/Amortized	5,560,667	56,359,094	-	61,919,761

NOTE 7 – CHANGES IN CAPITAL ASSETS - continued

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated/ amortized:				
Buildings and improvements	153,750,597	3,555,433	(632,969)	156,673,061
Right to use lease asset	496,162	-	(234,241)	261,921
Right to use subscription asset	178,459	-	-	178,459
Furniture, vehicles, and equipment	7,621,581	410,024	-	8,031,605
Total Capital Assets Being Depreciated/Amortized	162,046,799	3,965,457	(867,210)	165,145,046
Less accumulated depreciation/ amortization for:				
Buildings and improvements	70,386,127	4,107,772	-	74,493,899
Right to use lease asset	238,398	62,717	(234,241)	66,874
Right to use subscription asset	61,611	25,494	-	87,105
Furniture, vehicles, and equipment	5,854,345	344,543	(282,929)	5,915,959
Total Accumulated Depreciation/ Amortization	76,540,481	4,540,526	(517,170)	80,563,837
Total Capital Assets Being Depreciated/ Amortized, Net	85,506,318	(575,069)	(350,040)	84,581,209
Governmental Activities Assets, Net	$ 91,066,985	$ 55,784,025	$ (350,040)	$146,500,970

Business-type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Equipment	$ 812,302	$ -	$ (9,000)	$ 803,302
Less accumulated depreciation for:				
Equipment	644,155	22,320	(7,750)	658,726
Business-type Activities Capital Assets, Net	$ 168,147	$ 20,164	$ (1,250)	$ 144,577

Depreciation/amortization expense was charged to functions/program of primary government as follows:

Governmental Activities:	
Instruction	$ 1,816,217
Administrative and financial support	475,334
Operation and maintenance of plant services	886,819
Unallocated depreciation/amortization	1,362,156
Total Depreciation/Amortization Expense - Governmental Activities	$ 4,540,526

NOTE 7 – CHANGES IN CAPITAL ASSETS - continued

Depreciation expense was charged to the functions of the business-type activities as follows:

Business-type Activities:	
Food Service	$ 22,320
Total Depreciation Expense - Business-type Activities	$ 22,320

NOTE 8 – LONG-TERM LIABILITIES

Long-term liabilities, except for compensated absences, net pension liability, and net other postemployment benefits liability:

General Obligation Bonds - Series of 2018 and 2018A On May 31, 2018 the District issued $11,425,000 of General Obligation Bonds, Series of 2018 and 2018A, maturing through October 1, 2024, and bearing interest ranging from 2.00% to 5.00%. Interest is payable semi-annually on April 1 and October 1. The Series of 2018 provided funds to refund the Series of 2006 and 2011 bonds. The refunding resulted in a cash flow savings of $520,151, and the present value savings of $427,694.	$ 1,185,000
General Obligation Bonds - Series of 2020 On November 25, 2020 the district issued $10,000,000 of General Obligation Bonds, Series of 2020, maturing though November 15, 2025, and bearing interest 1.04%. Interest is payable semi-annually on May 15 and November 15. The series of 2020 provided funds to refund the Series of 2015 and 2016 bonds. The refunding resulted in a cash flow savings of $275,737 and present-value savings of $261,835.	3,646,000
General Obligation Bonds - Series of 2022 On November 15, 2022 the district issued $9,995,000 of General Obligation Bonds, Series of 2022, maturing through February 15, 2053, bearing interest ranging from 3.25% to 4.5%. Interest is payable semi-annually on February 15 and August 15. The Series of 2022 provided funds for upcoming capital projects.	9,985,000
General Obligation Bonds - Series of 2023 On September 19, 2023 the district issued $9,995,000 of General Obligation Bonds, Series of 2023, maturing through February 15, 2045, bears interest ranging from 3.375% to 5.00%. Interest is payable semi-annually on February 15 and August 15. The Series of 2023 provided funds for upcoming capital projects.	9,990,000
General Obligation Bonds - Series of 2024 On May 8, 2024 the district issued $46,625,000 of General Obligation Bonds, Series of 2024, maturing through February 15, 2051, bears interest 5.00%. Interest is payable semi-annually on February 15 and August 15. The Series of 2024 provided funds for upcoming capital project	46,625,000

NOTE 8 – LONG-TERM LIABILITIES - continued

General Obligation Bonds - Series of 2025

In April 2025 the District issued $34,800,000 of General Obligation Bonds, Series of 2025, maturing through February 15, 2045, bears interest 5.00%. Interest is payable semi-annually on February 15 and August 15. The Series of 2025 provided funds for upcoming capital project	34,800,000
Total Bonds Payable	$ 106,231,000

Annual debt service requirements to maturity for general obligation bonds, including interest, are as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 4,236,000	$ 4,774,492	$ 9,010,492
2027	2,660,000	4,987,419	7,647,419
2028	2,765,000	4,875,606	7,640,606
2029	2,900,000	4,739,656	7,639,656
2030	3,025,000	4,617,906	7,642,906
2031-2035	17,500,000	20,706,580	38,206,580
2036-2040	22,255,000	15,951,855	38,206,855
2041-2045	28,325,000	9,880,050	38,205,050
2046-2050	18,165,000	3,837,119	22,002,119
2051-2053	4,400,000	252,275	4,652,275
	$ 106,231,000	$ 74,622,958	$ 180,853,958

Changes in Long-term Liabilities

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities					
Bonds payable	$ 78,451,000	$ 34,800,000	$ 7,020,000	$ 106,231,000	$ 4,236,000
Bond premiums	4,498,344	3,496,349	356,156	7,638,537	441,933
Bond discount	(187,475)	-	(6,695)	(180,780)	(6,695)
Net bonds payable	82,761,869	38,296,349	7,369,461	113,688,757	4,671,238
Other liabilities:					
Lease payable	258,608	-	41,635	216,973	45,315
Subscription payable	135,335	-	20,617	114,718	23,833
Compensated absences	2,629,297	199,321	-	2,828,618	2,036,711
Net pension liability	101,515,591	-	7,289,370	94,226,221	-
Net OPEB liability	15,773,670	-	1,666,170	14,107,500	693,000
Total Governmental Long-term Liabilities	$ 203,074,370	$ 38,495,670	$16,074,253	$ 225,182,787	$7,470,097

NOTE 8 – LONG-TERM LIABILITIES – continued

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business-type Activities					
Compensated absences	$ 21,108	$ -	$ 3,673	$ 17,435	$ 9,185
Net pension liability	1,025,409	-	73,630	951,779	-
Net OPEB liability	159,330	-	16,830	142,500	-
Total Business-type Long-term Liabilities	$ 1,205,847	$ -	$ 94,133	$ 1,111,714	$ 9,185

Governmental activities long-term liabilities are liquidated by the general fund, and business-type activities long-term liabilities are liquidated by the food service fund. Total interest expense during the year ended June 30, 2025 was $2,516,618.

Legal Debt Margin

The District is subject to debt limitation that is 225% of borrowing base (the average total revenues for three years). At June 30, 2025 that amount is $255,799,703. As of June 30, 2025 the total outstanding debt applicable to the limit is $113,668,757.

Leasing Arrangements

The District leases its copier equipment under a number of lease arrangements with expiration dates through August 2029.

At June 30, 2025, the minimum future rental payments under noncancelable leasing arrangements for the remaining period and in the aggregate are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 45,315	$ 16,704	$ 62,019
2027	49,321	12,698	62,019
2028	53,681	8,338	62,019
2029	58,427	3,592	62,019
2030	10,229	108	10,337
Total	$ 216,973	$ 41,440	$ 258,413

Subscription Based IT Arrangements

The District subscribes to their accounting software under a subscription arrangement that expires in June of 2029.

NOTE 8 – LONG-TERM LIABILITIES – continued

At June 30, 2025, the minimum future rental payments under the subscription arrangement for the remaining period and in the aggregate are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 23,833	$ 311	$ 24,144
2027	27,058	246	27,304
2028	30,292	173	30,465
2029	33,535	90	33,625
Total	$ 114,718	$ 820	$ 115,538

NOTE 9 – EMPLOYEE RETIREMENT 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 District year, and part-time per diem public school employees who render at least 80 days of service in the District 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 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 visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

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

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

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C) or at 6.50 percent (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 percent (Membership Class T-C) or at 7.50 percent (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 percent (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 Membership Class T-F, 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 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,

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

which was comprised of 32.92 percent for pension contributions, 0.35 percent for Act 5 defined contribution plan contributions, and 0.63 percent for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2025 was $12,481,264.

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

At June 30, 2025, the District reported a liability of $95,178,000 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 0.2274 percent, a decrease of 0.0030 percent from June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $9,210,368. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,576,000	$ -
Difference between expected and actual experience	-	1,496,000
Change in assumptions	-	-
Change in proportionate share of net pension liability	1,438,000	1,061,000
Difference between employer contributions and proportionate share of total contributions	-	830,363
Contributions subsequent to the date of measurement	12,481,265	-
	$ 15,495,265	$ 3,387,363

An amount of $12,481,265 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 of resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (2,478,473)
2027	2,616,892
2028	(195,634)
2029	(316,148)
	$ (373,363)

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

Actuarial Assumptions

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

- Valuation date – June 30, 2023
- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.0 percent, includes inflation of 2.5 percent
- Salary growth – effective average of 4.5 percent, comprised of inflation of 2.5 percent and 2.0 percent for real wage growth and for merit and 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 discount rate used to measure the total pension liability was 7.0 percent as of June 30, 2022 and as of June 30, 2023
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.0 percent to 4.5 percent
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.8 percent and 2.3 percent to 2.5 percent and 2.0 percent, respectively.
  - Mortality rates – previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50 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.

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

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

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

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.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$125,379,000	$ 95,178,000	$ 69,676,000

Pension Plan Fiduciary Net Position

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

NOTE 10 – POSTEMPLOYMENT HEALTHCARE 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 the GASB Codification, 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 $713,000 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of June 30, 2025. The total OPEB liability as of June 30, 2025 was determined by rolling forward the plan's total OPEB liability as of the July 1, 2024 actuarial valuation to the June 30, 2025 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount used to measure the total OPEB liability was 5.20 percent for the measurement date of June 30, 2024, an increase from the discount rate of 3.93 percent used for the June 30, 2023 measurement date.

Health Cost Trend

Healthcare costs and premium rates are assumed to increase as shown in the following table (selected years shown):

Fiscal Year Ending June 30	Increase in Health Cost Over Prior Year
2026	6.90%
2027	6.40%
2028	5.50%

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued

Fiscal Year Ending June 30	Increase in Health Cost Over Prior Year
2029	5.00%
2030	4.90%
2035	4.20%
2040	4.10%
2045	4.10%
2055	4.10%
2075 and later	3.70%

The Society of Actuaries (SOA) Long-Run Medical Cost Trend Model was used to develop the medical trend schedule used in projecting per capita claim costs and premiums for this report. The model's projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group and have been modified slightly to reflect the District's actuary's expectations for long-term inflation. In addition, the estimated impact of the excise tax due to healthcare reform is incorporated through an adjustment to the healthcare trend assumption.

Dental and vision costs are assumed to equal premium rates.

Census Data

As of July 1, 2024, the plan consisted of 451 active participants and 35 retired participants receiving benefits.

Mortality Rates

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

Medicare Participation

It is assumed that current active administrators who were hired before January 1, 2000 will participate in Medicare upon retirement. Current retired administrators who were hired before January 1, 2000 were valued based on individual data regarding Medicare participation.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 5.20 percent, 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.

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Total OPEB liability	$ 11,027,000	$ 10,212,000	$ 9,471,000
Fiduciary net position	-	-	-
Net OPEB liability	$ 11,027,000	$ 10,212,000	$ 9,471,000

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 Trend Rate	1% Increase
Total OPEB liability	$ 9,390,000	$ 10,212,000	$ 11,163,000
Fiduciary net position	-	-	-
Net OPEB liability	$ 9,390,000	$ 10,212,000	$ 11,163,000

Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2024	$ 11,765,000
Service cost	360,000
Interest on OPEB designation	448,000
Effect of liability gains or losses	(67,000)
Effect of assumption changes or inputs	(1,581,000)
Benefit payments	(713,000)
Total OPEB liability as of June 30, 2025	$ 10,212,000

The amount of OPEB expense for the single employer plan recognized by the District was $37,000 for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 690,000	$ 3,829,000
Difference between actual and expected experience	1,171,000	243,000
	$ 1,861,000	$ 4,072,000

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued

Deferred inflows of resources due to the change in assumptions will be recognized in OPEB expense as follows:

Year Ending June 30,	
2026	$ (719,000)
2027	173,000
2028	(7,000)
2029	(471,000)
2030	(281,000)
Thereafter	(906,000)
	$ (2,211,000)

NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

PSERS provides premium assistance, which is a governmental cost-sharing, multiple-employer other postemployment benefits plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, 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, and
- 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.

NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the District year, and part-time per diem public school employees who render at least 80 days of service in the District 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.psers.state.pa.us.

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 and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.63 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $212,786 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $4,038,000 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 0.2273 percent, which was a decrease of .0031 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of $156,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 4,000	$ -
Change in proportionate share of net pension liability	246,000	617,000
Difference between expected and actual experience	15,000	61,000
Change in assumptions	98,000	75,000
Difference between employer contributions and proportionate share of total contributions	-	11,916
Contributions subsequent to the date of measurement	212,786	-
	$ 575,786	$ 764,916

An amount of $212,786 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, 2025. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (106,455)
2027	(124,666)
2028	(141,193)
2029	(18,090)
2030	(9,978)
Thereafter	(1,534)
	$ (401,916)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percent of pay
- Investment return – 4.21 percent – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.

NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued

- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- 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.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

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

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.

NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21 percent, an increase from 4.13 percent in the prior year. 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:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 4,038,000	$ 4,038,000	$ 4,038,000

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 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%
District's proportionate share of the net OPEB liability	$ 4,562,000	$ 4,038,000	$ 3,599,000

NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued

OPEB Plan Fiduciary Net Position

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

NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan (See Note 10)	$ 10,212,000	$ 1,861,000	$ 4,072,000
PSERS Plan (See Note 11)	4,038,000	558,720	760,929
Total	$ 14,250,000	$ 2,419,720	$ 4,832,929

NOTE 13 – FUND BALANCES

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
Restricted:				
Capital projects	$ -	$ 50,544,431	$ 28,149,438	$ 78,693,869
Nonspendable (prepaid expenditures)	1,141	-	-	1,141
Committed for future expenditures	753,858	-	-	753,858
Unassigned	8,129,663	-	-	8,129,663
Total Fund Balances	$ 8,884,662	$ 50,544,431	$ 28,149,438	$ 87,578,531

NOTE 14 – 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

NOTE 14 – CONTINGENCIES AND COMMITMENTS - continued

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.

Construction-in-progress

As of June 30, 2025, the District had ongoing construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	Project Amount	Completed as of 06/30/2025	Commitments
Greenwood Elementary	$ 47,692,884	$ 13,884,322	$ 33,808,562
Kennett High School Roof	4,194,947	3,973,960	200,987
New Garden Elementary	49,159,604	32,202,976	16,956,628
Totals	$101,047,435	$ 50,061,258	$ 50,966,177

The District also incurred $8,797,904 of construction related expenses not under a formal contract.

NOTE 15 – 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.

Workers' Compensation (SDIC)

The District is a member of the School Districts Insurance Consortium (SDIC) for workers' compensation coverage. SDIC is comprised of 79 member school districts which jointly self-assume their workers' compensation liabilities. Even though member school districts contribute to SDIC's insurance fund, they remain individually liable for their own workers' compensation claims. The members of SDIC are required to participate in any deficiencies of SDIC and are subject to periodic assessments, as required. As of June 30, 2025, there was no unfunded liability.

The premium/billings from the SDIC are two-part formula driven and based upon the estimated salaries for the fiscal year. The first part of the annual premium is direct claims from workers. There is a cap on the liability for the District. For the 2024–2025 year, the maximum claims liability was $61,288.

NOTE 15 – RISK MANAGEMENT - continued

The second part of the annual premium represents administrative costs for the current year and claims from prior years. This portion is pooled together with all the other members of the consortium.

	Fiscal Year Ended	
	6/30/2025	6/30/2024
Unpaid Claims Premiums, beginning of fiscal year	$ -	$ -
Claims and premiums	324,176	276,784
Payments	(324,176)	(276,784)
Unpaid Claims Premiums, end of fiscal year	$ -	$ -

Self-Insured Medical (Internal Service Fund)

Effective July 1, 2010, the District became self-insured for medical insurance for employees and dependents. Effective June 30, 2013, the District established an internal service fund to administer self-insurance benefits for medical, dental and prescription insurance to all District employees. The District used a third-party administrator to provide consulting and administrative services to process claims within the self-insurance fund. The arrangement also includes stop-loss coverage which provides protection for claims in excess of $300,000 per person. The following table presents the components of the self-insurance benefits obligation and the related changes to the funds benefit obligation at June 30, 2025:

Claims Payable:	$ 783,068
Changes in benefit obligations as follows for the year ended June 30, 2025:	
Claims Payable, beginning of year	$ 774,190
Benefits earned	8,423,710
Claims paid	(8,414,832)
Claims payable, end of year	$ 783,068

NOTE 16 – DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of $30,817,362 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings and changes in assumptions.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

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. The effect of that change to the financial reporting resulted in adjustments to and restatements of beginning net position and fund net balance, as follows:

	6/30/2025 as Previously Reported	Change in Accounting	6/30/2025 as Restated
Government-wide			
Governmental activities	$ 8,841,170	$ (1,483,307)	$ 7,357,863
Business-type activities	1,298,403	(5,720)	1,292,683
Total Primary Government	$ 10,139,573	$ (1,489,027)	$ 8,650,546
Proprietary Funds			
Major Funds:			
Food Service Fund	$ 1,298,403	$ (5,720)	$ 1,292,683
Total Proprietary Funds	$ 1,298,403	$ (5,720)	$ 1,292,683

NOTE 18 – NEW ACCOUNTING PRONOUNCEMENTS

Statement No. 102, Certain Risk Disclosures — The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Statement No. 103, Financial Reporting Model Improvements — The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions

NOTE 18 – NEW ACCOUNTING PRONOUNCEMENTS - continued

and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government.

NOTE 19 – SUBSEQUENT EVENTS

The District has evaluated all subsequent events through December 4, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

KENNETT CONSOLIDATED 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	0.2274%	0.2304%	0.2240%	0.2245%	0.2245%	0.2273%	0.2246%	0.2235%	0.2225%	0.2175%
District's proportion of the net pension liability - dollar value	$ 95,178,000	$102,541,000	$ 99,588,000	$ 92,172,000	$110,542,000	$106,337,000	$107,819,000	$110,383,000	$110,264,000	$ 94,210,000
District's covered employee payroll	$ 36,100,870	$ 31,886,118	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999	$ 29,881,260	$ 28,934,868	$ 28,164,151
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	263.64%	321.59%	301.91%	290.80%	347.69%	340.06%	354.87%	369.41%	381.08%	334.50%
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%

KENNETT CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS -
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2025	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
Contractually required contribution	$ 12,481,265	$ 11,945,778	$ 10,940,127	$ 11,212,040	$ 10,621,157	$ 10,606,238	$ 10,193,930	$ 9,643,564	$ 8,725,328	$ 7,233,717
Contributions in relation to the contractually required contribution	12,481,265	11,945,778	10,940,127	11,212,040	10,621,157	10,606,238	10,193,930	9,643,564	8,725,328	7,233,717
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 37,913,928	$ 36,100,870	$ 31,886,118	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999	$ 29,881,260	$ 28,934,868
Contributions as a percentage of covered payroll	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%

KENNETT CONSOLIDATED 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	June 30, 2017
District's proportion of the net OPEB liability District's	0.2273%	0.2304%	0.2240%	0.2245%	0.2245%	0.2273%	0.2246%	0.2235%
proportion of the net OPEB liability - dollar value	$ 4,038,000	$ 4,168,000	$ 4,123,000	$ 5,320,000	$ 4,846,000	$ 4,834,000	$ 4,683,000	$ 4,554,000
District's covered payroll	$ 36,100,870	$ 31,886,118	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999	$ 29,881,260
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	11.19%	13.07%	12.50%	16.78%	15.24%	15.46%	15.41%	15.24%
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%	5.73%

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.

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

KENNETT CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS -
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 212,786	$ 231,046	$ 278,312	$ 263,777	$ 259,903	$ 266,345	$ 260,406	$ 252,177
Contributions in relation to the contractually required contribution	212,786	231,046	278,312	263,777	259,903	266,345	260,406	252,177
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 37,913,928	$ 36,100,870	$ 31,886,118	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	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.
There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

KENNETT CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY - SINGLE EMPLOYER PLAN

	MEASUREMENT DATE							
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY								
Service cost	$ 360,000	$ 348,000	$ 587,000	$ 567,000	$ 261,000	$ 252,000	$ 521,000	$ 503,000
Interest on total OPEB liability	448,000	423,000	431,000	292,000	221,000	308,000	602,000	605,000
Effect of assumption changes or inputs	(1,581,000)	(246,000)	(899,000)	(1,534,000)	3,735,000	1,425,000	(7,960,000)	(437,000)
Effect of liability gains or losses	(67,000)	-	-	-	-	-	832,000	-
Benefit payments	(713,000)	(712,000)	(685,000)	(661,000)	(753,000)	(775,000)	(731,000)	(775,000)
NET CHANGE IN TOTAL OPEB LIABILITY	(1,553,000)	(187,000)	(566,000)	(1,336,000)	3,464,000	1,210,000	(6,736,000)	(104,000)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	11,765,000	11,952,000	12,518,000	13,854,000	10,390,000	9,180,000	15,916,000	16,020,000
TOTAL OPEB LIABILITY, END OF YEAR	$ 10,212,000	$ 11,765,000	$ 11,952,000	$ 12,518,000	$ 13,854,000	$ 10,390,000	$ 9,180,000	$ 15,916,000
PLAN FIDUCIARY NET POSITION								
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 10,212,000	$ 11,765,000	$ 11,952,000	$ 12,518,000	$ 13,854,000	$ 10,390,000	$ 9,180,000	$ 15,916,000
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%	0.00%
Covered employee payroll	$ 38,474,519	$ 35,048,628	$ 35,048,628	$ 33,493,323	$ 32,101,048	$ 31,062,034	$ 30,557,282	$ 29,587,921
District's net OPEB liability as a percentage of covered employee payroll	26.54%	33.57%	34.10%	37.37%	43.16%	33.45%	30.04%	53.79%
Expected average remaining service years of all participants	10	10	8	8	8	8	8	8

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.

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

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SUPPLEMENTARY INFORMATION

KENNETT CONSOLIDATED SCHOOL DISTRICT

Supplementary Information
Individual Fund Schedules

General Fund

The General Fund is used to account for resources traditionally associated with the District which are not required legally or by sound financial management to be accounted for in another fund. This fund accounts for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the District's overall operations.

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Revenues – Budget to Actual
For the Year Ended June 30, 2025

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget
Local Revenue				
Current Real Estate Taxes	$ 69,555,659	$ 67,905,237	$ 67,929,726	$ 24,489
Interim Real Estate Taxes	800,000	800,000	253,376	(546,624)
Utility Taxes	66,000	66,000	71,027	5,027
Earned Income	5,900,000	5,900,000	6,503,605	603,605
Realty Transfer Tax	1,200,000	1,200,000	1,323,859	123,859
Delinquent Real Estate Taxes	1,500,000	1,500,000	2,308,002	808,002
Investment Earnings	1,100,000	1,100,000	2,098,865	998,865
Facility Rental Fees	60,000	60,000	40,256	(19,744)
Other Revenue	179,960	179,963	361,293	181,330
Total Revenue from Local Sources	**80,361,619**	**78,711,200**	**80,890,009**	**2,178,809**
State Revenue				
State Basic Subsidy	8,002,279	8,648,151	8,473,972	(174,179)
Charter School Subsidy	-	-	52,821	52,821
Tuition Orphans & Children	-	-	10,441	10,441
Migratory Children	-		5,209	5,209
Special Education	2,188,061	2,061,611	2,305,447	243,836
Transportation	1,100,000	1,100,000	1,386,430	286,430
Authority Rental Reimbursement	520,995	520,995	423,888	(97,107)
Health Services	78,810	78,810	76,348	(2,462)
Feminine Hygiene Funding	-	-	6,794	6,794
Property Tax Reduction Allocation	1,786,280	2,162,154	2,162,154	-
School Safety Grant	-	-	273,354	273,354
Ready to Learn Grant	400,617	900,617	900,617	-
Adequacy Supplement	-	-	7,909	7,909
FICA Reimbursement	1,455,681	1,455,681	1,395,924	(59,757)
Retirement Reimbursement	6,648,404	6,489,516	6,416,720	(72,796)
Total Revenue from State Sources	**22,181,127**	**23,417,535**	**23,898,028**	**480,493**
Federal Revenue				
Title I	600,000	600,000	782,033	182,033
Title II	114,000	114,000	88,510	(25,490)
Title III	116,000	116,000	117,149	1,149
Title IV	42,000	42,000	71,813	29,813
IDEA	500,000	500,000	524,245	24,245
ARP Act	-	-	(13,404)	(13,404)
SBAP Reimbursements (Access)	194,667	276,667	344,703	68,036
Medical Assistance Reimbursement	20,000	20,000	6,689	(13,311)
Total Revenue From Federal Sources	**1,586,667**	**1,668,667**	**1,921,738**	**253,071**
Other Sources				
Fund Balance Appropriations	-	390,000	-	-
Sale of Capital Assets	-	-	389,975	389,975
Total Revenue From Other Sources	**-**	**390,000**	**389,975**	**389,975**
Total Revenues	**$ 104,129,413**	**$ 104,187,402**	**$ 107,099,750**	**$ 3,302,348**

