

SCHUYLKILL VALLEY SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, effective June 30, 2025, Schuylkill Valley School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, retroactive to July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 80 through 84, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025 on our consideration of Schuylkill Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Schuylkill Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Schuylkill Valley School District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania

November 19, 2025, except for our report on the schedule of expenditures of federal awards
as to which the date is January 12, 2026

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Fiscal Year Ended June 30, 2025

The following is a discussion and analysis of the Schuylkill Valley School District's annual financial performance during the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Highlights

During the year ended June 30, 2025, the District adopted new accounting guidance GASB Statement No. 101, *Compensated Absences* retroactive to July 1, 2024. GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of this standard implementation, governmental activities net position (deficit) at July 1, 2024 was increased by \$103,250 from \$(5,784,229) to \$(5,680,979).

Total Net Position increased by \$1,419,933 for Governmental Activities to an ending net deficit of \$4,261,046 and increased by \$157,364 for Business-Type Activities to an ending net position of \$820,468.

Total Governmental Funds revenues and other financing sources were \$48,612,368 compared to expenditures and other financing uses in the amount of \$52,572,304. General Fund revenues were \$48,044,735 with other funds having total revenues of \$548,998. General Fund revenues consist of 72% local revenue, 26% state revenue, 2% federal revenues including grant funds. Proprietary funds consist of the Food Service Fund with revenues of \$1,521,483 and expenses of \$1,364,119, resulting in an increase in the net position of \$157,364.

At the close of the current year, the District's governmental funds reported combined ending fund balances of \$11,085,504 which is a \$3,959,936 decrease from the prior year driven by spending of 2020 GON of \$2,408,486 on capital projects. This resulted in a \$2,214,084 decrease in Capital Projects and a \$1,752,865 decrease in the General Fund; offset by an increase of \$7,013 increase in Non-major funds.

Overview of the Financial Statements

This annual report consists of the Management Discussion and Analysis, the basic financial statements, and required supplementary information. These statements are organized so that the reader can understand Schuylkill Valley School District as an entire entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

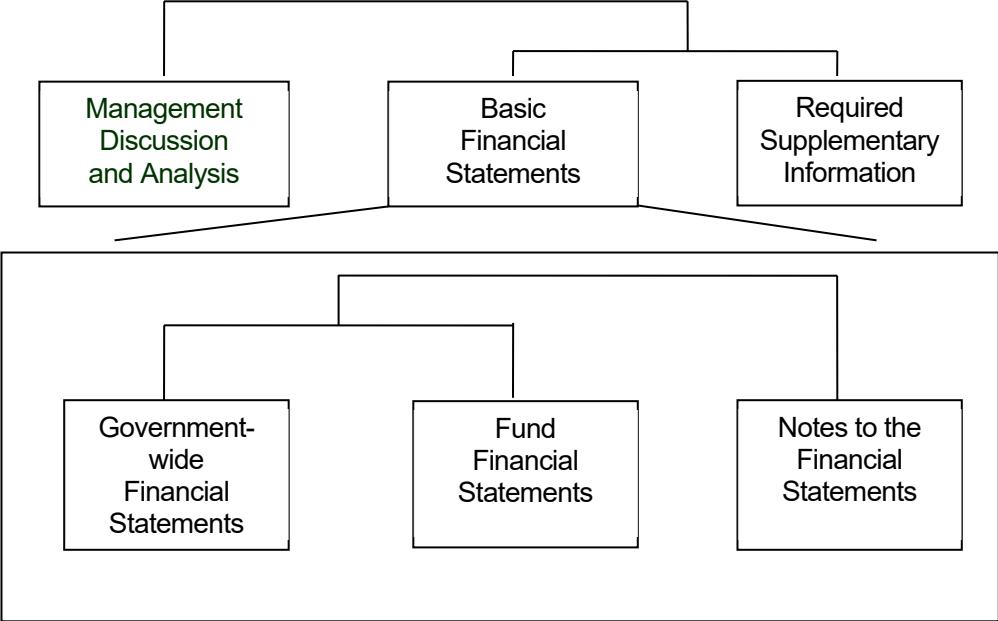
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. The only proprietary fund is the Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements also include a statement that further explains and supports the general fund with a comparison of the District's budget for the year.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Figure A-1 shows how the various parts of the annual report are arranged and related to the other.

**Figure A-1
Required Components of
Schuylkill Valley School District's
Financial Report**



Summary<----->Detail

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Schuylkill Valley
School District's Government-Wide and Fund Financial Statements**

	FUND STATEMENTS			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Services	Instances in which the District is the trustee or agent to someone else's resources
Required financial statements	-Statement of net position -Statement of activities	-Balance Sheet -Statement of revenues, expenditures, and changes in fund balance	-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 resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, and deferred outflows and inflows of resources, both financial and capital, and current and noncurrent	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, and deferred outflows and inflows of resources, both financial and capital, and current and noncurrent	All assets and liabilities, both financial and capital, and current and noncurrent
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 payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

SCHUYLKILL VALLEY SCHOOL DISTRICT Management's Discussion and Analysis

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 government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities using the accrual basis of accounting. Current year revenues and expenditures are therefore considered regardless of when the cash is received or paid.

The statement of net position presents all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position are one way to measure the District's financial health or position; and whether that position is improving or deteriorating.

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the performance of the students.

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods, such as uncollected taxes, and unused vacation leave.

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

- *Governmental activities* - All of the District's basic services such as instruction, maintenance and operation of plant services, and administration are reported under this category. Taxes, state and federal subsidies, and grants finance most of these activities.
- *Business-type activities* - the only business-type activity in the District is food service operations. The sources of funding for operations consist of charges for meal purchases and federal and state subsidies.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the major individual funds of the District, not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into two categories - (1) governmental and (2) proprietary.

- *Governmental Funds* - Most of the District's activities are reported in governmental funds that focus on how money flows into and out of these funds and the balances left at the year end. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* - These funds are used to account for the District activities that are similar to business operations in the private sector and utilize the accrual accounting method. The Food Service Fund is the District's only proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports financial statements.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Financial Analysis of the District as a Whole

**Table A-3
Fiscal Year Ended June 30
Net Position**

	<u>2024</u>			<u>2025</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current and other assets	\$ 20,131,746	\$ 1,328,713	\$ 21,460,459	\$ 16,143,977	\$ 1,415,990	\$ 17,559,967
Net Capital Assets	58,617,945	125,700	58,743,645	58,113,763	132,523	58,246,286
Total Assets	78,749,691	1,454,413	80,204,104	74,257,740	1,548,513	75,806,253
Deferred Outflows of Resources	9,770,458	183,645	9,954,103	8,382,048	247,150	8,629,198
Current and other liabilities	7,979,871	40,334	8,020,205	7,427,958	34,981	7,462,939
Long-term liabilities	83,748,384	906,415	84,654,799	75,966,342	892,794	76,859,136
Total Liabilities	91,728,255	946,749	92,675,004	83,394,300	927,775	84,322,075
Deferred Inflows of Resources	2,576,123	28,205	2,604,328	3,506,534	47,420	3,553,954
Net Position						
Net Investment in Capital Assets	30,385,404	125,700	30,511,104	33,293,940	132,523	33,426,463
Restricted	10,689,015	-	10,689,015	8,527,631	-	8,527,631
Unrestricted	(46,858,648)	537,404	(46,321,244)	(46,082,617)	687,945	(45,394,672)
Total Net Position (Deficit)	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)	\$ (4,261,046)	\$ 820,468	\$ (3,440,578)

The District's Total Net Position as of June 30, 2025 is (\$3,440,578). The District's net position is reduced approximately \$49.0M due to net pension and other postemployment benefits liabilities and related inflows and outflows of resources. Most of the District's net position is invested in capital assets (building, lands, and equipment). The remaining net position is a combination of restricted and unrestricted amounts.

The restricted balances are amounts set aside to fund future purchases for capital projects as planned by the District as well as restricted balances of the District's special revenue funds. Over the past few years the Board of Directors and Administration have prudently followed a strategy of transferring funds from the general fund into the capital project fund in order to fund capital projects and improvements.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

The results of this year's operation as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local property taxes and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-4 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

Table A-4
Fiscal Year Ended June 30
Changes in Net Position

	<u>2024</u>			<u>2025</u>		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues</i>						
Charges for services	\$ 609,671	\$ 459,757	\$ 1,069,428	\$ 729,021	\$ 464,628	\$ 1,193,649
Operating grants and contributions	8,806,416	983,212	9,789,628	8,655,350	1,011,573	9,666,923
Capital grants and contributions	28,447	-	28,447	29,467	-	29,467
<i>General Revenues</i>						
Property taxes	29,261,922	-	29,261,922	29,342,601	-	29,342,601
Other taxes	3,492,626	-	3,492,626	3,482,239	-	3,482,239
Grants, subsidies, and contributions	4,868,452	-	4,868,452	5,359,178	-	5,359,178
Other	1,392,603	30,357	1,422,960	1,014,512	45,282	1,059,794
TOTAL REVENUES	48,460,137	1,473,326	49,933,463	48,612,368	1,521,483	50,133,851
EXPENSES						
Instruction	26,165,066	-	26,165,066	27,002,389	-	27,002,389
Instructional student support	2,956,848	-	2,956,848	3,867,692	-	3,867,692
Administrative and financial support	4,020,527	-	4,020,527	4,915,947	-	4,915,947
Operation & maintenance						
of plant services	4,934,071	-	4,934,071	5,633,921	-	5,633,921
Pupil transportation	2,847,671	-	2,847,671	2,822,684	-	2,822,684
Student activities	2,089,729	-	2,089,729	2,392,280	-	2,392,280
Community services	5,162	-	5,162	-	-	-
Interest on long-term debt	493,020	-	493,020	557,522	-	557,522
Food services	-	1,217,306	1,217,306	-	1,364,119	1,364,119
TOTAL EXPENSES	43,512,094	1,217,306	44,729,400	47,192,435	1,364,119	48,556,554
Increase in Net Position	4,948,043	256,020	5,204,063	1,419,933	157,364	1,577,297
Net Position (Deficit) - Beginning as previously reported	(10,732,272)	407,084	(10,325,188)	(5,784,229)	663,104	(5,121,125)
Restatement - GASB Statement No. 101	-	-	-	103,250	-	103,250
Net Position (Deficit) - Beginning - restated	(10,732,272)	407,084	(10,325,188)	(5,680,979)	663,104	(5,017,875)
Net Position (Deficit) - End of Year	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)	\$ (4,261,046)	\$ 820,468	\$ (3,440,578)

