

**REPORT ON
METHACTON SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2025**

METHACTON SCHOOL DISTRICT

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For the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

Members of the Board
Methacton School District
1001 Kriebel Mill Road
Eagleville, PA 19403

We have performed the Single Audit of the Methacton School District for the fiscal year ended June 30, 2025 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

Respectfully submitted,

Gorman & Associates, P.C.

January 14, 2026

REPORT DISTRIBUTION LIST

The Methacton School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE
(Electronically Submitted) GENERAL SERVICES ADMINISTRATION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Electronically Submitted) OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO: MONTGOMERY COUNTY I.U.
2 WEST LAFAYETTE STREET
NORRISTOWN, PA 19401

ONE COPY TO: MONTGOMERY COUNTY DEPARTMENT OF HEALTH
AND HUMAN SERVICES
PO BOX 311
NORRISTOWN, PA 19404-0311

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Methacton Area School District
1001 Kriebel Mill Road
Eagleville, PA 19403

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 the Methacton Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Methacton Area School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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.

METHACTON SCHOOL DISTRICT

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-15, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 81-85, 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.

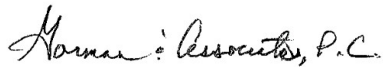
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Methacton Area School District's basic financial statements. The accompanying combining and individual non-major fund 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 combining and individual non-major fund 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 20, 2025, on our consideration of the Methacton Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Methacton Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Methacton Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
November 20, 2025

**METHACTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2025**

This discussion and analysis of the Methacton School District's financial performance presents an overview of the District's financial activities for the fiscal year ended June 30, 2025. The purpose of this Management's Discussion and Analysis (MD&A) is to provide readers with a broad understanding of the District's financial performance and overall financial position. This narrative should be read in conjunction with the audited basic financial statements and the accompanying notes to fully enhance the reader's understanding of the District's financial condition.

The MD&A is a required component of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. As required by GASB, the MD&A includes comparative information between the current fiscal year and the prior fiscal year.

FINANCIAL HIGHLIGHTS

For the fiscal year 2024–2025, Methacton School District's (the "District") General Fund, reported total revenues of \$135.2 million and total expenditures of \$135.2 million, resulting in an operational breakeven for the year. During the fiscal year, the District transferred \$1.1 million to the Capital Projects Fund.

The District ended the 2024–2025 fiscal year with total liabilities and deferred inflows of resources of \$231,750,206, exceeding total assets and deferred outflows of resources of \$206,046,853 by \$25,703,353. Despite this overall deficit net position, the District's total net position improved by \$7,986,777 compared to the prior fiscal year.

Additional financial highlights include the following:

- Total assets related to governmental activities decreased by \$3,290,413 from the prior year.
- Business-type activities, which consist solely of the Food Service Fund, reported a decrease in total assets of \$49,435 compared to the prior year.
- At the close of the fiscal year, the General Fund reported an unassigned fund balance of \$9,644,384, representing an increase of \$256,988 from the prior year balance of \$9,387,396.
- The Board of School Directors continues to review the District's fund balance and remains committed to maintaining the unassigned General Fund balance at approximately 7% of total budgeted expenditures. In future years, the District will budget accordingly to replenish the fund balance if necessary.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

USING THE BASIC FINANCIAL STATEMENTS

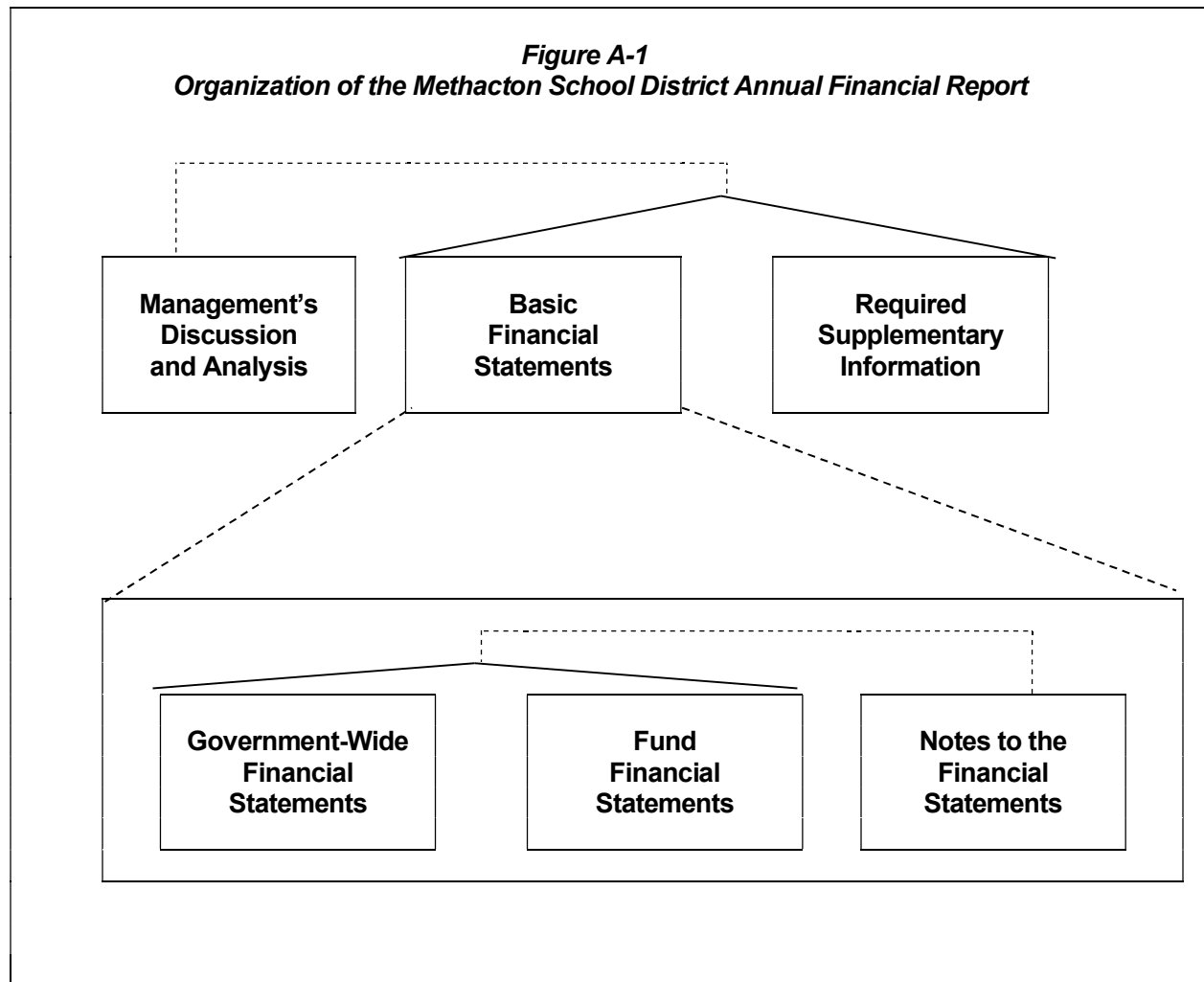
This annual financial report is comprised of two distinct sets of financial statements: government-wide financial statements, which present the District as a whole, and fund financial statements, which provide information by individual fund.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present both short-term and long-term information about the District's overall financial position and operational results using the accrual basis of accounting.

The fund financial statements focus on the District's major funds and provide greater detail regarding individual components of the District's operations. The governmental fund statements demonstrate how general District services were financed in the short term and identify the resources available for future spending. The proprietary fund statements present financial information for activities that operate in a business-type manner; for the District, this includes the Food Service Fund. The fiduciary fund statements provide information on financial activities for which the District serves in a custodial or trustee capacity on behalf of others.

In addition to the financial statements, this report includes notes that further explain the information presented and provide additional detail necessary for a full understanding of the District's financial activities and condition.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another.



METHACTON 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 management's discussion and analysis explains the structure and contents of each of the statements.

<i>Figure A-2</i>				
<i>Major Features of the Government-Wide and Fund Financial Statements</i>				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire School District (except Fiduciary Funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School District operates similar to private businesses: food services and adult education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; capital assets
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

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. The Statement of Activities reports all current-year revenues and expenses, regardless of when cash is received or disbursed, using the accrual basis of accounting.

These two government-wide statements report the District's net position and changes in that net position over time. Net position, which represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one indicator of the District's overall financial health and financial position.

The government-wide financial statements categorize the District's activities into the following two components:

- **Governmental Activities:** Governmental activities include the District's core educational and support services, such as instruction, administration, and community services. These activities are primarily financed through property taxes, state and federal subsidies, and state and federal grants.
- **Business-Type Activities:** Business-type activities consist of the District's food service operations. The District charges fees to students, staff, and visitors to help cover the costs of providing food services. These operations are intended to be self-supporting.

Fund Financial Statements

The District's fund financial statements, which begin on page 16, provide more detailed information about the District's most significant individual funds. Certain funds are established to comply with state laws, regulations, or debt requirements.

- **Governmental Funds:** Most of the District's activities are reported in the governmental funds, which focus on the determination of financial position and changes in financial position rather than on income measurement. Governmental funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the District's operations and help readers assess the availability of financial resources that may be used to finance District programs in the near term. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds is presented through reconciliations included in the financial statements.
- **Proprietary Fund:** The proprietary fund is used to account for District activities that operate in a manner similar to private-sector businesses. Activities financed primarily through user fees charged to external and internal customers are reported in this fund. The Food Service Fund is currently the District's only proprietary fund.
- **Fiduciary Funds:** The District acts as a trustee for certain custodial funds. All fiduciary activities are reported in the Statement of Fiduciary Net Position on page 25. These resources are excluded from the District's other financial statements because they are not available to support the District's own programs.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$(25,703,353) as of June 30, 2025, as a result of the GASB 68 pension and GASB 75 OPEB reporting requirements.

Table A-1
Condensed Statements of Net Position
June 30, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
ASSETS						
Current and other assets	\$ 40,584,246	\$ 933,504	\$ 41,517,750	\$ 43,107,847	\$ 880,217	\$ 43,988,064
Capital assets	\$ 140,278,294	\$ 836,153	\$ 141,114,447	\$ 141,045,106	\$ 935,875	\$ 141,980,981
TOTAL ASSETS	\$ 180,862,540	\$ 1,769,657	\$ 182,632,197	\$ 184,152,953	\$ 1,816,092	\$ 185,969,045
DEFERRED OUTFLOWS OF RESOURCES	\$ 23,512,309	\$ -	\$ 23,512,309	\$ 24,152,800	\$ -	\$ 24,152,800
LIABILITIES						
Current and other liabilities	\$ 22,263,212	\$ 259,085	\$ 22,522,297	\$ 23,152,241	\$ 255,173	\$ 23,407,414
Long-term liabilities	\$ 204,157,417	\$ -	\$ 204,157,417	\$ 214,470,156	\$ -	\$ 214,470,156
TOTAL LIABILITIES	\$ 226,420,629	\$ 259,085	\$ 226,679,714	\$ 237,622,397	\$ 255,173	\$ 237,877,570
DEFERRED INFLOWS OF RESOURCES	\$ 5,168,145	\$ -	\$ 5,168,145	\$ 5,934,405	\$ -	\$ 5,934,405
NET POSITION						
Net investment in capital assets	\$ 75,837,029	\$ 836,153	\$ 76,673,182	\$ 55,599,785	\$ 935,875	\$ 56,535,660
Restricted for capital projects	\$ 12,657,775	\$ -	\$ 12,657,775	\$ 16,308,779	\$ -	\$ 16,308,779
Unrestricted (deficit)	\$ (115,708,729)	\$ 674,419	\$ (115,034,310)	\$ (107,159,613)	\$ 625,044	\$ (106,534,569)
TOTAL NET POSITION	\$ (27,213,925)	\$ 1,510,572	\$ (25,703,353)	\$ (35,251,049)	\$ 1,560,919	\$ (33,690,130)

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-2 presents the District's Statement of Changes in Net Position and is derived from the financial information reported in the Statement of Activities on page 17. The format of Table A-2 is comparable to an income statement used by private-sector organizations.

Total revenues from governmental and business-type activities for the fiscal year ended June 30, 2025 were \$137,627,392, compared to \$135,050,579 in the prior fiscal year. The increase in total revenues was primarily attributable to growth in local property tax revenues.

Total expenditures for the current fiscal year amounted to \$129,640,615, compared to \$123,357,450 in the prior fiscal year. The increase in expenditures was driven primarily by higher instructional costs and increased expenditures for support services.

Overall, the District's net position increased by \$7,989,777 during the current fiscal year.

Table A-2
Statements of Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
REVENUES						
Program revenues						
Charges for service	\$ 1,037,193	\$ 1,550,180	\$ 2,587,373	\$ 970,923	\$ 1,460,006	\$ 2,430,929
Operating grants and contributions	\$ 17,369,386	\$ 888,739	\$ 18,258,125	\$ 18,333,905	\$ 897,474	\$ 19,231,379
Capital grants and contributions	\$ 562,083	\$ -	\$ 562,083	\$ 1,491,251	\$ -	\$ 1,491,251
General revenues						
Taxes	\$ 100,865,887	\$ -	\$ 100,865,887	\$ 96,891,702	\$ -	\$ 96,891,702
Grants, subsidies and contributions, unrestricted	\$ 11,859,154	\$ -	\$ 11,859,154	\$ 11,154,954	\$ -	\$ 11,154,954
Investment earnings	\$ 2,586,222	\$ 29,401	\$ 2,615,623	\$ 3,026,697	\$ 22,083	\$ 3,048,780
Other	\$ 866,684	\$ 12,463	\$ 879,147	\$ 812,791	\$ 1,002	\$ 813,793
Transfers	\$ (161,066)	\$ 161,066	\$ -	\$ (683,299)	\$ 683,299	\$ -
Loss on sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ (12,209)	\$ (12,209)
TOTAL REVENUE	\$ 134,985,543	\$ 2,641,849	\$ 137,627,392	\$ 131,998,924	\$ 3,051,655	\$ 135,050,579
EXPENSES						
Instruction	\$ 75,977,177	\$ -	\$ 75,977,177	\$ 72,531,581	\$ -	\$ 72,531,581
Support Services	\$ 42,818,755	\$ -	\$ 42,818,755	\$ 39,852,521	\$ -	\$ 39,852,521
Operations of non-instructional services	\$ 1,868,676	\$ -	\$ 1,868,676	\$ 1,704,951	\$ -	\$ 1,704,951
Facilities acquisition, construction and improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on long term debt	\$ 1,919,379	\$ -	\$ 1,919,379	\$ 2,370,301	\$ -	\$ 2,370,301
Unallocated depreciation expense	\$ 4,364,432	\$ -	\$ 4,364,432	\$ 4,342,294	\$ -	\$ 4,342,294
Food services	\$ -	\$ 2,692,196	\$ 2,692,196	\$ -	\$ 2,555,802	\$ 2,555,802
Loss on sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 126,948,419	\$ 2,692,196	\$ 129,640,615	\$ 120,801,648	\$ 2,555,802	\$ 123,357,450
CHANGE IN NET POSITION	\$ 8,037,124	\$ (50,347)	\$ 7,986,777	\$ 11,197,276	\$ 495,853	\$ 11,693,129

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-3 compares the gross expenditures of the District's governmental activities by the seven largest functional categories. The table also presents the net cost of each function after applying related program revenues, including charges for services, operating grants, and capital contributions (total cost less revenues generated by the activities).