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Expenditures – Budget to Actual
For the Year Ended June 30, 2025

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
Regular Instruction				
Salaries	$22,040,222	$22,040,222	$21,378,545	$ 661,677
Employee Benefits	13,957,427	13,875,450	14,048,418	(172,968)
Purchased Professional & Technical Services	112,916	112,916	121,552	(8,636)
Purchased Property Services	2,800	2,800	1,100	1,700
Other Purchased Services	4,040,719	3,240,719	3,903,266	(662,547)
Supplies	532,611	532,611	630,777	(98,166)
Property	14,000	14,000	18,355	(4,355)
Other Objects	-	-	-	-
Total	40,700,695	39,818,718	40,102,014	(283,296)
Special Instruction				
Salaries	2,801,739	2,801,739	3,268,187	(466,448)
Employee Benefits	1,830,474	1,773,372	1,978,310	(204,938)
Purchased Professional & Technical Services	6,782,160	7,972,161	8,114,293	(142,132)
Purchased Property Services	1,061	1,061	-	1,061
Other Purchased Services	2,581,985	2,581,984	3,889,713	(1,307,729)
Supplies	93,889	175,889	186,424	(10,535)
Property	-	-	-	-
Other Objects	1,591	1,591	-	1,591
Total	14,092,899	15,307,797	17,436,927	(2,129,130)
Vocational Programs				
Other Purchased Services	1,920,257	1,920,257	1,840,961	79,296
Total	1,920,257	1,920,257	1,840,961	79,296
Other Instructional Programs				
Salaries	-	-	92,768	(92,768)
Employee Benefits	-	-	34,355	(34,355)
Purchased Professional & Technical Services	129,000	129,000	58,333	70,667
Other Purchased Services	-	-	21,543	(21,543)
Supplies	150,000	150,000	3,015	146,985
Other Objects	-	-	3,948	(3,948)
Total	279,000	279,000	213,961	65,039
Nonpublic School Programs				
Purchased Professional & Technical Services	-	-	650	(650)
Total	-	-	650	(650)
Support Services-Students				
Salaries	2,220,441	2,220,441	2,151,186	69,255
Employee Benefits	1,455,305	1,409,858	1,349,026	60,832
Purchased Professional & Technical Services	793,350	793,350	1,102,651	(309,301)
Purchased Services	-	-	6,338	-
Other Purchased Services	13,900	13,900	14,647	(747)
Supplies	17,500	17,500	10,481	7,019
Property	-	-	-	-
Other Objects	3,050	3,050	1,926	1,124
Total	4,503,546	4,458,099	4,636,254	(178,155)

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Expenditures – Budget to Actual - continued
For the Year Ended June 30, 2025

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
Support Services-Instructional Staff				
Salaries	1,879,577	1,879,577	1,837,708	41,869
Employee Benefits	1,418,622	1,381,941	1,235,196	146,745
Purchased Professional & Technical Services	163,240	163,241	269,600	(106,359)
Purchased Property Services	2,000	2,000	1,352	648
Other Purchased Services	21,950	21,950	19,937	2,014
Supplies	781,251	781,251	870,484	(89,233)
Property	4,300	4,300	2,094	2,206
Other Objects	5,500	5,500	6,300	(800)
Total	4,276,440	4,239,760	4,242,670	(2,910)
Support Services-Administration				
Salaries	2,997,349	2,997,349	3,249,141	(251,792)
Employee Benefits	2,361,317	2,299,125	1,949,874	349,251
Purchased Professional & Technical Services	434,500	434,500	272,539	161,961
Other Purchased Services	229,670	229,670	184,035	45,635
Supplies	185,709	185,709	229,721	(44,012)
Property	4,000	4,000	0	4,000
Other Objects	69,300	69,300	87,719	(18,419)
Total	6,281,845	6,219,653	5,973,029	246,624
Support Services-Pupil Health				
Salaries	521,438	521,435	564,167	(42,732)
Employee Benefits	351,474	340,777	342,433	(1,656)
Purchased Professional & Technical Services	20,910	20,910	25,195	(4,285)
Purchased Property Services	150	150	240	(90)
Other Purchased Services	7,800	7,800	15,530	(7,730)
Supplies	33,200	33,200	31,354	1,846
Total	934,972	924,272	978,919	(54,647)
Support Services-Business				
Salaries	729,900	729,900	727,625	2,275
Employee Benefits	397,162	383,358	362,799	20,559
Purchased Professional & Technical Services	66,750	66,750	53,050	13,700
Other Purchased Services	12,000	12,000	6,217	5,783
Supplies	15,250	15,250	4,374	10,876
Other Objects	108,950	108,950	121,858	(12,908)
Total	1,330,012	1,316,208	1,275,924	40,284
Operation & Maintenance of Plant Services				
Salaries	2,608,180	2,608,180	2,560,300	47,880
Employee Benefits	2,063,886	2,005,974	1,899,715	106,259
Purchased Professional & Technical Services	218,500	218,500	256,675	(38,175)
Purchased Property Services	1,310,500	1,310,500	1,041,230	269,270
Other Purchased Services	434,000	434,000	371,746	62,254
Supplies	1,570,500	1,570,500	1,664,513	(94,013)
Property	212,000	212,000	86,977	125,023
Other Objects	17,500	17,500	11,954	5,546
Total	8,435,066	8,377,154	7,893,109	484,045

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Expenditures – Budget to Actual – continued
For the Year Ended June 30, 2025

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
Student Transportation				
Salaries	165,600	165,600	172,970	(7,370)
Employee Benefits	107,987	104,640	104,963	(323)
Purchased Professional & Technical Services	4,500	4,500	16,627	(12,127)
Purchased Property Services	2,000	2,000	13,159	(11,159)
Other Purchased Services	5,947,753	5,947,753	5,638,108	309,645
Supplies	45,000	45,000	27,019	17,981
Other Objects	4,000	4,000	4,525	(525)
Total	6,276,840	6,273,493	5,977,371	296,122
Support Services-Central				
Salaries	1,219,100	1,219,100	1,279,399	(60,299)
Employee Benefits	832,165	806,974	830,384	(23,410)
Purchased Professional & Technical Services	250,050	250,050	92,791	157,259
Other Purchased Services	167,099	167,099	190,580	(23,481)
Supplies	560,328	560,328	836,204	(275,876)
Property	646,376	646,376	99,548	546,828
Other Objects	3,750	3,750	1,084	2,666
Total	3,678,868	3,653,677	3,329,989	323,688
Other Support Services				
Other Purchased Services	35,000	35,000	32,958	2,042
Total	35,000	35,000	32,958	2,042
Student Activities				
Salaries	1,102,688	1,102,688	1,154,221	(51,533)
Employee Benefits	487,066	467,410	483,945	(16,535)
Purchased Professional & Technical Services	219,251	219,251	207,687	11,564
Other Purchased Services	196,864	196,864	193,445	3,419
Supplies	112,318	112,318	134,169	(21,851)
Property	12,823	12,823	19,704	(6,881)
Other Objects	49,244	49,244	100,922	(51,678)
Total	2,180,254	2,160,598	2,294,093	(133,495)
Community Services				
Salaries	-	-	8,768	(8,768)
Employee Benefits	-	-	3,662	(3,662)
Purchased Professional & Technical Services	-	-	19,268	(19,268)
Supplies	-	-	3,015	(3,015)
Total	-	-	34,713	(34,713)
Facilities Acquisition, Construction & Improvement Services				
Purchased Property Services	225,000	225,000	68,293	156,708
Total	225,000	225,000	68,293	156,708
Other Expenditures & Financing Uses				
Debt Service Interest	1,868,717	1,868,717	2,917,814	(1,049,097)
Debt Service Principal	7,020,000	7,020,000	7,020,000	-
Fund Transfers	-	-	1,786,139	(1,786,139)
Budgetary Reserve	90,000	90,000	-	90,000
Total	8,978,717	8,978,717	11,723,953	(2,745,236)
Total Expenditures	**$ 104,129,413**	**$ 104,187,402**	**$ 108,055,791**	**$ (3,868,389)**

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the Kennett Consolidated School District's Annual Comprehensive Financial Report (ACFR) presents other detailed information to allow the reader a better understanding of the Government's overall financial health in conjunction with the information in the financial statements, note disclosures, and required supplementary information.

Contents	**Pages**
Financial Trends	
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	95-104
Revenue Capacity	
The information in this section will help the reader assess the property tax revenue for the District, which is the Government's most significant source of local revenue.	105-113
Debt Capacity	
These schedules present information that display the District's ability to afford the current levels of outstanding debt as well as the Government's ability to issue more debt in the future.	114-119
Demographic and Economic Information	
Demographic and economic indicators help the reader better understand the environment within which the Government's financial activities take place.	120-122
Operating Information	
These schedules contain data to help the reader understand and relate information of other sections of the ACFR to the services provided and activities performed.	123-131

Sources of Data: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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KENNETT CONSOLIDATED SCHOOL DISTRICT

Net Position by Component
Last Ten Fiscal Years

	Fiscal Year Ending June 30				
	2025	2024	2023	2022	2021
Governmental Activities					
Net Investment in capital assets	$ 28,924,896	$70,420,280	$ 71,012,121	$ 65,269,705	$ 58,874,686
Restricted	28,149,438	29,968,407	34,753,472	23,911,027	21,797,368
Unrestricted (deficit)	(30,817,361)	(88,964,248)	(96,924,423)	(98,359,835)	(102,610,939)
Total Net Position (Deficit)	26,256,972	11,424,439	8,841,170	(9,179,103)	(21,938,885)
Business-type Activities					
Net Investment in capital assets	144,577	168,147	613,426	638,236	647,431
Unrestricted (deficit)	1,095,953	935,068	684,977	684,977	(289,051)
Total Net Position	1,240,530	1,103,215	1,298,403	1,323,213	358,380
Total Primary Government					
Net Investment in capital assets	29,069,473	70,588,427	71,625,547	65,907,941	59,522,117
Restricted	28,149,438	29,968,407	34,753,472	23,911,027	21,797,368
Unrestricted (deficit)	(29,721,409)	(88,029,180)	(96,239,446)	(97,674,858)	(102,899,990)
Total Net Position (Deficit)	$ 27,497,502	$ 12,527,654	$ 10,139,573	$ (7,855,890)	$ (21,580,505)

Source: District Audited Financial Statements

Notes: Starting in 2017-2018 the district booked their share of the PSERS multiple employer net OPEB liability and the District's single employer total OPEB liability to comply with GASB 75.

Starting in 2014-2015 the district booked their share of the PSERS multiple employer pension plan liability to comply with GASB 67/68.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Net Position by Component - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30				
	2020	2019	2018	2017	2016
Governmental Activities					
Net Investment in capital assets	$ 52,132,965	$ 47,352,086	$ 44,364,140	$ 41,619,899	$ 36,394,244
Restricted	14,762,937	11,014,624	9,233,980	6,426,725	8,474,047
Unrestricted	(102,820,094)	(103,022,901)	(104,512,774)	(90,220,849)	(90,014,965)
Total Net Position	(35,924,192)	(44,656,191)	(50,914,654)	(42,174,225)	(45,146,674)
Business-type Activities					
Net Investment in capital assets	601,047	640,948	681,923	723,127	756,764
Unrestricted	(284,453)	(334,261)	(362,615)	(172,533)	(141,247)
Total Net Position	316,594	306,687	319,308	550,594	615,517
Total Primary Government					
Net Investment in capital assets	52,734,012	47,993,034	45,046,063	42,343,026	37,151,008
Restricted	14,762,937	11,014,624	9,233,980	6,426,725	8,474,047
Unrestricted	(103,104,547)	(103,357,162)	(104,875,389)	(90,393,382)	(90,156,212)
Total Net Position	$ (35,607,598)	$ (44,349,504)	$ (50,595,346)	$ (41,623,631)	$ (44,531,157)

Source: District Audited Financial Statements

Notes: Starting in 2017-2018 the district booked their share of the PSERS multiple employer net OPEB liability and the District's single employer total OPEB liability to comply with GASB 75.