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Tables A-5 and A-6 show the cost of the District's functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, operation of noninstructional services (student activities, community services), interest, depreciation, and food service as well as each program's net cost (total cost less revenues generated by the functions). These tables also show the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-5
Fiscal Year Ended June 30
Governmental Activities**

Functions/Programs	2024		2025	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 26,165,066	\$ 19,865,388	\$ 27,002,389	\$ 21,148,702
Instructional student support	2,956,848	2,223,803	3,867,692	2,862,522
Administrative	4,020,527	3,289,054	4,915,947	4,038,175
Operation and maintenance	4,934,071	4,742,789	5,633,921	5,298,800
Pupil transportation	2,847,671	1,848,578	2,822,684	2,008,579
Operation or noninstructional services	2,094,891	1,633,375	2,392,280	1,893,764
Interest-long-term debt	493,020	464,573	557,522	528,055
Total Governmental Activities	<u>\$ 43,512,094</u>	34,067,560	<u>\$ 47,192,435</u>	37,778,597
Less: Unrestricted grants, subsidies		4,868,452		5,359,178
Total needs from local taxes and other revenues		<u>\$ 29,199,108</u>		<u>\$ 32,419,419</u>

Table A-6 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-6
Fiscal Year ended June 30
Business-Type Activities**

Functions/Programs	2024		2025	
	Total Cost of Services	Net Cost (Contribution) of Services	Total Cost of Services	Net Cost (Contribution) of Services
Food services	<u>\$ 1,217,306</u>	<u>\$ (225,663)</u>	<u>\$ 1,364,119</u>	<u>\$ (112,082)</u>

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2025, the District governmental funds reported a combined fund balance of \$11,085,504 which is a decrease of \$3,959,936. Capital Projects decreased due to the High School HVAC, generator replacement, and pool restoration at the Middle School. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2024 and 2025.

	FUND BALANCES			
	2024	2025	Difference	% of Inc
General Fund	\$ 4,420,044	\$ 2,667,179	\$ (1,752,865)	-39.66%
Capital Projects	10,263,966	8,049,882	(2,214,084)	-21.57%
Non-Major	361,430	368,443	7,013	1.94%
Total	\$ 15,045,440	\$ 11,085,504	\$ (3,959,936)	-26.32%

The General Fund had \$48,044,735 in revenues and \$49,816,235 in expenditures and other financing uses for 2025. Revenues increased 0.76% over 2023-24. Expenditures and other financing uses in the General Fund increased 6.28%.

Comparison of Revenues - General Fund				
	Actual	Actual	Increase	% of Inc
	2024	2025	(Decrease) from 2023-24	
Local Sources	\$ 34,459,606	\$ 34,514,111	\$ 54,505	0.16%
State Sources	11,327,010	12,435,039	1,108,029	9.78%
Federal Sources	1,897,614	1,095,585	(802,029)	-42.27%
	\$ 47,684,230	\$ 48,044,735	360,505	0.76%

REVENUES

General Fund revenues totaling \$48,044,735 increased over the 2023-24 revenues. With a zero real estate tax mills increase. Revenues from Real Estate and Other Taxes increased 0.07% from 2023-24. The following table reflects a comparison of current year revenues with revenue recognized in the prior year. The District's reliance upon tax revenue is indicated in the table below.

Comparison of Real Estate and Other Tax Revenues - General Fund				
	Actual	Actual	Increase	% of Inc
	2024	2025	(Decrease) from 2023-24	
Real Estate Taxes	\$ 27,226,674	\$ 28,594,194	\$ 1,367,520	5.02%
Interim Taxes	1,627,374	341,872	(1,285,502)	-78.99%
Earned Income Tax	2,689,239	2,806,018	116,779	4.34%
Delinquent taxes	451,532	406,755	(44,777)	-9.92%
Real Estate Transfer Tax	774,171	644,639	(129,532)	-16.73%
	\$ 32,768,990	\$ 32,793,478	\$ 24,488	0.07%

Real Estate tax revenues increased 5.02%, Millage rate for the district remained unchanged. Interim Taxes decreased for the current year due to new phase construction in the prior year. Earned Income Tax showed an increase in collections, delinquent taxes decreased by 9.9% and Real Estate Transfer Tax decreased by 16.73%.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

EXPENDITURES

General fund expenditures and other financing uses totaling \$49,816,235 increased \$2,944,818 or 6.28 % over 2023-24 expenditures. These expenditures were segregated into various programs depending on the functions of the activity. The following table shows these programs and the cost associated with each, as well as comparison to the costs incurred in the prior year.

Comparison of Expenditures - General Fund				
	Actual	Actual	Increase	
	2024	2025	(Decrease)	% of Inc
			from 2023-24	
Instruction	\$27,697,758	\$28,488,160	\$ 790,402	2.85%
Supporting Services	12,982,038	15,673,566	2,691,528	20.73%
Non-Instructional Services	2,069,947	2,334,113	264,166	12.76%
Capital, debt, and other financing uses	4,121,674	3,320,396	(801,278)	-19.44%
	<u>\$46,871,417</u>	<u>\$49,816,235</u>	<u>\$ 2,944,818</u>	<u>6.28%</u>

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. This is after the end of the fiscal year, which is not prohibited by law. Schedules showing the District's budget amounts compared with actual revenues and expenditures is provided.

Comparison of Expenditures - General Fund				
	2025	2025	Increase	
	Budget	Actual	(Decrease)	% of Inc
Instruction	\$ 27,061,976	\$ 28,488,160	\$ 1,426,184	5.27%
Supporting Services	15,070,581	15,673,566	602,985	4.00%
Non-Instructional Services	2,251,623	2,334,113	82,490	3.66%
Capital, debt, and other financing uses	3,166,846	3,320,396	153,550	4.85%
	<u>\$ 47,551,026</u>	<u>\$ 49,816,235</u>	<u>\$ 2,265,209</u>	<u>4.76%</u>

Expenditures and other financing uses for 2024-25 were over budget by \$2,265,209 or a 4.76% unfavorable variance. \$900k of the variance is related to federal and state grant spending, \$720k of the variance is related to Charter School costs, \$560k is related to contracted services and tuition spending and \$100k of the variance is due to utility costs that continue to rise.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Comparison of Revenues - General Fund					
	2025		2025	Increase	
	Budget		Actual	(Decrease)	% of Inc
Local Sources	\$ 35,165,427	\$	34,514,111	\$ (651,316)	-1.85%
State Sources	12,055,200		12,435,039	379,839	3.15%
Federal Sources	330,399		1,095,585	765,186	231.59%
	\$ 47,551,026	\$	48,044,735	\$ 493,709	1.04%

In regard to general fund revenue, overall the district had \$493,709 in excess of budget which is about 1.04% positive variance. The primary categories for local revenue sources that were under budget are Interim and Delinquent taxes. Additionally, federal revenue sources were over budget \$765,186 due primarily to ESSER funding.

Below is a comparison of the 2023-24 budget to the 2024-25 budget.

Comparison of Budgeted Revenues - General Fund					
	2024		2025	Increase	
	Budget		Budget	(Decrease)	% of Inc
Local Sources	\$ 31,948,771	\$	35,165,427	\$ 3,216,656	10.07%
State Sources	10,776,274		12,055,200	1,278,926	11.87%
Federal Sources	335,349		330,399	(4,950)	-1.48%
	\$ 43,060,394	\$	47,551,026	\$ 4,490,632	10.43%

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the District had investments of \$58,246,286 in capital investments net of depreciation and amortization. Capital investments include land, buildings and building improvements, furniture and equipment, site improvements, construction in progress and right-to-use assets. Total depreciation/amortization expense for the year amounted to \$2,739,298.

**Table A-7
Fiscal Year ended June 30
Capital Assets-net of depreciation and amortization**

	2024			2025		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 286,722	\$ -	\$ 286,722	\$ 286,722	\$ -	\$ 286,722
Construction in progress	15,164,727	-	15,164,727	96,484	13,000	109,484
Site improvements	3,853,617	-	3,853,617	3,589,626	-	3,589,626
Building and building improv.	36,771,616	-	36,771,616	51,802,615	-	51,802,615
Furniture and equipment	2,116,543	125,700	2,242,243	2,053,723	119,523	2,173,246
Right-to-use assets	424,720	-	424,720	284,593	-	284,593
TOTAL	\$ 58,617,945	\$ 125,700	\$ 58,743,645	\$ 58,113,763	\$ 132,523	\$ 58,246,286

More detailed information regarding the District's capital assets is included in the notes to the basic financial statements.

Debt Administration

At June 30, 2025, the District had \$21,395,000 in general obligation notes. This represents a decrease of \$2,290,000 from the prior year.

**Table A-8
Outstanding Debt**

	2024	2025
General Obligation Notes		
Series A - August, 2020	\$ 2,630,000	\$ 2,370,000
Series - August, 2020	21,055,000	19,025,000
TOTAL	\$ 23,685,000	\$ 21,395,000

Other long-term obligations include leases payable, subscription liabilities, accrued retirement benefits, compensated absences, pension liability and other postemployment benefit obligations. More detailed information about our long-term liabilities is included in the notes to the basic financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT Management's Discussion and Analysis

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 may affect its future growth.