Table A-3
Governmental Activities
Years Ended June 30, 2025 and 2024

Functions/Programs	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 75,977,177	\$ 63,696,273	\$ 72,531,581	\$ 59,892,811
Support Services	\$ 42,818,755	\$ 37,165,486	\$ 39,852,521	\$ 33,192,179
Operations of non-instructional services	\$ 1,868,676	\$ 1,239,995	\$ 1,704,951	\$ 1,093,643
Facilities acquisition, construction and improvement	\$ -	\$ -	\$ -	\$ -
Interest on long term debt	\$ 1,919,379	\$ 1,513,571	\$ 2,370,301	\$ 1,484,642
Unallocated depreciation expense	\$ 4,364,432	\$ 4,364,432	\$ 4,342,294	\$ 4,342,294
TOTAL GOVERNMENTAL ACTIVITIES	\$ 126,948,419	\$ 107,979,757	\$ 120,801,648	\$ 100,005,569
Less unrestricted grants, subsidies		\$ (11,183,554)		\$ (11,154,954)
TOTAL NEED FROM LOCAL TAXES AND OTHER REVENUES		\$ 96,796,203		\$ 88,850,615

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District.

Table A-4
Business-Type Activities
Years Ended June 30, 2025 and 2024

Functions/Programs	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food services	\$ 2,692,196	\$ (253,277)	\$ 2,555,802	\$ (198,322)
Less investment earnings		\$ (29,401)		\$ (22,083)
TOTAL BUSINESS-TYPE ACTIVITIES		\$ (282,678)		\$ (220,405)

The Statement of Revenues, Expenses and Changes in Net Position for this Proprietary Fund will further detail the actual results of operations.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

As of June 30, 2025, the District's governmental funds reported a combined total fund balance of \$25,063,870, a decrease from the prior fiscal year of \$2,173,832.

General Fund

In developing the annual budget, the District anticipated significant increases in health benefit costs, special education expenditures and debt service obligations. These areas continue to present budgeting challenges for the District.

The District is self-insured for health, dental, and prescription benefits. As a result, expenditures in this category may fluctuate annually based on the health experience of District employees. Similarly, special education costs are highly dependent on student enrollment and individual student needs. The enrollment or withdrawal of students requiring intensive services can result in significant year-to-year cost variability.

Capital Projects Fund

The Capital Projects Fund was established in prior years to account for debt-funded, district-wide capital improvement projects. Transfers of surplus funds to the Capital Projects Fund support the District's ability to address major maintenance and capital needs while reducing the necessity to issue additional debt and incur related interest costs.

General Fund Budget

During the fiscal year, the Board of School Directors (the "Board") authorizes amendments to the original budget to reflect variances between budgeted and actual revenues and expenditures. All budgetary revisions are subsequently reviewed and confirmed upon acceptance of the District's annual audit, which occurs after the close of the fiscal year.

A comparison of the District's original and final budgeted amounts with actual revenues received and expenditures incurred is presented as required supplementary information.

The District applies for federal, state, and local grants; however, the timing and receipt of such grants cannot always be anticipated during the budget development process.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had \$141,086,066 invested in a broad range of capital assets, net of accumulated depreciation, including land, buildings, furniture, and equipment. This balance represents a net decrease of \$851,190, or 0.6%, from the prior fiscal year, reflecting current-year additions, disposals, and depreciation.

Table A-5 presents a summary of the District's capital assets for both governmental activities and business-type activities.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-5 reflects the capital assets of both the governmental activities and the business-type activities of the District.

Table A-5
Governmental and Business-Type Activities
Capital Assets, Net of Depreciation
Years Ended June 30, 2025 and 2024

	2025	2024
Land	\$ 1,564,425	\$ 1,564,425
Construction in Progress	\$ 33,106,625	\$ 30,137,306
Site improvements, net of accumulated depreciation	\$ 5,169,263	\$ 5,168,920
Buildings and building improvements, net of accumulated depreciation	\$ 95,548,439	\$ 98,927,345
Machinery and equipment, net of accumulated depreciation	\$ 4,744,438	\$ 5,017,890
Intangible Right-To-Use Equipment	\$ 952,876	\$ 1,126,370
	\$ 141,086,066	\$ 141,942,256

Debt Administration

Table A-6
Outstanding Debt
Years Ended June 30, 2025 and 2024

	2025	2024
General Obligation Notes		
Series of 2020	\$ 5,205,000	\$ 5,205,000
General Obligation Bonds		
Series B of 2017	\$ 8,380,000	\$ 8,410,000
Series of 2018	\$ -	\$ 4,410,000
Series A of 2018	\$ 765,000	\$ 5,280,000
Series of 2019	\$ 790,000	\$ 4,455,000
Series A of 2019	\$ 1,145,000	\$ 4,000,000
Series AA of 2019	\$ 1,575,000	\$ 4,115,000
Series of 2020	\$ 2,165,000	\$ 2,240,000
Series A of 2020	\$ 15,800,000	\$ 15,805,000
Series of 2021	\$ 13,100,000	\$ 13,105,000
Series of 2024	\$ 10,390,000	\$ -
	\$ 59,315,000	\$ 67,025,000

The District maintains a rating of Aa2 from Moody's for general obligation debt. Additional information on the District's long-term debt can be found in Note F.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 2025-2026 AND RATES

The District anticipates that growth in its tax base will remain modest over the next several years due to a slowdown in residential construction activity and an increase in both residential and commercial property tax appeals.

The District continues to update its strategic planning efforts to address future operational and facility needs. The Capital Projects Plan identifies facility requirements at each District location and includes long-term financial forecasting to project the costs of these initiatives and assess the District's financial needs over the next ten years.

The adopted budget for the 2025–2026 fiscal year totals \$137,776,916. The millage rate increased by 4.45%, which exceeds the Act 1 Index of 4.0%, resulting in a millage rate of 35.7219 for the 2025–2026 fiscal year.

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 questions about this report or wish to request additional financial information, please contact Kimberly Steffy, Director of Business Services at Methacton School District, 1001 Kriebel Mill Road, Eagleville, PA 19403, or (610) 489-5000.

BASIC FINANCIAL STATEMENTS

**Methacton School District
Statement of Net Position
As of June 30, 2025**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 26,628,231	\$ 671,711	\$ 27,299,942
Investments	6,284,683	-	6,284,683
Receivables, net	1,118,684	-	1,118,684
Internal Balances	-	97,653	-
Due From Other Governments	3,876,808	39,149	3,915,957
Other Receivables	132,278	95,160	227,438
Inventories	188,285	29,831	218,116
Prepaid Expenses	2,355,277	-	2,355,277
Total Current Assets	40,584,246	933,504	41,420,097
Non-Current Assets			
Restricted Cash and Cash Equivalents	28,381	-	28,381
Land	1,564,425	-	1,564,425
Site Improvements (net of depreciation)	5,169,263	-	5,169,263
Building and Bldg. Improvements (net of depreciation)	95,548,439	-	95,548,439
Furniture and Equipment (net of depreciation)	3,908,285	836,153	4,744,438
Intangible Right-To-Use Equipment (net of amortization)	952,876	-	952,876
Construction in Progress	33,106,625	-	33,106,625
Total Non-Current Assets	140,278,294	836,153	141,114,447
Total Assets	\$ 180,862,540	\$ 1,769,657	\$ 182,534,544
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Charges on Refundings	258,039	-	258,039
Deferred Outflows of Resources - Related to Pension	22,652,270	-	22,652,270
Deferred Outflows of Resources - Related to OPEB	602,000	-	602,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 204,374,849	\$ 1,769,657	\$ 206,046,853
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 97,653	\$ -	\$ -
Due to Other Governments	834,569	-	834,569
Accounts Payable	2,220,453	188,093	2,408,546
Current Portion of Long-Term Obligations	7,165,143	-	7,165,143
Accrued Salaries and Benefits	5,697,896	-	5,697,896
Payroll Deductions and Withholdings	5,229,952	-	5,229,952
Deferred Revenue	-	24	24
Prepayments	83,298	-	83,298
Judgment Payable	102,528	-	102,528
Other Current Liabilities	831,720	70,968	902,688
Total Current Liabilities	22,263,212	259,085	22,424,644
Non-Current Liabilities			
Bonds and Notes Payable	57,043,673	-	57,043,673
Finance Purchase Obligations	150,306	-	150,306
Lease Obligations	438,477	-	438,477
Long-Term Portion of Compensated Absences	3,461,323	-	3,461,323
Net Defined Benefit Pension Liability	134,982,000	-	134,982,000
Net OPEB Liability - Single Employer Plan	2,370,638	-	2,370,638
Net OPEB Liability - Multiple Employer Plan	5,711,000	-	5,711,000
Total Liabilities	226,420,629	259,085	226,582,061
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Charges on Refundings	373,177	-	373,177
Deferred Inflows of Resources - Related to Pension	2,122,000	-	2,122,000
Deferred Inflows of Resources - Related to OPEB	2,672,968	-	2,672,968
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	231,588,774	259,085	231,750,206
NET POSITION			
Net Investment in Capital Assets	75,837,029	836,153	76,673,182
Restricted For:			
Capital Projects	12,657,775	-	12,657,775
Unrestricted (deficit)	(115,708,729)	674,419	(115,034,310)
TOTAL NET POSITION	(27,213,925)	1,510,572	(25,703,353)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 204,374,849	\$ 1,769,657	\$ 206,046,853

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Methacton School District
Statement of Activities
For the Year Ended June 30, 2025**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 75,977,177	\$ 595,299	\$ 11,621,605	\$ 64,000	\$ (63,696,273)	\$ -	\$ (63,696,273)
Instructional Student Support	13,062,239	-	1,686,630	67,275	(11,308,334)	-	(11,308,334)
Admin. & Fin'l Support Services	11,455,136	-	1,071,000	25,000	(10,359,136)	-	(10,359,136)
Oper. & Maint. of Plant Svcs.	9,661,146	-	785,079	-	(8,876,067)	-	(8,876,067)
Pupil Transportation	8,640,234	-	2,018,285	-	(6,621,949)	-	(6,621,949)
Student Activities	1,836,171	441,894	186,645	-	(1,207,632)	-	(1,207,632)
Community Services	32,505	-	142	-	(32,363)	-	(32,363)
Interest on Long-Term Debt	1,919,379	-	-	405,808	(1,513,571)	-	(1,513,571)
Unallocated Depreciation Expense	4,364,432	-	-	-	(4,364,432)	-	(4,364,432)
TOTAL GOVERNMENTAL ACTIVITIES	126,948,419	1,037,193	17,369,386	562,083	(107,979,757)	-	(107,979,757)
BUSINESS-TYPE ACTIVITIES:							
Food Services	2,692,196	1,550,180	888,739	-	-	(253,277)	(253,277)
TOTAL PRIMARY GOVERNMENT	\$ 129,640,615	\$ 2,587,373	\$ 18,258,125	\$ 562,083	\$ (107,979,757)	\$ (253,277)	\$ (108,233,034)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 89,682,333	\$ -	\$ 89,682,333
Taxes levied for specific purposes					11,183,554	-	11,183,554
Grants, subsidies, & contributions not restricted					11,859,154	-	11,859,154
Investment Earnings					2,586,222	29,401	2,615,623
Miscellaneous Income					866,684	12,463	879,147
Transfers					(161,066)	161,066	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					116,016,881	202,930	116,219,811
CHANGES IN NET POSITION					8,037,124	(50,347)	7,986,777
NET POSITION - BEGINNING					(35,251,049)	1,560,919	(33,690,130)
NET POSITION - ENDING					\$ (27,213,925)	\$ 1,510,572	\$ (25,703,353)

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Balance Sheet
Governmental Funds
As of June 30, 2025**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 19,189,960	\$ 7,438,271	\$ -	\$ 26,628,231
Restricted Cash	28,222	159	-	28,381
Investments	2,094,894	4,189,789	-	6,284,683
Taxes Receivable, net	1,118,684	-	-	1,118,684
Due from Other Funds	-	1,191,740	-	1,191,740
Due from Other Governments	3,876,808	-	-	3,876,808
Other Receivables	87,577	7,771	-	95,348
Prepaid Expenditures	2,355,277	-	-	2,355,277
TOTAL ASSETS	\$ 28,751,422	\$ 12,827,730	\$ -	\$ 41,579,152
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 28,751,422	\$ 12,827,730	\$ -	\$ 41,579,152
<u>LIABILITIES</u>				
Due to Other Funds	\$ 1,289,393	\$ -	\$ -	\$ 1,289,393
Due to Other Governments	834,569	-	-	834,569
Accounts Payable	2,050,498	169,955	-	2,220,453
Current Portion of Long-Term Debt	124,846	-	-	124,846
Judgment Payable	102,528	-	-	102,528
Accrued Salaries and Benefits	5,697,896	-	-	5,697,896
Payroll Deductions and Withholdings	5,229,952	-	-	5,229,952
Other Current Liabilities	83,620	-	-	83,620
TOTAL LIABILITIES	15,413,302	169,955	-	15,583,257
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Revenue from Property Taxes/Grants	932,025	-	-	932,025
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	16,345,327	169,955	-	16,515,282
<u>FUND BALANCES</u>				
Nonspendable Fund Balance	2,355,277	-	-	2,355,277
Restricted Fund Balance	293,030	12,657,775	-	12,950,805
Assigned Fund Balance	113,405	-	-	113,405
Unassigned Fund Balance	9,644,383	-	-	9,644,383
TOTAL FUND BALANCES	12,406,095	12,657,775	-	25,063,870
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 28,751,422	\$ 12,827,730	\$ -	\$ 41,579,152

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 25,063,870

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

Capital Assets – Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of these assets is \$238,936,677 and the accumulated depreciation and amortization totals \$98,684,935. 140,249,913

Additional Receivables – Certain receivables are recognized in the statement of net position that do not meet the availability criteria for recognition in the governmental funds. This amount represents the change between prior year and current year receivables established under the accrual basis of accounting. 36,930

Deferred Property Taxes – Property taxes receivable are recognized as revenue in the statement of net position but are deferred in the governmental funds because they are not available to finance current period expenditures. These amounts will be collected in future periods. 932,025

Deferred Charges on Refunding – This amount represents deferred outflows of resources arising from the refunding of prior bond issues. These deferred charges are amortized over the remaining life of the refunded or refunding debt, whichever is shorter. (115,138)

Pension-Related Deferred Inflows and Outflows – This amount represents deferred outflows of resources, net of deferred inflows of resources, related to the Net Pension Liability. These amounts will be recognized in future periods in accordance with GASB pension accounting standards. 18,459,302

Inventory Reporting – Governmental funds use the purchase method, under which inventory is not reported as an asset. In contrast, the statement of net position applies the consumption method, recognizing inventory as an asset until it is used. 188,285

Long-Term Liabilities – Long-term obligations, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These liabilities are reported in the statement of net position. (212,029,112)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (27,213,925)