Starting in 2014-2015 the district booked their share of the PSERS multiple employer pension plan liability to comply with GASB 67/68.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
Expenses					
Governmental Activities:					
Instruction	$ 54,859,619	$ 65,757,655	$ 51,597,513	$ 50,892,253	$ 46,813,431
Instructional Student Support	9,196,472	8,646,734	7,746,635	7,385,864	7,096,212
Administrative & Financial Support Services	10,742,956	9,962,970	9,029,867	8,781,647	9,779,418
Operation & Maintenance of Plant Services	8,493,213	8,101,531	7,753,879	7,781,479	7,209,934
Pupil Transportation	5,993,644	5,727,978	5,266,399	4,929,799	4,474,412
Student Activities	2,700,582	2,806,954	1,942,278	1,477,450	1,310,612
Community Services	-	2,333	-	-	-
Interest on Long-term Debt	2,516,618	919,140	566,880	848,916	784,698
Unallocated Depreciation Expense	1,362,156	1,124,759	1,192,888	1,170,592	1,143,879
Total Governmental Activities Expense	95,865,260	103,050,054	85,096,339	83,268,000	78,612,596
Business-type Activities:					
Food Services	2,008,850	2,393,582	1,872,910	2,030,464	1,371,523
Total Primary Government Expenses	97,874,114	105,443,636	86,969,249	85,298,464	79,984,119
Program Revenues					
Governmental Activities:					
Charges for Service	137,700	126,367	198,401	154,843	32,095
Operating Grants and Contributions	15,253,619	16,464,181	16,278,359	14,641,188	14,435,880
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Program Revenue	15,391,319	16,590,548	16,476,760	14,796,031	14,467,975
Business-type Activities					
Charges for Service	617,118	555,102	572,325	134,615	39,028
Operating Grants and Contributions	1,435,943	1,553,025	1,487,370	2,590,603	1,374,281
Total Business-type Program Revenues	2,053,061	2,108,127	2,059,695	2,725,218	1,413,309
Total Primary Government Program Revenues	17,444,380	18,698,675	18,536,455	17,521,249	15,881,284
Net Revenues (Expenses)					
Governmental Activities	(80,473,941)	(86,459,506)	(68,619,579)	(68,471,969)	(64,144,621)
Business-type Activities	44,211	(285,455)	186,785	694,754	41,786
Total Primary Government	$ (80,429,730)	$ (86,744,961)	$ (68,432,794)	$ 67,777,215)	$ (64,102,835)

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position-continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2020	2019	2018	2017	2016
Expenses					
Governmental Activities:					
Instruction	$ 49,837,619	$ 50,186,950	$49,295,717	$ 50,130,855	$ 47,394,610
Instructional Student Support	6,215,217	5,925,093	5,809,112	4,765,349	5,357,520
Administrative & Financial Support Services	8,271,628	8,470,982	8,116,912	7,958,298	7,709,518
Operation & Maintenance of Plant Services	7,059,482	7,774,911	7,173,418	7,280,812	6,942,484
Pupil Transportation	4,644,457	5,127,163	5,017,352	4,965,476	5,054,747
Student Activities	1,539,068	1,630,125	1,516,007	1,471,939	1,254,487
Community Services	-	-	-	-	-
Interest on Long-term Debt	1,116,683	695,184	1,371,272	1,445,831	1,781,169
Unallocated Depreciation Expense	1,199,562	1,195,367	1,192,020	1,137,857	1,112,243
Total Governmental Activities Expense	79,883,716	81,005,775	79,491,810	79,156,417	76,606,778
Business-type Activities:					
Food Services	1,712,584	1,771,765	1,817,583	1,877,620	1,825,470
Total Primary Government Expenses	81,596,300	82,777,540	81,309,393	81,034,037	78,432,248
Program Revenues					
Governmental Activities:					
Charges for Service	223,589	267,495	219,992	261,483	200,969
Operating Grants and Contributions	12,815,632	12,281,923	11,943,111	11,290,760	10,462,025
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Program Revenue	13,039,221	12,549,418	12,163,103	11,552,243	10,662,994
Business-type Activities					
Charges for Service	493,146	663,913	702,816	692,442	714,040
Operating Grants and Contributions	1,192,918	1,076,612	1,078,068	1,115,248	1,075,411
Total Business-type Program Revenues	1,686,064	1,740,525	1,780,884	1,807,690	1,789,451
Total Primary Government Program Revenues	14,725,285	14,289,943	13,943,987	13,359,933	12,452,445
Net Revenues (Expenses)					
Governmental Activities	(66,844,495)	(68,456,357)	(67,328,707)	(67,604,174)	(65,943,784)
Business-type Activities	(26,520)	(31,240)	(36,699)	(69,930)	(36,019)
Total Primary Government	$ (66,871,015)	$ (68,487,597)	$ (67,365,406)	$ (67,674,104)	$ (65,979,803)

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position-continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
Net Revenues (Expenses)					
Governmental Activities	$ (80,473,941)	$ (86,459,506)	$ (68,619,579)	$ (68,471,969)	$ (64,144,621)
Business-Type Activities	44,211	(285,455)	186,785	694,754	41,786
Total Primary Government	(80,429,730)	(86,744,961)	(68,432,794)	(67,777,215)	(64,102,835)
GENERAL REVENUES					
Governmental Activities					
Taxes:					
Property Taxes Levied for General Purposes, net	70,436,665	68,153,831	67,474,016	65,884,585	63,341,726
Public Utility Realty, Earned Income & Mercantile Taxes Levied for General Purposes, net	7,898,491	7,502,714	7,342,937	7,612,572	7,177,382
Grants, Subsidies, & Contributions Not Restricted	10,636,126	9,788,177	9,156,877	7,839,226	7,407,361
Investment Earnings	5,751,367	4,588,307	2,191,264	34,145	34,724
Miscellaneous Income	583,825	493,053	205,451	129,651	168,735
Total Government Activities	95,306,474	90,526,082	86,370,545	81,500,179	78,129,928
Business-type Activities					
Investment Earnings	93,104	95,987	57,712	772	-
Total Business-type Activities	93,104	95,987	57,712	772	-
Total Primary Government	95,399,578	90,622,069	86,428,257	81,500,951	78,129,928
Excess (Deficiency) of Revenues Over Expenditures					
Governmental Activities	14,832,533	4,066,576	17,750,966	13,028,210	13,985,307
Business-type Activities	137,315	(189,468)	244,497	695,526	41,786
Other Financing Sources (Uses)					
Governmental Activities-Transfers Out	-	-	-	-	-
Business-type Activities-Transfers In	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Change in Net Position					
Governmental Activities	14,832,533	4,066,576	17,750,966	13,028,210	13,985,307
Business-type Activities	137,315	(189,468)	244,497	695,526	41,786
Total Primary Government	$ 14,969,848	$ 3,877,108	$ 17,995,463	$ 13,723,736	$ 14,027,093

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position-continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2020	2019	2018	2017	2016
Net Revenues (Expenses)					
Governmental Activities	$ (66,844,495)	$ (68,456,357)	$ (67,328,707)	($67,604,174)	$ (65,943,784)
Business-Type Activities	(26,520)	(31,240)	(36,699)	(69,930)	(36,019)
Total Primary Government	(66,871,015)	(68,487,597)	(67,365,406)	(67,674,104)	(65,979,803)
GENERAL REVENUES					
Governmental Activities					
Taxes:					
Property Taxes Levied for General Purposes, net	61,952,996	60,487,878	58,782,626	57,336,108	56,516,864
Public Utility Realty, Earned Income & Mercantile Taxes Levied for General Purposes, net	5,194,529	5,766,195	5,548,666	5,789,265	5,475,062
Grants, Subsidies, & Contributions Not Restricted	7,405,840	7,237,240	7,088,002	7,010,842	6,714,900
Investment Earnings	840,354	1,013,328	549,069	177,099	100,433
Miscellaneous Income	214,233	210,179	158,670	263,309	297,469
Total Government Activities	75,607,952	74,714,820	72,127,033	70,576,623	69,104,728
Business-type Activities					
Investment Earnings	9,698	18,619	11,063	5,007	1,861
Total Business-type Activities	9,698	18,619	11,063	5,007	1,861
Total Primary Government	75,617,650	74,733,439	72,138,096	70,581,630	69,106,589
Excess (Deficiency) of Revenues Over Expenditures					
Governmental Activities	8,763,457	6,258,463	4,798,326	2,972,449	3,160,944
Business-type Activities	(16,822)	(12,621)	(25,636)	(64,923)	(34,158)
Other Financing Sources (Uses)					
Governmental Activities-Transfers Out	(26,729)	-	-	-	(4,924)
Business-type Activities-Transfers In	26,729	-	-	-	4,924
Total Other Financing Sources (Uses)	-	-	-	-	-
Change in Net Position					
Governmental Activities	8,736,728	6,258,463	4,798,326	2,972,449	3,156,020
Business-type Activities	9,907	(12,621)	(25,636)	(64,923)	(29,234)
Total Primary Government	$ 8,746,635	$ 6,245,842	$ 4,772,690	$2,907,526	$ 3,126,786

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Governmental Funds – Fund Balance
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
General Fund					
Nonspendable	$ 1,141	$ 10,105	$ 2,433	$ -	$ 11,323
Restricted	-	-	-	-	-
Committed	753,858	2,050,000	2,050,000	-	-
Unassigned	8,129,663	7,780,598	7,791,029	7,450,067	7,207,585
Total General Fund	$ 8,884,662	$ 9,840,703	$ 9,843,462	$ 7,450,067	$ 7,218,908
All Other Governmental Funds					
Capital Projects					
Restricted	$ 78,693,869	$ 92,477,514	$ 34,753,472	$ 23,911,027	$ 21,797,368
Total All Other Governmental Funds	$ 78,693,869	$ 92,477,514	$ 34,753,472	$ 23,911,027	$ 21,797,368

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Governmental Funds – Fund Balance - continued
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2020	2019	2018	2017	2016
General Fund					
Nonspendable	$ 22,792	$11,564	$7,586	$52,578	$ 22,038
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	7,033,210	7,044,804	6,888,627	6,710,812	6,496,902
Total General Fund	$ 7,056,002	$7,056,368	$6,896,213	$6,763,390	$ 6,518,940
All Other Governmental Funds					
Capital Projects					
Restricted	$ 14,762,937	$11,014,624	$9,233,980	$6,426,725	$ 8,474,047
Total All Other Governmental Funds	$ 14,762,937	$11,014,624	$9,233,980	$6,426,725	$ 8,474,047

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Governmental Funds – Changes in Fund Balance
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
REVENUES:					
Local Sources	$ 84,212,297	$ 80,197,726	$ 77,225,753	$ 74,036,433	$ 70,957,340
State Sources	23,898,028	22,084,471	21,653,784	18,511,530	18,246,339
Federal Sources	1,921,738	4,167,887	3,781,450	3,968,882	3,434,935
TOTAL REVENUES	110,032,063	106,450,084	102,660,987	96,516,845	92,638,614
EXPENDITURES:					
Current:					
Instruction	59,594,513	56,242,970	52,667,153	50,023,454	47,409,087
Support Services	34,340,223	32,086,121	29,914,494	29,210,085	27,107,618
Operation of Non-Instructional Services	2,746,244	2,833,122	2,223,880	1,596,541	1,285,333
Total Current Expenditures	96,680,980	91,162,213	84,805,527	80,830,080	75,802,038
Capital Outlay					
Facilities Acq, Construction & Imprvmnt Servs	56,839,276	10,860,803	6,918,144	5,836,120	2,475,778
Total Capital Outlay	56,839,276	10,860,803	6,918,144	5,836,120	2,475,778
Debt Services					
Principal	7,020,000	6,707,000	6,723,750	6,516,000	6,040,000
Interest and Fiscal Charges	2,917,817	1,264,317	783,801	989,827	1,237,687
Total Debt Service	9,937,817	7,971,317	7,507,551	7,505,827	7,277,687
TOTAL EXPENDITURES	163,458,073	109,994,333	99,231,222	94,172,027	85,555,503
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,426,010)	(3,544,249)	3,429,765	2,344,818	7,083,111
OTHER FINANCING SOURCES (USES):					
Issuance of Refunding Debt	-	-	-	-	10,000,000
Issuance of Bond Proceeds	38,296,349	56,620,000	9,995,000	-	-
Payment to Refunded Debt Escrow	-	-	-	-	(9,894,099)
Bond Discount	-	-	(200,865)	-	-
Bond Premium	-	4,383,611	-	-	-
Proceeds from Lease	-	261,921			
Sale of Capital Assets	389,975	-	11,940	-	8,325
Transfers In	-	-	7,312,673	7,707,841	9,372,732
Transfers Out	-	-	(7,312,673)	(7,707,841)	(9,372,732)
TOTAL OTHER FINANCING SOURCES (USES)	38,686,324	61,265,532	9,806,075	-	114,226
NET CHANGE IN FUND BALANCES	$ (14,739,686)	$ 57,721,283	$ 13,235,840	$ 2,344,818	$ 7,197,337
Debt Service as a percentage of noncapital expenditures	9.64%	7.31%	8.08%	8.26%	8.96%