- The local property tax continues to bear a disproportionate responsibility to fund public education. With the enactment of Act 1, the legislature has attempted to address this issue. The Act calls for a reduction in property taxes through an allocation of gaming revenue to each School District. Schuylkill Valley's share for the 2024-25 year was \$892,434.52 which gave all approved homestead taxpayers a reduction of \$241.78 on their real estate property taxes.
- Another major provision of Act 1 is that all school districts are limited in their ability to raise real estate millage rates. All districts will have to seek voter approval through a referendum for any tax increase that exceeds an annually determined "index". This index is the average of the State-wide Average Weekly Wage (SAWW) and the Employment Cost Index for Elementary and Secondary Education (ECI), with some adjustments made based on each District's aid ratio. Schuylkill Valley's adjusted index for 2024-25 was 6.2%. The adjusted index for 2025-26 is 4.8%.
- The Pennsylvania School Employees Retirement System (PSERS) continues to reset the percentage of payroll that school districts must pay. The employer contribution rate for fiscal year 2024-25 is 33.90%, 2025-26 will be 34.00%. The employer contribution rate for fiscal year 2026-2027 will be 34.72%. The rate applies to salary and wages earned from July 1, 2026 through June 30, 2027. The employer contribution rate for fiscal year 2025-2026 consists of 32.96% for pension costs, 0.62% for premium assistance payments, and 0.42% for defined contribution costs. The defined contribution (DC) rate is an estimated average. The actual employer DC contribution rate will be based on each employer's Class T-G, Class T-H and Class DC-only membership. Of the 34.00% employer contribution rate for 2025-26, 27.51% represents payment toward the unfunded liability.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional financial information, please contact Mrs. Kristen Wallace, Director of Finance at Schuylkill Valley School District, 929 Lakeshore Drive, Leesport, PA, 19533-8631 (610-916-5444).

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 13,113,771	\$ 1,285,791	\$ 14,399,562
Restricted cash	292,764	-	292,764
Internal balances	(90,935)	90,935	-
Taxes receivable, net	754,391	-	754,391
Intergovernmental receivables	2,040,342	14,053	2,054,395
Other receivables	33,644	2,351	35,995
Inventories	-	22,860	22,860
Capital assets:			
Capital assets not being depreciated	383,206	13,000	396,206
Capital assets, net of accumulated depreciation	57,445,964	119,523	57,565,487
Right-to-use assets, net of accumulated amortization	284,593	-	284,593
TOTAL ASSETS	74,257,740	1,548,513	75,806,253
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for pension	7,615,475	242,352	7,857,827
Deferred outflows of resources for other postemployment benefits	766,573	4,798	771,371
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,382,048	247,150	8,629,198
LIABILITIES			
Accounts payable	492,884	1,461	494,345
Accrued interest	207,303	-	207,303
Accrued salaries and benefits	4,006,635	3,187	4,009,822
Unearned revenues	-	30,333	30,333
Other current liabilities	218,186	-	218,186
Noncurrent liabilities due within one year	2,502,950	-	2,502,950
Noncurrent liabilities:			
Notes payable, net	22,102,917	-	22,102,917
Leases payable	47,698	-	47,698
Subscription liability	109,252	-	109,252
Compensated absences	345,809	682	346,491
Retirement severance stipend	142,800	-	142,800
Net pension liability	48,910,025	855,975	49,766,000
Net other postemployment benefit liabilities	4,307,841	36,137	4,343,978
TOTAL LIABILITIES	83,394,300	927,775	84,322,075
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pension	2,348,991	39,852	2,388,843
Deferred inflows of resources for other postemployment benefits	1,157,543	7,568	1,165,111
TOTAL DEFERRED INFLOWS OF RESOURCES	3,506,534	47,420	3,553,954
NET POSITION			
Net investment in capital assets	33,293,940	132,523	33,426,463
Restricted for capital projects	8,084,610	-	8,084,610
Restricted for other purposes	443,021	-	443,021
Unrestricted (deficit)	(46,082,617)	687,945	(45,394,672)
TOTAL NET POSITION (DEFICIT)	\$ (4,261,046)	\$ 820,468	\$ (3,440,578)

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction	\$ 27,002,389	\$ 441,260	\$ 5,412,427	\$ -	\$ (21,148,702)	\$ -	\$ (21,148,702)
Instructional student support	3,867,692	-	1,005,170	-	(2,862,522)	-	(2,862,522)
Administrative and financial support services	4,915,947	-	877,772	-	(4,038,175)	-	(4,038,175)
Operation and maintenance of plant services	5,633,921	22,897	312,224	-	(5,298,800)	-	(5,298,800)
Pupil transportation	2,822,684	-	814,105	-	(2,008,579)	-	(2,008,579)
Operation of noninstructional services	2,392,280	264,864	233,652	-	(1,893,764)	-	(1,893,764)
Interest on long-term debt	557,522	-	-	29,467	(528,055)	-	(528,055)
Total Governmental Activities	47,192,435	729,021	8,655,350	29,467	(37,778,597)	-	(37,778,597)
Business-Type Activities							
Food services	1,364,119	464,628	1,011,573	-	-	112,082	112,082
Total Primary Government	<u>\$ 48,556,554</u>	<u>\$ 1,193,649</u>	<u>\$ 9,666,923</u>	<u>\$ 29,467</u>	(37,778,597)	112,082	(37,666,515)
General Revenues							
Taxes:							
Property taxes					29,342,601	-	29,342,601
Public utility realty, earned income, and mercantile tax					3,482,239	-	3,482,239
Grants, subsidies, and contributions not restricted for a specific program					5,359,178	-	5,359,178
Investment earnings					986,879	37,732	1,024,611
Miscellaneous revenue					27,633	7,550	35,183
Total General Revenues					<u>39,198,530</u>	<u>45,282</u>	<u>39,243,812</u>
Change in Net Position					1,419,933	157,364	1,577,297
Net Position (Deficit) - Beginning as previously reported					(5,784,229)	663,104	(5,121,125)
Restatement - Implementation of GASB Statement No. 101					<u>103,250</u>	<u>-</u>	<u>103,250</u>
Net Position (Deficit) - Beginning - Restated					<u>(5,680,979)</u>	<u>663,104</u>	<u>(5,017,875)</u>
Net Position (Deficit) - End of Year					<u>\$ (4,261,046)</u>	<u>\$ 820,468</u>	<u>\$ (3,440,578)</u>

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds - Special Revenue Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,632,929	\$ 8,106,888	\$ 373,954	\$ 13,113,771
Restricted cash	292,764	-	-	292,764
Interfund receivable	2,682	-	-	2,682
Taxes receivable	761,345	-	-	761,345
Intergovernmental receivables	2,040,342	-	-	2,040,342
Other receivables	31,370	-	2,274	33,644
	TOTAL ASSETS	\$ 8,106,888	\$ 376,228	\$ 16,244,548
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Interfund payable	\$ 91,511	\$ -	\$ 2,106	\$ 93,617
Accounts payable	430,199	57,006	5,679	492,884
Accrued salaries and benefits	4,006,635	-	-	4,006,635
Other current liabilities	218,186	-	-	218,186
	TOTAL LIABILITIES	57,006	7,785	4,811,322
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	347,722	-	-	347,722
FUND BALANCES				
Restricted	74,578	8,049,882	368,443	8,492,903
Committed	50,000	-	-	50,000
Unassigned	2,542,601	-	-	2,542,601
	TOTAL FUND BALANCES	8,049,882	368,443	11,085,504
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,106,888	\$ 376,228	\$ 16,244,548

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2025

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 11,085,504
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$103,794,702 and the accumulated amortization/depreciation is \$45,680,939.		58,113,763
Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		340,768
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Notes payable	(21,395,000)	
Leases payable	(125,319)	
Subscription liability	(159,581)	
Accrued interest on notes, leases and subscriptions	(207,303)	
Unamortized note premium	(3,082,917)	
Long-term portion of compensated absences	(345,809)	
Long-term portion of retirement severance	(142,800)	(25,458,729)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(43,643,541)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		(4,698,811)
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		\$ (4,261,046)

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds - Special Revenue Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 34,514,111	\$ 338,926	\$ 210,072	\$ 35,063,109
State sources	12,435,039	-	-	12,435,039
Federal sources	1,095,585	-	-	1,095,585
TOTAL REVENUES	48,044,735	338,926	210,072	48,593,733
EXPENDITURES				
Current:				
Instructional services	28,488,160	-	-	28,488,160
Support services	15,673,566	141,447	-	15,815,013
Operation of noninstructional services	2,334,113	-	203,059	2,537,172
Capital outlay	-	2,411,563	-	2,411,563
Debt service:				
Principal	2,422,159	-	-	2,422,159
Interest	898,237	-	-	898,237
TOTAL EXPENDITURES	49,816,235	2,553,010	203,059	52,572,304
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,771,500)	(2,214,084)	7,013	(3,978,571)
OTHER FINANCING SOURCES				
Sale of capital assets	1,467	-	-	1,467
Insurance recoveries	17,168	-	-	17,168
TOTAL OTHER FINANCING SOURCES	18,635	-	-	18,635
NET CHANGE IN FUND BALANCES	(1,752,865)	(2,214,084)	7,013	(3,959,936)
FUND BALANCES - BEGINNING OF YEAR	4,420,044	10,263,966	361,430	15,045,440
FUND BALANCES - END OF YEAR	\$ 2,667,179	\$ 8,049,882	\$ 368,443	\$ 11,085,504

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2025

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (3,959,936)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.

Capital outlays	\$ 2,220,814	
Less: depreciation and amortization expense	<u>(2,724,996)</u>	(504,182)

Issuance of long-term debt (e.g., bonds and notes) 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.