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>GENERAL</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 105,667,511	\$ 764,936	\$ -	\$ 106,432,447
State Sources	28,425,049	-	-	28,425,049
Federal Sources	422,550	-	-	422,550
TOTAL REVENUES	<u>134,515,110</u>	<u>764,936</u>	<u>-</u>	<u>135,280,046</u>
EXPENDITURES				
Instruction	78,631,166	-	-	78,631,166
Support Services	43,202,728	511,980	179,405	43,894,113
Operation of Non-Instructional Services	1,969,216	-	-	1,969,216
Capital Outlay	-	3,618,528	-	3,618,528
Debt Service	10,071,688	-	2,674	10,074,362
TOTAL EXPENDITURES	<u>133,874,798</u>	<u>4,130,508</u>	<u>182,079</u>	<u>138,187,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	640,312	(3,365,572)	(182,079)	(2,907,339)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	10,390,000	10,390,000
Bond Premiums	-	-	786,447	786,447
Proceeds from Lease	514,496	-	-	514,496
Proceeds from Finance Purchases	130,636	-	-	130,636
Insurance Recoveries	67,362	-	-	67,362
Transfers In	-	1,191,740	-	1,191,740
Payment to bond refunding escrow agent	-	-	(10,994,368)	(10,994,368)
Transfers Out	(1,352,806)	-	-	(1,352,806)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(640,312)</u>	<u>1,191,740</u>	<u>182,079</u>	<u>733,507</u>
SPECIAL/EXTRAORDINARY ITEMS	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(2,173,832)	-	(2,173,832)
FUND BALANCES - BEGINNING	<u>12,406,095</u>	<u>14,831,607</u>	<u>-</u>	<u>27,237,702</u>
FUND BALANCES - ENDING	<u>\$ 12,406,095</u>	<u>\$ 12,657,775</u>	<u>\$ -</u>	<u>\$ 25,063,870</u>

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (2,173,832)

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

Capital Outlay and Depreciation – Governmental funds report capital outlays as expenditures, while in the statement of activities these amounts are capitalized and depreciated over the assets' estimated useful lives. This amount represents the net effect of capital outlay and depreciation during the current period.	Depreciation expense \$ 5,436,770 less - capital outlays <u>4,680,302</u> (756,468)
Capital Assets Financed by Debt – Some capital assets were acquired through the issuance of long-term debt. In governmental funds, the amount financed is reported as a source of financing, while in the statement of activities it results in the recognition of a long-term liability rather than revenue.	(645,132)
Deferred Property Tax Revenues – Because certain property taxes are not collected soon enough after year-end to be considered available, they are deferred in the governmental funds. This amount represents the increase in deferred inflows of resources related to property taxes during the current year.	(55,664)
Repayment of Debt, Financed Purchases, and Lease Liabilities – In governmental funds, repayments of note, financed purchase, and lease principal are reported as expenditures, while in the statement of activities these payments reduce the related long-term liabilities.	7,946,952
Compensated Absences and Termination Benefits – In governmental funds, expenditures for compensated absences and special termination benefits are recognized when financial resources are used, while in the statement of activities these costs are measured based on the amounts earned during the year. This amount represents the difference between benefits earned and benefits paid in the current period.	(667,459)
Interest on Long-Term Debt – In governmental funds, interest on long-term debt is recognized as an expenditure when it is due and requires the use of current financial resources. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The amount reported represents additional interest accrued in the statement of activities beyond what was due in the current period.	208,033
Revenue Recognition Timing – In governmental funds, revenues are recognized when they are both measurable and available, while in the statement of activities revenues are recognized when earned, regardless of availability. This amount represents the difference between revenues earned and those considered available in the current period.	(6,849)
Pension and OPEB Expense – In governmental funds, pension and OPEB contributions are reported as expenditures when paid, while in the statement of activities pension and OPEB expense is recognized based on the change in the net pension and OPEB liabilities. This amount represents the difference between current year expense and contributions made during the year.	4,441,791
Inventory Reporting – Governmental funds use the purchase method, recognizing inventory items as expenditures when purchased, while the statement of activities applies the consumption method, recognizing expenses as inventory is used. This amount represents the change in inventory balance during the current period.	_____ (72,168)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,037,124</u>

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2025**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 671,711
Due from Other Funds	98,145
Due From Other Governments	39,149
Other Receivables	94,668
Inventories	29,831
TOTAL CURRENT ASSETS	933,504
NON-CURRENT ASSETS:	
Machinery & Equipment (net)	836,153
TOTAL NON-CURRENT ASSETS	836,153
TOTAL ASSETS	\$ 1,769,657
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
	-
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Accounts Payable	\$ 188,093
Deferred Revenue	24
Prepayments from Students	70,968
TOTAL CURRENT LIABILITIES	259,085
NON-CURRENT LIABILITIES:	
TOTAL LIABILITIES	259,085
<u>DEFERRED INFLOWS OF RESOURCES</u>	
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	259,085
<u>FUND NET POSITION</u>	
Net Investment in Capital Assets	836,153
Unrestricted	674,419
TOTAL FUND NET POSITION	1,510,572
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,769,657

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 1,550,180
Other Operating Revenues	<u>12,463</u>
TOTAL OPERATING REVENUES	<u>1,562,643</u> -----
OPERATING EXPENSES:	
Other Purchased Services	2,437,449
Supplies	139,375
Depreciation	<u>115,372</u>
TOTAL OPERATING EXPENSES	<u>2,692,196</u>
OPERATING INCOME (LOSS)	<u>(1,129,553)</u> -----
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	29,401
Gain or (Loss) on Sale of Fixed Assets	-
State Sources	227,214
Federal Sources	<u>661,525</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>918,140</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(211,413)
Transfers in (out)	<u>161,066</u>
CHANGES IN FUND NET POSITION	(50,347)
FUND NET POSITION - BEGINNING	<u>1,560,919</u>
 FUND NET POSITION - ENDING	 <u>\$ 1,510,572</u>

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2025**

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 1,512,491
Cash Received from Other Operating Revenue	12,463
Cash Payments to Suppliers for Goods and Services	(2,443,716)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(918,762)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	223,083
Federal Sources	523,677
Operating Transfers In (Out)	161,066
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	907,826
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Facilities Acquisition/Const./Improvement Svcs.	(15,650)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(15,650)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	29,401
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	29,401
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,815
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	668,896
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 671,711
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$ (1,129,553)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Depreciation and Net Amortization	115,372
Donated Commodities Used	131,227
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	7,474
(Increase) Decrease in Advances to Other Funds	(43,709)
(Increase) Decrease in Inventories	(3,485)
Increase (Decrease) in Accounts Payable	32,778
Increase (Decrease) in Deferred Revenue	(2,303)
Increase (Decrease) in Advances from Other Funds	(25,109)
Increase (Decrease) in Prepayments from Students	(1,454)
TOTAL ADJUSTMENTS	210,791
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (918,762)

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2025**

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 294,177
Other Receivables	6,152
Prepaid Expenses	250
TOTAL ASSETS	300,579
DEFERRED OUTFLOWS OF RESOURCES	
	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 300,579
LIABILITIES	
Accounts Payable	\$ 9,372
Due to Other Funds	492
Other Current Liabilities	2,260
TOTAL LIABILITIES	12,124
DEFERRED INFLOWS OF RESOURCES	
	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	12,124
NET POSITION	
Restricted for	
Individuals, Organizations, and Other Governments	288,455
TOTAL LIABILITIES & NET POSITION	\$ 300,579

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	CUSTODIAL FUNDS
ADDITIONS	
Contributions - Students	\$ 142,237
Contributions - Other	25,589
Special Events	205,849
Investment Earnings:	
Interest and Dividends	7,546
TOTAL ADDITIONS	381,221
DEDUCTIONS	
Administrative expense	10,915
Benefits paid to participants or beneficiaries	13,801
Payments for student club activities	337,646
TOTAL DEDUCTIONS	362,362
CHANGES IN NET POSITION	18,859
NET POSITION - BEGINNING OF YEAR	269,596
NET POSITION - END OF YEAR	\$ 288,455

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL (GAAP BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources	\$ 108,303,160	\$ 105,212,482	\$ 105,667,511	\$ 455,029
State Sources	29,056,834	28,476,259	28,425,049	(51,210)
Federal Sources	416,922	416,922	422,550	5,628
TOTAL REVENUES	<u>137,776,916</u>	<u>134,105,663</u>	<u>134,515,110</u>	<u>409,447</u>
EXPENDITURES				
Regular Instruction	53,221,650	52,410,180	51,895,737	514,443
Special Programs	23,898,029	21,442,574	24,119,154	(2,676,580)
Vocational Programs	1,977,282	1,917,118	1,917,976	(858)
Other Instructional Programs	247,985	257,587	546,484	(288,897)
Nonpublic School Programs	8,500	5,000	3,528	1,472
Adult Education Programs	123,531	122,245	148,287	(26,042)
Pupil Personnel Services	6,667,174	6,573,878	6,863,901	(290,023)
Instructional Staff Services	3,599,941	3,968,357	3,956,988	11,369
Administrative Services	7,747,813	7,467,285	7,603,395	(136,110)
Pupil Health	2,328,984	2,169,088	2,732,447	(563,359)
Business Services	1,419,963	1,326,548	1,248,560	77,988
Operation & Maintenance of Plant Services	10,143,882	10,516,160	9,609,712	906,448
Student Transportation Services	8,832,717	8,193,290	8,667,042	(473,752)
Central Support Services	2,875,228	2,910,656	2,452,270	458,386
Other Support Services	76,225	73,293	68,413	4,880
Student Activities	-	483,399	514,716	(31,317)
School Sponsored Athletics	2,280,549	1,462,262	1,421,995	40,267
Community Services	15,270	-	32,505	(32,505)
Debt Service	12,062,193	11,181,743	10,071,688	1,110,055
TOTAL EXPENDITURES	<u>137,526,916</u>	<u>132,480,663</u>	<u>133,874,798</u>	<u>(1,394,135)</u>
Excess (deficiency) of revenues over expenditures	250,000	1,625,000	640,312	(984,688)
OTHER FINANCING SOURCES (USES)				
Proceeds From Finance Purchases	-	-	130,636	130,636
Proceeds from Leases	-	-	514,496	514,496
Insurance Recoveries	-	-	67,362	67,362
Transfers Out	(250,000)	(1,625,000)	(1,352,806)	272,194
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(1,625,000)</u>	<u>(640,312)</u>	<u>984,688</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - JULY 1, 2024	<u>9,397,729</u>	<u>9,397,729</u>	<u>12,406,095</u>	<u>3,008,366</u>
FUND BALANCE - JUNE 30, 2025	<u>\$ 9,397,729</u>	<u>\$ 9,397,729</u>	<u>\$ 12,406,095</u>	<u>\$ 3,008,366</u>

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 1 - Description of the School District and Reporting Entity

School District

The Methacton School District is located in Eagleville, Pennsylvania. This District's tax base consists of the Townships of Lower Providence and Worchester.

The District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II,; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The District is governed by a board of nine School Directors who residents of the District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person residing in such district between the ages of 6 and 21 years who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any 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.

Administration

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Director of Business Services, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Methacton School District. The Director of Business Services is directly responsible to the Superintendent.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Reporting Entity

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

The tax collectors are elected officers who collect taxes on behalf of the county, townships, boroughs, and the District. The District regards the tax collectors' offices as separate entities and, therefore, does not account for their activity in the financial statements.

Joint Ventures

North Montco Area Vocational-Technical School

The School District is a participating member of the North Montco Area Vocational-Technical School (NMAVTS). The NMAVTS 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 directors of each participating district must approve the NMAVTS's annual operating budget. Each participating district pays a pro-rata share of the NMAVTS's operating costs based on the number of students attending the NMAVTS for each District. The District's share of the NMAVTS's operating costs for 2024-25 was \$1,540,110.

On dissolution of the North Montco Area Vocational Technical School, the net position of NMAVTS will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in NMAVTS as defined by GASB Statement No. 14, as amended by GASB No. 61, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the NMAVTS can be obtained from the NMAVTS's administrative office.

Jointly Governed Organizations

Montgomery County Intermediate Unit

The District is a participating member of the Montgomery County Intermediate Unit (MCIU). The MCIU 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 directors of each participating district must approve the MCIU's annual operating budget. The MCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources is recorded in a particular governmental fund that has received resources for a future

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund *The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.*

Special Revenue Fund 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 term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

Capital Projects Fund Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds.

Student Activity Funds

These funds are considered custodial funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, 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 prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE 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.

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 2024-25 budget transfers.

F. 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.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

G. Changes in Accounting Principles

During the fiscal year ended June 30, 2025, the School District implemented new accounting standards issued by the Governmental Accounting Standards Board (GASB). The financial statements reflect adoption of the following:

GASB Statement No. 101, *Compensated Absences*

GASB Statement No. 101 establishes a unified model for the recognition and measurement of liabilities for compensated absences (for example, vacation, sick leave, and similar leave). Under this standard, liabilities are recognized for leave that has accumulated and is expected to be used or paid, as well as leave that has been used but not yet settled. The standard also updates related disclosure requirements, including eliminating the prior requirement to disclose which governmental funds typically liquidate compensated absence liabilities.

Statement No. 101 is effective for fiscal years beginning after December 15, 2023. Accordingly, the District adopted this standard beginning with the 2024–2025 fiscal year.

Impact of adoption: The adoption of GASB Statement No. 101 did not result in a material change to the District's beginning net position as of July 1, 2024. As a result, no restatement was calculated to opening net position.

GASB Statement No. 102, *Certain Risk Disclosures*

GASB Statement No. 102 requires governments to assess and disclose certain concentrations and constraints that could expose the District to substantial risk of a significant impact. These disclosures are intended to improve transparency about vulnerabilities arising from dependencies on specific sources (such as a major revenue source, a significant supplier, or a limited labor pool) or restrictions that limit the District's ability to respond to events.

Statement No. 102 is effective for fiscal years beginning after June 15, 2024. The District adopted this standard for the 2024–2025 fiscal year.

Impact of adoption: GASB Statement No. 102 did not change recognition or measurement in the financial statements. Its effect is limited to new or expanded note disclosures regarding applicable risks. Management evaluated the District's activities and determined that no concentrations or constraints meeting the criteria for disclosure were present as of June 30, 2025.

H. Pensions

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

I. Other Postemployment Benefits

Multiple Employer Cost Sharing 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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Single Employer 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 was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. Assets, Liabilities, and Net Position

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.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2025, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within thirty (30) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within thirty (30) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

Inventories of Governmental Funds are recorded as expenditures when purchased rather than when consumed. Inventories on government-wide financial statements are presented at the lower of cost or market on a first-in, first-out method and are expensed when used.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

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

Purchased Food	\$	20,137
Supplies		9,670
Donated Commodities		<u>24</u>
TOTAL	\$	<u>29,831</u>

Prepaid Expenses

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand (\$5,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

All reported capital assets except land, certain land improvements, and construction in progress are depreciated or amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	5 - 40 years	5 - 40 years
Buildings and Improvements	10 - 40 years	10 - 40 years
Furniture and Equipment	5 - 10 years	5 -10 years
Vehicles	6 -15 years	6 -15 years
Right-to-use Equipment	Length of Lease	Length of Lease

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 101, Compensated Absences, which establishes a unified model for recognizing and measuring liabilities for leave benefits.

Compensated absences are recognized as a liability for (1) leave that has not been used and (2) leave that has been used but not yet paid or settled through noncash means. A liability is accrued when the leave is attributable to services already rendered, the leave accumulates, and it is more likely than not that the leave will be used for time off or otherwise paid or settled.

Vacation and similar leave are accrued as the benefits are earned to the extent the above recognition criteria are met. Sick leave and other leave that is payable only upon termination is accrued to the extent it is more likely than not that the benefits will result in termination payments, based on the District's past experience and relevant policies.

Compensated absence liabilities are measured using the pay rates in effect as of the financial statement date, including salary-related payments associated with the leave (for example, the District's share of payroll taxes and retirement contributions, if applicable).