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Governmental Funds – Changes in Fund Balance - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2020	2019	2018	2017	2016
REVENUES:					
Local Sources	$ 68,135,833	$ 68,086,375	$ 65,350,648	$63,857,789	$ 62,338,405
State Sources	18,292,080	17,844,931	17,382,556	16,734,075	15,655,262
Federal Sources	1,929,393	1,674,233	1,648,557	1,558,249	1,521,663
TOTAL REVENUES	88,357,306	87,605,539	84,381,761	82,150,113	79,515,330
EXPENDITURES:					
Current:					
Instruction	47,470,067	48,981,965	47,215,650	48,798,636	46,141,491
Support Services	24,819,143	26,437,352	24,822,962	23,990,869	23,698,137
Operation of Non Instructional Services	1,525,931	1,524,325	1,403,425	1,439,536	1,265,038
Total Current Expenditures	73,815,141	76,943,642	73,442,037	74,229,041	71,104,666
Capital Outlay					
Facilities Acq, Construction & Imprvmnt Servs	3,249,952	1,841,714	863,115	2,370,355	1,438,564
Total Capital Outlay	3,249,952	1,841,714	863,115	2,370,355	1,438,564
Debt Services					
Principal	6,015,000	5,975,000	5,790,000	5,675,000	5,600,000
Interest and Fiscal Charges	1,506,737	1,163,003	1,546,199	1,678,589	2,251,193
Total Debt Service	7,521,737	7,138,003	7,336,199	7,353,589	7,851,193
TOTAL EXPENDITURES	84,586,830	85,923,359	81,641,351	83,952,985	80,394,423
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,770,476	1,682,180	2,740,410	(1,802,872)	(879,093)
OTHER FINANCING SOURCES (USES):					
Issuance of Refunding Debt	-	19,785,000	11,425,000	-	17,795,000
Issuance of Bond Proceeds	-	-	-	-	-
Payment to Refunded Debt Escrow	-	(20,376,515)	(12,166,894)	-	(17,605,000)
Bond Discount	-	-	-	-	-
Bond Premium	-	842,574	934,662	-	462,780
Proceeds from Lease		-	-	-	-
Sale of Capital Assets	4,200	7,560	6,900	-	-
Transfers In	6,596,054	3,393,081	3,485,877	299,498	1,082,595
Transfers Out	(6,622,783)	(3,393,081)	(3,485,877)	(299,498)	(1,087,519)
TOTAL OTHER FINANCING SOURCES (USES)	(22,529)	258,619	199,668	-	647,856
NET CHANGE IN FUND BALANCES	$ 3,747,947	$ 1,940,799	$ 2,940,078	($1,802,872)	$ (231,237)
Debt Service as a percentage of noncapital expenditures	9.18%	8.43%	9.10%	9.10%	9.92%

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

General Fund Revenues by Source
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
LOCAL SOURCES:					
Real Estate Taxes (Current)	$ 67,929,726	$ 65,794,668	$ 64,583,038	$ 62,325,367	$ 60,622,360
Interim Real Estate Taxes	253,376	467,362	917,582	1,780,331	761,053
Earned Income Taxes (Current)	6,503,605	6,155,388	5,982,036	5,713,018	5,533,174
Transfer Taxes	1,323,859	1,281,462	1,292,374	1,832,832	1,578,951
Delinquent Taxes	2,308,002	1,783,967	1,803,959	1,979,103	2,001,167
Earnings from Investments	2,098,865	2,275,726	1,518,407	27,588	31,232
Utility Taxes	71,027	65,864	68,527	66,722	65,257
Other Sources	401,549	357,572	387,030	284,481	362,796
Total Local Sources	80,890,009	78,182,009	76,552,953	74,009,442	70,955,990
STATE SOURCES:					
Basic Education	8,473,972	8,001,897	7,359,223	6,362,413	5,949,342
Special Education	2,305,447	2,197,989	2,020,347	1,836,694	1,918,262
Transportation	1,386,430	1,035,892	1,201,744	1,010,458	1,349,456
Rental & Sinking Fund Payments	423,888	446,974	477,694	526,803	455,797
State Property Tax Allocation	2,162,154	1,786,280	1,797,652	1,476,813	1,458,019
Social Security Subsidy	1,395,924	1,318,356	1,285,282	1,202,126	1,168,409
Retirement Subsidy	6,416,721	6,125,697	6,194,664	5,612,146	5,454,572
Other Sources	1,333,493	1,171,386	1,317,178	484,077	492,482
Total State Sources	23,898,028	22,084,471	21,653,784	18,511,530	18,246,339
FEDERAL SOURCES:					
Total Federal Sources	1,921,738	4,167,887	3,781,450	3,968,882	3,434,935
TOTAL REVENUES	$ 106,709,775	$ 104,434,367	$ 101,988,187	$ 96,489,854	$ 92,637,264

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

General Fund Revenues by Source - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2020	2019	2018	2017	2016
LOCAL SOURCES:					
Real Estate Taxes (Current)	$59,768,574	$58,419,762	$56,609,086	$55,409,613	$ 53,935,825
Interim Real Estate Taxes	593,037	468,408	234,855	219,503	364,777
Earned Income Taxes (Current)	3,968,816	4,534,772	4,568,266	4,619,000	4,428,024
Transfer Taxes	1,166,477	1,166,938	916,919	1,103,477	979,140
Delinquent Taxes	1,372,252	2,032,321	2,071,464	1,727,732	1,929,914
Earnings from Investments	593,415	814,344	415,193	153,564	81,791
Utility Taxes	59,237	64,485	63,481	66,788	67,897
Other Sources	437,841	477,674	378,662	534,577	532,395
Total Local Sources	67,959,649	67,978,704	65,257,926	63,834,254	62,319,763
STATE SOURCES:					
Basic Education	5,949,350	5,798,084	5,651,648	5,553,453	5,304,197
Special Education	1,922,312	1,840,497	1,850,375	1,812,011	1,796,196
Transportation	1,400,222	1,399,877	1,480,781	1,503,572	1,477,298
Rental & Sinking Fund Payments	500,678	511,954	486,728	438,141	478,304
State Property Tax Allocation	1,456,490	1,439,156	1,436,354	1,457,389	1,410,703
Social Security Subsidy	1,159,972	1,141,674	1,102,443	1,082,919	1,061,348
Retirement Subsidy	5,346,630	5,181,277	4,857,630	4,374,018	3,617,746
Other Sources	556,426	532,412	516,597	512,572	509,470
Total State Sources	18,292,080	17,844,931	17,382,556	16,734,075	15,655,262
FEDERAL SOURCES:					
Total Federal Sources	1,929,393	1,674,233	1,648,557	1,558,249	1,521,663
TOTAL REVENUES	$88,181,122	$87,497,868	$84,289,039	$82,126,578	$ 79,496,688

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Assessed Value
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2025	2024	2023	2022	2021
Residential Property	$1,630,489,010	$1,614,766,360	$1,600,126,030	$1,573,829,040	$1,564,051,010
Industrial Property	33,201,800	32,726,640	32,726,640	33,524,800	33,518,000
Commercial Property	457,051,223	453,414,034	441,382,644	416,147,542	413,157,462
Agricultural Property	14,250,100	14,250,250	36,859,536	37,893,926	39,401,706
Mobile Homes	2,377,990	2,343,920	2,405,550	2,349,090	2,480,990
Direct Tax Rate	33.6498	32.7275	32.4348	31.8707	31.4852
Total Taxable Assessed Property	$2,137,370,123	$2,117,501,204	$2,113,500,400	$2,063,744,398	$2,052,609,168
Common Level Ratio*	33.90	36.00	39.50	45.00	46.90
Total Fair Market Value*	$6,304,926,617	$5,881,947,789	$5,350,633,924	$4,586,098,662	$4,376,565,390

*The fair market value of the taxable assessed property is calculated using the Common Level Ratio determined by the State Tax Equalization Board. Under Act 267 of 1982, this Board is required to establish a common level ratio of assessed value to market value using a statistically-acceptable technique to make the methodology for computing ratios public, and to certify the ratio of the chief assessor of each county each year.

Source of data: Chester County Assessment Office

Note: Effective June 30, 2007 – Pennsylvania law has imposed restrictions on a district's ability to increase tax rates. The State restricts increases to tax rates to no more than a pre-calculated index. A district may apply for exceptions to the State in order to increase the tax rate above the index.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Assessed Value - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2020	2019	2018	2017	2016
Residential Property	$1,555,707,760	$1,549,756,500	$1,547,412,240	$1,530,444,750	$1,530,444,750
Industrial Property	33,162,050	32,979,190	33,019,010	33,933,490	33,933,490
Commercial Property	406,117,312	402,078,022	397,228,732	396,376,580	396,376,580
Agricultural Property	38,763,806	39,833,636	41,330,496	44,867,975	44,867,975
Mobile Homes	2,465,680	2,474,310	2,425,870	2,428,990	2,428,990
Direct Tax Rate	30.9497	30.4479	29.8789	28.6017	28.6017
Total Taxable Assessed Property	$2,036,216,608	$2,027,121,658	$2,021,416,348	$2,008,051,785	$2,008,051,785
Common Level Ratio*	49.30	51.30	52.90	53.80	55.20
Total Fair Market Value*	$4,130,256,811	$3,951,504,207	$3,821,202,926	$3,732,438,262	$3,637,774,973

*The fair market value of the taxable assessed property is calculated using the Common Level Ratio determined by the State Tax Equalization Board. Under Act 267 of 1982, this Board is required to establish a common level ratio of assessed value to market value using a statistically-acceptable technique to make the methodology for computing ratios public, and to certify the ratio of the chief assessor of each county each year.

Source of data: Chester County Assessment Office

Note: Effective June 30, 2007 – Pennsylvania law has imposed restrictions on a district's ability to increase tax rates. The State restricts increases to tax rates to no more than a pre-calculated index. A district may apply for exceptions with the State in order to increase the tax rate above the index.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Property Tax Rates
Direct and Overlapping Governments
Last Ten Years
(Unaudited)

	Kennett Consolidated School District								
Year	Millage for Debt Service	Millage for General Purposes	Direct Millage Rate	County	New Garden Township	Kennett Township	East Marlborough Township	Kennett Boro	Total
2025	4.2688	29.3810	33.6498	5.1640	3.2700	3.6000	4.8830	11.4500	62.0168
2024	4.3060	28.4215	32.7275	4.5510	1.7200	3.0000	2.1830	10.2500	54.4315
2023	3.6742	28.7616	32.4358	4.5510	1.7200	3.0000	2.1830	10.2500	54.1398
2022	3.7689	28.1018	31.8707	4.5510	1.7200	2.3000	2.1830	6.7500	49.3747
2021	3.6742	27.8110	31.4852	4.5510	1.7200	2.3000	1.0500	6.7500	47.8562
2020	3.8439	27.1058	30.9497	4.3690	1.7200	2.3000	2.1830	6.7500	48.2717
2019	3.6605	26.7874	30.4479	4.3690	1.7200	2.3000	2.1830	6.7500	47.7699
2018	3.7609	26.1180	29.8789	4.3690	1.7200	2.1000	2.1830	6.3500	46.6009
2017	3.7775	25.4633	29.2408	4.3690	1.6200	0.2000	2.1830	6.3500	43.9628
2016	4.0517	24.5500	28.6017	4.1630	1.6200	0.2000	2.1830	6.3500	43.1177

County and Townships operate on a calendar year – District operates on a Fiscal Year and information for District based on year ending June 30th.

Property tax component for all rates listed is real estate.

Source of data: Chester County Assessment Office

KENNETT CONSOLIDATED SCHOOL DISTRICT

Realty and Non-Realty Tax Rates
(Unaudited)

2025 **Realty and Non-Realty Tax Rates**

	Realty Tax (Mills)			Local Services		Earned Income		Real Estate Transfer	
Municipalities	**School**	**Municipal**	**County**	**School**	**Municipal**	**School**	**Municipal**	**School**	**Municipal**
East Marlborough Township	33.6498	4.8830	4.8830	0.00	52.00	1.000	0.000	0.5	0.5
Kennett Square Borough	33.6498	11.4500	4.8830	0.00	52.00	0.500	0.500	0.5	0.5
Kennett Township	33.6498	3.6000	4.8830	0.00	52.00	0.500	0.750	0.5	0.5
New Garden Township	33.6498	3.2700	4.8830	0.00	52.00	0.500	0.625	0.5	0.5

County and Townships operate on a calendar year – District operates on a Fiscal Year and information for District based on year ending June 30th.