Repayment of note principal	2,290,000	
Repayment of lease principal	74,283	
Repayment of subscription liability	57,876	
Amortization of note premium	<u>316,196</u>	2,738,355

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources.

24,519

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Retainage payable	580,352	
Compensated absences	(15,816)	
Retirement severance stipend	7,200	
Net pension liability and related deferred outflows and inflows	2,539,699	
Net OPEB liability and related deferred outflows and inflows	<u>9,742</u>	<u>3,121,177</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES **\$ 1,419,933**

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2025

	Enterprise Fund Food Service
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 1,285,791
Interfund receivables	91,511
Intergovernmental receivables	14,053
Other accounts receivable	2,351
Inventories	22,860
TOTAL CURRENT ASSETS	1,416,566
NONCURRENT ASSETS	
Construction in progress	13,000
Furniture and equipment, net	119,523
TOTAL ASSETS	1,549,089
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	242,352
Deferred outflows of resources for other postemployment benefits	4,798
TOTAL DEFERRED OUTFLOWS OF RESOURCES	247,150
LIABILITIES	
CURRENT LIABILITIES	
Interfund payables	576
Accounts payable	1,461
Accrued salaries and benefits	3,187
Unearned revenues	30,333
TOTAL CURRENT LIABILITIES	35,557
NONCURRENT LIABILITIES	
Compensated absences	682
Net pension liability	855,975
Net other postemployment benefit liabilities	36,137
TOTAL LIABILITIES	928,351
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	39,852
Deferred inflows of resources for other postemployment benefits	7,568
TOTAL DEFERRED INFLOWS OF RESOURCES	47,420
NET POSITION	
Investment in capital assets	132,523
Unrestricted	687,945
TOTAL NET POSITION	\$ 820,468

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended June 30, 2025

	Enterprise Fund Food Service
OPERATING REVENUES	
Food service revenue	\$ 464,628
TOTAL OPERATING REVENUES	464,628
OPERATING EXPENSES	
Salaries	453,493
Employee benefits	257,782
Pension and OPEB valuation adjustments	(54,682)
Other purchased services	4,427
Supplies	660,425
Depreciation	14,302
Other operating expenses	28,372
TOTAL OPERATING EXPENSES	1,364,119
OPERATING LOSS	(899,491)
NONOPERATING REVENUES	
Earnings on investments	37,732
State sources	300,547
Federal sources	711,026
Insurance recoveries	7,550
TOTAL NONOPERATING REVENUES	1,056,855
CHANGE IN NET POSITION	157,364
NET POSITION - BEGINNING OF YEAR	663,104
NET POSITION - END OF YEAR	\$ 820,468

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended June 30, 2025

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from users	\$ 455,871
Payments to employees for services	(712,079)
Payments to suppliers for goods and services	(560,430)
NET CASH USED FOR OPERATING ACTIVITIES	(816,638)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	319,092
Federal sources	692,985
Interfund borrowings	17,491
Insurance recoveries	7,550
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,037,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(21,125)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	37,732
NET INCREASE IN CASH AND CASH EQUIVALENTS	237,087
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,048,704
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,285,791

SCHUYLKILL VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND

For the Year Ended June 30, 2025

	Enterprise Fund Food Service
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used For Operating Activities:</u>	
Operating loss	\$ (899,491)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	14,302
Donated commodities used	93,963
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Other accounts receivable	(2,351)
Inventories	35,531
Deferred outflows of resources for pension	(63,602)
Deferred outflows of resources for other postemployment benefits	97
Accounts payable	(1,372)
Accrued salaries and benefits	2,425
Unearned revenues	(1,734)
Compensated absences	(3,229)
Net pension liability	(8,569)
Net other postemployment benefit liabilities	(1,823)
Deferred inflows of resources for pension	19,168
Deferred inflows of resources for other postemployment benefits	47
Total adjustments	82,853
NET CASH USED FOR OPERATING ACTIVITIES	\$ (816,638)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$93,963 of commodities from the U.S. Department of Agriculture.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Schuylkill Valley School District (“School District” or “District”) is located in Berks County, Pennsylvania. The District’s tax base consists of Bern Township, Centre Township, Ontelaunee Township, Centerport Borough, and Leesport Borough. Schuylkill Valley School District is governed by a board of nine school directors who are residents of the School 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 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the School District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the School District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Schuylkill Valley School 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. The more significant of these accounting principles are as follows:

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management’s professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity’s financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the District has determined it has no component units.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career and Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

Jointly Governed Organizations: The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of school directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type. The District currently does not have any fiduciary funds.

The District Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds). Within the capital projects fund are components for capital projects funded by debt and capital projects funded by transfers from general fund and subject to Section 1432 of the Municipal Code.

The District Reports the Following Nonmajor Governmental Funds:

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District's special revenue funds are the following:

Student Activity Fund: This fund is established to account for financial resources to be used for various student activity and athletic clubs.

Scholarship Fund: This fund is established to account for financial resources to be used for various scholarship accounts.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The District has the Following Major Enterprise (Proprietary) Fund:

Food Service Fund: The food service fund is authorized under section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 revenue 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered nonoperating revenues as no exchange transaction occurs.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

For the year ended June 30, 2025, the District recognized revenue related to subsidies due from the Commonwealth of Pennsylvania. The District believes notification from the state that subsidy payment will be made upon enactment of the Commonwealth's 2025-2026 budget, as well as the ability to short-pay retirement payments until receipt, meets the availability criteria under generally accepted accounting principles for governmental fund revenue.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, including leases and subscriptions, are reported as other financing sources.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. Under this option, the preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized cost if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

3. Interfund Transactions

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

4. Inventories and Prepaid Items

On government-wide financial statements, 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 policy of the District to charge these items to expense upon acquisition.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

4. Inventories and Prepaid Items - continued

Inventories of the enterprise 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 fair market value as determined by the U.S. Department of Agriculture at the date of donation.

Inventories on hand at June 30, 2025, consist of the following:

<u>Enterprise Fund</u>	
Purchased food	\$ 14,539
Supplies	6,821
Donated commodities	<u>1,500</u>
Total Enterprise Fund	<u>\$ 22,860</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets, Depreciation, and Amortization

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the acquisition value at the date of donation. Right-to-use assets are reported when a qualifying lease or subscription liability is incurred.

The District generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation/amortization are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization - continued

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Buildings and building improvements	20 - 50
Site improvements	20 - 50
Furniture and equipment	5 - 20
Right-to-use lease asset	5
Right-to-use subscription assets	2 - 5

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2025.

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used for time off or settled (for example paid in cash to the employee) during or upon separation from employment. The liability is reported as incurred on the government-wide and proprietary fund financial statements and includes salary-related benefits where applicable. Payments for compensated absences are expensed as paid in the governmental fund statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

9. Retirement Severance Stipend

The District provides a retirement severance stipend to teachers based on years of service in the District. The severance payment ranges from \$1,800 for 15 years experience in the District up to \$3,600 for 30 plus years experience. In order to be eligible for this benefit, an employee must notify the District by April 1st of their intent to retire at the end of the school year. The District reports this liability on the government-wide statements as incurred for the percentage of employees more likely than not to meet eligibility requirements for payment.

10. Long-Term Obligations

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

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

11. Leases and Subscription-Based Information Technology Arrangements

The District has agreements for noncancellable leases of equipment and subscription-based information technology arrangements (SBITAs). The District recognizes a lease or subscription liability and an intangible right-to-use lease asset (lease or subscription asset) in the government-wide financial statements.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

11. Leases and Subscription-Based Information Technology Arrangements - continued

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

- The District uses the interest rate charged under the agreement as the discount rate. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the agreements. Also included within the term are any qualifying renewals or early termination options that the District is reasonably certain to exercise or not exercise. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease and subscription assets are reported with capital assets as right-to-use assets and related liabilities are reported with noncurrent liabilities on the statement of net position.

12. Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Other Postemployment Benefits (OPEB)

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has two items that qualify for reporting in this category:

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category.

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for pension relates to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year-end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

16. Fund Balance Policies and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

16. Fund Balance Policies and Flow Assumptions - continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The superintendent and director of finance may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District will maintain an unassigned general fund balance for each fiscal year which is in accordance and as allowable by law.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The District's policy states that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts for unrestricted fund balances used.

G. Use of Estimates

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

H. Adoption of Accounting Standard

During the year ended June 30, 2025, the District adopted new accounting guidance GASB Statement No. 101, *Compensated Absences* retroactive to July 1, 2024. GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of this standard implementation, governmental activities net position (deficit) at July 1, 2024 was increased by \$103,250 from \$(5,784,229) to \$(5,680,979).

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The District had no material violations of finance related legal and contractual provisions.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2025, the general fund had excess expenditures over appropriations of \$2,265,731. The excess expenditures were primarily related to tuition and professional services exceeding budget for instructional services. \$512,344 of the excess expenditures were covered by excess revenues and other financing sources, \$493,533 by committed fund balances for cyber charter school costs, and the remainder by unassigned fund balance.

NOTE 3 - CASH 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, 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.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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

Petty cash	\$	2,170
Demand deposit accounts		4,052,960
Bank certificates of deposit		263,620
Pooled cash and investments		10,373,576
	\$	14,692,326

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2025, the carrying amount of the District’s deposits was \$4,316,580 and the bank balance was \$4,483,114. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$4,233,114 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly. Included in the custodial credit risk for deposits are certificate of deposits totaling \$263,620.

Pooled Cash and Investments

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

	Fair Value	Carrying Value
PA School District Liquid Asset Fund (PSDLAF):		
MAX Account Balance (PSDMAX)	\$ 9,226,391	\$ 9,226,391
Full Flex Pool	1,147,185	1,147,185
Total pooled cash and investments		\$ 10,373,576

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$10,373,576 (PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled Cash and Investments - continued

A portion of the District’s deposits was in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

As of June 30, 2025, the entire PSDLAF book balance of \$10,373,576 is considered to be cash equivalents for presentation on the government-wide and fund financial statements.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025 the District has no investments that are subject to interest rate risk.