The entire compensated absence liability is reported on the government-wide financial statements. In governmental funds, expenditures and liabilities are recognized only when payments are due and payable, consistent with the current financial resources measurement focus. In proprietary (enterprise) funds, the full amount of compensated absences is reported as a fund liability.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Leases

Lessee

The Methacton School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and 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 and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Lessor

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

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

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

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

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to use information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period the payment is due.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Other Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2025, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, 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. 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 School 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.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that compromise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential Categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements.

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other governmental laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action. This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories.

In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent or his/her designee is responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any contributions during this fiscal year.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$212,029,112 difference are:

Bonds/Notes payable	\$ 59,315,000
Less: Issuance discount (to be amortized as interest expense)	(7,548)
Add: Issuance premium (to be amortized as a contra to interest expense)	4,361,221
Lease Purchase Obligations	768,682
Finance Purchases	235,398
Net Pension Liability	134,982,000
Accrued Interest Payable	831,398
Compensated Absences	3,461,323
Net OPEB Liability - Single Employer Plan	2,370,638
Net OPEB Liability - Multiple Employer Plan	5,711,000
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	\$ 212,029,112

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 89,737,997	\$ (55,664)	\$ -	\$ -	\$ 89,682,333
Taxes levied for specific purposes	11,183,554	-	-	-	11,183,554
Interest and investment earnings	2,593,071	(6,848)	-	-	2,586,223
Miscellaneous	700,471	67,362	(138,287)	-	629,546
Contributions and Donations	228,207	-	-	-	228,207
Charges for Services	1,046,123	-	-	-	1,046,123
Grants, subsidies & contributions not restricted	11,859,154	-	-	-	11,859,154
STATE SOURCES:					
Operating and Capital grants and contributions	16,587,735	-	-	-	16,587,735
FEDERAL SOURCES:					
Operating and Capital grants and contributions	1,343,734	-	-	-	1,343,734
OTHER FINANCING USES:					
Bond Issue Proceeds	10,390,000	-	-	(10,390,000)	-
Bond Premiums	786,447	-	-	(786,447)	-
Proceeds from Leases	514,496	-	-	(514,496)	-
Proceeds from Finance Purchases	130,636	-	-	(130,636)	-
Insurance Recoveries	67,362	(67,362)	-	-	-
TOTAL REVENUES	<u>147,168,987</u>	<u>(62,512)</u>	<u>(138,287)</u>	<u>(11,821,579)</u>	<u>135,146,609</u>
EXPENDITURES/EXPENSES					
Instruction	78,631,166	(2,576,146)	(77,843)	-	75,977,177
Instructional Student Support	13,553,336	(491,667)	570	-	13,062,239
Admin. & Fin'l Support Services	11,927,250	(347,659)	(124,455)	-	11,455,136
Oper. & Maint. Of Plant Svcs.	9,746,485	(154,299)	68,960	-	9,661,146
Pupil Transportation	8,667,042	(26,808)	-	-	8,640,234
Student activities	1,936,711	(73,755)	(26,785)	-	1,836,171
Community Services	32,505	-	-	-	32,505
Capital Outlay	3,618,528	(30,000)	(3,588,528)	-	-
Debt Service	21,068,730	-	-	(19,149,351)	1,919,379
Transfers Out	161,066	-	-	-	161,066
Depreciation - unallocated	-	-	4,364,432	-	4,364,432
TOTAL EXPENDITURES/EXPENSES	<u>149,342,819</u>	<u>(3,700,334)</u>	<u>616,351</u>	<u>(19,149,351)</u>	<u>127,109,485</u>
NET CHANGE FOR THE YEAR	\$ (2,173,832)	\$ 3,637,822	\$ (754,638)	\$ 7,327,772	\$ 8,037,124

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net Position of Individual Funds

No individual fund contains a deficit fund balance or net position at June 30, 2025, except the governmental activities reports a \$27,213,925 deficit.

C. Excess of Expenditures over Appropriations in Individual Funds

During the reported fiscal period, the General Fund, operating under its legally adopted budget, incurred expenditures exceeding final budget appropriations by \$1,394,135. The overexpenditure was driven primarily by higher-than-anticipated costs in Special Programs, as well as in Pupil Health and Student Transportation Services, and other instructional and support areas. These overruns were partially offset by savings in Debt Service, Operation and Maintenance of Plant Services, Regular Instruction, and Central Support Services.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

The District did not complete a formal budget amendment to reallocate appropriations at the legal level. Accordingly, the General Fund overexpenditure represents noncompliance with the Pennsylvania School Code's budgetary requirements.

D. 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.

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2025, \$32,824,965, of the District's bank balance of \$33,824,965 and restricted cash of \$159 was exposed to custodial credit risk, as follows:

Uninsured and Uncollateralized	\$ 38,382
Collateralized with Securities Held by the Pledging Financial Institution	-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the District's Name	32,786,583
TOTAL	\$ 32,824,965

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 32,824,965
Plus: Insured Amount	1,000,000
Less: Outstanding Checks	(1,441,267)
Carrying Amount - Bank balances	32,383,698
Plus: Petty Cash	1,005
Deposits in Investment Pools Considered Cash Equivalents	1,522,480
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Less: Certificates of Deposit Considered Investment by School Code	(6,284,683)
Total Cash Per Financial Statements	\$ 27,622,500

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Investments

Permitted investments for Methacton School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds.
 - The investment company is rated in the highest category by a nationally recognized rating agency.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

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

Investment	Maturities	Fair Value
PA Local Government Investment Trust Class	N/A	\$ 1,200,060
PA Local Government Investment Trust Reserve Class	N/A	116,602
PA Local Government Investment Trust-Prime	N/A	1,434
PA School District Liquid Asset Fund	N/A	204,384
Certificate of Deposits - People's Security Bank	1-5 years	6,284,683
TOTAL		\$ 7,807,163

Interest Rate Risk

The District does 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.

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 in the Pa. School Liquid Asset Fund was rated AAAM by Standard & Poor's. The District's investment in Pa. Local Government Investment Trust was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2025, 74.38% of the General Fund's investments were held in certificates of deposit with People's Security Bank & Trust. Of the Capital Projects Fund's investments, 100% were held in certificates of deposit with People's Security Bank & Trust. Of the Governmental Activities investments, 89.70% were held in certificates of deposit with People's Security Bank & Trust. Of the Entity-Wide investments, 80.32% were held in certificates of deposit with People's Security Bank & Trust.

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.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Reconciliation to Financial Statements

Total Investments Above	\$ 7,807,163
Less: Deposits in Investment Pool Considered Cash Equivalents	(1,522,480)
Deposits in Money Market Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	\$ 6,284,683

Fair Value Reporting

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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2025. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$2,962,881,803. In accordance with Act 1 of 2006, the District received \$10,457,239 in property tax reduction funds for the 2024-25 fiscal year. The tax rate for the year was \$3.42 per \$100 of assessed valuation or 34.2 mills.

The property tax calendar is:

- | | | |
|----------------------------|---|---|
| July 1 | - | Full year tax assessed for current year. |
| July 1 - September 11 | - | Discount period during which a 2% discount is allowed. |
| September 12 - November 11 | - | Face amount of tax is due. |
| November 12 - February 11 | - | A 10% penalty is added to all payments. |
| April 24 | - | All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for collection. |

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the 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 deferred in the fund financial statements.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

Schedule on Receivables for Major, Non-Major, and Fiduciary funds

	GENERAL FUND	CAPITAL PROJECTS FUND	FOOD SERVICE FUND	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:					
Taxes	\$ 1,253,013	\$ -	\$ -	\$ -	\$ 1,253,013
Accounts	87,577	7,771	94,668	6,152	196,168
Intergovernmental	3,876,808	-	39,149	-	3,915,957
GROSS RECEIVABLES	5,217,398	7,771	133,817	6,152	5,365,138
Less: Allowance for Uncollectibles	(134,329)	-	-	-	(134,329)
NET RECEIVABLES	\$ 5,083,069	\$ 7,771	\$ 133,817	\$ 6,152	\$ 5,230,809

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 932,025	\$ -
TOTAL	\$ 932,025	\$ -

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Capital Assets

Capital asset balances and activity for the year ending June 30, 2025, were:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 1,564,425	\$ -	\$ -	\$ 1,564,425
Construction in Progress	30,137,306	3,592,954	(623,635)	33,106,625
Total Capital Assets not being depreciated	<u>31,701,731</u>	<u>3,592,954</u>	<u>(623,635)</u>	<u>34,671,050</u>
Capital Assets being depreciated/amortized:				
Site Improvements	10,163,409	491,926	-	10,655,335
Buildings and Bldg. Improvements	169,147,818	-	-	169,147,818
Furniture and Equipment	20,792,624	704,697	(160,939)	21,336,382
Intangible Right-To-Use Equipment	2,611,732	514,496	(376,839)	2,749,389
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	<u>202,715,583</u>	<u>1,711,119</u>	<u>(537,778)</u>	<u>203,888,924</u>
Less accumulated depreciation/amortization for:				
Site Improvements	(4,994,489)	(491,583)	-	(5,486,072)
Buildings and Bldg. Improvements	(70,220,473)	(3,378,906)	-	(73,599,379)
Furniture and Equipment	(16,710,609)	(878,427)	160,939	(17,428,097)
Intangible Right-To-Use Equipment	(1,485,362)	(687,990)	376,839	(1,796,513)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	<u>(93,410,933)</u>	<u>(5,436,906)</u>	<u>537,778</u>	<u>(98,310,061)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>109,304,650</u>	<u>(3,725,787)</u>	<u>-</u>	<u>105,578,863</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>\$ 141,006,381</u>	<u>\$ (132,833)</u>	<u>\$ (623,635)</u>	<u>\$ 140,249,913</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,165,261	\$ 15,650	\$ -	\$ 1,180,911
Less accumulated depreciation	(229,386)	(115,372)	-	(344,758)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 935,875</u>	<u>\$ (99,722)</u>	<u>\$ -</u>	<u>\$ 836,153</u>

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:

Instruction	\$ 684,557
Instructional Student Support	570
Admin. & Fin'l Support Services	325,790
Oper. & Maint. of Plant Svcs.	53,420
Student Activities	8,137
Depreciation - unallocated	4,364,432
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 5,436,906</u>

The District's governmental activities retired capital assets with an original cost of \$537,778 and related accumulated depreciation of \$537,778, resulting in no gain or loss on disposal. The business-type activities had no capital asset disposals during the 2024–2025 fiscal year.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-Term Construction Commitments

The District has the following construction commitments in the Capital Projects Fund:

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/25</u>	<u>OUTSTANDING COMMITMENTS</u>
Arrowhead ES Replacement			
E. R. Steubner - Constructon Contractor	\$ 16,227,237	\$ 16,198,086	\$ 29,151
Trefz Mechanical - Mechanical Contractor	5,093,093	5,076,329	16,764
Worcester ES Chiller Replacement			
Clipper Pipe & Services	831,000	12,416	818,584
Arcola Roofing			
Jottan Inc	2,088,128	2,011,004	77,124
Arcola/Skyview Paving			
Sacks & Sons	454,542	45,819	408,723
Woodland ES HVAC Controls			
Conexus Inc	302,500	115,200	187,300
Worcester Roof Replacement			
Mark Sobeck Roof Consulting	27,860	5,400	22,460
GRAND TOTAL	\$ 25,024,360	\$ 23,464,254	\$ 1,560,106

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Short-Term Debt

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

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2025:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ -	1,289,393
Capital Projects Fund	1,191,740	-
Enterprise (Food Service) Fund	98,145	-
Custodial (Activity) Funds	-	492
TOTAL	\$ 1,289,885	\$ 1,289,885

Interfund transfers

The District also made the following interfund transfers during the year ended June 30, 2025:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 1,352,806
Enterprise (Food Service) Fund	161,066	-
Capital Projects Fund	1,191,740	-
TOTAL	\$ 1,352,806	\$ 1,352,806

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Long-Term Liabilities

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

CHANGES IN LONG-TERM LIABILITIES

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
General Obligation Debt:					
Bonds	\$ 66,397,229	\$ 11,210,101	\$ 19,143,657	\$ 58,463,673	\$ 6,625,000
Notes	5,205,000	-	-	5,205,000	-
Total general obligation debt	71,602,229	11,210,101	19,143,657	63,668,673	6,625,000
Other liabilities:					
Financed Purchases	193,270	130,636	88,509	235,397	85,091
Lease Obligations	927,629	514,496	673,443	768,682	330,205
Vested employee benefits:					
Compensated Absences	2,940,910	645,260	-	3,586,170	124,847
Net Defined Benefit Pension	138,909,860	-	3,927,860	134,982,000	-
Net OPEB Liability - Single Employer Plan	2,204,614	166,024	-	2,370,638	-
Net OPEB Liability - Multiple Employer Plan	5,617,461	93,539	-	5,711,000	-
Total other liabilities	150,793,744	1,549,955	4,689,812	147,653,887	540,143
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 222,395,973	\$ 12,760,056	\$ 23,833,469	\$ 211,322,560	\$ 7,165,143

Payments on bonds and notes are made by the general fund. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES	EXPENSE	PAID
General obligation debt	\$ 1,895,677	\$ 2,103,709
Finance Purchases	4,561	4,561
Lease Obligations	17,159	17,159
Refund of Prior Year Receipts	1,982	1,982
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 1,919,379	\$ 2,127,411

Compensated Absences

Sick Leave

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. The sick leave benefits accumulate and vest during employees' tenure. In accordance with GASB Statement No. 101, the District recognizes a liability for accumulated sick leave to the extent the leave is attributable to services already rendered, the leave accumulates, and it is more likely than not that the leave will be used for time off or paid out upon termination.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Upon retirement, eligible employees may receive remuneration for unused sick days under the following bargaining agreements:

- Methacton Education Association – \$75 per day up to a maximum of 160 days
- Methacton Education Support Personnel Association – \$50 per day up to a maximum of 115 days
- Teamster Local 384 – \$45 per day up to a maximum of 120 days
- Methacton Administrators Agreement – \$100 per day up to a maximum of 185 days

To be eligible for this benefit, an employee must be eligible to receive superannuation, early retirement, or disability pension from the Public School Employees Retirement System (PSERS), must have at least ten (10) years of service in the Methacton School District (including previous subdivisions), and must retire from a full-time position after completing full-time service. The District maintains records of employees' accumulated sick leave and estimates the portion that is more likely than not to be paid based on historical usage and retirement payout experience. The liability is measured using pay rates in effect at year-end and includes applicable salary-related payments associated with the leave.

Vacation Leave

The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 101, the District recognizes a liability for accumulated vacation leave to the extent the leave is attributable to services already rendered, the leave accumulates, and it is more likely than not that the leave will be used for time off or otherwise paid or settled. The accumulated vacation leave liability at June 30, 2025 is measured using pay rates in effect at year-end and includes applicable salary-related payments.

Finance Purchase – Fraser AIS Sharp Copiers

On July 1, 2023 the District entered into a finance purchase arrangement with Fraser AIS to obtain the use of Sharp copiers. The present value of the remaining finance payments are \$139,899 with an interest rate of 2.7%.

The remaining annual lease rental requirements as of June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 54,830	\$ 3,102
2026-27	56,329	1,603
2027-28	28,739	227
TOTAL OUTSTANDING	\$ 139,899	\$ 4,932

Finance Purchase – Dell Latitude

On October 25, 2024, the District entered into a finance purchase arrangement with Dell Financial Services to obtain Dell Latitude laptops. The present value of the remaining finance payments are \$95,499 with an interest rate of 5.1%.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

The remaining annual lease rental requirements as of June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 30,262	\$ 4,876
2026-27	31,807	331
2027-28	33,431	1,707
TOTAL OUTSTANDING	\$ 95,500	\$ 6,914

Lease – Vantage #L02R – Dell Laptops

On July 1, 2022, Methacton School District entered into a 4 year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$111,840. As of June 30, 2025, the value of the lease liability was \$28,208. Methacton School District is required to make yearly fixed payments of \$28,723. The lease has an interest rate of 1.81%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$111,840 with accumulated amortization of \$83,879.

The future principal and interest lease payments as of June 30, 2025, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 28,208	-
TOTAL OUTSTANDING	\$ 28,208	-

Lease – VantageC03 – Chromebooks

On July 1, 2023, the District entered into a 48 month lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$641,525. As of June 30, 2025, the value of the lease liability was \$320,699. The District is required to make yearly fixed payments of \$165,196. The lease has an interest rate of 1.99%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$641,525 with accumulated amortization of \$320,699.

The future principal and interest lease payments as of June 30, 2025, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 158,755	\$ 6,441
2026-27	161,944	3,252
TOTAL OUTSTANDING	\$ 320,699	\$ 9,693

Lease – VantageL03 – Dell Laptops

On July 1, 2023, the District entered into a 4 year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$76,659 during the current fiscal year. As of June 30, 2025, the value of the lease liability was \$38,322. The District is required to make yearly fixed payments of \$19,740. The lease has an interest rate of 1.99%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$76,659 with accumulated amortization of \$38,329.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

The future principal and interest lease payments as of June 30, 2025, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 18,971	\$ 769
2026-27	19,351	389
TOTAL OUTSTANDING	\$ 38,322	\$ 1,158

Lease – VantageC04 – Chromebooks

On July 1, 2024, the District entered into a 48 month lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$514,496. As of June 30, 2025, the value of the lease liability was \$381,452. The District is required to make yearly fixed payments of \$133,044. The lease has an interest rate of 2.30%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$514,496 with accumulated amortization of \$128,624.

The future principal and interest lease payments as of June 30, 2025, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 124,271	\$ 8,773
2026-27	127,128	5,916
2027-28	130,053	2,991
TOTAL OUTSTANDING	\$ 381,452	\$ 17,680

General Obligation Bonds - Series B of 2017

On December 5, 2017, The District issued General Obligation Bond Series B of 2017. The purpose of this issue is to provide funds for the acquisition, construction and improvement of facilities. The Bond has an original principal amount of \$8,500,000, matures on September 15, 2034, and bears interest from 1.35% to 3.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 405,000	\$ 234,379
2026-27	730,000	221,813
2027-28	765,000	202,125
2028-29	975,000	176,025
2029-30	1,000,000	148,275
2030-35	4,505,000	284,475
SUB-TOTAL	\$ 8,380,000	\$ 1,267,092
Unamortized discounts	(7,548)	
TOTAL OUTSTANDING	\$ 8,372,452	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

General Obligation Bonds - Series of 2018

On May 10, 2018, The District issued General Obligation Bond Series of 2018. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Bonds Series A 2011 and General Obligation Notes Series 2015. The Bond has an original principal amount of \$5,915,000, matures on September 15, 2027, and bears interest from 1.85% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

On December 3rd, 2024, the District refunded the General Obligation Bonds Series 2018 with a portion of the issuance of the General Obligation Bonds Series of 2024. Below is the economic gain calculation of the following refunding.

SOURCES

Gross Proceeds of Bonds	\$	10,390,000
Plus: Premium		786,447
Less: Underwriter's Discount		(49,351)
TOTAL SOURCES	\$	<u>11,127,096</u>

USES

Escrow Deposit	\$	10,994,368
Issuance Costs		130,053
Sinking Fund Deposit		2,675
TOTAL USES	\$	<u>11,127,096</u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows		\$ 13,024,400
Cash Flows From New Debt:		
New Debt Service Cash Flow	\$	12,721,108
Less: Sinking Fund Deposit		(2,675)
Net Cash Flows From New Debt		<u>12,718,433</u>
Net Difference in Cash Flows	\$	<u>305,967</u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$	11,220,988
Present Value of New Debt Service Cash Flows	\$	10,997,042
Less: Sinking Fund Deposit		(2,675)
TOTAL		<u>10,994,367</u>
ECONOMIC LOSS	\$	<u>226,621</u>

General Obligation Bonds - Series A of 2018

On May 10, 2018, The District issued General Obligation Bond Series A of 2018. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Notes Series 2013. The Bond has an original principal amount of \$5,400,000, matures on September 15, 2025, and bears interest from 2.20% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2025, are:

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 765,000	\$ 11,475
SUB-TOTAL	\$ 765,000	\$ 11,475
Unamortized Premium	26,683	
TOTAL OUTSTANDING	\$ 791,683	

General Obligation Bonds - Series of 2019

On July 18, 2019, The District issued General Obligation Bond Series of 2019. The purpose of this issue is for the alterations, renovations, and additions to the Arrowhead Elementary School, Eagleville Elementary School, Woodland Elementary School, Worcester Elementary School, Skyview Upper Elementary School, Arcola Intermediate School, and the Methacton High School. The Bond has an original principal of \$4,475,000, matures on September 15, 2033, and bears interest from 1.45% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

On December 3rd, 2024, the District refunded \$3,660,000 of the outstanding bonds with a portion of the issuance of the General Obligation Bonds Series of 2024.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 15,000	\$ 23,400
2026-27	335,000	18,225
2027-28	440,000	6,600
SUB-TOTAL	\$ 790,000	\$ 48,225
Unamortized Premium	11,446	
TOTAL OUTSTANDING	\$ 801,446	

General Obligation Bonds - Series A of 2019

On November 21, 2019, The District issued General Obligation Bond Series A of 2019. The purpose of this issue is to provide funds for the alterations, renovations, and additions to Eagleville Elementary School, Worcester Elementary School, Skyview Upper Elementary School, Arcola Intermediate School, Methacton High School, Farina Educational Center, the District Facilities building, and the District Transportation building. The bond has an original principal amount of \$4,020,000, matures on March 1, 2034, and bears interest from 1.375% to 4.00%. Interest is paid semi-annually on March 1 and September 1.

On December 3rd, 2024, the District refunded \$2,850,000 of the outstanding bonds with a portion of the issuance of the General Obligation Bonds Series of 2024.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 145,000	\$ 140,300
2026-27	195,000	136,900
2027-28	320,000	131,750
2028-29	485,000	121,275
SUB-TOTAL	\$ 1,145,000	\$ 530,225
Unamortized Premium	15,720	
TOTAL OUTSTANDING	\$ 1,160,720	

General Obligation Bonds - Series AA of 2019

On December 30, 2019, The District issued General Obligation Bond Series AA of 2019. The purpose of this issue is to refund the outstanding principal of the General Obligation Bond Series A of 2012 and General Obligation Bond Series of 2013. The Bond has an original principal amount of \$7,495,000, matures on February 1, 2026, and bears interest from 1.30% to 4.00%. Interest is paid semiannually on February 1 and August 1.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 1,575,000	\$ 25,500
SUB-TOTAL	\$ 1,575,000	\$ 25,500
Unamortized Premium	75,792	
TOTAL OUTSTANDING	\$ 1,650,792	

General Obligation Bonds - Series of 2020

On July 9, 2020, The District issued General Obligation Bond Series of 2020. The purpose of this issue is to refund the outstanding principal of the General Obligation Bond Series A of 2013. The Bond has an original principal amount of \$2,255,000, matures on March 15, 2026, and bears interest from .62% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 2,165,000	\$ 43,300
SUB-TOTAL	\$ 2,165,000	\$ 43,300
Unamortized Premium	64,187	
TOTAL OUTSTANDING	\$ 2,229,187	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

General Obligation Bonds - Series A of 2020

On July 9, 2020, The District issued General Obligation Bond Series A of 2020. The purpose of this issue is to provide funds for the acquisition, design, construction, furnishing, and other expenses related to various School District facilities and other capital project needs. The Bond has an original principal amount of \$15,815,000, matures on March 15, 2046, and bears interest from 1.00% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 5,000	\$ 628,200
2026-27	5,000	628,138
2027-28	5,000	628,063
2028-29	620,000	615,625
2029-30	645,000	590,325
2030-35	3,640,000	2,549,513
2035-40	4,360,000	1,754,000
2040-45	5,320,000	789,000
2045-46	1,200,000	24,000
SUB-TOTAL	\$ 15,800,000	\$ 8,206,864
Unamortized Premium	1,704,206	
TOTAL OUTSTANDING	\$ 17,504,206	

General Obligation Notes - Series of 2020

On July 9, 2020, The District issued General Obligation Note Series of 2020. The purpose of this issue is to partially refund a portion of the outstanding principal of General Obligation Bond Series of 2016. The Note has an original principal amount of \$5,205,000, matures on March 15, 2028, and bears interest from 1.77% to 1.87%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ -	\$ 93,519
2026-27	3,815,000	59,756
2027-28	1,390,000	12,997
TOTAL OUTSTANDING	\$ 5,205,000	\$ 166,272

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

General Obligation Bonds - Series of 2021

On December 2, 2021, The District issued General Obligation Bonds Series of 2021. The purpose of this issue is to provide funds for the acquisition, design, construction, furnishing and any other expenses related to various School District facilities. The Bond has an original principal amount of \$13,110,000, matures on July 15, 2045, and bears interest from 1.00% to 4.00%. Interest is paid semi-annually on July 15 and January 15.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 5,000	\$ 523,550
2026-27	5,000	523,500
2027-28	5,000	523,438
2028-29	590,000	511,600
2029-30	610,000	487,600
2030-35	3,020,000	2,067,400
3035-40	3,545,000	1,430,100
2040-45	4,345,000	643,500
2045-46	975,000	19,500
SUB-TOTAL	\$ 13,100,000	\$ 6,730,188
Unamortized Premium	1,697,187	
TOTAL OUTSTANDING	\$ 14,797,187	

General Obligation Bonds – Series of 2024

On December 3rd, 2024, the District issued \$10,390,000 of General Obligation Bonds - Series of 2024. Proceeds of the Bonds were used to currently refund all the School District's outstanding General Obligation Bonds, Series of 2018, a portion of the outstanding General Obligation Bonds, Series of 2019 and Series A of 2019, and to pay the costs associated with the issuance of the Bonds.

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 1,545,000	\$ 480,875
2026-27	1,615,000	401,875
2027-28	1,000,000	336,500
2028-29	485,000	299,375
2029-30	1,020,000	261,750
2030-35	4,725,000	490,125
SUB-TOTAL	\$ 10,390,000	\$ 2,270,500
Unamortized Premium	766,000	
TOTAL OUTSTANDING	\$ 11,156,000	

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Combined General Obligation Debt

The combined general debt obligations for subsequent years are:

Bonds

Fiscal Year Ended June 30	GO Bonds - 2017B		GO Bonds 2018A		GO Bonds 2019		GO Bonds 2019A		GO Bonds 2019AA	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 234,379	\$ 405,000	\$ 11,475	\$ 765,000	\$ 23,400	\$ 15,000	\$ 140,300	\$ 145,000	\$ 25,500	\$ 1,575,000
2027	221,813	730,000	-	-	18,225	335,000	136,900	195,000	-	-
2028	202,125	765,000	-	-	6,600	440,000	131,750	320,000	-	-
2029	176,025	975,000	-	-	-	-	121,275	485,000	-	-
2030	148,275	1,000,000	-	-	-	-	-	-	-	-
2031-2035	284,475	4,505,000	-	-	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-	-	-	-	-
2045-2046	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 1,267,092	\$ 8,380,000	\$ 11,475	\$ 765,000	\$ 48,225	\$ 790,000	\$ 530,225	\$ 1,145,000	\$ 25,500	\$ 1,575,000

Bonds - continued

Fiscal Year Ended June 30	GO Bonds 2020		GO Bonds 2020A		GO Bonds 2021		GO Bonds 2024		Total Bonds	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 43,300	\$ 2,165,000	\$ 628,200	\$ 5,000	\$ 523,550	\$ 5,000	\$ 480,875	\$ 1,545,000	\$ 2,110,979	\$ 6,625,000
2027	-	-	628,138	5,000	523,500	5,000	401,875	1,615,000	1,930,451	2,885,000
2028	-	-	628,063	5,000	523,438	5,000	336,500	1,000,000	1,828,476	2,535,000
2029	-	-	615,625	620,000	511,600	590,000	299,375	485,000	1,723,900	3,155,000
2030	-	-	590,325	645,000	487,600	610,000	261,750	1,020,000	1,487,950	3,275,000
2031-2035	-	-	2,549,513	3,640,000	2,067,400	3,020,000	490,125	4,725,000	5,391,513	15,890,000
2036-2040	-	-	1,754,000	4,360,000	1,430,100	3,545,000	-	-	3,184,100	7,905,000
2041-2045	-	-	789,000	5,320,000	643,500	4,345,000	-	-	1,432,500	9,665,000
2045-2046	-	-	24,000	1,200,000	19,500	975,000	-	-	43,500	2,175,000
TOTAL	\$ 43,300	\$ 2,165,000	\$ 8,206,864	\$ 15,800,000	\$ 6,730,188	\$ 13,100,000	\$ 2,270,500	\$ 10,390,000	\$ 19,133,369	\$ 54,110,000

Direct Borrowing

Bonds and Direct Borrowing

Fiscal Year Ended June 30	GO Notes 2020		Totals	
	Interest	Principal	Interest	Principal
2026	\$ 93,519	\$ -	\$ 2,204,498	\$ 6,625,000
2027	59,756	3,815,000	1,990,207	6,700,000
2028	12,997	1,390,000	1,841,473	3,925,000
2029	-	-	1,723,900	3,155,000
2030	-	-	1,487,950	3,275,000
2031-2035	-	-	5,391,513	15,890,000
2036-2040	-	-	3,184,100	7,905,000
2041-2045	-	-	1,432,500	9,665,000
2045-2046	-	-	43,500	2,175,000
TOTAL	\$ 166,272	\$ 5,205,000	\$ 19,299,641	\$ 59,315,000

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and 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 to 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

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

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				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%

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Employer Contributions:

The school districts' 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 \$17,512,270 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$131,982,000 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 0.3225 percent, which was an increase of 0.0093 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$13,423,972. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual contributions made	-	-
Net difference between projected and actual earnings on pension plan investments	2,235,000	-
Difference between expected and actual experience	-	2,122,000
Changes in proportion of the Net Pension Liability	2,905,000	-
District contributions subsequent to the measurement date	17,512,270	-
Total	\$ 22,652,270	\$ 2,122,000

\$17,512,270 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Year ended June 30:	<u>Amount</u>
2025	\$ (3,126,000)
2026	4,997,000
2027	1,599,000
2028	(452,000)
Thereafter	<u>-</u>
Total	<u>\$ 3,018,000</u>

Changes in Actuarial Assumptions

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

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

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

The long-term expected rate of return on 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.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private Equity	12.0%	6.7%
Fixed Income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	100%	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 177,813,000	\$ 134,982,000	\$ 98,815,000

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

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.