Source of data: Municipal Websites.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Ten Principal Taxpayers
Current Year and Nine Years Ago
(Unaudited)

		July 1, 2024			July 1, 2015		
Name	Type of Property	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (2)
Kendal Crosslands Communities	Retirement Community	$27,146,690	1	1.26%	$27,855,310	1	1.39%
Hreg Kennett Square LLC	Luxury Apartments	15,708,710	2	0.73%			0.00%
East Marlboro Associates	Retail Shopping Center	13,725,000	3	0.64%	11,382,980	4	0.57%
Marlborough Associates LP	Retail Shopping Center	10,155,200	4	0.47%	11,731,810	3	0.58%
Peco Energy Co	Commercial Offices	9,529,740	5	0.44%			0.00%
Exelon Generation Co LLC	Commercial Offices	9,529,740	6	0.44%			0.00%
State Street Associates	Professional Offices	7,773,330	7	0.36%	11,329,460	5	0.56%
350 Scarlett Group	Retail Shopping Center	6,925,500	8	0.32%	6,534,970	8	0.33%
Marlborough Square	Commercial Offices	6,783,750	9	0.31%			0.00%
Modern Mushroom Farms	Agriculture	6,493,640	10	0.30%	8,270,670	6	0.41%
Kennett Exec Limited	Commercial Offices				19,059,480	2	0.95%
Kennett Center LP	Professional Offices				7,597,700	7	0.38%
McFarlan Property LP	Commercial Offices				5,117,000	10	0.25%
Turks Head Health Services	Professional Offices				5,643,640	9	0.28%
		$113,771,300		5.27%	$114,523,020		5.70%

Source of data: Chester County Assessment Office

(1) District's Total Taxable Value - 2024-2025 $2,157,773,346
(2) District's Total Taxable Value - 2015-2016 $2,008,051,785

KENNETT CONSOLIDATED SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

		Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year (1)	Current Amount (2)	% of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2025	$70,708,479	$67,927,726	96.07%	(3)	$67,927,723	96.07%
2024	68,678,485	65,794,668	95.80%	2,308,002	68,102,670	99.16%
2023	67,299,550	64,583,038	95.96%	1,783,967	66,367,005	98.61%
2022	64,295,928	62,325,367	96.94%	1,803,959	64,129,326	99.74%
2021	63,168,791	60,622,360	95.97%	1,858,480	62,480,840	98.91%
2020	61,563,803	59,768,574	97.08%	1,570,371	61,338,945	99.63%
2019	60,282,442	58,419,762	96.91%	1,830,969	60,250,731	99.95%
2018	58,961,343	56,609,086	96.01%	2,338,546	58,947,632	99.98%
2017	57,529,923	55,409,613	96.31%	2,111,532	57,521,145	99.98%
2016	56,022,992	53,935,825	96.27%	2,083,409	56,019,234	99.99%

(1) Beginning in 2008-2009, the amount of the Levy is reduced by the amount of the Homestead/Farmstead exemptions. The Levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth. The District's state property tax reduction allocation for fiscal 2024-2025 was $2,162,154.

(2) Does not include delinquent or interim taxes collected.

(3) Collections in subsequent years not yet available for fiscal year ended June 30, 2025.

Source: School District's records.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Governmental Funds – Most Significant Own-Source Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Property Tax Millage Rate	Current Property Taxes	Other Taxes (1)	Other Revenue (2)	Total
2025	33.6498	$ 67,929,726	$ 10,388,842	$ 2,571,441	$ 80,890,009
2024	32.7275	65,794,668	9,688,179	2,699,162	78,182,009
2023	32.4358	64,583,038	9,995,951	1,957,098	76,536,087
2022	31.8707	62,325,367	11,305,284	378,791	74,009,442
2021	31.4852	60,622,360	9,874,345	459,285	70,955,990
2020	30.9497	59,768,574	7,100,582	1,090,494	67,959,649
2019	30.4479	58,419,792	8,202,439	1,356,473	67,978,704
2018	29.8789	56,609,086	7,791,504	857,336	65,257,926
2017	29.2408	55,409,513	7,669,712	755,029	63,834,254
2016	28.6017	53,935,825	7,701,855	682,083	62,319,763

(1) Other taxes include delinquent, transfer, interim and earned income.

(2) Other income includes tuition, facility usage, interest and miscellaneous income.

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Gross Principal Debt Outstanding
(Unaudited)

Fiscal Year Ending June 30	General Obligation Bonds Series of 2018	General Obligation Bonds Series of 2020	General Obligation Bonds Series of 2022	General Obligation Bonds Series of 2023	General Obligation Bonds Series of 2024	General Obligation Bonds Series of 2025	Total Debt Outstanding
2026	575,000	3,646,000	5,000	5,000	5,000	-	4,236,000
2027	610,000		165,000	230,000	520,000	1,135,000	2,660,000
2028			230,000	345,000	995,000	1,195,000	2,765,000
2029			235,000	365,000	1,045,000	1,255,000	2,900,000
2029-2034			1,340,000	2,115,000	5,935,000	7,290,000	16,680,000
2034-2039			1,630,000	2,700,000	7,575,000	9,305,000	21,210,000
2039-2044			2,000,000	3,435,000	9,680,000	11,875,000	26,990,000
2044-2049			2,485,000	795,000	14,375,000	2,745,000	20,400,000
2049-2054			1,895,000		6,495,000		8,390,000
2054-2059							-
	$ 1,185,000	$ 3,646,000	$ 9,985,000	$ 9,990,000	$ 46,625,000	$ 34,800,000	$ 106,231,000

SCHEDULED YEARLY PAYMENTS

Fiscal Year Ending June 30	General Obligation Bonds Series of 2018	General Obligation Bonds Series of 2020	General Obligation Bonds Series of 2022	General Obligation Bonds Series of 2023	General Obligation Bonds Series of 2024	General Obligation Bonds Series of 2025	Total Debt Payments
2026	610,900	3,664,959	431,031	504,419	2,315,350	1,483,833	9,010,492
2027	634,400		590,869	729,250	2,830,100	2,875,000	7,659,619
2028			650,506	832,750	3,279,100	2,878,250	7,640,606
2029			646,306	835,500	3,279,350	2,878,500	7,639,656
2029-2034			3,246,931	4,174,500	16,385,500	14,400,250	38,207,181
2034-2039			3,245,281	4,175,750	16,386,000	14,400,750	38,207,781
2039-2044			3,243,613	4,165,500	16,397,000	14,399,750	38,205,863
2044-2049			3,252,913	834,750	18,273,000	2,882,250	25,242,913
2049-2054			2,079,050		6,973,250		9,052,300
2054-2059							-
	$ 1,245,300	$ 3,664,959	$ 17,386,500	$ 16,252,419	$ 86,118,650	$ 56,198,583	$ 180,866,411

Note: Debt is all governmental activities. There is no revenue-based debt. All debt is General Obligation Bonds.
Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita, Per Pupil and Personal Income
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Assessed Value (1)	General Obligation Bonds Outstanding	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Population (2)	Net Bonded Debt Per Capita	Personal Income (3)	Ratio of Net Bonded Debt to Personal Income	Student Enrollment (4)	Net Bonded Debt per Student
2024-25	2,157,773,346	113,688,757	-	113,688,757	5.27%	27,488	4,136	N/A	N/A	3,752	41,311
2023-24	2,139,154,570	82,761,869	-	82,761,869	3.87%	27,488	3,011	1,325,579,757	6.24%	3,844	21,530
2022-23	2,113,500,400	28,876,815	-	28,876,815	1.37%	27,488	1,051	1,188,474,932	2.43%	3,873	7,456
2021-22	2,063,744,398	26,058,590	-	26,058,590	1.26%	27,488	948	1,270,541,241	2.05%	3,969	6,566
2020-21	2,052,609,168	32,831,195	-	32,831,195	1.60%	27,488	1,194	980,308,094	3.35%	4,012	8,183
2019-20	2,036,216,608	39,072,674	-	39,072,674	1.92%	27,089	1,442	1,050,640,465	3.72%	4,156	9,402
2018-19	2,027,121,658	45,387,932	-	45,387,932	2.24%	27,089	1,676	998,584,842	4.55%	4,145	10,950
2017-18	2,021,416,348	51,070,956	-	51,070,956	2.53%	27,089	1,885	909,148,281	5.62%	4,176	12,230
2016-17	2,017,294,755	56,817,781	-	56,817,781	2.82%	27,089	2,097	970,572,014	5.85%	4,150	13,691
2015-16	2,008,051,785	62,664,921	-	62,664,921	3.12%	27,089	2,313	968,091,475	6.47%	4,172	15,020

Sources:

(1) Chester County Board of Assessment Appeals, West Chester, PA.

(2) 2012-2013 to 2019-2020 fiscal years based on results of 2010 U.S. Census. 2020-2021 to 2024-2025 fiscal years based on results of 2020 U.S. Census.

(3) Pennsylvania Department of Education; Years 2022-2023, 2023-2024 and 2024-2025 not yet available.

(4) October enrollment for the fiscal year noted.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Total Primary Governmental Debt
Total Governmental Debt, Debt Per Capita and Personal Income
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds Outstanding	Notes Payable	Leases Payable	SBITA Payable	Total Debt	Population (1)	Total Debt Per Capita	Personal Income (2)	Ratio of Total Debt to Personal Income
2024-25	113,688,757	-	216,973	114,718	114,020,448	27,488	4,148	N/A	N/A
2023-24	82,761,869	-	258,608	135,335	83,155,812	27,488	3,025	1,325,579,757	6.27%
2022-23	28,876,815	-	63,465	152,745	29,093,025	27,488	1,058	1,188,474,932	2.45%
2021-22	32,831,195	-	180,409	-	33,011,604	27,488	1,201	1,270,541,241	2.60%
2020-21	39,072,674	-	-	-	39,072,674	27,089	1,442	980,308,094	3.99%
2019-20	45,387,932	-	-	-	45,387,932	27,089	1,676	1,050,640,465	4.32%
2018-19	51,070,956	-	-	-	51,070,956	27,089	1,885	998,584,842	5.11%
2017-18	56,817,781	-	-	-	56,817,781	27,089	2,097	909,148,281	6.25%
2016-17	62,664,921	-	-	-	62,664,921	27,089	2,313	970,572,014	6.46%
2015-16	68,134,790	-	-	-	68,134,790	27,089	2,515	968,091,475	7.04%

Sources:

(1) 2012-2013 to 2019-2020 fiscal years based on results of 2010 U.S. Census. 2020-2021 to 2024-2025 fiscal years based on results of 2020 U.S. Census.

(2) Pennsylvania Department of Education; Year 2024-25 not yet available.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Schedule of Direct and Overlapping Debt
June 30, 2025
(Unaudited)

Name of Governmental Unit	Gross Debt Outstanding	Percentage Applicable to Governmental Unit	Net Share of Debt
Direct Debt:			
Kennett Consolidated School District (3)	$ 114,020,448	100%	$ 114,020,448
Overlapping Debt:			
East Marlborough Township (2)(4)	4,545,000	29.95%	1,361,413
Kennett Township (2)(4)	3,090,000	100%	3,090,000
New Garden Township (2)(4)	-	100%	-
Borough of Kennett Square (2)(4)	19,436,000	100%	19,436,000
Chester County (1)(2)(4)	498,445,080	5.26%	26,204,103
Total Overlapping Debt	525,516,080	9.53%	50,091,516
Total Direct and Overlapping Debt	$ 639,536,528	25.66%	$ 164,111,964

Method/Computation/Definitions:

- Gross Direct Debt is the total debt of the District, the municipalities that are within the District's boundaries and the County within which the District lies.

- Overlapping Debt is the proportionate share of the debt of local governments located wholly or in part within the limits of the reporting government that must be borne by property within each government. The amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction.

- The direct debt ratios are computed by applying the District's direct debt only.

- The direct and overlapping ratios are computed by applying the net share of direct and overlapping debt.
    1. The District's proportionate share of debt (5.26%) is based on Kennett Consolidated School District's assessed value of $2,157,773,346 as a percentage of Chester County's assessed value of $41,044,393,711.
    2. As of December 31, 2024
    3. As of June 30, 2025
    4. Data Source: Chester County Annual Comprehensive Financial Report, 2024

- There is no other debt for which the Kennett Consolidated School District is legally responsible.