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:

Investments	Standard & Poor’s
PA School District Liquid Asset Fund	AAAm

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

The District does not have a policy that would limit the amount they may invest in any one issuer. The District has no investments subject to this risk.

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.

Restricted Cash

Restricted cash consists of \$74,578 in a trust restricted for education settlement agreements and \$218,186 for taxes held in escrow.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

The District has five independently elected tax collectors who are responsible for the collection of real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$1,098,299,500. In accordance with Act 1 of 2006, the District received \$892,435 in property tax reduction funds for the 2024/2025 fiscal year. The District tax rate for the year ended June 30, 2025, was 27.82 mills (\$27.82 per \$1,000 of assessed valuation) as levied by the 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 - January 14	10% penalty period
January 15	Lien date - All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

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. A portion of the net amount estimated to be collectible which was measurable and available within 30 days was recognized as revenue and the balance reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

The balances at June 30, 2025, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate property tax	\$ 518,862	\$ 6,954	\$ 511,908	\$ 171,140	\$ 347,722
Transfer tax	93,892	-	93,892	93,892	-
Earned income tax	148,591	-	148,591	148,591	-
	<u>\$ 761,345</u>	<u>\$ 6,954</u>	<u>\$ 754,391</u>	<u>\$ 413,623</u>	<u>\$ 347,722</u>

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables at June 30, 2025:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Food Service Fund</u>
Pennsylvania Department of Education:		
Retirement	\$ 1,202,030	\$ -
Social Security	258,275	-
National School Lunch/Breakfast Program	-	4,951
Pennsylvania Education Dollar-A-Day	40	-
PCCD - School Mental Health Grant	81,505	-
Berks County IU - Special Education Grants to States	137,133	-
Berks County IU - RWAN	13,845	-
Federal Subsidies:		
Title I Grants to Local Educational Agencies	174,811	-
Supporting Effective Instruction State Grant	26,695	-
Title III English Language Acquisition State Grants	7,132	-
Title IV Student Support and Academic Enrichment Program	13,672	-
COVID-19 - School Mental Health Grant	125,204	-
National School Lunch/Breakfast Program	-	9,102
	<u>\$ 2,040,342</u>	<u>\$ 14,053</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at June 30, 2025:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,682	\$ 91,511
Nonmajor Special Revenue Fund - Student Activity Fund	-	2,106
Enterprise Fund - Food Service	<u>91,511</u>	<u>576</u>
	<u>\$ 94,193</u>	<u>\$ 94,193</u>

Interfund receivables and payables exist as a result of a time lag between dates when payments between funds are made. All will be paid within one year.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025, were as follows:

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 286,722	\$ -	\$ -	\$ 286,722
Construction in progress	15,164,727	1,828,013	(16,896,256)	96,484
Totals not being depreciated	15,451,449	1,828,013	(16,896,256)	383,206
Capital assets being depreciated:				
Buildings and building improvements	71,545,794	-	16,896,256	88,442,050
Site improvements	8,694,650	-	-	8,694,650
Furniture and equipment	5,245,224	392,801	-	5,638,025
Totals being depreciated	85,485,668	392,801	16,896,256	102,774,725
Less accumulated depreciation for:				
Buildings and building improvements	34,774,178	1,865,257	-	36,639,435
Site improvements	4,841,033	263,991	-	5,105,024
Furniture and equipment	3,128,681	455,621	-	3,584,302
Total accumulated depreciation	42,743,892	2,584,869	-	45,328,761
Total capital assets being depreciated, net	42,741,776	(2,192,068)	16,896,256	57,445,964
Right-to-use assets:				
Leased equipment	371,754	-	-	371,754
Subscriptions	359,151	-	(94,134)	265,017
Total right-to-use assets	730,905	-	(94,134)	636,771
Less accumulated amortization for:				
Leased equipment	171,820	74,351	-	246,171
Subscriptions	134,365	65,776	(94,134)	106,007
Total accumulated amortization	306,185	140,127	(94,134)	352,178
Total right-to-use assets being amortized, net	424,720	(140,127)	-	284,593
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	<u>\$ 58,617,945</u>	<u>\$ (504,182)</u>	<u>\$ -</u>	<u>\$ 58,113,763</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 13,000	\$ -	\$ 13,000
Capital assets being depreciated:				
Furniture and equipment	421,305	8,125	-	429,430
Less accumulated depreciation for:				
Furniture and equipment	295,605	14,302	-	309,907
Total capital assets being depreciated, net	<u>125,700</u>	<u>(6,177)</u>	<u>-</u>	<u>119,523</u>
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	<u>\$ 125,700</u>	<u>\$ 6,823</u>	<u>\$ -</u>	<u>\$ 132,523</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 212,871
Administrative and financial support services	201,956
Operation and maintenance of plant services	2,297,402
Operation of noninstructional services	<u>12,767</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2,724,996</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES

The District issues general obligation notes to provide resources for major capital improvements. The notes are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority. The District's general obligation notes are direct borrowings.

Notes payable are as follows at June 30, 2025:

General Obligation Notes - Series A of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$2,650,000. Principal maturities occur on April 1 through the year 2026. Interest is payable semi-annually on October 1 and April 1. Interest rate is 1.41%. Proceeds from these notes were used to advance refund a portion of the General Obligation Bonds - Series of 2014, as well as to pay debt issuance costs. The District realized a savings of \$255,988 as a result of the refunding.

\$ 2,370,000

General Obligation Notes - Series of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$22,225,000. Principal maturities occur on April 1 through the year 2035. Interest is payable semi-annually on October 1 and April 1. Interest rates range from 2.0% to 4.0%. Proceeds from these notes were used for the purpose of currently refunding the District's outstanding General Obligation Note, Series of 2017, for capital improvement projects and to pay debt issuance costs. The District realized a loss of \$152,861 as a result of the refunding.

19,025,000

Total Notes Payable \$ 21,395,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all notes payable for the years ending June 30 are as follows:

	General Obligation Note 2020 A		General Obligation Note 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,370,000	\$ 33,417	\$ 5,000	\$ 760,900	\$ 2,375,000	\$ 794,317
2027	-	-	2,405,000	760,800	2,405,000	760,800
2028	-	-	1,805,000	664,600	1,805,000	664,600
2029	-	-	1,875,000	592,400	1,875,000	592,400
2030	-	-	1,950,000	517,400	1,950,000	517,400
2031-2035	-	-	10,985,000	1,352,200	10,985,000	1,352,200
	<u>\$ 2,370,000</u>	<u>\$ 33,417</u>	<u>\$ 19,025,000</u>	<u>\$ 4,648,300</u>	<u>\$ 21,395,000</u>	<u>\$ 4,681,717</u>

Event of Default

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

Leases

The District has entered into lease agreements for copiers and other equipment. The leases have various termination dates through December 2027. The leases include monthly or annual payments of principal and interest at rates ranging from 3.75% - 5.00%.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2026	\$ 77,621	\$ 4,591	\$ 82,212
2027	42,803	1,753	44,556
2028	4,895	31	4,926
	<u>\$ 125,319</u>	<u>\$ 6,375</u>	<u>\$ 131,694</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Subscriptions

The District has entered into various agreements for subscription-based information technology arrangements. The arrangements have various termination dates through June 2028. These leases include yearly payments of principal and interest as a rate of 5.00%.

	Principal	Interest	Total
2026	\$ 50,329	\$ 8,164	\$ 58,493
2027	53,145	5,590	58,735
2028	56,107	2,871	58,978
	\$ 159,581	\$ 16,625	\$ 176,206

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Notes payable (direct borrowings)	\$ 23,685,000	\$ -	\$ 2,290,000	\$ 21,395,000	\$ 2,375,000
Premiums	3,399,113	-	316,196	3,082,917	-
Notes payable, net	<u>27,084,113</u>	<u>-</u>	<u>2,606,196</u>	<u>24,477,917</u>	<u>2,375,000</u>
Leases payable	199,602	-	74,283	125,319	77,621
Subscription liability	217,457	-	57,876	159,581	50,329
Compensated absences	329,993	15,816	-	345,809	-
Retirement severance	150,000	-	7,200	142,800	-
Net pension liability	53,853,456	1,423,819	6,367,250	48,910,025	-
Net other postemployment benefit liabilities	<u>4,232,672</u>	<u>317,126</u>	<u>241,957</u>	<u>4,307,841</u>	<u>-</u>
Total Governmental Long-Term Liabilities	<u>\$ 86,067,293</u>	<u>\$ 1,756,761</u>	<u>\$ 9,354,762</u>	<u>\$ 78,469,292</u>	<u>\$ 2,502,950</u>
Business-Type Activities					
Compensated absences	\$ 3,911	\$ -	\$ 3,229	\$ 682	\$ -
Net pension liability	864,544	103,026	111,595	855,975	-
Net other postemployment benefit liabilities	<u>37,960</u>	<u>335</u>	<u>2,158</u>	<u>36,137</u>	<u>-</u>
Total Business-Type Long-term Liabilities	<u>\$ 906,415</u>	<u>\$ 103,361</u>	<u>\$ 116,982</u>	<u>\$ 892,794</u>	<u>\$ -</u>

Total interest paid during the year ended June 30, 2025 was \$898,237. Payments on notes payable are made by the general fund. The lease and subscription liabilities will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description

PSERS (the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24, Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.pa.gov/PSERS.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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 plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). 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 1.0% and 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 5 years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued:

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$6,680,820 for the year ended June 30, 2025. In addition, the District's contribution to the defined contribution plan was \$71,029 for the year ended June 30, 2025.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and OPEB. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2025, for pension and OPEB benefits was \$3,409,883.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