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2025, the School District recognized revenue of \$8,918,270 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2025, the School had \$5,944,532 included in accrued wages liability, of which \$4,609,885 is for the contractually required contribution for the second quarter of 2025 and \$1,334,647 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

Other Post-Employment Benefits

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

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

Employer Contributions:

The school districts' 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 \$335,138 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$5,711,000 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 0.3215 percent, which was an increase of 0.0095 percent from its proportion measured as of June 30, 2024.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

For the year ended June 30, 2025, the District recognized OPEB expense of \$220,368. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ -	\$ -
Changes in Assumptions	-	524,000
Net difference between projected and actual contributions made	-	-
Net difference between projected and actual investment earnings	6,000	-
Difference between expected and actual experience	-	64,000
Changes in proportion of the Net OPEB Liability	127,000	-
District contributions subsequent to the measurement date	<u>335,138</u>	<u>-</u>
Total	<u>\$ 468,138</u>	<u>\$ 588,000</u>

\$335,138 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2025	\$ (133,000)
2026	(161,000)
2027	(191,000)
2028	16,000
2029	14,000
Thereafter	<u>-</u>
Total	<u>\$ (455,000)</u>

Actuarial Assumptions

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

- 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.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

- 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 the 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 assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.7%
	100%	

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

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.

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

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

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 5,711,000	\$ 5,711,000	\$ 5,712,000

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 6,452,000	\$ 5,711,000	\$ 5,091,000

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2025, the School had \$113,762 included in accrued wages liability, of which \$88,221 is for the contractually required contribution for the second quarter of 2025 and \$25,542 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

Single Employer OPEB Plan

In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65.

Plan Description: Methacton School District has one single employer defined benefit plan with the pertinent descriptions shown on the tables on the following pages:

**Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025**

<u>Summary of Plan Provisions</u>									
Group	Eligibility	Coverage and Premium Sharing	Duration						
<u>I. ADMINSTRATORS</u>	Must be eligible for PSERS retirement	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, Dental, and Vision ● Premium Sharing: If the member meets the requirements for PSERS retirement, the member and spouse may continue coverage by paying the full premium. ● Dependents: Spouse and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision. 	<ul style="list-style-type: none"> ● Member is covered until Medicare eligibility. ● Spouse is covered until the earlier of member Medicare eligibility, spouse Medicare eligibility, and member death. 						
<u>II. TEACHERS</u>									
A) Retire between July 1, 2005 and June 30, 2017.	Same as I	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, Dental, and Vision ● Premium Sharing: If member retired with at least 10 years of district service, member receives payments into a health reimbursement account or 403(b) plan based on year of retirement as outlined below. Member must pay full premium for Medical, Prescription Drug, Dental and Vision. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2005-2010</td> <td style="text-align: center;">\$10,000 for 5 years</td> </tr> <tr> <td style="text-align: center;">2014-2016</td> <td style="text-align: center;">\$15,000 for 2 years</td> </tr> </table> <p>* Years are based on school years starting July 1 and ending June 30. If a school year is not listed, then no payment was offered. For example, no payment was offered for school years 2001-2012 of 20113-2014 or 2016-2017.</p> <p>If the member does not meet the requirements for any district subsidy but requirements are met PSERS retirements, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision.</p>	<u>Year of Retirement*</u>	<u>Employer Payment</u>	2005-2010	\$10,000 for 5 years	2014-2016	\$15,000 for 2 years	<ul style="list-style-type: none"> ● Member and Dependents are covered until the last of the month prior to Member reaching Medicare eligibility. ● An older spouse may continue coverage until the retiree reaches Medicare eligibility; in this case, the District's plan pays primary.
<u>Year of Retirement*</u>	<u>Employer Payment</u>								
2005-2010	\$10,000 for 5 years								
2014-2016	\$15,000 for 2 years								
B) All Other Teachers	Same as I	Same as I	Same as I						
<u>III. SUPPORT STAFF</u>									
	Same as I	Same as I	Same as I						

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Notes: 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.

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 service, age 62 with 1 years 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 a 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, 2018.
- 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 a 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 the individuals who became members of PSERS on or after July 1, 2019.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) 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.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Note regarding benefit options involving choice between HRA, (403(b), or Cash Payments- For any options where a choice is offered between HRA, 403(b), cash payment, etc., the liability associated with such as option is not considered a GASB 75 liability. This liability is not included in the report and should be reflected elsewhere on the district's financial statements. Any benefit option involving an employer contribution directly into HRA with no other choice available is considered a GASB 75 liability and is included in this report. The liability associated with any "hidden subsidy" (retirees' healthcare costs generally exceed premiums charged) is valued in this report, for any benefit option where it applies.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Active Participants	613
Vested Former Participants	0
Retired Participants	<u>21</u>
Total	634

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,370,638, was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2024
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.29%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	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 on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis

The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2024.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

	<u>2024-25</u>
Total OPEB Liability	
Service Cost	\$ 124,032
Interest	93,694
Changes in Benefit Terms	-
Difference between expected and actual experience	54,746
Changes in assumptions	4,384
Benefit payments	<u>(110,832)</u>
Net change in total OPEB Liability	166,024
Total OPEB Liability - beginning	<u>2,204,614</u>
Total OPEB Liability - ending	<u><u>\$ 2,370,638</u></u>
Covered employee payroll	<u><u>\$ 48,317,602</u></u>

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

For the year ended June 30, 2025, the School recognized OPEB expense of (\$104,862). At June 30, 2025, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ -	\$ 1,371,883
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	713,085
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>133,862</u>	<u>-</u>
Total	<u><u>\$ 133,862</u></u>	<u><u>\$ 2,084,968</u></u>

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

Year ended June 30:	<u>Amount</u>
2026	\$ (322,591)
2027	(298,581)
2028	(298,581)
2029	(298,581)
2030	(298,578)
Thereafter	<u>(568,056)</u>
Total	<u>\$ (2,084,968)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.29%) or 1-percentage point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
District's proportionate share of the net OPEB liability	\$ 2,535,401	\$ 2,370,638	\$ 2,213,416

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

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 2,142,266	\$ 2,370,638	\$ 2,633,503

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES					
	<i>Pension - GASB 68</i>		<i>Multiple Employer OPEB - GASB 75</i>		<i>Pension & OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 2,905,000	\$ -	\$ 127,000	\$ 3,032,000	\$ 3,032,000
Current Year Contributions	17,512,270	133,862	335,138	17,981,270	17,981,270
Change in Assumption	-	(1,371,883)	(524,000)	(1,895,883)	(1,895,883)
Diff in Projected Vs Actual Contributions	-	-	-	-	-
Difference in Investment Earnings	2,235,000	-	6,000	2,241,000	2,241,000
Diff. between Expected vs Actual Experience	(2,122,000)	(713,085)	(64,000)	(2,899,085)	(2,899,085)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ 134,982,000	\$ -	\$ -	\$ 134,982,000	\$ 134,982,000
Net OPEB Liability	\$ -	\$ 2,370,638	\$ 5,711,000	\$ 8,081,638	\$ 8,081,638

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE
Change in Proportion	\$ 3,032,000
Current Year Contributions	17,981,270
Change in Assumption	(1,895,883)
Diff in Projected Vs Actual Contributions	-
Difference in Investment Earnings	2,241,000
Diff. between Expected vs Actual Experience	(2,899,085)
Diff. between Prop. Share vs Actual POS	-
Net Pension Liability	\$ 134,982,000
Net OPEB Liability	\$ 8,081,638

BUSINESS-TYPE ACTIVITIES					
	<i>Pension - GASB 68</i>		<i>Multiple Employer OPEB - GASB 75</i>		<i>Pension & OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ -	\$ -	\$ -	\$ -	\$ -
Current Year Contributions	-	-	-	-	-
Change in Assumption	-	-	-	-	-
Diff in Projected Vs Actual Contributions	-	-	-	-	-
Difference in Investment Earnings	-	-	-	-	-
Diff. between Expected vs Actual Experience	-	-	-	-	-
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental	Business-Type
<i>Pension Plan</i>	<u>Activities</u>	<u>Activities</u>
Net Pension Liability	\$ 134,982,000	\$ -
Deferred Outflow Related to Pension	(22,652,270)	-
Deferred Inflows Related to Pension	2,122,000	-
Total liab. Net deferred inflows/outflows	\$ 114,451,730	\$ -
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 8,081,638	\$ -
Deferred Outflows Related to OPEB	(602,000)	-
Deferred Inflows Related to OPEB	2,672,968	-
Total liab. Net deferred inflows/outflows	\$ 10,152,606	\$ -

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 6 - 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. There were no significant reduction in insurance coverages for the fiscal year June 30, 2025.

The District is a participant in Bucks and Montgomery County Schools Healthcare Consortium, which is pooled trust fund for the purpose of providing health and related benefits up to \$200,000 per participant. The school pays the Consortium a monthly contribution as determined by the trustees. The pool is self-sustaining through member premiums. The District reinsured through a commercial company for claims in excess of the amount covered by the pool.

Note 7 - Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$2,355,277, in nonspendable fund balance at June 30, 2025, comprised of \$2,355,277, of prepaid expenditures.

Restricted Fund Balance

The General Fund holds a restricted fund balance totaling \$293,030. Within this, \$18,951 is earmarked for the Backpack Program, representing contributions received but unspent as of year-end. Additionally, \$28,222 is allocated for Compensatory Education settlements, and the remaining \$293,030 pertains to other specific restricted donations.

The Capital Project Fund has \$12,657,775 of restrictions on the use of the resources at year end; because of debt covenants for the bond Issues restrict the proceeds shown in the Capital Project Fund for the purposed outlined in the bond resolutions.

Note 8 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction in the governmental activities column are total capital assets of \$140,624,919 with related debt of \$64,787,890, which includes unamortized bonds discounts, and premiums. The governmental activities also has \$12,657,775 restricted for capital projects. The business-type activities column reflects \$836,153 invested in capital assets with no related debt.

Note 9 - Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2025.

Litigation

In accordance with legal counsel, there are no legal matters that could materially affect the financial situation of the District as of June 30, 2025.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 10 - New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements that will be effective for the District in future fiscal years. Management has not yet completed its evaluation of the impact of these pronouncements on the District's financial statements.

- **GASB Statement No. 103, Financial Reporting Model Improvements.** This Statement updates certain components of the financial reporting model, including presentation and disclosure requirements related to management's discussion and analysis, unusual or infrequent items, major component unit information, and budgetary comparison information. The requirements are effective for fiscal years beginning after June 15, 2025 (the District's year ending June 30, 2026). Earlier application is encouraged.
- **GASB Statement No. 104, Disclosure of Certain Capital Assets.** This Statement requires additional note disclosures for (1) capital assets recognized in connection with leases and other intangible right-to-use arrangements and (2) capital assets held for sale. The requirements are effective for fiscal years beginning after June 15, 2025 (the District's year ending June 30, 2026). Earlier application is encouraged.
- In addition, GASB issued Implementation Guide No. 2025-1, Implementation Guidance Update—2025, which provides interpretive guidance on multiple Topics, including Statements 103 and 104. The District will consider this guidance when implementing the related Statements.

Note 11 - Subsequent Events

General Obligation Bonds – Series of 2025

On September 25th, 2025, the District issued \$14,760,000 of General Obligation Bonds - Series of 2025. Proceeds of the Bonds were used to provide funds for (1) repairs, upgrades, and new construction to the High School, (2) other projects associated with the Facilities Master Plan as approved by the Board of School Directors; and (3) to pay the costs and expenses associated with issuing the Bonds.

The future outstanding debt service requirements are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ -	\$ 236,412
2026-27	5,000	773,644
2027-28	5,000	773,506
2028-29	5,000	773,369
2029-30	5,000	773,231
2030-35	25,000	3,863,796
2035-40	25,000	3,858,838
2040-45	25,000	3,852,625
2045-50	5,680,000	3,271,794
2050-55	8,985,000	1,228,633
TOTAL OUTSTANDING	\$ 14,760,000	\$ 19,405,848

R E Q U I R E D
S U P P L E M E N T A L I N F O R M A T I O N

METHACTON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
District's proportion of the net pension liability (asset)	0.3225%	0.3132%	0.3092%	0.3178%	0.3181%	0.3154%	0.3146%	0.3226%	0.3309%	0.3274%
District's proportionate share of the net pension liability (asset)	\$ 134,982,000	\$ 139,331,000	\$ 137,466,000	\$ 130,478,000	\$ 156,629,000	\$ 147,124,000	\$ 151,024,000	\$ 159,327,000	\$ 163,984,000	\$ 141,814,000
District's covered employee payroll	\$ 53,196,447	\$ 51,650,334	\$ 48,373,705	\$ 45,528,324	\$ 45,050,959	\$ 43,493,472	\$ 42,361,438	\$ 42,946,943	\$ 42,860,302	\$ 41,299,971
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	253.74%	269.76%	284.18%	286.59%	347.67%	338.27%	356.51%	370.99%	382.60%	343.38%
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%

**METHACTON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually required contribution	\$ 17,512,270	\$ 17,091,096	\$ 16,597,018	\$ 15,543,370	\$ 15,078,000	\$ 15,029,000	\$ 14,287,000	\$ 13,381,000	\$ 12,431,368	\$ 10,567,279
Contributions in relation to the contractually required contribution	<u>17,512,270</u>	<u>17,091,096</u>	<u>16,597,018</u>	<u>15,543,370</u>	<u>15,078,000</u>	<u>15,029,000</u>	<u>14,287,000</u>	<u>13,381,000</u>	<u>12,431,368</u>	<u>10,567,279</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 53,196,447	\$ 51,650,334	\$ 48,373,705	\$ 45,528,324	\$ 44,995,524	\$ 45,050,959	\$ 43,493,472	\$ 42,361,438	\$ 42,946,943	\$ 42,860,302
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.31%	34.14%	33.51%	33.36%	32.85%	31.59%	28.95%	24.66%

**METHACTON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net OPEB liability	0.3215%	0.3120%	0.3081%	0.3169%	0.3176%	0.3154%	0.3146%	0.3226%
District's proportionate share of the net OPEB liability (asset)	\$ 5,711,000	\$ 5,645,000	\$ 5,671,000	\$ 7,510,000	\$ 6,862,000	\$ 6,708,000	\$ 6,559,000	\$ 6,573,000
District's covered-employee payroll	\$ 51,035,058	\$ 47,796,329	\$ 45,310,068	\$ 44,921,973	\$ 45,050,959	\$ 43,493,472	\$ 42,361,438	\$ 42,946,943
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	11.19%	11.81%	12.52%	16.72%	15.23%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

**METHACTON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Contractually required contribution	\$ 335,138	\$ 330,562	\$ 362,803	\$ 364,227	\$ 375,000	\$ 374,000	\$ 364,000	\$ 351,615
Contributions in relation to the contractually required contribution	<u>335,138</u>	<u>330,562</u>	<u>362,803</u>	<u>364,227</u>	<u>375,000</u>	<u>374,000</u>	<u>364,000</u>	<u>351,615</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 53,196,447	\$ 51,650,334	\$ 48,373,705	\$ 45,528,324	\$ 45,731,707	\$ 45,050,959	\$ 43,493,472	\$ 42,361,438
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.83%	0.84%	0.83%

METHACTON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability								
Service Cost	\$ 124,032	\$ 117,477	\$ 282,643	\$ 285,731	\$ 201,768	\$ 202,225	\$ 949,467	\$ 952,607
Interest	93,694	86,480	85,099	67,258	129,815	114,707	574,806	441,559
Changes in Benefit Terms	-	-	-	-	-	-	(13,830,406)	-
Difference between expected and actual experience	54,746	-	(849,615)	-	76,585	-	(460,995)	-
Changes in assumptions	4,384	33,308	(843,510)	(84,675)	(555,534)	(104,354)	(751,158)	(216,066)
Benefit payments	<u>(110,832)</u>	<u>(98,665)</u>	<u>(127,334)</u>	<u>(174,321)</u>	<u>(195,640)</u>	<u>(200,394)</u>	<u>(307,893)</u>	<u>(822,690)</u>
Net change in total OPEB Liability	166,024	138,600	(1,452,717)	93,993	(343,006)	12,184	(13,826,179)	355,410
Total OPEB Liability - beginning	<u>2,204,614</u>	<u>2,066,014</u>	<u>3,518,731</u>	<u>3,424,738</u>	<u>3,767,744</u>	<u>3,755,560</u>	<u>17,581,739</u>	<u>17,226,329</u>
Total OPEB Liability - ending	<u>\$ 2,370,638</u>	<u>\$ 2,204,614</u>	<u>\$ 2,066,014</u>	<u>\$ 3,518,731</u>	<u>\$ 3,424,738</u>	<u>\$ 3,767,744</u>	<u>\$ 3,755,560</u>	<u>\$ 17,581,739</u>
Covered employee payroll	<u>\$ 48,317,602</u>	<u>\$ 41,750,481</u>	<u>\$ 41,750,481</u>	<u>\$ 43,496,055</u>	<u>\$ 43,496,055</u>	<u>\$ 41,535,060</u>	<u>\$ 41,535,060</u>	<u>\$ 39,529,955</u>
Total OPEB Liability as a percentage of covered employee payroll	4.91%	5.28%	4.95%	8.09%	7.87%	9.07%	9.04%	44.48%

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

**Methacton School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2025**

	LOWER PROVIDENCE TOWNSHIP	WORCESTER TOWNSHIP	TOTAL
CURRENT REAL ESTATE TAXES			
Assessed Value	\$ 1,904,636,597	\$ 1,058,245,206	\$ 2,962,881,803
Millage Rate	0.0342	0.03420	0.0342000
Total Tax to be Collected	\$ 65,138,570	\$ 36,191,985	\$ 101,330,555
Less: Act 1 Deduction	9,437,619	1,019,620	10,457,239
Total Tax per Duplicate	\$ 55,700,951	\$ 35,172,365	\$ 90,873,316
Plus: Additions	-	-	-
Penalties	72,948	54,390	127,338
Total Taxes to be Collected	55,773,899	35,226,755	91,000,654
Less: Discounts	1,003,662	628,771	1,632,433
Refunds	5,315	1,667	6,982
Deletions	6,325	35,998	42,323
Returned to County	605,024	246,246	851,270
NET CURRENT REAL ESTATE TAXES COLLECTED	\$ 54,153,573	\$ 34,314,073	\$ 88,467,646
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	\$ 86,861	\$ 172,787	\$ 259,648

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025

6000 - Revenue from Local Sources		Budget	Actual	Variance
6111	Current Real Estate Taxes	\$ 88,029,879	\$ 88,467,646	\$ 437,767
6112	Interim Real Estate Taxes	1,061,313	259,648	(801,665)
6113	Public Utility Realty Tax	83,486	88,675	5,189
6114	Payment in Lieu of Taxes	61,911	69,045	7,134
6142	Occupation Taxes	125,000	125,324	324
6151	Earned Income Tax	9,500,000	9,448,918	(51,082)
6153	Real Estate Transfer Tax	1,627,735	1,434,748	(192,987)
6154	Amusement Tax	-	15,674	15,674
6411	Delinquent Real Estate Taxes	1,098,903	1,010,703	(88,200)
6420	Delinquent per Capita Taxes, Section 679	-	1,170	1,170
6441	Delinquent Act 511 Per Capita Taxes	-	1,170	1,170
6510	Interest	1,881,825	1,966,422	84,597
6710	Admissions	34,989	37,402	2,413
6740	Fees	109,819	186,651	76,832
6750	Student Activity - Special Events	-	58,216	58,216
6790	Other Student Activity Income	-	158,455	158,455
6821	State Revenue Received From Other PA Public School	-	21,840	21,840
6831	Federal Revenue Received From Other PA Public Schools	7,780	10,728	2,948
6832	Federal IDEA Revenue Received as Pass Through	906,760	880,775	(25,985)
6838	Federal COVID Related Revenue Received as Pass Through	-	29,681	29,681
6910	Rentals	111,107	115,064	3,957
6920	Contributions	-	228,207	228,207
6942	Summer School	19,717	32,581	12,864
6943	Adult Education Tuition	113,158	219,249	106,091
6944	Receipts From Other LEAs in PA - Education	325,058	343,469	18,411
6962	Other Services Provided other PA LEASs	7,660	8,930	1,270
6990	Miscellaneous Revenue	16,976	134,047	117,071
6991	Refunds of Prior Yr. Expenditures	50,000	252,259	202,259
6992	Energy Efficiency Revenues	39,406	60,814	21,408
TOTAL REVENUE FROM LOCAL SOURCES		105,212,482	105,667,511	455,029
7000 - Revenue from State Sources				
7111	Basic Ed Funding - Formula	8,614,773	8,846,319	231,546
7144	Reimbursement to School District for Charter Schools	-	113,713	113,713
7160	Orphan Tuition	45,000	104,969	59,969
7271	Special Education	2,682,395	2,720,080	37,685
7311	Transportation (Regular and Additional)	1,707,010	1,642,165	(64,845)
7312	Transportation (Nonpublic and Charter Schools)	332,255	299,915	(32,340)
7320	Rentals	400,000	405,808	5,808
7331	Health Services	84,054	82,534	(1,520)
7332	Feminine Hygiene Product Funding	-	8,087	8,087
7340	State Property Tax Reduction	3,012,835	3,012,835	-
7361	School Safety and Security Grants	-	45,000	45,000
7531	Ready to Learn Grant	252,829	252,829	-
7599	Other State revenue not listed elsewhere	-	100,000	100,000
7810	State Share of Social Security and Medicare Taxes	2,093,202	1,872,525	(220,677)
7820	Retirement Revenue	9,251,906	8,918,270	(333,636)
TOTAL REVENUE FROM STATE SOURCES		28,476,259	28,425,049	(51,210)
8000 - Revenue from Federal Sources				
8514	ESEA Title I	244,892	188,488	(56,404)
8515	Title IIA and Title IID	82,996	77,265	(5,731)
8517	Title IV	16,756	15,366	(1,390)
8744	ARP ESSER (ESSER III)	-	64,000	64,000
8749	Other CARES Act Funding	-	67,275	67,275
8810	Medical Assistance Reimbursements (Access)	50,000	-	(50,000)
8820	Medical Assistance Reimbursement for Health-Related	22,278	10,156	(12,122)
TOTAL REVENUE FROM FEDERAL SOURCES		\$ 416,922	\$ 422,550	\$ 5,628

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025

9000 - Other Financing Sources

9220	Proceeds from Leases	\$	-	\$	514,496	\$	514,496
9290	Proceeds from Extended Term Financing		-		130,636		130,636
9990	Insurance Recoveries		-		67,362		67,362
	TOTAL OTHER FINANCING SOURCES		-		712,494		712,494
	TOTAL REVENUES AND OTHER FINANCING SOURCES	\$	134,105,663	\$	135,227,604	\$	1,121,941

1000 - Instruction

	Budget	Actual	Variance	
1110	\$ 52,128,444	\$ 51,702,431	\$ 426,013	
1190	281,736	193,306	88,430	
1200	831,462	1,180,363	(348,901)	
1210	6,515	3,515	3,000	
1211	503,572	290,895	212,677	
1221	167,051	114,833	52,218	
1224	84,083	146,489	(62,406)	
1225	1,212,715	1,350,588	(137,873)	
1230	1,800	49	1,751	
1231	1,892,836	2,654,307	(761,471)	
1233	4,396,921	6,115,681	(1,718,760)	
1240	13,340	11,986	1,354	
1241	10,321,683	10,113,596	208,087	
1243	1,068,401	1,006,483	61,918	
1270	489,802	560,238	(70,436)	
1280	89,946	93,302	(3,356)	
1290	362,447	476,829	(114,382)	
1370	377,008	377,866	(858)	
1390	1,540,110	1,540,110	-	
1410	206,909	193,163	13,746	
1420	13,252	9,205	4,047	
1430	-	8,654	(8,654)	
1441	21,629	330,977	(309,348)	
1450	15,797	-	15,797	
1490	-	4,485	(4,485)	
1500	5,000	3,528	1,472	
1600	122,245	148,287	(26,042)	
	Total Instruction	76,154,704	78,631,166	(2,476,462)

2000 - Support Services

2111	Supervision Student Svs	459,605	470,097	(10,492)
2119	Supervision of Student Services - All Other	714,470	669,997	44,473
2120	Guidance Services	2,697,345	2,776,744	(79,399)
2122	Counseling Services	195,387	144,879	50,508
2125	Record Maintenance Services	10,000	9,954	46
2126	Placement Services	183,212	178,209	5,003
2130	Attendance Services	292,994	290,366	2,628
2140	Psychological Services	667,844	606,802	61,042
2142	Psychological Testing Services	943,973	1,142,534	(198,561)
2143	Psychological Counseling Services	409,048	574,319	(165,271)
2200	Support Services - Instructional Staff	1,100	1,481	(381)
2220	Technology Support Services	544,693	544,153	540
2250	School Library Services	1,480,194	1,468,966	11,228
2260	Instructional & Curriculum Dev. Service	791,656	692,319	99,337
2270	Instructional Staff Professional Development Services	770,314	802,977	(32,663)
2271	Instructional Staff Development Services (Certified)	373,800	343,711	30,089
	Sub-Total - Support Services	\$ 10,535,635	\$ 10,717,508	\$ (181,873)

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub-Total - Support Services (carried forward)	\$ 10,535,635	\$ 10,717,508	\$ (181,873)
2272 Instructional Staff Development Services (Non-Certified)	6,600	103,381	(96,781)
2310 Board Services	101,750	103,800	(2,050)
2330 Tax Assessment & Collection Service	147,629	212,163	(64,534)
2340 Staff Relations	381,079	378,988	2,091
2350 Legal Services	639,588	688,802	(49,214)
2360 Office of the Superintendent Services	939,071	935,283	3,788
2370 Community Relations Services	449,323	378,450	70,873
2380 Office of the Principal Services	4,728,598	4,827,954	(99,356)
2390 Other Administration Services	80,247	77,955	2,292
2420 Medical Services	656,168	1,229,327	(573,159)
2430 Dental Services	-	168	(168)
2440 Nursing Services	1,512,920	1,490,148	22,772
2490 Nonpublic Health Services	-	12,804	(12,804)
2510 Fiscal Services	2,103	-	2,103
2511 Supervision of Fiscal Services	294,989	223,765	71,224
2513 Receiving and Disbursing Funds Services	110,008	109,666	342
2514 Payroll Services	94,136	93,944	192
2515 Financial Accounting Services	224,369	234,452	(10,083)
2519 Other Fiscal Services	248,576	231,567	17,009
2590 Other Support Services - Business	352,367	355,166	(2,799)
2611 Supervision of Operation and Maintenance of Plant - Head	355,144	357,862	(2,718)
2619 Supervision & Maintance Building Services - Other	186,572	259,541	(72,969)
2620 Operation of Building Services	8,479,241	7,563,792	915,449
2630 Care and Upkeep of grounds services	728,155	719,524	8,631
2640 Care and Upkeep of Equipment Services	91,910	56,192	35,718
2650 Vehicle Operation and Maint. Services	18,724	21,944	(3,220)
2690 Other Operation and Maint. of Plant Services	656,414	630,857	25,557
2700 Supervision of Student Transportation Services - Head	39,311	107,761	(68,450)
2719 Supervision of Student Transportation Services - Other	120,238	149,498	(29,260)
2720 Vehicle Operation Services	7,992,186	8,381,807	(389,621)
2730 Monitoring Services	41,555	27,976	13,579
2818 System-Wide Technology Services	2,269,987	1,872,373	397,614
2831 Supervision of Staff Services	279,819	287,638	(7,819)
2834 Staff Development Services - Non-Instructional, Certified	11,000	41,275	(30,275)
2836 Staff Developent Services - Non-Instructional, Non-Certified	2,200	3,968	(1,768)
2844 Operations Services	150,000	99,130	50,870
2890 Other Support Services Central	197,650	147,886	49,764
2900 Other Support Services	<u>73,293</u>	<u>68,413</u>	<u>4,880</u>
 Total Support Services	 43,198,555	 43,202,728	 (4,173)
 <u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	483,399	514,716	(31,317)
3250 School Sponsored Athletics	1,462,262	1,421,995	40,267
3300 Community Services	<u>-</u>	<u>32,505</u>	<u>(32,505)</u>
 Total Non-Instructional Services	 1,945,661	 1,969,216	 (23,555)

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025

<u>5000 - Other Expenditures and Financing Uses</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
5110	Debt Service	\$ 10,465,471	\$ 9,379,104	\$ 1,086,367
5130	Refund of Prior Yr. Receipts	1,982	1,982	-
5140	Lease Payments	714,290	690,602	23,688
5230	Capital Projects Fund Transfers	1,500,000	1,191,740	308,260
5251	Food Service Fund Transfers	<u>125,000</u>	<u>161,066</u>	<u>(36,066)</u>
	Total Other Expenditures and Financing Uses	<u>12,806,743</u>	<u>11,424,494</u>	<u>1,382,249</u>
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 134,105,663</u>	<u>\$ 135,227,604</u>	<u>\$ (1,121,941)</u>
	TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 134,105,663	\$ 135,227,604	\$ 1,121,941
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>134,105,663</u>	<u>135,227,604</u>	<u>(1,121,941)</u>
	NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ -
	FUND BALANCE - JULY 1, 2024	<u>9,397,729</u>	<u>12,406,095</u>	<u>3,008,366</u>
	FUND BALANCE - JUNE 30, 2025	<u>\$ 9,397,729</u>	<u>\$ 12,406,095</u>	<u>\$ 3,008,366</u>

**Methacton School District
Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

REVENUES AND OTHER FINANCING SOURCES

Interest Revenue	\$	626,649
Refund of Prior Year Expenditures		138,287
Transfer from General Fund		<u>1,191,740</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES \$ 1,956,676

EXPENDITURES AND OTHER FINANCING USES

SUPPORT SERVICES:

Repairs and Maintenance		114,672
Supplies		23,518
Equipment		373,790

FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT:

Professional Services		1,691,017
Construction		1,743,510
Advertising		<u>184,001</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES 4,130,508

EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES (2,173,832)

FUND BALANCE - JULY 1, 2024 14,831,607

FUND BALANCE - JUNE 30, 2025 \$ 12,657,775

**Debt Service Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Refunding Bond Issues	\$	10,390,000
Bond Premiums		<u>786,447</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES \$ 11,176,447

EXPENDITURES AND OTHER FINANCING USES

SUPPORT SERVICES:

Bond Issuance Costs	\$	179,405
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OTHER FINANCING USES:

Bond Interest		2,674
Refunded Bonds		<u>10,994,368</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES \$ 11,176,447

EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES -

FUND BALANCE - JULY 1, 2024 -

FUND BALANCE - JUNE 30, 2025 \$ -

**Methacton School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2025**

REVENUES		
Sales - Lunch	\$ 578,107	
Ala Carte Sales	612,722	
Special Events	104,612	
Snacks	254,739	
Miscellaneous	12,463	
State Subsidies	227,214	
Federal Subsidies	530,298	
Donated Commodities	131,227	
Transfer from General Fund	161,066	
Interest	<u>29,401</u>	
TOTAL REVENUES		\$ 2,641,849
COST OF GOODS SOLD		
Opening Inventory	26,346	
Purchases - Supplies	8,148	
Purchases - Donated Commodities	134,712	
Food Management Services - Food	2,437,449	
Ending Inventory	<u>(29,831)</u>	<u>2,576,824</u>
GROSS PROFIT		65,025
OPERATING EXPENSES		
Depreciation	<u>\$ 115,372</u>	<u>115,372</u>
CHANGES FUND IN NET POSITION		(50,347)
FUND NET POSITION - JULY 1, 2023		<u>1,560,919</u>
FUND NET POSITION - JUNE 30, 2024		<u>\$ 1,510,572</u>

**Food Service Fund
Reconciliation of Fund Net Position
For the Year Ended June 30, 2025**

RECONCILIATION OF FUND NET POSITION		
Cash and Equivalents	\$ 671,711	
State and Federal Subsidies Receivable	39,149	
Inventories	29,831	
Accounts Receivable	95,160	
Due from Other Funds	97,653	
Equipment, net of accumulated depreciation	836,153	
Accounts Payable	(188,093)	
Deferred Revenue	(24)	
Prepayments from Students	<u>(70,968)</u>	
TOTAL FUND NET POSITION		<u>\$ 1,510,572</u>

**Methacton School District
Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025**

ADDITIONS

Interest Income	\$ 7,546	
Admissions	136,427	
Student Organization Membership Dues and Fees	5,810	
Special Events	205,849	
Contributions	<u>25,589</u>	
TOTAL ADDITIONS		\$ 381,221

DEDUCTIONS

Professional and Technical Services	25,305	
Rentals	73,774	
Transportation Services	5,517	
Communications	14,899	
Travel	53,150	
Other Purchased Services	32,084	
General Supplies	119,466	
Food	13,451	
Dues & Fees	10,915	
Donations	<u>13,801</u>	
TOTAL DEDUCTIONS		<u>362,362</u>

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 18,859

FUND NET POSITION - JULY 1, 2024 269,596

FUND NET POSITION - JUNE 30, 2025 \$ 288,455

**Methacton School District
Student Activity Fund
Statement of Fiduciary Net Position
As of June 30, 2025**

ASSETS

Cash and Cash Equivalents	\$ 294,177	
Other Receivables	6,152	
Prepaid Expenses	<u>250</u>	
TOTAL ASSETS		<u>\$ 300,579</u>

LIABILITIES

Accounts Payable	\$ 9,372	
Due to Other Funds	492	
Other Current Liabilities	<u>2,260</u>	
TOTAL LIABILITIES		12,124

NET POSITION

Restricted for		
Individuals, Organizations, and Other Governments		<u>288,455</u>
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 300,579</u>

Methacton School District
Schedule on General Obligation Bonds - Series B of 2017
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	2.15%	\$ 234,379	\$ 405,000
2026-27	2.25%	221,813	730,000
2027-28	3.00%	202,125	765,000
2028-29	3.00%	176,025	975,000
2029-30	2.63%	148,275	1,000,000
2030-31	3.00%	119,625	1,035,000
2031-32	3.00%	87,900	1,080,000
2032-33	3.00%	54,825	1,125,000
2033-34	3.00%	20,550	1,160,000
2034-35	3.00%	1,575	105,000
TOTAL OUTSTANDING		\$ 1,267,092	\$ 8,380,000

Schedule on General Obligation Bonds - Series A of 2018
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	3.00%	\$ 11,475	\$ 765,000
TOTAL OUTSTANDING		\$ 11,475	\$ 765,000

Schedule on General Obligation Bonds - Series of 2019
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	2.00%	\$ 23,400	\$ 15,000
2026-27	3.00%	18,225	335,000
2027-28	3.00%	6,600	440,000
TOTAL OUTSTANDING		\$ 48,225	\$ 790,000

Methacton School District
Schedule on General Obligation Bonds - Series A of 2019
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	2.00%	\$ 140,300	\$ 145,000
2026-27	2.00%	136,900	195,000
2027-28	2.00%	131,750	320,000
2028-29	3.00%	121,275	485,000
TOTAL OUTSTANDING		\$ 530,225	\$ 1,145,000

Schedule on General Obligation Bonds - Series AA of 2019
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	2.00-4.00%	\$ 25,500	\$ 1,575,000
TOTAL OUTSTANDING		\$ 25,500	\$ 1,575,000

Schedule on General Obligation Bonds - Series of 2020
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	4.00%	\$ 43,300	\$ 2,165,000
TOTAL OUTSTANDING		\$ 43,300	\$ 2,165,000

Methacton School District
Schedule on General Obligation Bonds - Series A of 2020
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	1.00%	\$ 628,200	\$ 5,000
2026-27	2.00%	628,138	5,000
2027-28	2.00%	628,063	5,000
2028-29	4.00%	615,625	620,000
2029-30	4.00%	590,325	645,000
2030-31	2.50-4.00%	565,713	670,000
2031-32	4.00%	540,000	700,000
2032-33	4.00%	511,400	730,000
2033-34	4.00%	481,600	760,000
2034-35	4.00%	450,800	780,000
2035-36	4.00%	419,100	805,000
2036-37	4.00%	386,300	835,000
2037-38	4.00%	352,200	870,000
2038-39	4.00%	316,700	905,000
2039-40	4.00%	279,700	945,000
2040-41	4.00%	241,200	980,000
2041-42	4.00%	201,200	1,020,000
2042-43	4.00%	159,500	1,065,000
2043-44	4.00%	116,100	1,105,000
2044-45	4.00%	71,000	1,150,000
2045-46	4.00%	24,000	1,200,000
TOTAL OUTSTANDING		\$ 8,206,864	\$ 15,800,000

Schedule on General Obligation Notes - Series of 2020
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26		\$ 93,519	\$ -
2026-27	1.77%	59,756	3,815,000
2027-28	1.87%	12,997	1,390,000
TOTAL OUTSTANDING		\$ 166,272	\$ 5,205,000

Methacton School District
Schedule on General Obligation Bonds - Series of 2021
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	1.00%	\$ 523,550	\$ 5,000
2026-27	1.00%	523,500	5,000
2027-28	1.50%	523,438	5,000
2028-29	4.00%	511,600	590,000
2029-30	4.00%	487,600	610,000
2030-31	4.00%	462,600	640,000
2031-32	4.00%	437,900	595,000
2032-33	4.00%	413,600	620,000
2033-34	4.00%	388,300	645,000
2034-35	4.00%	365,000	520,000
2035-36	4.00%	341,600	650,000
2036-37	4.00%	315,000	680,000
2037-38	4.00%	287,200	710,000
2038-39	4.00%	258,200	740,000
2039-40	4.00%	228,100	765,000
2040-41	4.00%	196,800	800,000
2041-42	4.00%	164,100	835,000
2042-43	4.00%	130,100	865,000
2043-44	4.00%	94,700	905,000
2044-45	4.00%	57,800	940,000
2045-46	4.00%	19,500	975,000
TOTAL OUTSTANDING		\$ 6,730,188	\$ 13,100,000

Schedule on General Obligation Bonds - Series of 2024
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	5.00%	\$ 480,875	\$ 1,545,000
2026-27	5.00%	401,875	1,615,000
2027-28	5.00%	336,500	1,000,000
2028-29	5.00%	299,375	485,000
2029-30	5.00%	261,750	1,020,000
2030-31	5.00%	209,750	1,060,000
2031-32	5.00%	154,000	1,170,000
2032-33	5.00%	94,375	1,215,000
2033-34	5.00%	32,000	1,280,000
TOTAL OUTSTANDING		\$ 2,270,500	\$ 10,390,000

S I N G L E A U D I T S E C T I O N

Methacton School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/24	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/25	FOOT NOTES
U.S. DEPARTMENT OF TREASURY											
PASSED THROUGH THE PA COMMISSION ON CRIME AND DELINQUENCY (PCCD)											
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	I	21.027	2023-CM-01-45805	3/1/25 - 6/30/26	\$ 155,009	\$ -	\$ -	\$ 67,275	\$ 67,275	\$ 67,275	2
PASSED THROUGH MONTGOMERY COUNTY DEPARTMENT OF HEALTH & HUMAN SERVICES											
CORONAVIRUS STATE & LOCAL FISCAL RECOVERY	I	21.027	N/A	3/3/21 - 12/31/26	\$ 172,417	114,199	110,199	29,681	29,681	25,681	2
TOTAL U.S. DEPARTMENT OF TREASURY						114,199	110,199	96,956	96,956	92,956	
U.S. DEPT. OF EDUCATION											
PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)											
TITLE IA - IMPROVING BASIC PROGRAMS											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0245	7/1/23 - 9/30/24	\$ 212,293	60,659	30,743	29,916	29,916	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-25-0245	7/1/24 - 9/30/25	\$ 190,614	155,173	-	172,568	172,568	17,395	4
TOTAL TITLE I PROGRAM						215,832	30,743	202,484	202,484	17,395	
PASSED THROUGH THE PDE											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0245	7/1/23 - 9/30/24	\$ 82,983	(13)	(13)	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-25-0245	7/1/24 - 9/30/25	\$ 77,265	76,542	-	77,265	77,265	723	
TOTAL TITLE II PROGRAM						76,529	(13)	77,265	77,265	723	
PASSED THROUGH THE PDE											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-24-0245	7/1/23 - 9/30/24	\$ 16,756	-	(1,371)	1,371	1,371	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-25-0245	7/1/24 - 9/30/25	\$ 15,988	-	-	-	-	-	4
TOTAL TITLE IV PROGRAM						-	(1,371)	1,371	1,371	-	
PASSED THROUGH THE PDE											
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)											
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	223-21-0245	3/13/20 - 9/30/24	\$ 1,739,197	158,109	94,109	64,000	64,000	-	2
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0245	3/13/20 - 9/30/24	\$ 96,553	3,511	3,511	-	-	-	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0245	3/13/20 - 9/30/24	\$ 19,311	702	702	-	-	-	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0245	3/13/20 - 9/30/24	\$ 19,311	702	702	-	-	-	
TOTAL EDUCATION STABILIZATION FUND						163,024	99,024	64,000	64,000	-	
PASSED THROUGH THE MONTGOMERY COUNTY I.U.											
IDEA, PART B											
IDEA, PART B	I	84.027	N/A	7/1/23 - 9/30/24	\$ 878,549	246,135	246,135	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/24 - 9/30/25	\$ 877,336	848,777	-	877,336	877,336	28,559	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/24 - 9/30/25	\$ 3,439	3,439	-	3,439	3,439	-	1
TOTAL IDEA CLUSTER						1,098,351	246,135	880,775	880,775	28,559	
PASSED THROUGH THE MONTGOMERY COUNTY I.U.											
TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS											
TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS	I	84.365	N/A	7/1/23 - 9/30/24	\$ 9,600	-	-	-	-	-	2
TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS	I	84.365	N/A	7/1/24 - 9/30/25	\$ 10,728	10,728	-	10,728	10,728	-	
TOTAL TITLE III PROGRAM						10,728	-	10,728	10,728	-	
TOTAL U. S. DEPARTMENT OF EDUCATION						1,564,464	374,518	1,236,623	1,236,623	46,677	

SOURCE: D -DIRECT; I -INDIRECT

**Methacton School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/24	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/25	FOOT NOTES
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
<u>PASSED THROUGH THE PA. DEPARTMENT OF PUBLIC WELFARE</u>											
TITLE 19 MEDICAL REIMBURSEMENT	I	93.778	N/A	10/1/24 - 9/30/25	N/A	15,581	7,128	10,156	10,156	1,703	2
TOTAL U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES						15,581	7,128	10,156	10,156	1,703	
U. S. DEPARTMENT OF AGRICULTURE											
<u>PASSED THROUGH THE PDE</u>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/23 - 6/30/24	N/A	15,209	15,209	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/24 - 6/30/25	N/A	386,548	-	406,922	406,922	20,374	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/23 - 6/30/24	N/A	5,133	5,133	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/24 - 6/30/25	N/A	116,788	-	123,376	123,376	6,588	
<u>PASSED THROUGH THE PA DEPT OF AGRICULTURE</u>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/24 - 6/30/25	N/A	128,923	(2,327)	131,227	131,227	(23)	2 3
TOTAL CHILD NUTRITION CLUSTER						652,601	18,015	661,525	661,525	26,939	
TOTAL U.S. DEPARTMENT OF AGRICULTURE						652,601	18,015	661,525	661,525	26,939	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 2,346,845	\$ 509,860	\$ 2,005,260	\$ 2,005,260	\$ 168,275	

SOURCE: D -DIRECT; I -INDIRECT

Methacton School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Methacton 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 the 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 Methacton School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Methacton School District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

Note 3 - Organization and Scope

The District recognized 1.0% of its total general fund revenue in federal awards, and 26.7% of its total enterprise fund revenue.

Note 4 - Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 - Program Disclosure - Footnotes

1. The federal awards passed through the Montgomery County I.U., under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 2,470,271	\$ 875,418
PA Commission on Crime and Delinquency	155,099	67,275
Montgomery County I.U.	1,779,652	891,503
Montgomery County Department of Health & Human Services	172,417	29,681
PA Department of Public Welfare	N/A	10,156
PA Department of Agriculture	N/A	131,227
Totals	\$ 4,577,439	\$ 2,005,260

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$128,923 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2024-25 fiscal-year, the District used \$131,227 in commodities and established a year-end inventory of \$23 at June 30, 2025.

Methacton School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025

4. As allowed by federal regulations, the Methacton Area School District elected to transfer program funds. The District expended \$14,488 from its Title IV , Part A Student Support and Academic Enrichment (84.424) on allowable activities of the Title I, Part A Improving Basic Programs (84.010). This amount is reflected in the expenditures of Title I, Part A Improving Basic Programs (84.010).

5. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however pursuant to instructions from the commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 422,550
Federal Grants in Local Sources	921,185
Food Service Fund Federal Revenue	<u>661,525</u>
Total Federal Revenue, per financial statements	2,005,260
Less: Medical Access Reimbursement	<u>-</u>
Total Federal Revenue Reported on SEFA	<u>\$ 2,005,260</u>



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

Board of School Directors
Methacton School District
1001 Kriebel Mill Road
Eagleview, PA 19403

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, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Methacton School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Methacton School District's basic financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Methacton School District's internal control over financial reporting (internal control) to determine the 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 Methacton 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 may exist that have not been identified.

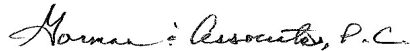
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Methacton 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania
November 20, 2025



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

Board of School Directors
Methacton School District
1001 Kriebel Mill Road
Eagleville, PA 19403

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Methacton 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 Methacton School District's major federal programs for the year ended June 30, 2025. Methacton 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, Methacton 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 the Methacton 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 the Methacton 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 the Methacton 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 the Methacton 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 the Methacton 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 the Methacton 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 the Methacton 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 the Methacton 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 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 have not been identified.

METHACTON SCHOOL DISTRICT

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

Respectfully submitted,

Norman Associates, P.C.

Northampton, Pennsylvania
November 20, 2025

**Methacton School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes 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 section 200.516 of the Uniform Guidance? yes no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education (IDEA) Cluster

Percentage of programs tested to total awards 43.9%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**Methacton School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section II - Financial Statement Findings

There are no findings discovered relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III - Findings and Questioned Costs for Federal Awards

We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures

We did not perform any follow-up procedures on last year findings since there were no prior year findings to report.