Sources: School District's Annual Financial Reports and Chester County Comptroller's Office.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Computation of Nonelectoral Debt Margin
Past Ten Years
(Unaudited)

	2025	2024	2023	2022	2021
Total Nonelectoral Debt Limit	$ 238,345,934	$ 228,132,334	$ 217,767,114	$ 207,021,740	$ 200,349,398
Less: Amount of Debt Applicable to Debt Limit	113,688,757	82,761,869	28,876,815	26,058,590	32,831,195
Total Debt Margin	$ 124,657,177	$ 145,370,465	$ 188,890,299	$ 180,963,150	$ 167,518,203
Total Debt Margin Percentage	52.30%	63.72%	86.74%	87.41%	83.61%

	For the Period Ended June 30,		
Formula for Debt Limit	**2023 Audited**	**2024 Audited**	**2025 Audited**
Total Revenues	$ 102,660,987	$ 106,450,084	$ 110,032,063
Less: Required Deductions if Included in Total Revenues			
a. Rental & Sinking Fund Reimbursement	477,694	446,974	423,888
b. Sale of Property & Nonrecurring Items	-	-	-
Net Revenue	$ 102,183,293	$ 106,003,110	$ 109,608,175
Total Net Revenues for Three Years			317,794,579
Borrowing Base - Average Net Revenues for			105,931,526
Calculation of Remaining Borrowing Capacity			
1. Net Non-Electoral Debt and Lease Rental Debt			-
2. Computation of Non-Electoral and Lease			
(a) Debt Limitation - 225% of Borrowing Base			238,345,934
(b) Less: Net Non-electoral and Lease Rental Debt			113,688,757
(c) Current Debt Margin			$ 124,657,177
Total Debt Margin Percentage			52.30%

NOTE

Act 50 of 1998 amends various provisions pertaining to municipal borrowing in the Local Government Unit Debt Act (Act 52 of 1978, re-enacting and amending Act 185 of 1972). Among other things, section 5 of Act 50 lowers the permitted debt, which may be incurred by school districts. Effective 7/4/98, the new limit is 225% of the school district's borrowing base. The "Debt Act" is administered by the Pennsylvania Department of Community and Economic Development.

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Computation of Nonelectoral Debt Margin - continued
Past Ten Years
(Unaudited)

	2020	2019	2018	2017	2016
Total Nonelectoral Debt Limit	$194,133,560	$189,525,060	$183,457,176	$177,094,319	$ 171,020,339
Less: Amount of Debt Applicable to Debt Limit	39,072,674	45,387,932	51,070,956	56,817,781	62,664,921
Total Debt Margin	$155,060,886	$144,137,128	$132,386,220	$120,276,538	$ 108,355,418
Total Debt Margin Percentage	79.87%	76.05%	72.16%	67.92%	63.36%

NOTE

Act 50 of 1998 amends various provisions pertaining to municipal borrowing in the Local Government Unit Debt Act (Act 52 of 1978, re-enacting and amending Act 185 of 1972). Among other things, section 5 of Act 50 lowers the permitted debt, which may be incurred by school districts. Effective 7/4/98, the new limit is 225% of the school district's borrowing base. The "Debt Act" is administered by the Pennsylvania Department of Community and Economic Development.

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Demographic and Economic Statistics
(Unaudited)

Fiscal Year Ended June 30,	Kennett Consolidated School District Population (1)	Kennett Consolidated School District Personal Income (2)	Kennett Consolidated School District Per Capita Personal Income	School Enrollment (3)	Chester County Estimated Population (4)	Pennsylvania Estimated Population (4)	Chester County Per Capita Income (5)	Pennsylvania Per Capita Personal Income (4)	Chester County Unemployment Rate (6)	Pennsylvania Unemployment Rate (6)
2025	27,488	1,325,579,757	49,288	3,752	N/A	N/A	N/A	N/A	N/A	N/A
2024	27,488	1,325,579,757	48,087	3,825	560,745	13,078,751	N/A	45,993	3.6%	4.0%
2023	27,488	1,325,579,757	48,087	3,873	549,784	12,961,683	108,215	42,605	3.1%	3.4%
2022	27,488	1,270,541,241	46,091	3,969	545,823	12,970,650	101,051	41,234	2.5%	3.4%
2021	27,089	1,270,541,241	46,222	4,012	540,864	12,964,056	95,843	35,518	4.1%	4.9%
2020	27,089	998,308,094	36,318	4,156	534,413	13,002,700	91,927	34,352	6.6%	7.1%
2019	27,089	1,050,640,465	38,785	4,145	524,989	12,801,989	87,557	35,804	3.0%	4.1%
2018	27,089	998,584,842	36,863	4,176	522,046	12,807,060	82,846	32,889	3.1%	3.8%
2017	27,089	909,148,281	33,562	4,150	519,293	12,805,537	77,465	31,476	3.5%	4.2%
2016	27,089	970,572,014	35,829	4,172	516,312	12,783,977	75,281	30,137	3.9%	5.4%

Data Sources:

(1) U. S. Census Bureau, 2025 information currently not available, 2023 data used as estimate.

(2) Pennsylvania Department of Education, Data for years 2024 and 2025 not yet available – 2023 data used as estimate.

(3) Based on the school district census at the start of the school year.

(4) U. S. Census Bureau, 2024 information currently not available.

(5) Chester County Annual Comprehensive Financial Report 2024, Data for years 2024 and 2025 not yet available.

(6) U. S. Department of Labor, Bureau of Labor Statistics, 2025 information currently not available.

KENNETT CONSOLIDATED SCHOOL DISRICT

Principal Employers
Current Year and Nine Years Ago
Unaudited

	2024			2015		
Employer	Rank	Employees	Percentage of Labor Force	Rank	Employees	Percentage of Labor Force
Kennett Consolidated School District	1	509	0.17%	4	516	0.19%
Constellation Energy Generation LLC	2	499	0.17%			
Chatham Financial	3	474	0.16%	9	270	0.10%
Kaolin Mushroom Farms Inc.	4	420	0.14%	2	630	0.23%
Tri-M Group	5	383	0.13%			
Kendal-Crosslands Communities	6	377	0.13%	8	304	0.11%
Giant Food Stores	7	331	0.11%	6	326	0.12%
M D Basciana & Sons Inc	8	297	0.10%			
Phillips Mushroom Farms LP	9	287	0.10%			
Selecto Staffing, Inc	10	278	0.09%			
GHC Payroll LLC (Genesis Health Care)				1	786	0.29%
To-Jo Mushrooms Inc				10	259	0.09%
YMCA of Brandywine Valley				5	403	0.15%
Exelon Generation Co LLC				3	561	0.21%
W.L. Gore & Associates				7	320	0.12%
Total		3,855	1.30%		4,375	1.60%

Chester County Labor Force 2024 (average)	297,292
Chester County Labor Force 2015 (average)	273,617

Source - Keystone Collections Group

Percentage of Labor Force is based on Chester County average labor force per Chester County Annual Comprehensive Financial Report, 2024.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Building Construction
Last Ten Calendar Years
(Unaudited)

Calendar Year	Number of Permits	Commercial	Residential	Total
2025	132	$24,880,520	$10,183,380	$35,063,900
2024	110	8,756,331	16,211,841	24,968,172
2023	123	9,694,230	15,735,880	25,430,110
2022	143	17,181,090	23,590,460	40,771,550
2021	148	49,013,030	23,497,030	72,510,060
2020	97	3,383,720	12,332,320	15,716,040
2019	83	3,216,310	10,474,360	13,690,670
2018	63	7,452,340	11,517,700	18,970,040
2017	35	5,220,870	6,739,470	11,960,340
2016	60	657,180	11,259,050	11,916,230

*Source: Chester County Board of Assessments. Calendar year 2025 is as of November 2025.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Cost per Pupil for Expenditures and Other Financing Uses
Last Ten Fiscal Years
Unaudited

Fiscal Year Ending June 30,	Total Current Expenditures	Student Enrollment	Current Expenditures Per Pupil	Total Expenditures	Total Expenditures Per Pupil
2025	$96,263,542	3,752	25,657	$106,201,359	28,305
2024	91,162,213	3,825	23,715	99,133,530	25,789
2023	84,805,527	3,873	21,897	92,313,078	23,835
2022	80,830,080	3,969	20,365	88,335,907	22,256
2021	75,802,038	4,012	18,894	83,079,725	20,708
2020	73,815,141	4,156	17,761	81,336,878	19,571
2019	76,943,642	4,145	18,563	84,081,645	20,285
2018	73,442,037	4,176	17,587	80,778,236	19,343
2017	74,229,041	4,150	17,887	81,582,630	19,658
2016	71,104,666	4,172	17,043	78,955,859	18,925

Notes:

1. Total current expenditures consist of expenditures related to instruction, instructional support, administrative and financial support services, operation and maintenance of facilities, student activities and pupil transportation.
2. Total expenditures includes all the items in current expenditures plus debt service.
3. Student enrollment is from the Public School Enrollment report published by the Pennsylvania Department of Education as of October 1.

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Personnel Distribution by Function – Full Time Equivalent Employees
June 30, 2025 *(Unaudited)*

Program	Regular Education 1100	Special Education 1200	Pupil Services 2100	Instructional Services 2200	Admin Services 2300	Health Services 2400	Business Office 2500	Maintenance 2600	Transportation 2700	Central Services 2800	Food Services 3100	Student Activities 3200	Total
Administrator													
-Educational				6.00	15.00								21.00
-Support			1.00	2.00			2.00	1.00	1.00	2.00		1.00	10.00
Teachers													
-Elementary	133.00	21.00											154.00
-Secondary	127.00	18.00											145.00
Specialists													
-Library				5.00									5.00
-Psychologist			5.00										5.00
-Guidance			16.00										16.00
-Social Workers			4.00										4.00
-Coordinator		6.00											6.00
-Speech		1.00											1.00
-Nurses						6.00							6.00
Support Staff													
-Supervisor								2.00		1.00	3.00		6.00
-Secretarial			2.00	1.50	8.00		1.00	1.00	1.00	1.50	0.50		16.50
-Clerical			1.00	5.00	6.50		3.00					1.00	16.50
-Custodial								34.00					34.00
-Maintenance								8.00					8.00
-Nurse Assistant						2.00							2.00
-Technology										8.00			8.00
-Therapist		1.00											1.00
Function Total	**260.00**	**47.00**	**29.00**	**19.50**	**29.50**	**8.00**	**6.00**	**46.00**	**2.00**	**12.50**	**3.50**	**2.00**	**465.00**

KENNETT CONSOLIDATED SCHOOL DISTRICT

Salary Data for Classroom Teachers & Specialists
As of June 30, 2025 *(Unaudited)*

Salary Group	Number of Teachers with B.S.	Number of Teachers with M.Ed.	Number of Teachers with D.Ed.	Total of all Classroom Teachers/Specialists
$100,000 and Over	0.00	48.00	2.00	50.00
$97,000 - $99,999	0.00	25.00	0.00	25.00
$94,000 - $96,999	0.00	10.00	1.00	11.00
$91,000 - $93,999	0.00	8.00	0.00	8.00
$88,000 - $90,999	3.00	12.00	1.00	16.00
$85,000 – $87,999	0.00	15.00	0.00	15.00
$82,000 - $84,999	0.00	16.00	0.00	16.00
$79,000 - $81,999	0.00	26.00	0.00	26.00
$76,000 - $78,999	0.00	37.00	0.00	37.00
$73,000 - $75,999	0.00	24.00	0.00	24.00
$70,000 - $72,999	3.00	11.00	0.00	14.00
$67,000 - $69,999	6.00	11.00	0.00	17.00
$64,000 - $66,999	8.00	18.00	0.00	26.00
$61,000 - $63,999	7.00	10.00	0.00	17.00
$58,000 - $60,999	1.00	7.00	0.00	8.00
$55,000 - $57,999	3.00	0.00	0.00	3.00
$52,000 - $54,999	26.00	0.00	0.00	26.00
$49,000 - $51,999	0.00	0.00	0.00	0.00
Total No. of Teachers	**57.00**	**278.00**	**4.00**	**339.00**

	B.S.	M.Ed	D.Ed.
Highest Salary	$89,705	$107,107	$107,107
Lowest Salary	$52,689	$59,283	$90,426

Total Salaries	$ 27,197,542
Classroom Teachers	339.00
2024-2025 Average	$ 80,229

Source of Data: District Human Resource Department Records

Total number of full-time equivalent teachers/specialists – base salary only

KENNETT CONSOLIDATED SCHOOL DISTRICT –

Student to Teacher Ratio – By District Building
As of June 30, 2025
(Unaudited)

Building	Full Time Equivalent Teachers	Number of Students	Student/ Teacher Ratio
High School	93.0	1,170	12.58
Middle School	81.0	870	10.74
Bancroft Elementary	41.0	378	9.22
Greenwood Elementary	50.0	567	11.34
Mary D. Lang Kindergarten Center	28.0	265	9.46
New Garden Elementary	46.0	502	10.91
Totals	**339.0**	**3,752**	**11.07**

Source of Data: District's Human Resource Department Records

KENNETT CONSOLIDATED SCHOOL DISTRICT

District Facilities
(Unaudited)

Building	Original Construction	Additions	Square Footage	Building Capacity	Projected Enrollment	Difference
Greenwood Elementary School **420 Greenwood Road** **Kennett Square, PA 19348**	1963	1984	66,897	725	557	194
Kennett High School **100 East South Street** **Kennett Square, PA 19348**	1930	1997 2007	219,763	1,545	1,198	352
Mary D. Lang Kindergarten Center **409 Center Street** **Kennett Square, PA 19348**	1971		68,432	550	305	277
New Garden Elementary School **265 New Garden Road** **Toughkenamon, PA 19374**	1955	1960,1966 1989,1994 1998	73,605	650	475	196
Kennett Middle School **195 Sunny Dell Road** **Landenberg, PA 19350**	2002		192,000	1,150	905	251
Bancroft Elementary **181 Bancroft Road** **Kennett Square, PA 19348**	2011		105,172	625	404	235

Source of Data: District's Records
Projected Enrollment is for 2025-2026

KENNETT CONSOLIDATED SCHOOL DISTRICT

Enrollment History and Projections
(Unaudited)

Year	Elementary Schools	Middle School	High School	Total
2006-07	1,904	985	1,213	4,102
2007-08	1,877	964	1,259	4,100
2008-09	1,877	969	1,226	4,072
2009-10	1,940	989	1,281	4,210
2010-11	1,980	944	1,295	4,219
2011-12	2,025	980	1,271	4,276
2012-13	1,987	1,038	1,256	4,281
2013-14	1,968	1,016	1,252	4,236
2014-15	1,965	979	1,263	4,207
2015-16	1,877	1,009	1,286	4,172
2016-17	1,851	1,010	1,289	4,150
2017-18	1,786	1,056	1,334	4,176
2018-19	1,788	1,012	1,345	4,145
2019-20	1,788	1,006	1,362	4,156
2020-21	1,714	911	1,387	4,012
2021-22	1,712	921	1,336	3,969
2022-23	1,681	914	1,278	3,873
2023-24	1,745	908	1,172	3,825
2024-25	1,712	870	1,170	3,752
2025-26*	1,741	905	1,198	3,844

Notes:

1. 2025-26 numbers are derived using historical retention ratios.
2. Enrollment for all other years represents September 30th actual.
3. Enrollment figures exclude students enrolled in Charter Schools, Cyber Charter Schools and out-of-district Special Education educational facilities.
4. Enrollment for elementary schools includes kindergarten.
5. Source of Data: District's Records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Enrollment History and Projections
Elementary Schools
(Unaudited)

Year	Bancroft Elementary	Greenwood Elementary	Mary D. Lang Kindergarten Center	New Garden Elementary	Total
2006-07	0	646	423	835	1,904
2007-08	0	633	428	816	1,877
2008-09	0	639	459	779	1,877
2009-10	0	682	470	788	1,940
2010-11	0	714	491	775	1,980
2011-12	528	607	334	556	2,025
2012-13	538	619	290	540	1,987
2013-14	538	597	310	523	1,968
2014-15	553	587	304	521	1,965
2015-16	512	592	296	477	1,877
2016-17	486	602	301	462	1,851
2017-18	451	604	279	452	1,786
2018-19	450	581	275	482	1,788
2019-20	438	569	278	503	1,788
2020-21	425	539	269	481	1,714
2021-22	400	558	256	498	1,712
2022-23	396	552	267	466	1,681
2023-24	404	557	305	475	1,741
2024-25	378	567	265	502	1,712
2025-26*	404	557	305	475	1,741

Notes:

1. Bancroft Elementary School opened in September, 2011.
2. Mary D. Lang was converted to a Kindergarten Center in September, 2011.
3. 2025-26 numbers are derived using historical retention ratios.
4. Enrollment for all other years represents September 30th actual.
5. Enrollment figures exclude students enrolled in Charter Schools, Cyber Charter Schools and out-of-district Special Education educational facilities.
6. Source of Data: District's Records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Average Daily Attendance Report
Last ten years
(Unaudited)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Kindergarten										
ADA	299.436	263.755	284.269	238.930	261.144	266.257	266.632	269.176	288.497	282.277
ADM	303.557	268.756	287.430	257.596	272.228	279.907	276.812	280.802	301.859	294.153
% Attendance	98.64%	98.14%	98.90%	92.75%	95.93%	95.12%	96.32%	95.86%	95.57%	95.96%
Elementary										
ADA	1,680.866	1,708.481	1,702.451	1,366.780	1,696.267	1,757.016	1,759.302	1,795.276	1,832.288	1,879.852
ADM	1,708.724	1,735.376	1,721.353	1,457.000	1,735.44	1,897.17	1,811.932	1,859.487	1,890.880	1,915.604
% Attendance	98.37%	98.45%	98.90%	93.81%	97.74%	92.61%	97.10%	96.55%	96.90%	98.13%
Secondary										
ADA	1,664.560	1,761.718	1,871.852	1,994.710	1,872.401	1,833.424	1,835.844	1,830.874	1,797.369	1,760.880
ADM	1,718.017	1,781.428	1,892.649	2,160.430	1,896.746	1,945.663	1,947.082	1,934.656	1,929.244	1,880.262
% Attendance	96.89%	98.89%	98.90%	92.33%	98.72%	94.23%	94.29%	94.64%	93.16%	93.65%
District Total										
ADA	3,644.862	3,733.954	3,858.572	3,600.420	3,829.812	3,856.697	3,861.778	3,895.326	3,918.154	3,923.009
ADM	3,730.298	3,785.560	3,901.432	3,875.026	3,904.413	4,122.743	4,035.826	4,074.945	4,121.983	4,090.019
% Attendance	97.71%	98.64%	98.90%	92.91%	98.09%	93.55%	95.69%	95.59%	95.06%	95.92%

Notes:

1. Source: PDE 4062E and 4062S.
2. ADA – Average Daily Attendance
3. ADM – Average Daily Membership

KENNETT CONSOLIDATED SCHOOL DISTRICT

National School Lunch Program Free and Reduced Data
Last Ten Years
(Unaudited)

	Percentage of Participation									
	Fiscal Year									
Building	**2024-25**	**2023-24**	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**
Bancroft Elementary School										
Free	64.25%	69.71%	58.87%	100.00%	100.00%	41.19%	45.03%	49.44%	43.09%	45.26%
Reduced	5.88%	4.33%	5.93%	0.00%	0.00%	8.92%	7.51%	7.57%	7.01%	7.31%
Greenwood Elementary School										
Free	50.65%	58.76%	60.32%	100.00%	100.00%	41.45%	40.31%	45.52%	40.67%	41.67%
Reduced	5.88%	3.78%	3.12%	0.00%	0.00%	3.70%	6.40%	4.82%	5.17%	3.00%
Kennett High School										
Free	49.29%	58.00%	55.60%	100.00%	100.00%	31.94%	34.52%	35.77%	30.19%	30.96%
Reduced	2.86%	4.53%	4.94%	0.00%	0.00%	4.02%	4.24%	3.96%	3.95%	3.13%
Kennett Middle School										
Free	58.72%	59.79%	56.30%	100.00%	100.00%	33.67%	34.59%	36.97%	35.51%	35.39%
Reduced	4.42%	4.76%	5.68%	0.00%	0.00%	4.28%	4.55%	4.64%	4.06%	4.49%
Mary D. Lang Kindergarten Center										
Free	40.00%	53.17%	52.29%	100.00%	100.00%	40.00%	39.07%	47.33%	44.67%	41.22%
Reduced	8.12%	2.38%	4.14%	0.00%	0.00%	3.57%	6.45%	2.85%	5.33%	5.74%
New Garden Elementary School										
Free	41.74%	49.77%	47.75%	100.00%	100.00%	29.53%	33.06%	34.30%	38.26%	37.53%
Reduced	6.33%	3.69%	4.26%	0.00%	0.00%	4.53%	3.12%	3.12%	3.48%	6.50%

Notes:

Due to COVID-19 pandemic all students were eligible for free meals during 2021-22 and 2020-21. All students were eligible for free breakfast during 2022-23.

Source: Pennsylvania Department of Education National School Lunch Program

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SINGLE AUDIT SECTION

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 4, 2025

Members of the Board
Kennett Consolidated School District
Kennett Square, 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, each major fund, and the aggregate remaining fund information of the Kennett Consolidated School District (the District), Kennett Square, 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 4, 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 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.

Members of the Board
Kennett Consolidated 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

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 4, 2025

Members of the Board
Kennett Consolidated School District
Kennett Square, Pennsylvania

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Kennett Consolidated School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on 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 compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the 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 its 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.

Members of the Board
Kennett Consolidated School District

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

BARBACANE, THORNTON & COMPANY LLP

KENNETT CONSOLIDATED 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 NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 6/30/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I - Grants to Local Education Agencies	I	84.010	013-25-0210	08/31/24-09/30/25	$ 671,528	$ 384,369	$ -	$ 548,573	$ 548,573	$ 164,204	$ -
Title I - Grants to Local Education Agencies	I	84.010	013-24-0210	08/31/23-09/30/24	725,588	362,610	129,150	233,460	233,460	-	-
Total ALN 84.010						746,979	129,150	782,033	782,033	164,204	-
Title II - Improving Teacher Quality	I	84.367	020-25-0210	08/31/24-09/30/25	87,395	86,788	-	87,395	87,395	607	-
Title II - Improving Teacher Quality	I	84.367	020-24-0210	08/31/23-09/30/24	114,931	32,910	31,796	1,115	1,115	-	-
Total ALN 84.367						119,698	31,796	88,510	88,510	607	-
Title III - Language Inst LEP	I	84.365	010-25-0210	08/31/24-09/30/25	130,579	83,944	-	91,812	91,812	7,868	-
Title III - Language Inst LEP	I	84.365	010-24-0210	08/31/23-09/30/24	116,044	33,155	7,817	25,338	25,338	-	-
Total ALN 84.365						117,099	7,817	117,150	117,150	7,868	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-25-0210	08/31/24-09/30/25	54,642	15,612	-	54,642	54,642	39,030	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-24-0210	08/31/23-09/30/24	42,954	12,273	(4,898)	17,171	17,171	-	-
Total ALN 84.424						27,885	(4,898)	71,813	71,813	39,030	
Elementary and Secondary School Emergency Relief Fund II	I	84.425	200-21-0210	03/13/20-09/30/23	2,371,355	-	-	-	-	-	-
Elementary and Secondary School Emergency Relief Fund III	I	84.425	223-21-0210	03/13/20-09/30/24	4,796,565	-	13,404	(13,404)	(13,404)	-	-
Elementary and Secondary School Emergency Relief Fund 7%	I	84.425	225-21-0210	03/13/20-09/30/24	372,801	-	-	-	-	-	-
Total ALN 84.425						-	13,404	(13,404)	(13,404)	-	-
Subgrant from U.S. Department of Education											
Passed through Chester County Intermediate Unit											
I.D.E.A. Part B	I	84.027	062-25-0024	07/01/24-09/30/25	521,830	521,830	-	521,830	521,830	-	-
I.D.E.A. Part B	I	84.027	062-24-0024	07/01/23-06/30/24	479,169	94,517	94,517	-	-	-	-
Total ALN 84.027						616,347	94,517	521,830	521,830	-	
I.D.E.A. Part B 619	I	84.173	131-24-0024B	07/01/24-09/30/25	2,415	2,415	-	2,415	2,415	-	-
Total ALN 84.173						2,415	-	2,415	2,415	-	-
Total Special Education Cluster						618,762	94,517	524,245	524,245	-	-
Total U.S. Department of Education						1,630,423	271,786	1,570,347	1,570,347	211,709	
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
Value of U.S.D.A. Donated Commodities	I	10.555	N/A	09/01/24-06/30/25	N/A	197,505	-	197,505	197,505	-	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	09/01/24-06/30/25	N/A	805,966	13,475	833,826	833,826	41,335	-
Total ALN 10.555						1,003,471	13,475	1,031,331	1,031,331	41,335	-

Continued on next page.

KENNETT CONSOLIDATED 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 NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 6/30/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2025	PASSED THROUGH TO SUBRECIPIENTS
(cont'd)											
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	09/01/24-06/30/25	N/A	184,830	-	184,830	184,830	-	-
Total CFDA# 10.553						184,830	-	184,830	184,830	-	-
Total Child Nutrition Cluster						1,188,301	13,475	1,216,161	1,216,161	41,335	-
Total U.S. Department of Agriculture						1,188,301	13,475	1,216,161	1,216,161	41,335	-
U.S. Department of Health and Human Services											
Passed through Pennsylvania Department of Health and Human Services											
Medical Assistance Program	I	93.778	N/A	07/01/24-06/30/25	23,226.00	20,525	20,525	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/23-06/30/24	239,055.00	236,120	-	239,055	239,055	2,935	-
Total CFDA# 93.778						256,645	20,525	239,055	239,055	2,935	-
Total U.S. Department of Health and Human Services						256,645	20,525	239,055	239,055	2,935	-
TOTAL FEDERAL AWARDS						$ 3,075,369	$ 305,786	$ 3,025,563	$ 3,025,563	$ 255,979	$ -

Source Codes:

D = Direct Funding
I = Indirect Funding

KENNETT CONSOLIDATED 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 $112,336.

KENNETT CONSOLIDATED 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 Number	*Name of Federal Program or Cluster*
84.010	Title I - Grants to Local Education Agencies

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

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.

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