At June 30, 2025, the District reported a liability of \$49,776,000 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 contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District’s proportion was 0.1189% which was a decrease of 0.0041% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized a pension expense of \$4,088,118. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 782,000
Net difference between projected and actual investment earnings	824,000	-
Changes in proportion - plan level	177,000	1,535,000
Changes in proportion - internal	71,843	71,843
Difference between employer contributions and proportionate share of total contributions	104,164	-
Contributions made subsequent to the measurement date	6,680,820	-
	\$ 7,857,827	\$ 2,388,843

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

The \$6,680,820 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2026	\$ (1,859,079)
2027	968,040
2028	(201,729)
2029	<u>(119,068)</u>
	<u>\$ (1,211,836)</u>

Actuarial Assumptions

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

- Actuarial valuation date - June 30, 2023.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

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

The 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 is:

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 65,556,000	\$ 49,766,000	\$ 36,431,000

Pension Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2025, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,361,925. This amount represents the District's contractually obligated contributions for wages earned in April 2025 through June 2025.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS

Employee Defined Benefit Other Postemployment Benefit Plans

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2025 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 2,116,000	\$ 284,851	\$ 440,000
District OPEB Plan	2,227,978	486,520	725,111
Total	<u>\$ 4,343,978</u>	<u>\$ 771,371</u>	<u>\$ 1,165,111</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan

General Information About the PSERS OPEB Plan

Health Insurance Premium Assistance Program

PSERS (the System) provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

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

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

Pension Plan Description

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

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.

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$127,851 for the year ended June 30, 2025.

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2025, for pension and OPEB benefits was \$3,409,883.

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2025, the District reported a liability of \$2,116,000 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, 2025, the District's proportion was 0.1191%, which was a decrease of 0.0037% from its proportion measured as of June 30, 2024.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

For the year ended June 30, 2025, the District recognized OPEB expense of \$63,309. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,000	\$ 32,000
Changes in assumptions	129,000	323,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportion	18,000	85,000
Contributions made subsequent to the measurement date	127,851	-
	\$ 284,851	\$ 440,000

The \$127,851 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2026	\$ (70,000)
2027	(81,000)
2028	(92,000)
2029	(20,000)
2030	(20,000)
Total	\$ (283,000)

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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 valuation date - June 30, 2023.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

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

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

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 is:

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes 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 District's proportionate share of the net OPEB liability for the June 30, 2024 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 2,116,000	\$ 2,116,000	\$ 2,116,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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%, 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%) or one-percentage point higher (5.21%) than the current rate:

	<u>1% Decrease</u> 3.21%	<u>Current</u> <u>Discount Rate</u> 4.21%	<u>1% Increase</u> 5.21%
District's proportionate share of the net OPEB liability	\$ 2,390,000	\$ 2,116,000	\$ 1,886,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2025, the District had an accrued balance due to PSERS of \$2,361,925, including balances related to pension and OPEB. This amount represents the District’s contractually obligated contributions for wages earned in April 2025 through June 2025.

District OPEB Plan

General Information About the District OPEB Plan

Plan Description

Schuylkill Valley School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District’s health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District’s employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided

Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to retirees:

Employees Retired Before January 1, 1999:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
N/A	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at Retiree's death and spouse coverage ends at spouse's death.

Employees Retired after 1/1/1999:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at retiree Medicare age and spouse coverage ends at earlier of spouse Medicare age, retiree Medicare age, or retiree death.

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees retired before January 1, 1999, and their spouses are required to enroll in Medicare supplement plan upon reaching Medicare age.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Employees Covered by Benefit Terms

At July 1, 2024, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active Participants	250
Retired Participants	<u>21</u>
Total	<u>271</u>

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2024, was determined by rolling forward the District's total OPEB liability as of July 1, 2023 to July 1, 2024, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 4.29% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2024.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.
- Healthcare cost trend rates - 7.0% in 2024, with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 65% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	\$ 2,048,632
Changes for the year:	
Service cost	114,360
Interest	86,674
Differences between expected and actual experience	93,604
Changes in assumptions	3,514
Benefit payments	(118,806)
Net changes	179,346
Balance at June 30, 2025	\$ 2,227,978

Changes in assumptions or other inputs reflect the following changes: (1) the discount rate changed from 4.13% to 4.29%. (2) the healthcare cost trend assumption was updated.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.29%) or one-percentage point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
OPEB Plan - Total OPEB Liability	\$ 2,386,206	\$ 2,227,978	\$ 2,078,592

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability - continued

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

The following presents total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
OPEB Plan - Total OPEB Liability	\$ 2,022,046	\$ 2,227,978	\$ 2,465,994

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$168,574. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,686	\$ 205,627
Changes in assumptions	215,381	519,484
Benefit payments made subsequent to the measurement date	115,453	-
	\$ 486,520	\$ 725,111

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB - continued

The \$115,543 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2026	\$ (32,460)
2027	(32,460)
2028	(32,458)
2029	(43,354)
2030	(61,126)
Thereafter	<u>(152,186)</u>
Total	<u>\$ (354,044)</u>

NOTE 11 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2024/2025 year was \$785,577.

Summary financial information as of June 30, 2024 (the most recent information available) is as follows:

<u>Berks Career & Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 36,347,045
Total liabilities and deferred inflows of resources	<u>29,027,505</u>
Total net position	<u>\$ 7,319,540</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - 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. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverages for the 2024/2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

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

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

The District has entered into an agreement for the transportation of students. The agreement is for the period of July 1, 2022 through June 30, 2027. The contractor provides all equipment, fuel, and labor necessary. The cost for the transportation services is determined on a monthly basis based on actual services provided.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS - CONTINUED

At June 30, 2025, the District has entered into contracts related to building improvement projects. The contracts awarded and commitments outstanding are as follows:

<u>Project</u>	<u>Contract Amounts</u>	<u>Remaining</u>
MS Controls	\$ 421,800	\$ 421,800
Field House Project	1,379,525	1,283,666
	<u>\$ 1,801,325</u>	<u>\$ 1,705,466</u>

The District plans to use existing resources in the capital projects fund to satisfy the remaining commitments.

NOTE 14 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2025, were as follows:

General Fund

The general fund has restricted funds of \$74,578 in education trust funds, committed funds of \$50,000 for insurance deductibles, and unassigned fund balance of \$2,542,601.

Capital Projects Fund

The capital projects fund has restricted funds of \$8,049,882 consisting of \$3,246,487 of unspent general obligation note funds and \$4,803,395 of surplus monies transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

Nonmajor Funds

The nonmajor funds have restricted funds of \$368,443 consisting of \$106,046 for student activities and \$262,397 for scholarships.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 103, *Financial Reporting Model Improvements* - The primary 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. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHUYLKILL VALLEY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2025

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
REVENUES				
Local sources	\$ 35,218,978	\$ 35,165,427	\$ 34,514,111	\$ (651,316)
State sources	12,001,649	12,055,200	12,435,039	379,839
Federal sources	330,399	330,399	1,095,585	765,186
TOTAL REVENUES	47,551,026	47,551,026	48,044,735	493,709
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular programs - elementary/secondary	20,955,295	19,361,610	19,883,051	(521,441)
Special programs - elementary/secondary	5,374,934	6,577,359	7,312,670	(735,311)
Vocational education programs	766,565	766,565	780,145	(13,580)
Other instructional programs - elementary/secondary	406,442	356,442	512,294	(155,852)
TOTAL INSTRUCTIONAL SERVICES	27,503,236	27,061,976	28,488,160	(1,426,184)
SUPPORT SERVICES:				
Students	2,440,632	2,244,499	2,177,247	67,252
Instructional staff	1,081,882	1,450,790	1,620,387	(169,597)
Administration	2,470,822	2,369,623	2,415,758	(46,135)
Pupil health	346,565	341,290	309,922	31,368
Business	464,137	666,801	699,158	(32,357)
Operation and maintenance of plant	2,867,034	3,195,057	3,331,512	(136,455)
Student transportation	2,629,084	2,643,340	2,826,550	(183,210)
Central	2,089,678	2,122,881	2,256,732	(133,851)
Other	35,000	36,300	36,300	-
TOTAL SUPPORT SERVICES	14,424,834	15,070,581	15,673,566	(602,985)
OPERATION OF NONINSTRUCTIONAL SERVICES:				
Student activities	1,991,295	2,236,107	2,334,086	(97,979)
Community services	15,337	15,516	27	15,489
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	2,006,632	2,251,623	2,334,113	(82,490)
DEBT SERVICE PAYMENTS	3,166,324	3,166,324	3,320,396	(154,072)
TOTAL EXPENDITURES	47,101,026	47,550,504	49,816,235	(2,265,731)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	450,000	522	(1,771,500)	(1,772,022)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,467	1,467
Insurance recoveries	-	-	17,168	17,168
Budgetary reserve	(450,000)	(522)	-	522
TOTAL OTHER FINANCING SOURCES (USES)	(450,000)	(522)	18,635	19,157
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	(1,752,865)	\$ (1,752,865)
FUND BALANCE - BEGINNING OF YEAR			4,420,044	
FUND BALANCE - END OF YEAR			\$ 2,667,179	

See note to required supplementary information.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2024/2025 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2025, the general fund had excess expenditures over appropriations of \$2,265,731. The excess expenditures were primarily related to tuition and professional services exceeding budget for instructional services. \$512,344 of the excess expenditures were covered by excess revenues and other financing sources, \$493,533 by committed fund balances for cyber charter school costs, and the remainder by unassigned fund balance.

Budgetary Compliance

The District's only legally adopted budget is for the general fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2025. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN**

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the collective net pension liability	0.1189%	0.1230%	0.1222%	0.1240%	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%	0.1226%
District's proportionate share of the collective net pension liability	\$ 49,766,000	\$54,718,000	\$54,329,000	\$50,910,000	\$61,155,000	\$57,683,000	\$58,902,000	\$61,143,000	\$61,054,000	\$53,104,000
District's covered payroll	\$ 18,906,852	\$18,818,057	\$17,933,403	\$17,581,519	\$17,435,997	\$17,001,366	\$16,518,055	\$16,486,173	\$15,954,462	\$15,779,846
District's proportionate share of the net pension liability as a percentage of its covered payroll	263.22%	290.77%	302.95%	289.57%	350.74%	339.28%	356.59%	370.87%	382.68%	336.53%
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%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The discount rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,680,820	\$ 6,478,845	\$6,310,842	\$6,048,666	\$5,944,632	\$5,818,546	\$ 5,532,088	\$ 5,335,872	\$ 4,832,409	\$ 4,021,594
Contributions in relation to the contractually required contribution	6,680,820	6,478,845	6,310,842	6,048,666	5,944,632	5,818,546	5,532,088	5,335,872	4,832,409	4,021,594
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 20,041,201	\$18,906,852	\$18,818,057	\$17,933,403	\$17,581,519	\$17,435,997	\$17,001,366	\$16,518,055	\$16,486,173	\$15,954,462
Contributions as a percentage of covered payroll	33.34%	34.27%	33.54%	33.73%	33.81%	33.37%	32.54%	32.30%	29.31%	25.21%

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.1191%	0.1228%	0.1220%	0.1240%	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%
District's proportionate share of the collective net PSERS OPEB liability	\$ 2,116,000	\$ 2,222,000	\$ 2,246,000	\$ 2,939,000	\$ 2,684,000	\$ 2,622,000	\$ 2,558,000	\$ 2,522,000	\$ 2,654,000
District's covered payroll	\$ 18,906,852	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	11.19%	11.81%	12.52%	16.72%	15.39%	15.42%	15.49%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 127,851	\$ 125,309	\$ 137,953	\$ 142,365	\$ 145,470	\$ 146,510	\$ 140,848	\$ 139,532	\$ 137,360	\$ 135,126
Contributions in relation to the contractually required contribution	<u>127,851</u>	<u>125,309</u>	<u>137,953</u>	<u>142,365</u>	<u>145,470</u>	<u>146,510</u>	<u>140,848</u>	<u>139,532</u>	<u>137,360</u>	<u>135,126</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,041,201	\$ 18,906,852	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462
Contributions as a percentage of covered payroll	0.64%	0.66%	0.73%	0.79%	0.83%	0.84%	0.83%	0.84%	0.83%	0.85%

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
DISTRICT OPEB PLAN**

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service cost	\$ 114,360	\$ 106,824	\$ 188,251	\$ 189,808	\$ 146,046	\$ 144,219	\$ 134,660	\$ 124,704
Interest	86,674	80,880	62,841	50,069	79,505	68,045	61,093	43,029
Changes in benefit terms	-	-	-	61,130	41,868	-	-	-
Differences between expected and actual experience	93,604	-	(190,572)	-	(114,905)	-	192,172	-
Changes of assumptions	3,514	31,174	(608,857)	(74,185)	261,871	(59,893)	3,272	119,913
Benefit payments	(118,806)	(121,196)	(149,770)	(174,233)	(83,076)	(57,539)	(83,030)	(62,956)
Net change in total OPEB liability	179,346	97,682	(698,107)	52,589	331,309	94,832	308,167	224,690
Total OPEB liability, beginning	2,048,632	1,950,950	2,649,057	2,596,468	2,265,159	2,170,327	1,862,160	1,637,470
Total OPEB liability, ending	\$ 2,227,978	\$ 2,048,632	\$ 1,950,950	\$ 2,649,057	\$ 2,596,468	\$ 2,265,159	\$ 2,170,327	\$ 1,862,160
Covered Employee Payroll	\$ 17,785,994	\$ 15,651,007	\$ 15,651,007	\$ 15,950,733	\$ 15,950,733	\$ 15,224,783	\$ 15,224,783	\$ 14,709,398
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.53%	13.09%	12.47%	16.61%	16.28%	14.88%	14.26%	12.66%

NOTES TO SCHEDULE

Changes of Benefit Terms

None

Changes in Assumptions

Significant changes in assumptions for the July 1, 2024 measurement date are as follows:

- The discount rate changed from 4.13% to 4.29%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-year High Grade Index.
- The healthcare cost trend assumption was updated each year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SUPPLEMENTARY INFORMATION

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2025

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6000 REVENUES FROM LOCAL SOURCES				
<u>Taxes</u>				
6111	Current real estate taxes	\$ 28,885,784	\$ 28,594,194	\$ (291,590)
6112	Interim real estate taxes	650,000	341,872	(308,128)
6113	Public utility realty tax	28,000	29,792	1,792
6114	Payments in lieu of current taxes	-	1,570	1,570
6151	Current Act 511 earned income taxes	2,711,670	2,806,018	94,348
6153	Current Act 511 real estate transfer taxes	700,000	644,639	(55,361)
6400	Delinquent taxes (all levies)	662,000	406,755	(255,245)
	Total	33,637,454	32,824,840	(812,614)
<u>Other</u>				
6510	Earnings on investments	550,000	630,428	80,428
6700	Admissions and fees	109,013	75,025	(33,988)
6830	Federal revenue from intermediary sources	468,960	482,950	13,990
6910	Rentals	15,000	22,897	7,897
6920	Contributions	-	24,791	24,791
6940	Tuition from patrons	350,000	441,260	91,260
6990	Miscellaneous revenue	35,000	11,920	(23,080)
	Total	1,527,973	1,689,271	161,298
	TOTAL REVENUES FROM LOCAL SOURCES	35,165,427	34,514,111	(651,316)
7000 REVENUES FROM STATE SOURCES				
7111	Basic instructional subsidy	4,319,088	4,387,028	67,940
7140	Charter school initiative	-	83,678	83,678
7160	Tuition/court placed institutions	150,000	49,757	(100,243)
7270	Specialized education of exceptional pupils	1,358,955	1,374,086	15,131
7310	Transportation	950,011	808,000	(142,011)
7320	Rental and sinking fund payments	124,853	29,467	(95,386)
7330	Health services	38,000	43,916	5,916
7340	State property tax reduction allocation	745,986	892,435	146,449
7360	Safe schools grants	160,204	443,498	283,294
7531	Ready to learn block grant	197,972	197,972	-
7599	Other state revenue	-	70,040	70,040
7810	State share of social security and Medicare taxes	706,293	719,460	13,167
7820	State share of retirement	3,303,838	3,335,702	31,864
	TOTAL REVENUES FROM STATE SOURCES	12,055,200	12,435,039	379,839

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**

For the Year Ended June 30, 2025

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8000 REVENUES FROM FEDERAL SOURCES				
8514	Title I	264,127	530,955	266,828
8515	Title II	48,108	91,912	43,804
8516	Title III	-	11,887	11,887
8517	Title IV	18,164	42,636	24,472
8690	Other restricted federal grants	-	5,127	5,127
8744	ARP ESSER elem/sec school emergency relief	-	413,068	413,068
TOTAL REVENUES FROM FEDERAL SOURCES		<u>330,399</u>	<u>1,095,585</u>	<u>765,186</u>
9000 OTHER FINANCING SOURCES				
9400	Proceeds from sale of capital assets	-	1,467	1,467
9990	Insurance recoveries	-	17,168	17,168
TOTAL REVENUES FROM OTHER FINANCING SOURCES		<u>-</u>	<u>18,635</u>	<u>18,635</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES		<u>\$ 47,551,026</u>	<u>\$ 48,063,370</u>	<u>\$ 512,344</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2025

		Budget	Actual	Variance
1000 INSTRUCTIONAL SERVICES				
1100	Regular programs - elementary/secondary	\$ 19,361,610	\$ 19,883,051	\$ (521,441)
1200	Special programs - elementary/secondary	6,577,359	7,312,670	(735,311)
1300	Vocational education programs	766,565	780,145	(13,580)
1400	Other instructional programs - elementary/secondary	356,442	512,294	(155,852)
TOTAL INSTRUCTIONAL SERVICES		27,061,976	28,488,160	(1,426,184)
2000 SUPPORT SERVICES				
2100	Students	2,244,499	2,177,247	67,252
2200	Instructional staff	1,450,790	1,620,387	(169,597)
2300	Administration	2,369,623	2,415,758	(46,135)
2400	Pupil health	341,290	309,922	31,368
2500	Business	666,801	699,158	(32,357)
2600	Operation and maintenance of plant	3,195,057	3,331,512	(136,455)
2700	Student transportation	2,643,340	2,826,550	(183,210)
2800	Central	2,122,881	2,256,732	(133,851)
2900	Other	36,300	36,300	-
TOTAL SUPPORT SERVICES		15,070,581	15,673,566	(602,985)
3000 OPERATION OF NONINSTRUCTIONAL SERVICES				
3200	Student activities	2,236,107	2,334,086	(97,979)
3300	Community services	15,516	27	15,489
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES		2,251,623	2,334,113	(82,490)
5000 OTHER EXPENDITURES AND FINANCING USES				
5110	Debt service - Principal payments	2,115,000	2,422,159	(307,159)
	Interest payments	1,051,324	898,237	153,087
5900	Budgetary reserve	522	-	522
TOTAL OTHER EXPENDITURES AND FINANCING USES		3,166,846	3,320,396	(153,550)
TOTAL EXPENDITURES AND OTHER FINANCING USES		<u>\$ 47,551,026</u>	<u>\$ 49,816,235</u>	<u>\$ (2,265,209)</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF BALANCE SHEET COMPONENTS -
CAPITAL PROJECTS FUND**

June 30, 2025

	2020 Notes Component	Capital Projects Component	Total Capital Projects Fund
ASSETS			
Cash and investments	\$ 3,265,567	\$ 4,841,321	\$ 8,106,888
Interfund balance	3,198	(3,198)	-
TOTAL ASSETS	<u>\$ 3,268,765</u>	<u>\$ 4,838,123</u>	<u>\$ 8,106,888</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 22,278	\$ 34,728	\$ 57,006
FUND BALANCES			
Restricted	<u>3,246,487</u>	<u>4,803,395</u>	<u>8,049,882</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,268,765</u>	<u>\$ 4,838,123</u>	<u>\$ 8,106,888</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND EXPENDITURES COMPONENTS -
CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2025

	2020 Notes Component	Capital Projects Component	Total Capital Projects Fund
REVENUES			
Local sources	\$ 178,588	\$ 160,338	\$ 338,926
EXPENDITURES			
Current:			
Support services	121	141,326	141,447
Capital outlay	2,408,365	3,198	2,411,563
TOTAL EXPENDITURES	<u>2,408,486</u>	<u>144,524</u>	<u>2,553,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,229,898)	15,814	(2,214,084)
FUND BALANCES - BEGINNING OF YEAR	<u>5,476,385</u>	<u>4,787,581</u>	<u>10,263,966</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,246,487</u>	<u>\$ 4,803,395</u>	<u>\$ 8,049,882</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2025

	Student Activities	Scholarships	Totals
ASSETS			
Cash and investments	\$ 111,557	\$ 262,397	\$ 373,954
Other receivables	2,274	-	2,274
TOTAL ASSETS	\$ 113,831	\$ 262,397	\$ 376,228
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Interfund payable	\$ 2,106	\$ -	\$ 2,106
Accounts payable	5,679	-	5,679
TOTAL LIABILITIES	7,785	-	7,785
FUND BALANCES			
Restricted	106,046	262,397	368,443
TOTAL LIABILITIES AND FUND BALANCES	\$ 113,831	\$ 262,397	\$ 376,228

SCHUYLKILL VALLEY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2025

	Student Activities	Scholarships	Totals
REVENUES			
Local sources	\$ 191,454	\$ 18,618	\$ 210,072
EXPENDITURES			
Current:			
Operation of noninstructional services	196,009	7,050	203,059
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,555)	11,568	7,013
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(6,500)	6,500	-
NET CHANGE IN FUND BALANCES	(11,055)	18,068	7,013
FUND BALANCES - BEGINNING OF YEAR	117,101	244,329	361,430
FUND BALANCES - END OF YEAR	\$ 106,046	\$ 262,397	\$ 368,443

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts for the Year	Accrued/ (Unearned) Revenue at June 30, 2024	Revenue Recognized/ Expenditures	Accrued/ (Unearned) Revenue at June 30, 2025
U.S. Department of Education									
Passed through Commonwealth of Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I	84.010	013-22-0375	07/01/21-09/30/22	\$ 241,412	\$ -	\$ 4,174	\$ -	\$ 4,174
Title I Grants to Local Educational Agencies	I	84.010	013-24-0375	07/01/23-09/30/24	304,428	221,392	(25,246)	246,638	-
Title I Grants to Local Educational Agencies	I	84.010	013-25-0375	12/06/24-09/30/25	284,317	113,680	-	284,317	170,637
Subtotal - ALN 84.010						335,072	(21,072)	530,955	174,811
Supporting Effective Instruction State Grant	I	84.367	020-24-0375	07/01/23-09/30/24	50,760	37,253	(9,935)	47,188	-
Supporting Effective Instruction State Grant	I	84.367	020-25-0375	12/06/24-09/30/25	45,073	18,029	-	44,724	26,695
Subtotal - ALN 84.367						55,282	(9,935)	91,912	26,695
English Language Acquisition State Grant	I	84.365	010-25-0375	12/06/24-09/30/25	11,887	4,755	-	11,887	7,132
Title IV Student Support and Academic Enrichment Program	I	84.424	144-23-0375	05/15/23-09/30/23	20,303	4,061	4,061	-	-
Title IV Student Support and Academic Enrichment Program	I	84.424	144-24-0375	07/01/23-09/30/24	19,850	14,557	(5,293)	19,850	-
Title IV Student Support and Academic Enrichment Program	I	84.424	144-25-0375	12/06/24-09/30/25	22,786	9,114	-	22,786	13,672
Subtotal - ALN 84.424						27,732	(1,232)	42,636	13,672
Education Stabilization Fund									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ESSER III)	I	84.425U	223-21-0375	03/13/20-09/30/24	1,953,082	1,384,913	995,378	389,535	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ESSER 7%)	I	84.425U	225-21-0375	03/13/20-09/30/24	151,797	30,359	6,826	23,533	-
Subtotal - ALN 84.425/Total Education Stabilization Fund						1,415,272	1,002,204	413,068	-
Special Education Cluster (IDEA)									
Passed through Berks County Intermediate Unit:									
Special Education - Preschool Grants	I	84.173	N/A	07/01/23-06/30/24	2,735	2,735	2,735	-	-
Special Education - Preschool Grants	I	84.173	N/A	07/01/24-06/30/25	6,266	6,266	-	6,266	-
Subtotal - ALN 84.173						9,001	2,735	6,266	-
Special Education - Grants to States	I	84.027	N/A	07/01/23-09/30/24	440,525	100,367	100,367	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/24-09/30/25	476,684	339,551	-	476,684	137,133
Subtotal - ALN 84.027						439,918	100,367	476,684	137,133
Total Special Education Cluster (IDEA)						448,919	103,102	482,950	137,133
TOTAL U.S. DEPARTMENT OF EDUCATION						2,287,032	1,073,067	1,573,408	359,443

See notes to schedule of expenditures of federal awards.

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts for the Year	Accrued/ (Unearned) Revenue at June 30, 2024	Revenue Recognized/ Expenditures	Accrued/ (Unearned) Revenue at June 30, 2025
U.S. Department of Treasury									
Passed through Pennsylvania Commission on Crime and Delinquency COVID-19 - School Mental Health Grant	I	21.027	2023-CM-01 42882	01/01/24-12/31/25	125,204	-	-	125,204	125,204
U.S. Department of Homeland Security									
Passed through Pennsylvania Emergency Management Agency COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	I	97.036	N/A	01/01/20-05/11/23	51,272	5,127	-	5,127	-
U.S. Department of Agriculture									
Child Nutrition Cluster									
Passed through Commonwealth of Pennsylvania Department of Education:									
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	21,297	21,297	-	-
School Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	157,259	-	161,598	4,339
Subtotal - ALN 10.553						178,556	21,297	161,598	4,339
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	63,727	63,727	-	-
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	450,702	-	455,465	4,763
Passed through Commonwealth of Pennsylvania Department of Agriculture:									
National School Lunch Program (Donated Commodities)	I	10.555	N/A	07/01/24-06/30/25	N/A	89,291	(6,172)	93,963	(1,500)
Subtotal - ALN 10.555						603,720	57,555	549,428	3,263
Total Child Nutrition Cluster and TOTAL U.S. DEPARTMENT OF AGRICULTURE						782,276	78,852	711,026	7,602
TOTAL FEDERAL AWARDS						\$ 3,074,435	\$ 1,151,919	\$ 2,414,765	\$ 492,249

I = Indirect source of funding

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2025.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Schuylkill Valley School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Schuylkill Valley School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Schuylkill Valley School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business for amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

The District did not elect to use the de minimis rate for indirect costs.

NOTE 4 - FOOD COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District had \$1,500 of food commodity inventory.

**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**

**To the Board of School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Schuylkill Valley School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Schuylkill Valley School District's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Herbein + Company, Inc.

Reading, Pennsylvania
November 19, 2025

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

**To the Board of School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Schuylkill Valley School 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 Schuylkill Valley School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Schuylkill Valley School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Schuylkill Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Schuylkill Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Schuylkill Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

Herbein + Company, Inc.

Reading, Pennsylvania
January 12, 2026

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not considered to be
material weaknesses? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not considered to be
material weaknesses? yes X none reported
Type of auditor's report issued on compliance for
major programs: Unmodified
Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a) yes X no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Child Nutrition Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? X yes No

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs reported.



Schuylkill Valley School District

ADMINISTRATION CENTER

929 Lakeshore Drive

Leesport, PA 19533

OFFICE OF THE SUPERINTENDENT

(610) 916-0957

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

Section II - Financial Statement Findings

2024-001 ACCOUNT RECONCILIATIONS - SIGNIFICANT DEFICIENCY

Criteria

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

Certain balance sheet accounts were not accurately and properly reconciled at year end. As a result, several audit adjustments were proposed during the audit to properly reflect accounts on the financial statements in compliance with reporting under U.S. generally accepted accounting principles. Specifically, adjustments were proposed to properly report the following: cash, grant receivables, prepaid expenditures, accounts payable, payroll liabilities, and unearned revenue.

Cause

Turnover in the business office staff contributed to certain reconciliations not being performed timely or accurately. Additionally, the District did not have adequate processes in place to monitor grant spending throughout the year.

Effect

Several year-end accrual adjustments were posted as a result of audit procedures to bring various funds and accounts into compliance with reporting under U.S. generally accepted accounting principles. As a result of reconciliations not being performed, the preliminary financial statements were misstated at year end.

Recommendation

The business office should review and document its policies and procedures for key transaction classes to ensure that an appropriate individual is assigned the task and has the tools necessary to complete that task effectively and efficiently. Material accounts should be reconciled monthly to the general ledger and deadlines set up for accountability of preparation and review. Management should assess the current staffing levels in the business office and determine if an additional position and/or change in duties of current staff are necessary for more accurate and timely financial reporting throughout the year.

Current Status of Corrective Action Plan

This finding has been corrected by management. No similar findings were noted in the 2025 audit.

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2025

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs.