

**BIG SPRING
SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Big Spring School District
Newville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, as of July 1, 2024, the Big Spring School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion & Analysis and the required supplementary information as listed in the Contents, 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 District's basic financial statements. The supplementary information as listed in the Contents 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 supplementary information as listed in the Contents and 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 January 16, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Boyer & Ritten". The signature is fluid and cursive, with a large loop at the end.

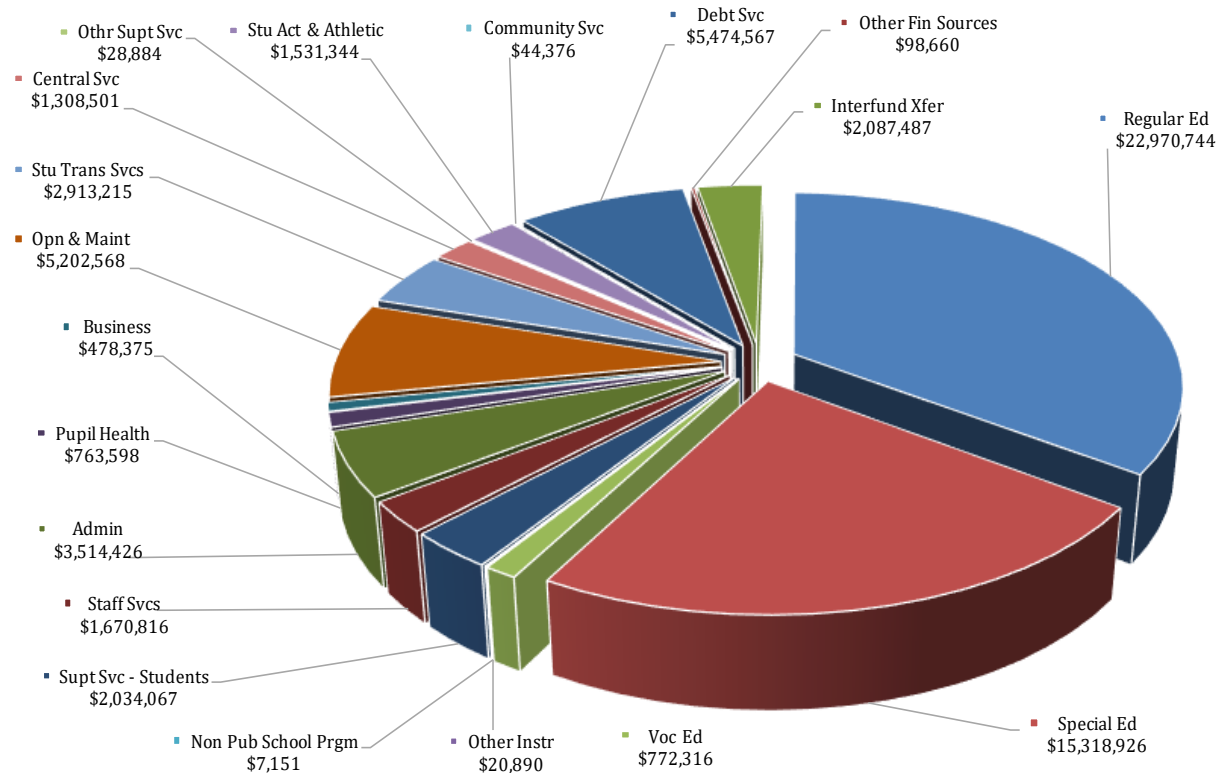
Chambersburg, Pennsylvania
January 16, 2026

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

This discussion and analysis provides an overview of the District's financial performance for the year ending June 2025. The report format is in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Management's Discussion and Analysis (MD&A) includes comparisons of financial position at June 30, 2025, and 2024. The MD&A also includes comparisons of current year financial activities to the previous year. The 2024 amounts come from our prior year MD&A and are otherwise not a part of the June 2025 financial statements. Please read our discussion and analysis in conjunction with the District's financial statements, which begin on page 16. Please be aware dollar amounts in comparative tables derived from the financial statements may not add due to rounding.

FINANCIAL HIGHLIGHTS

2024-25 Spending & Transfers (\$66,240,911) by Function



General Fund revenues increased 1.2% from \$65,734,324 in 2023-24 to \$66,530,905 in 2024-25; expenditures increased from \$60,678,550 in 2023-24 to \$64,153,424 or 5.7% increase from the prior year. At year end, the District added \$446,361 to fund balance. With the restatement from the prior year, uses, and transfers, the general fund balance at June 30, 2025, was \$22,067,417. Of that total, \$4,681,203 is prepaid employee health insurance, \$554,000 is committed for PSERS expense and \$11,823,397 is assigned for various uses, including PSERS, healthcare, special education, security, capital projects, mental health and technology, leaving an unassigned balance of \$5,008,817. The General Fund unassigned balance is 7.65% of the \$65,419,807 contained in the 2024-25 Budget - under the 8% maximum required under state law.

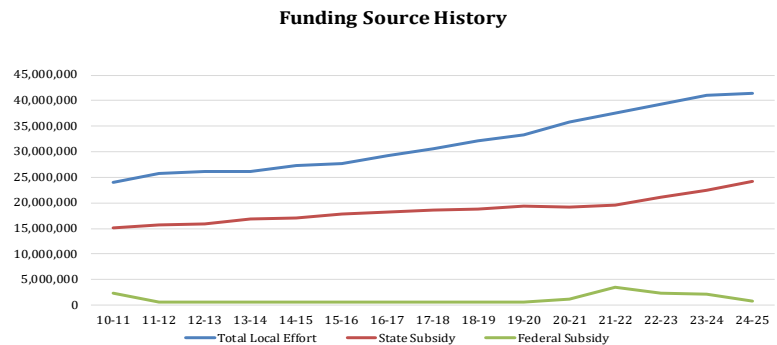
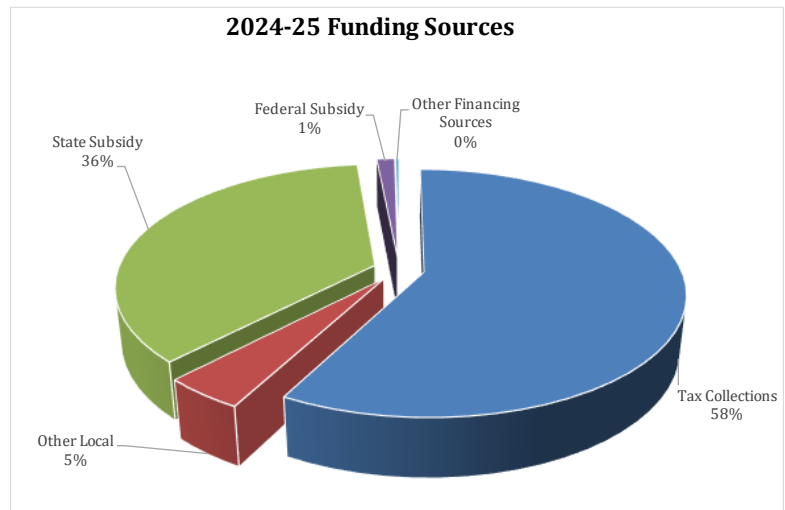
**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

The funding source graphs below show the trend of increasing dependence on local taxes and decreasing subsidy support from both the State and Federal Department of Education. Local effort continues to be the biggest portion of the revenue pie; in 2006-07 it was 53% of revenues and this year it is 62% of revenues. In 2010-11 the Federal portion of total revenue was 6% due to American Recovery and Reinvestment Act (ARRA) funding. Over ten years later, in 2024-25, Federal revenue is lower than the pre-ARRA 4% of total revenues. The Commonwealth's contribution was 33.9% in 2024-25, down from 34.0% in 2023-24.

Going forward, the uncertainty of medical expense and increasing PSERS rates creates a challenge for the District. As the Commonwealth struggles to meet their obligation of 50% subsidy of the PSERS contributions, the District absorbs the full cost of healthcare plus its share of the PSERS payment.

Overall taxes levied increased from \$38,218,523 in 2023-24 to \$38,607,069. EIT revenue decreased from \$6,621,512 in 2023-24 to \$6,294,625 in 2024-25. Investment income in the General Fund increased slightly from \$1,430,030 in 2023-24 to \$1,482,448 in 2024-25. The increase was attributed to favorable investment rates and an increase in the total dollar value of investments within the District's accounts.

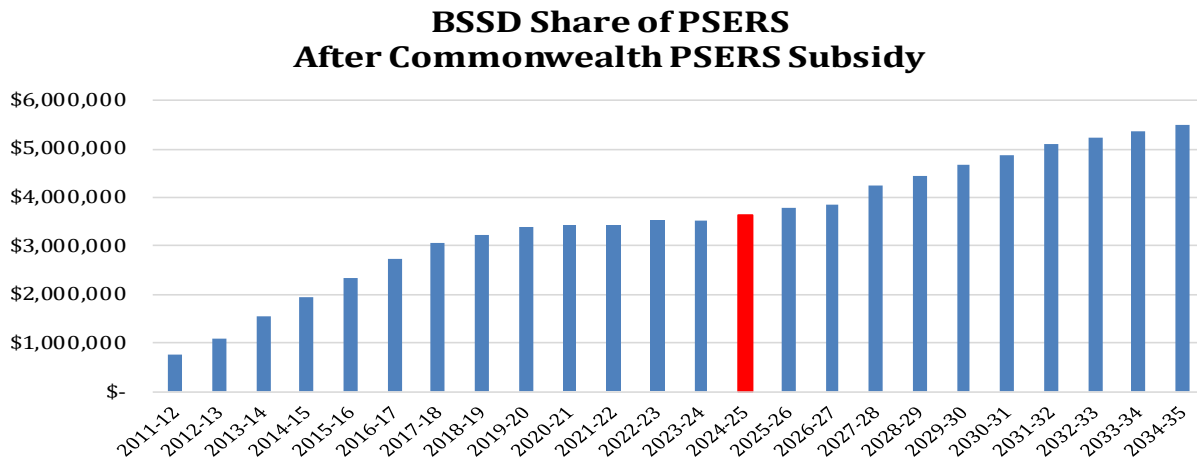
After transfers in and payables, the Capital Reserve Fund balance decreased slightly from \$13,307,936 to \$13,162,035 at June 30, 2025. During 2024-25 the District initiated a number of projects with the Capital Projects Reserve Funds including but not limited to: security camera upgrades for approximately \$50,000, repair of main sewer line at Newville Elementary for \$15,880, parking lot and sidewalk repairs at the high school and Mount Rock Elementary for approximately \$150,000, brick repair at the high school for \$22,945, and replacement of Mount Rock Elementary hot water heater for \$22,750.



On February 22, 2022, the Board and the Big Spring Education Association signed a new collective bargaining agreement maintaining the high deductible health plan with its included Health Savings Account as of July 1, 2022, through June 30, 2027. Additionally, the District has experienced very favorable claims rating over the last couple years, allowing for nominal increases in medical costs.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

The District self-funds its healthcare using the South Central Trust (SCT). The net balance in the trust increased from \$4,059,916 on June 30, 2024, to \$4,663,566 on June 30, 2025, due to favorable utilization. The District continues under the restrictions of Act 1 which limits future increases in the District's real estate taxes and displaces a selected amount of local real estate taxes with gaming funds. The District was allotted gaming funds in the amount of \$1,169,335 in 2024-25, an increase of \$198,349 from 2023-24. These funds were distributed in equal amounts to each qualified taxpayer of \$204.14 per homestead/farmstead.



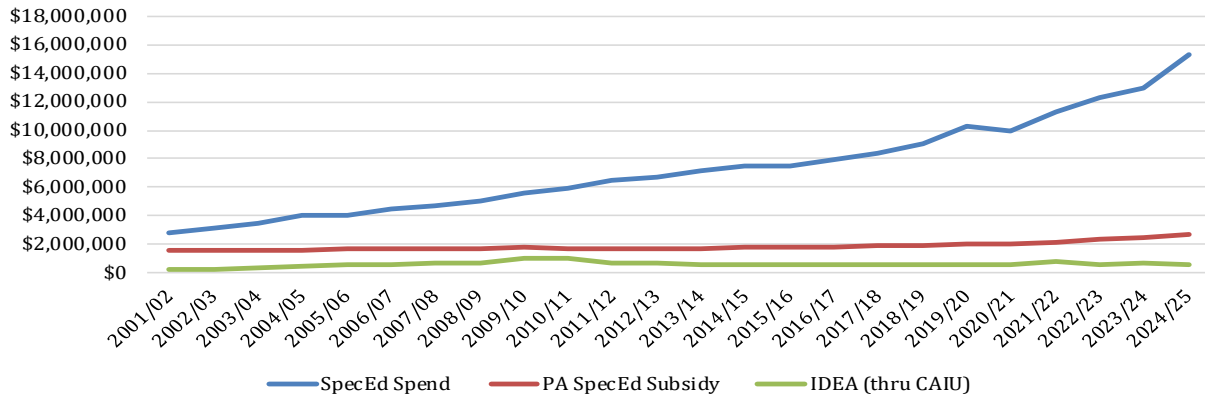
In November 2010 Act 120 reformed the PA State Employees Retirement System (PSERS) by implementing steep increases in employer contributions. As shown below, BSSD's total PSERS payment shot up from \$1,543,501 in 2011-12 to \$7,253,833 in 2024-25 with the Commonwealth returning approximately half that as a PSERS subsidy payment.

The steep rise in PSERS retirement contributions is remarkable as increases of this magnitude will continue into the foreseeable future. With a corresponding trend increase in healthcare and continued pressure on wages, it is not apparent how the District, or other subsidy dependent School Districts in Pennsylvania, will survive without some governmental leadership.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

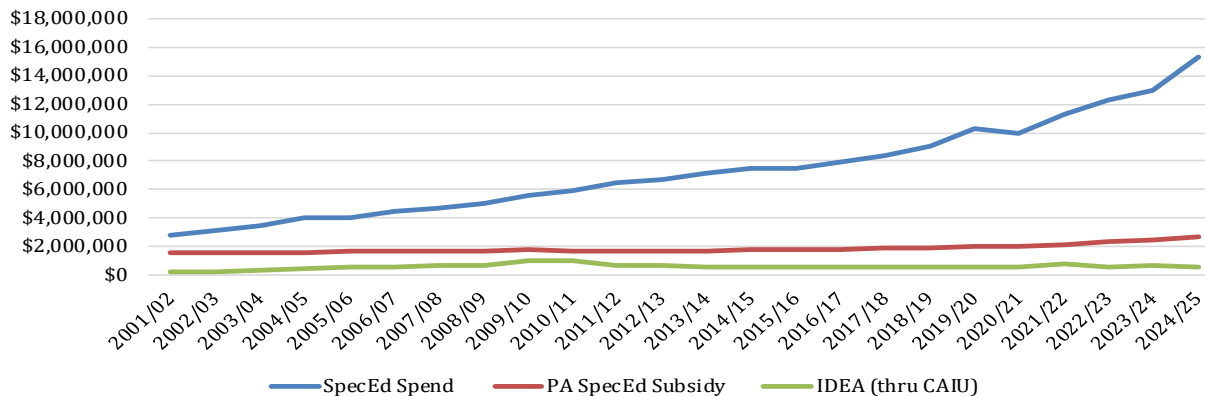
This District is also squeezed by the continuously increasing cost of Special Education services. Over the last ten years, special education has increased at an average of 9% per year. The 2024-25 fiscal year saw a 23.8% increase in special education net expense. In contrast, the PDE/State subsidy did increase by only 9%. The District continues to struggle with increasing demands from families, the courts, and widening mandates from both the state and federal level. The expanding mandates contrast dramatically with flat funding from the Commonwealth and the minimal Federal IDEA program (see red line in chart at below).

Special Education Spending



The chart below shows the relationship between wages and benefits for the budget dollar. Due to the quickly rising cost of retirement contributions, the uncertain future of healthcare and the unknown of the continued inflation, the District continues to restrain spending in other areas in order to offset personnel expenses.

Special Education Spending



**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Using These Financial Statements

This report contains a series of financial statements. The Statement of Net Position and the Statement of Activities are on pages 16 and 17. These statements provide information about the District as a whole and present a longer-term view of School District finances than fund financial statements. Fund financial statements are on pages 18, 20, and 22 through 26. For governmental funds, the statements show how School District services have been financed in the short-term, as well as the amount remaining for future spending. Proprietary fund statements provide information about non-governmental operations, in this case food service. The fiduciary funds statement reports amounts held in trust by the District for student activities.

Page 19 reconciles total governmental fund balances to total net position of governmental activities. Page 21 reconciles the total net change in governmental fund balances to the change in net position of governmental activities.

District-Wide Financial Statements

District-wide statements present financial activities and the results of those activities in two categories, governmental and business-type. Capital assets (land, buildings, improvements, furniture and equipment) are included with all other assets. Long-term debt is included with all other liabilities. Also included are the net pension liability, and related deferred outflows and inflows of resources. This is distinctly different from the fund statements in which assets and liabilities are separated into various funds such as General and Capital Reserve.

In the district-wide statements, the approach to measurement of revenues and expenses is similar to that used in the private sector and is referred to as the accrual basis of accounting. This is disclosed further in the notes to financial statements.

Fund Financial Statements

Fund statements provide financial information about the District's funds rather than the District as a whole. There are three types of funds, Governmental, Proprietary and Fiduciary. The use of each type of fund is disclosed in the notes to financial statements. Unlike District-wide statements that report revenues on the accrual basis, the fund statements report revenues only to the extent cash has been received or is expected to be received in the near future.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position

Net position (deficit) equals total assets plus deferred outflows of resources less liabilities and deferred inflow of resources and represents resources that may be used to pay for future operations and capital assets.

The District's total net position of governmental activities was a surplus of \$13.85 million on June 30, 2025. The following summarizes the Statement of Net Position (page 16).

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 42,055,180	\$ 44,733,236	\$ 1,436,321	\$ 1,354,899	\$ 43,491,501	\$ 46,088,135
Capital and right-to-use assets	71,988,699	73,263,842	832,614	858,138	72,821,313	74,121,980
Total assets	\$ 114,043,879	\$ 117,997,078	\$ 2,268,935	\$ 2,213,037	\$ 116,312,814	\$ 120,210,115
Deferred outflows for OPEB	\$ 2,161,490	\$ 1,686,304	\$ 3,290	\$ 1,084	\$ 2,164,780	\$ 1,687,388
Deferred outflows for pensions	8,220,000	9,384,083	12,000	19,931	8,232,000	9,404,014
Total deferred outflows of resources	\$ 10,381,490	\$ 11,070,387	\$ 15,290	\$ 21,015	\$ 10,396,780	\$ 11,091,402
Current liabilities	\$ 10,404,356	\$ 13,589,787	\$ (19,856)	\$ 51,818	\$ 10,384,500	\$ 13,641,605
Long-term liabilities	94,824,966	99,523,000	93,238	79,431	94,918,204	99,602,431
Total liabilities	\$ 105,229,322	\$ 113,112,787	\$ 73,382	\$ 131,249	\$ 105,302,704	\$ 113,244,036
Deferred inflows for OPEB	\$ 2,926,809	\$ 2,870,723	\$ 4,420	\$ 856	\$ 2,931,229	\$ 2,871,579
Deferred inflows for pensions	2,244,000	3,475,620	3,000	4,581	2,247,000	3,480,201
Deferred charges on bond refunding	174,568	200,713	-	-	174,568	200,713
Total deferred inflows of resources	\$ 5,345,377	\$ 6,547,056	\$ 7,420	\$ 5,437	\$ 5,352,797	\$ 6,552,493
Net investment in capital assets	\$ 37,719,293	\$ 32,281,979	\$ 832,614	\$ 858,138	\$ 38,551,907	\$ 33,140,117
Restricted	13,232,082	13,307,936	-	-	13,232,082	13,307,936
Unrestricted (deficit)	(37,100,705)	(36,182,293)	1,370,809	1,239,228	(35,729,896)	(34,943,065)
Total net position (deficit)	\$ 13,850,670	\$ 9,407,622	\$ 2,203,423	\$ 2,097,366	\$ 16,054,093	\$ 11,504,988

Beginning July 1, 2014, the District is required to report the net pension liability, pension expense, and deferred outflows and inflows of resources related to pensions. This new Governmental Accounting Standards Board Statement 68 (GASB 68) requirement significantly and negatively affects the Net Position (Deficit) of the District's financial statements beginning with 2014-15 and continuing this year. Additionally, GASB 75, relating to other postemployment benefits, was implemented as of July 1, 2017, which also negatively impacted the Net Position (Deficit) of the District.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Statement of Activities

The following summarizes the Statement of Activities (page 17). It shows that total net position decreased from \$7.5 million as of June 30, 2024, to \$5.8 million as of June 30, 2025.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for services	\$ 788,913	762,477	\$ 609,846	\$ 627,462	\$ 1,398,759	\$ 1,389,939
Operating grants and contributions	10,885,753	11,756,090	1,270,566	1,310,515	12,156,319	13,066,605
Capital grants and contributions	499,093	478,483	-	-	499,093	478,483
General Revenues and Transfers						
General Revenues						
Taxes	37,835,772	38,229,009	-	-	37,835,772	38,229,009
State general subsidies	14,262,365	13,098,779	-	-	14,262,365	13,098,779
Earnings on investments	2,144,188	2,156,934	49,713	47,564.0	2,193,901	2,204,498
Miscellaneous	32,836	25,146	-	-	32,836	25,146
Total revenues	66,448,920	66,506,918	1,930,125	1,985,541	68,379,045	68,492,459
Direct Expenses	60,717,249	59,207,014	1,824,068	1,777,255	62,541,317	60,984,269
Changes in net position	\$ 5,731,671	7,299,904	\$ 106,057	\$ 208,286	\$ 5,837,728	\$ 7,508,190

The change in net position is the difference between revenues and expenses using the accrual basis of accounting.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

The following summarizes expense information from the Statement of Activities (page 17). Direct expenses represent the actual cost of providing the services while the net expense represents the amount of cost that is not recovered through program revenues, meaning user charges, grants and contributions. The net expense must be recovered through general revenues, primarily taxes and state general subsidies. Amounts not recovered reduce funds available for future years.

	Governmental Activities							
	Direct Expenses		Program Revenues				Net Expense	
	2025	2024	2025	2024	2025	2024	2025	2024
Instruction	\$ 39,929,475	\$ 39,165,448	\$ 7,858,705	\$ 9,127,089	\$ 32,070,770	\$ 30,038,359		
Instructional student support	4,449,070	4,885,203	1,172,355	793,892	3,276,715	4,091,311		
Administrative and financial support services	5,519,852	4,805,476	415,783	399,473	5,104,069	4,406,003		
Operation and maintenance of plant services	5,244,645	4,599,153	337,339	395,166	4,907,306	4,203,987		
Pupil transportation	2,917,279	3,020,493	1,578,307	1,589,603	1,338,972	1,430,890		
Student activities	1,578,805	1,486,744	306,477	210,994	1,272,328	1,275,750		
Community services	54,864	49,170	5,700	2,350	49,164	46,820		
Interest on long-term debt	1,023,259	1,195,327	499,093	478,483	524,166	716,844		
	<u>\$ 60,717,249</u>	<u>\$ 59,207,014</u>	<u>\$ 12,173,759</u>	<u>\$ 12,997,050</u>	<u>\$ 48,543,490</u>	<u>\$ 46,209,964</u>		
Total governmental activities					\$ 48,543,490	\$ 46,209,964		
State general subsidies revenue					14,262,365	13,098,779		
Total needs from taxes and other local sources					<u>\$ 34,281,125</u>	<u>\$ 33,111,185</u>		

	Business-Type Activities							
	Direct Expenses		Program Revenues				Net Expense (Revenues)	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$ 1,824,068	\$ 1,777,255	\$ 1,880,412	\$ 1,937,977	\$ (56,344)	\$ (160,722)		
					<u>\$ (56,344)</u>	<u>\$ (160,722)</u>		

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Governmental Funds - Fund Balances

	Governmental Fund Balance		
	2025	2024	Change
General Fund			
Nonspendable	\$ 4,681,203	\$ 4,059,916	\$ 621,287
Committed	554,000	554,000	-
Assigned	11,823,397	12,549,027	(725,630)
Unassigned	5,008,817	4,458,113	550,704
Capital reserve fund - restricted	13,162,035	13,307,936	(145,901)
Governmental fund balances	\$ 35,229,452	\$ 34,928,992	\$ 300,460

	2025	2024	Change
Total nonspendable	\$ 4,681,203	\$ 4,059,916	\$ 621,287
Total restricted	13,162,035	13,307,936	(145,901)
Total committed	554,000	554,000	-
Total assigned	11,823,397	12,549,027	(725,630)
Total unassigned	5,008,817	4,458,113	550,704
Total governmental funds	\$ 35,229,452	\$ 34,928,992	\$ 300,460

Changes from 2024 to 2025

The general fund balance saw an increase from \$21,621,056 as of June 30, 2024, to \$22,067,417 as of June 30, 2025, in total fund balance. Non-spendable fund balance increased due to the health insurance claims remaining favorable during the 2024-25 fiscal year.

General Fund Balance					
Balance at June 30, 2024	\$ 4,458,113	\$ 4,059,916	\$12,549,027	\$ 554,000	\$21,621,056

	Unassigned	Nonspendable	Assigned	Committed	Total
General Fund Balance	\$ 5,008,817	\$ -	\$ -	\$ -	\$ 5,008,817
Employee Health Insurance	-	4,681,203	-	-	4,681,203
Subsequent year budgeted					
used of fund balance	-	-	1,555,795	-	1,555,795
PSERS	-	-	650,000	554,000	1,204,000
Healthcare	-	-	1,000,000	-	1,000,000
Technology	-	-	2,300,000	-	2,300,000
Healthcare Requirements	-	-	392,137	-	392,137
Projects	-	-	1,744,205	-	1,744,205
Special Education	-	-	1,000,000	-	1,000,000
SIS/FIS Software	-	-	200,000	-	200,000
Safety/Security/SRO	-	-	500,000	-	500,000
Student Services	-	-	500,000	-	500,000
Transportation	-	-	500,000	-	500,000
Emergency and education needs	-	-	1,481,260	-	1,481,260
Balance at June 30, 2025	\$ 5,008,817	\$ 4,681,203	\$11,823,397	\$ 554,000	\$22,067,417

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

The following summarizes the budgetary comparison information presented on page 68, along with comparisons to the previous year.

	General Fund Budget					
	Final Budget		Actual Amount		Variance	
	2025	2024	2025	2024	2025	2024
Total revenues	\$64,762,917	\$61,844,270	\$66,530,905	\$65,734,324	\$1,767,988	\$ 3,890,054
Total expenditures	65,069,004	62,265,337	64,153,424	60,678,550	915,580	1,586,787
Excess revenues (expenditures)	(306,087)	(421,067)	2,377,481	5,055,774	2,683,568	5,476,841
Other financing sources (uses)	(200,803)	(100,280)	(1,931,120)	81,713	(1,730,317)	181,993
Net change in fund balance	\$ (506,890)	\$ (521,347)	\$ 446,361	\$ 5,137,487	\$ 953,251	\$ 5,658,834

In 2025 actual revenues exceeded expenditures by \$446,361. At year end, actual expenditures were \$915,580 under the final budgeted amount. Contrary to prediction with inflation and economy concerns, actual revenues were \$1,767,988 more than budgeted amount. In the prior year (2024) actual revenues exceeded the actual expenditures by \$5,137,487.

Under the modified accrual basis of accounting, the District considers taxes unavailable to be recognized as revenue unless they are received within 2 months after the fiscal year. The District's unavailable tax revenue (deferred inflow) was \$510,566 million at June 2025 while it was \$1.3 million at June 2024.

CAPITAL ASSETS

The governmental activities for year-ending 2025 has a total cost of assets of \$137 million, net of depreciation assets totaled \$72.0, a decrease of \$1.3 million from 2024.

	Capital Assets (Net of Depreciation)		
	2025	2024	Change
Governmental activities			
Land	\$ 899,408	\$ 899,408	\$ -
Construction in progress	30,000	5,494,106	(5,464,106)
Buildings and improvements	66,371,499	61,541,132	4,830,367
Furniture and equipment	1,468,890	1,369,349	99,541
Technology equipment	3,218,902	3,959,847	(740,945)
	<u>\$ 71,988,699</u>	<u>\$ 73,263,842</u>	<u>\$ (1,275,143)</u>
Buisness-type activities			
Furniture and equipment	<u>\$ 832,614</u>	<u>\$ 858,138</u>	<u>\$ (25,524)</u>

Capital assets, net of depreciation, in the governmental activities were \$72.0 million at June 30, 2025, \$73.3 million at June 30, 2024, \$67.7 million at June 30, 2023, \$67.1 million at June 30, 2022, \$69.8 million at June 30, 2021, \$72.5 million at June 30, 2020, and \$70.2 million at June 30, 2019. In 2025 the District purchased approximately \$3.3 million in capital assets against approximately \$4.6 million in depreciation resulting in a decrease of \$1.3 million. In 2024 the District purchased more than \$5.6 million in capital assets against \$4.6 million in depreciation resulting in an increase of \$1.0 million in capital assets. In 2023 the District purchased more than \$4.6 million in capital assets against \$4.0 million in depreciation resulting in an increase of \$0.6 million in capital assets. In 2022 the District purchased more than \$2.0 in capital assets against \$4.1 million in depreciation resulting in a decrease of \$5.4 million in capital assets. In 2021 the District purchased more than \$0.4 million in capital assets against \$ 3.0 million in depreciation resulting in a decrease of \$2.6 million in capital assets. In 2020 the District purchased more than \$18.3 million in assets against \$3.4 million in depreciation resulting in an increase of \$14.9 million in capital assets. In 2019 the District purchased more than \$11.8 million in assets against \$3.2 million in depreciation resulting in an increase of \$8.6 million in capital assets.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

LONG-TERM LIABILITIES

The following summarizes the long-term liabilities note to financial statements (starting at page 48). Most of the debt is general obligation bonds and notes issued to pay for capital improvements. The District's ability to raise future funds through the issuance of debt depends on how existing bonds are rated by the investment community.

	2025	2024	Change
Governmental activities			
General obligation bonds and notes	\$ 31,370,000	\$ 35,160,000	\$ (3,790,000)
Bond premiums	2,042,261	2,440,322	(398,061)
Compensated absences	2,209,718	2,260,049	(50,331)
Net OPEB liability	8,094,861	7,258,554	836,307
Net pension liability	54,874,000	58,356,217	(3,482,217)
Total liabilities	<u>\$ 98,590,840</u>	<u>\$ 105,475,142</u>	<u>\$ (6,884,302)</u>

Each year the District pays interest on the debt and a portion of the outstanding bonds and notes, referred to as redemption. In 2024-25 the District paid \$4,188, 061 in regular debt payments, including bond premiums. During the 2023-2024 fiscal year the District paid \$3,877,750, in 2022-23 the District made regularly scheduled payments of \$4,620,800 and \$4,619,398 in 2021-22.

Other post-employment benefits (OPEBs) has to do with purchasing discounted health insurance after retirement through the District. The District's July 2024 actuarial accrued liability of \$8.1 million, including deferred inflows and outflows, is being amortized over a period of 30 years. Additional OPEB detail is available starting at page 45 of the notes.

GASB 68 requires the District to report its pension related items. The net pension liability, including deferred outflows and inflows, was \$58.3 million at June 2024 and was reduced to \$54.9 million at June 30, 2025.

Effective July 1, 2017, the District is now required to report the entire other postemployment benefits (OPEB) liability, OPEB expense and deferred outflows and deferred inflows of resources related to other postemployment benefits. GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, had additional negative effect of the net position of the School's financial statements beginning in the year ended June 30, 2018.

**BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

NEXT YEAR'S BUDGET AND OTHER FACTORS

	Original Budget		
	2026	2025	Change
Total revenue	\$ 64,601,136	\$ 64,912,917	\$ (311,781)
Total expenditures and other uses	66,156,931	65,419,807	737,124
Excess revenues (expenditures)	\$ (1,555,795)	\$ (506,890)	\$ (1,048,905)

The Big Spring School District maintained its commitment to its educational programs for students. In June 2025 the Board approved a budget of \$66,156,931 to cover the increasing costs of salary, PSERS and medical benefits along with spikes in charter tuition and special education programs. These expenditures do not match the total budgeted revenue, resulting in projected use from unassigned fund balance in the amount of \$1.56 million to balance the budget.

The 2025-26 budget is a \$737,124 or 1.1% increase in expenditures over the 2024-25 budget of \$65,419,807.

The 2025-26 revenue budget was \$64,601,136 versus the 2024-25 amount of \$64,912,917 or an decrease of \$311,781.

The Commonwealth continues to struggle with any meaningful increase in basic education funding due to the increasing cost of retirement contributions (they pay half). In addition, the District continues to expand services for special needs students with minimal additional state funding.

Looking ahead, the near-term challenge for the District continues to be reliable Commonwealth funding given the weight of pension debt. The new funding formula will be a continuing challenge for the District as its budgets depended on the old hold harmless funding process. The District hasn't raised taxes to the index in the last nine years. The longer-term challenge for the District is the continued underfunded and unfunded mandates which will continue to put pressure on the District. The Board and administration remain vigilant on holding down costs; however, the budget continues to grow largely as a result of the increasing cost of salaries, pension payments and tuition payments related to special education and cyber-charter tuition.

Despite the many challenges, the District stands committed to ensuring the best opportunities for students. The 2025-26 budget balances the requirement to protect essential programs versus tax increases in the time of economic challenges.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The District's financial report is intended to provide the readers 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 the District office of Big Spring School District, 45 Mount Rock Road, Newville, PA 17241, (717) 776-2000.

BIG SPRING SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activity	Total
Assets			
Cash and cash equivalents	\$ 14,187,040	\$ 1,410,956	\$ 15,597,996
Investments	18,305,638	-	18,305,638
Receivables			
Taxes - net of allowance for uncollectibles	1,198,427	-	1,198,427
Intergovernmental	3,613,918	938	3,614,856
Other	68,954	3,638	72,592
Prepaid expenses	4,681,203	-	4,681,203
Inventories	-	20,789	20,789
Total current assets	42,055,180	1,436,321	43,491,501
Capital and right-to-use assets			
Land and construction-in-progress	929,408	2,261,952	3,191,360
Other capital and right-to-use assets, net of depreciation/amortization	71,059,291	(1,429,338)	69,629,953
Total capital and right-to-use assets	71,988,699	832,614	72,821,313
Total assets	\$ 114,043,879	\$ 2,268,935	\$ 116,312,814
Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 8,220,000	\$ 12,000	\$ 8,232,000
Deferred amounts on OPEB liabilities	2,161,490	3,290	2,164,780
Total deferred outflows of resources	\$ 10,381,490	\$ 15,290	\$ 10,396,780
Liabilities			
Current liabilities			
Internal balances	\$ 73,297	\$ (73,297)	\$ -
Accounts payable	1,442,002	29,090	1,471,092
Accrued salaries and benefits	4,701,218	-	4,701,218
Current portion of bonds and notes payable	3,410,000	-	3,410,000
Current portion of compensated absences	145,290	-	145,290
Current portion of lease and subscription liabilities	110,493	-	110,493
Accrued interest on long-term debt	493,457	-	493,457
Unearned revenues	28,599	24,351	52,950
Total current liabilities	10,404,356	(19,856)	10,384,500
Long-term liabilities			
General obligation bonds payable, net of unamortized premiums	30,002,261	-	30,002,261
Compensated absences	2,064,428	-	2,064,428
Lease and subscription liabilities	78,627	-	78,627
Net pension liability	54,874,000	82,000	54,956,000
Other post-employment benefits (OPEB) liabilities	7,805,650	11,238	7,816,888
Total long-term liabilities	94,824,966	93,238	94,918,204
Total liabilities	\$ 105,229,322	\$ 73,382	\$ 105,302,704
Deferred Inflows of Resources			
Deferred amounts on pension liability	\$ 2,244,000	\$ 3,000	\$ 2,247,000
Deferred amounts on OPEB liabilities	2,926,809	4,420	2,931,229
Deferred charge on bond refunding	174,568	-	174,568
Total deferred inflows of resources	\$ 5,345,377	\$ 7,420	\$ 5,352,797
Net Position (Deficit)			
Net investment in capital assets	\$ 37,719,293	\$ 832,614	\$ 38,551,907
Restricted	13,232,082	-	13,232,082
Unrestricted (deficit)	(37,100,705)	1,370,809	(35,729,896)
Total net position (deficit)	\$ 13,850,670	\$ 2,203,423	\$ 16,054,093

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental Activities:							
Instructional	\$ 39,929,475	\$ 642,957	\$ 7,215,748	\$ -	\$ (32,070,770)	\$ -	\$ (32,070,770)
Instructional student support	4,449,070	-	1,172,355	-	(3,276,715)	-	(3,276,715)
Administration and financial support	5,519,852	-	415,783	-	(5,104,069)	-	(5,104,069)
Operation and maintenance of plant services	5,244,645	-	337,339	-	(4,907,306)	-	(4,907,306)
Pupil transportation	2,917,279	-	1,578,307	-	(1,338,972)	-	(1,338,972)
Student activities	1,578,805	145,956	160,521	-	(1,272,328)	-	(1,272,328)
Community services	54,864	-	5,700	-	(49,164)	-	(49,164)
Interest on long-term debt	1,023,259	-	-	499,093	(524,166)	-	(524,166)
Total governmental activities	60,717,249	788,913	10,885,753	499,093	(48,543,490)	-	(48,543,490)
Business-Type Activities:							
Food Service	1,824,068	609,846	1,270,566	-	-	56,344	56,344
Total primary government	\$ 62,541,317	\$ 1,398,759	\$ 12,156,319	\$ 499,093	\$ (48,543,490)	\$ 56,344	\$ (48,487,146)
General Revenues							
Property taxes, levied for general purposes, net					\$ 30,847,239	\$ -	\$ 30,847,239
Public utility, realty transfer, earned income, and per capita for general purposes, net					6,988,533	-	6,988,533
Grants, subsidies and contributions, not restricted					14,262,365	-	14,262,365
Investment earnings					2,144,188	49,713	2,193,901
Miscellaneous income					32,836	-	32,836
Total general revenues					54,275,161	49,713	54,324,874
Changes in net position					5,731,671	106,057	5,837,728
Net Position - July 1, 2024					9,407,622	2,097,366	11,504,988
Prior period adjustment (See Note 1)					(1,288,623)	-	(1,288,623)
Net Position - July 1, 2024 (restated)					8,118,999	2,097,366	10,216,365
Net Position - June 30, 2025					\$ 13,850,670	\$ 2,203,423	\$ 16,054,093

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Reserve Fund	Non-Major Special Revenue Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,178,627	\$ 5,937,986	\$ 70,427	\$ 14,187,040
Investments	13,169,076	5,136,562	-	18,305,638
Taxes receivable, net	1,198,427	-	-	1,198,427
Due from other funds	4,761	2,087,487	2,457	2,094,705
Intergovernmental receivables	3,613,918	-	-	3,613,918
Other receivables	68,954	-	-	68,954
Prepaid expenses	4,681,203	-	-	4,681,203
Total assets	\$ 30,914,966	\$ 13,162,035	\$ 72,884	\$ 44,149,885
Liabilities				
Due to other funds	\$ 2,165,320	\$ -	\$ 2,682	\$ 2,168,002
Accounts payable	1,441,847	-	155	1,442,002
Accrued salaries and benefits	2,700,831	-	-	2,700,831
Payroll deductions and withholding	2,000,387	-	-	2,000,387
Unearned revenues	28,599	-	-	28,599
Total liabilities	8,336,984	-	2,837	8,339,821
Deferred Inflows of Resources				
Unavailable tax revenue	510,565	-	-	510,565
Fund Balances				
Nonspendable	4,681,203	-	-	4,681,203
Restricted	-	13,162,035	70,047	13,232,082
Committed	554,000	-	-	554,000
Assigned	11,823,397	-	-	11,823,397
Unassigned	5,008,817	-	-	5,008,817
Total fund balances	22,067,417	13,162,035	70,047	35,299,499
Total liabilities, deferred inflows of resources and fund balances	\$ 30,914,966	\$ 13,162,035	\$ 72,884	\$ 44,149,885

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

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

June 30, 2025

Total fund balances - governmental funds	\$ 35,299,499
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and right-to-use assets used in governmental activities are not current financial resources and therefore, are not reported as assets in governmental funds. The cost of assets is \$136,690,650 and the accumulated depreciation/amortization is \$64,701,951.

	71,988,699
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Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

	510,565
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Long-term liabilities; including accrued interest payable, bonds payable, leases payable, subscription liabilities, compensated absences, net pension liability, and other post-employment benefits liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds, net of related discounts and premiums	(33,412,261)	
Accrued interest expense	(493,457)	
Lease and subscription-based asset obligations	(189,120)	
Compensated absences	(2,209,718)	
Net pension liability	(54,874,000)	
OPEB liabilities	<u>(7,805,650)</u>	(98,984,206)

Deferred outflows of resources - pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.

	10,381,490
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Deferred inflows of resources - pension, OPEB, and refinancing gain are not due and collectable in the current period and, therefore, are not reported in the funds.

	<u>(5,345,377)</u>
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Total net position - governmental activities	\$ <u>13,850,670</u>
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See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

	General Fund	Capital Reserve Fund	Non-Major Special Revenue Fund	Total Governmental Funds
Revenues				
Local sources:				
Taxes	\$38,607,069	\$ -	\$ -	\$38,607,069
Investment earnings	1,482,448	660,956	784	2,144,188
Revenue from intermediate sources	608,165	-	-	608,165
Other revenue	794,177	-	22,572	816,749
State sources	24,159,734	-	-	24,159,734
Federal sources	879,312	-	-	879,312
Total revenues	66,530,905	660,956	23,356	67,215,217
Expenditures				
Instruction	39,090,027	-	-	39,090,027
Support services	17,914,450	2,659,238	22,398	20,596,086
Operation of non-instructional services	1,575,720	183,731	6,127	1,765,578
Capital outlay	-	51,375	-	51,375
Debt service	5,474,567	-	-	5,474,567
Refund of prior years' revenue	98,660	-	-	98,660
Total expenditures	64,153,424	2,894,344	28,525	67,076,293
Excess (deficiency) of revenues over (under) expenditures	2,377,481	(2,233,388)	(5,169)	138,924
Other Financing Sources (Uses)				
Proceeds from leases and other right to use assets	151,367	-	-	151,367
Insurance recoveries	5,000	-	-	5,000
Interfund transfers in	-	2,087,487	-	2,087,487
Interfund transfers out	(2,087,487)	-	-	(2,087,487)
Total other financing (uses) sources	(1,931,120)	2,087,487	-	156,367
Net changes in fund balance	446,361	(145,901)	(5,169)	295,291
Fund Balances - July 1, 2024	21,621,056	13,307,936	75,216	35,004,208
Fund Balances - June 30, 2025	<u>\$22,067,417</u>	<u>\$ 13,162,035</u>	<u>\$ 70,047</u>	<u>\$35,299,499</u>

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$	295,291
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which depreciation/amortization expense exceeds capital outlays in the period.

Capital and right-to-use asset outlays	3,303,153		
Less net book value of disposed assets	(2,541)		
Less depreciation/amortization expense	<u>(4,575,755)</u>		(1,275,143)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred property taxes changed by this amount.		(771,297)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest reflected in the Statement of Activities is shown here.		3,813
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Change in pension liability and related deferred outflows and inflows	3,260,543		
Change in OPEB liabilities and related deferred outflows and inflows	(127,996)		
Change in compensated absences	<u>50,331</u>		3,182,878

The issuance of long-term debt provides current financial resources to governmental

Repayment of long-term debt	3,790,000		
Amortization of refunding gain	26,145		
Amortization of bond issuance (premium) discount - net	398,061		
Proceeds from subscription arrangements	(151,367)		
Repayment of lease payable	167,297		
Repayment of subscription payable	<u>65,993</u>		4,296,129

Change in net position of governmental activities	\$	<u>5,731,671</u>
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See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

**STATEMENT OF NET POSITION - PROPRIETARY FUND -
FOOD SERVICE**

June 30, 2025

Assets

Current Assets

Cash	\$ 1,410,956
Due from other funds	73,402
Receivables	
State receivables	108
Federal receivables	830
Other receivables	3,638
Inventories	20,789
Total current assets	<u>1,509,723</u>

Noncurrent Assets

Furniture and equipment	2,261,952
Accumulated depreciation	<u>(1,429,338)</u>
Total noncurrent assets	<u>832,614</u>
Total assets	<u><u>\$ 2,342,337</u></u>

Deferred Outflows of Resources

Deferred outflows related to pension liability	\$ 12,000
Deferred outflows related to OPEB liability	3,290
Total deferred outflows of resources	<u><u>\$ 15,290</u></u>

Liabilities

Current Liabilities

Due to other funds	\$ 105
Accounts payable	29,090
Unearned revenues	<u>24,351</u>
Total current liabilities	<u>53,546</u>

Noncurrent Liabilities

Net pension liability	82,000
OPEB liability	<u>11,238</u>
Total noncurrent liabilities	<u>93,238</u>
Total liabilities	<u><u>\$ 146,784</u></u>

Deferred Inflows of Resources

Deferred amounts on pension liability	\$ 3,000
Deferred amounts on OPEB liabilities	4,420
Total deferred inflows of resources	<u><u>\$ 7,420</u></u>

Net Position

Net investment in capital assets	\$ 832,614
Unrestricted	<u>1,370,809</u>
Total net position	<u><u>\$ 2,203,423</u></u>

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2025

Operating Revenues	
Food service revenue	\$ 609,846
Total operating revenues	<u>609,846</u>
Operating Expenses	
Salaries	29,263
Employee benefits	39,251
Purchased professional services	2,849
Purchased property services	4,199
Other purchased services - food and milk	1,506,230
Supplies	193,665
Depreciation	48,581
Dues and fees	30
Total operating expenses	<u>1,824,068</u>
Operating loss	(1,214,222)
Nonoperating Revenues	
Investment earnings	49,713
Federal subsidies	1,012,083
State subsidies	258,483
Total nonoperating revenues	<u>1,320,279</u>
Change in net position	106,057
Net Position - July 1, 2024	2,097,366
Net Position - June 30, 2025	<u>\$ 2,203,423</u>

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE

Year Ended June 30, 2025

Cash Flows From Operating Activities	
Cash received from meal sales	\$ 618,659
Cash payments for goods and services	(1,557,593)
Cash payments to employees for services	(47,375)
Net cash used in operating activities	<u>(986,309)</u>
Cash Flows From Non-Capital Financing Activities	
Federal subsidies	839,623
State subsidies	258,375
Net cash provided by non-capital financing activities	<u>1,097,998</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(23,057)
Net cash use in capital and related financing activities	<u>(23,057)</u>
Cash Flows From Investing Activities	
Investment earnings	49,713
Net change in cash and cash equivalents	138,345
Cash and cash equivalents	
July 1, 2024	1,272,611
June 30, 2025	<u>\$ 1,410,956</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (1,214,222)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	48,581
Value of donated commodities	171,630
Changes in assets and liabilities:	
(Increase) decrease in:	
Due from other funds	(28,032)
Other receivables	12,553
Inventories	3,784
Deferred outflows of resources	5,725
(Decrease) increase in:	
Due to other funds	(3,740)
Accounts payable	5,738
Unearned revenues	(3,740)
Net pension liability	5,307
OPEB liabilities	8,124
Deferred inflows of resources	1,983
Net cash used in operating activities	<u>\$ (986,309)</u>
Supplemental Disclosure	
Noncash non-capital financing activity:	
USDA donated commodities	<u>\$ 171,630</u>

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2025

Assets	
Cash and cash equivalents	\$ 109,036
Investments	206,777
Other receivables	1,869
Total assets	<u><u>\$ 317,682</u></u>
Net Position	
Restricted for individuals and organizations	\$ 317,682
Total net position	<u><u>\$ 317,682</u></u>

See Notes to Financial Statements

BIG SPRING SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2025

Additions	
Gifts and contributions	\$ 27,684
Other additions	435,441
Investment earnings	<u>5,739</u>
Total additions	<u>468,864</u>
Deductions	
Other deductions	<u>447,461</u>
Total deductions	<u>447,461</u>
Change in net position	21,403
Net Position - July 1, 2024	<u>296,279</u>
Net Position - June 30, 2025	<u><u>\$ 317,682</u></u>

See Notes to Financial Statements.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Big Spring School District (School District) operates a public school system which is comprised of the Cumberland County Townships of Cooke, Lower Frankford, Upper Frankford, Lower Mifflin, Upper Mifflin, North Newton, South Newton, Penn and West Pennsboro, and the Borough of Newville, Pennsylvania. Services provided include a comprehensive curriculum for primary and secondary education as well as special education and vocational education programs.

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

A. Reporting Entity

The financial statements of the District include all funds, functions, and activities to which the Board of Directors has oversight responsibility. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Big Spring School District.

Governmental Accounting Standards Board (GASB) Statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include [1] the primary government; (2) organizations for which the primary government is financially accountable; (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is not a component unit of any other entities. Based on the above criteria, the District has no component units.

B. Joint Ventures

The District is a participant in two jointly governed organizations, each of which is a separate legal entity that offers services to the District and its residents. Each entity serves several school districts and/or municipalities, and therefore, are not included in this reporting entity. These entities do not have taxing power, but are required to adopt an annual budget, which is funded primarily by its member Districts or others that use its services. Complete financial statements for these entities can be obtained from their administrative offices.

Capital Area Intermediate Unit provides special education services and programs. During the year ended June 30, 2025, the District paid \$555,869 to Capital Area Intermediate Unit for these services.

Cumberland Perry Area Vocational Technical School provides vocational and technical education services and programs. During the year ended June 30, 2025, the District paid \$664,114 to Cumberland Perry Area Vocational Technical School (CPAVTS) for these services.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Statement of net position and the statement of activities display information about the 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 District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds (if applicable) are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenue, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of 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 District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred and the revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as liabilities until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing food services, including charges for meals and the costs of food, salaries and benefits, depreciation, and other expenses. Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs.

Fund Accounting

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

Governmental Funds: Governmental Funds are those through which most governmental functions of the District are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

General Fund

The General Fund is the primary Operating fund. It accounts for all financial resources except those required to be accounted for in another fund. An operating budget is adopted prior to the beginning of each year on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, and any unrestricted fund balances are considered as resources available for use. Revenues are primarily derived from local property, earned income, and state and federal subsidies. Many Of the more important activities Of the District, including instruction, administration of the District, and certain noninstructional services are accounted for in this fund.

Capital Reserve Fund

The capital reserve fund (Section 2932 is authorized by Pennsylvania Law 145, Act of April 30, 1943, known as Section 2932 School Laws of Pennsylvania) accounts for amounts transferred from the General Fund and the expenditure of those funds for capital outlays. Capital budgets are not implemented for capital improvements in these funds. All transactions are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

The District reports the following non-major governmental funds:

Special Revenue Fund

The special revenue fund is for the activities funds in which the District maintains administrative involvement.

Proprietary Funds: Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The focus of proprietary funds is on the determination of net earnings and capital maintenance. The following funds are utilized:

Food Service Fund

This fund accounts for all revenues and expenses pertaining to the cafeteria operations as authorized under Section 504 Of the Public School Code of 1949. It is the intent Of the governing body that the cost Of providing such goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

Fiduciary Funds: Fiduciary funds are used to account for the District's custodial funds. These funds account for assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are therefore not available to support the District's own programs. The Student Activities Fund accounts for programs operated and sponsored by various clubs and organizations within the schools and is reported as a custodial fund.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting

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

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

The District, before levying annual school taxes, is required to prepare an Operating budget for the succeeding fiscal year.

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

Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorize the District to make expenditures.

Appropriations lapse at the end of the fiscal period.

Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency. These programs frequently result in supplementary budget appropriations.

Capital budgets are not implemented for capital improvements in the Capital Reserve Fund or Capital Projects Fund. All transactions of these funds are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Cash Equivalents: Cash and cash equivalents include all cash on hand, demand deposits (including pooled investments), and short-term investments with original maturities of three months or less from the date of acquisition. Investments include certificates of deposit and Treasury obligations with original maturities greater than three months. Investments are stated at market value.

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

Taxes and Taxes Receivable: Real estate and personal taxes are levied as of July 1 with a legal, enforceable claim against the property and/or taxpayer. Amounts not collected within six months (December 31) are considered delinquent and submitted to outside agencies / entities for collection actions.

Interfund Activity/Internal Balances: Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to 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.” Balances between funds are short-term items pending periodic repayments

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchases fund. Flows of cash or goods from one fund to another fund without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Inventories: Inventory in the Food Service Fund consists of expendable supplies and food (valued at cost) held for consumption. Government-donated commodities are valued at estimated fair market value. The expendable supplies are recorded as an expenditure when used. The cost of governmental fund inventories are recorded as expenditures when purchased in the fund financial statements and the asset (valued at cost) at June 30 is offset by non-spendable fund balance.

Prepaid Expenses: Certain payments, if any, to vendors reflect expenses applicable to future accounting periods and are presented as prepaid items in both District-wide and fund financial statements.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Capital Assets and Depreciation: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are presented in the applicable governmental or business-type activities columns in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous groups with individual costs of less than \$1,500 as capital assets for financial presentation purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are presented at historical cost if purchased or estimated historical cost if constructed.

Major outlays for capital assets and improvements are capitalized when incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at their acquisition value as of the date received. The District does not possess any infrastructure. Interest incurred during the construction of capital assets is not capitalized.

Upon sale or retirement, the cost and related accumulated depreciation/amortization, if applicable, are eliminated from the respective government-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

Capital assets are depreciated/amortized using the straight-line method, over the following estimated useful lives (in years):

Assets	Governmental Activities
Building and improvements	20 - 40
Furniture and equipment	10 - 15
Technology equipment	5 - 6
Right-to-use asset - equipment	1 - 5

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

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

Long-Term Obligations: In the government-wide financial statements and proprietary fund types in fund financial statements, bonds and notes payable and other long-term obligations are presented as liabilities. Bond discounts (premiums) and any charges on refundings are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. A deferred charge on bond refunding is reported as deferred inflows of resources and amortized over the term of the related debt, if any.

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

Compensated Absences: Effective July 1, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement establishes uniform recognition and measurement criteria for all types of compensated absences, including vacation, personal leave, sick leave, and other forms of paid time off that are attributable to services already rendered, accumulate and are more likely than not to be used or otherwise paid. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

As part of the implementation, the District adopted a last-in, first-out (LIFO) flow assumption for the use of leave balances. Under this approach, the most recently earned leave is assumed to be used first. This assumption aligns with the District's administrative practices and provides a more accurate reflection of the expected settlement value of compensated absences.

Under the terms of the District's employment agreements, employees earn vacation, personal, and sick leave in varying amounts. The compensated absences liability includes the estimated value of leave expected to be used during employment, based on historical usage patterns, as well as amounts expected to be settled upon separation from service in accordance with contractual payout provisions. The liability is measured using current pay rates and includes applicable salary-related benefits.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Balance (Continued)

Lease Liabilities: The District is a lessee for non-cancellable 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.

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 the 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 non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of the fixed payments and any 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.

Subscription-Based Information Technology Arrangements: The District is a lessee for non-cancellable arrangements for subscription-based information technology. The District recognizes a subscription liability and an intangible right-to-use IT subscription-assets (subscription asset) in the government-wide financial statements.

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

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

Subscription-Based Information Technology Arrangements (Continued): Key estimates and judgments related to subscription arrangements include how the District determines (1) the discount rate it uses to discount the expected subscription arrangement payments to present value, (2) subscription term, and (3) subscription payments.

The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments included in the measurement of the subscription liability are composed of the fixed payments and any renewal provisions that the District is reasonably certain to exercise.

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

Pensions: Substantially all full-time and qualifying part-time employees of the District participate in a cost-sharing multiple employer-defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-employment Benefits (OPEB):

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

Cost-Sharing Multiple Employer Defined-Benefit Plan: The District also participates in a governmental cost-sharing, multiple employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Balance (Continued)

Other Post-employment Benefits (OPEB) (Continued): The balance of the District's OPEB obligations and deferred resources at June 30, 2025, are as follows:

	Governmental Activities	Business-Type Activity	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 5,483,650	\$ 8,238	\$ 5,491,888
PSERS Cost Sharing Plan	2,322,000	3,000	2,325,000
Total	<u>\$ 7,805,650</u>	<u>\$ 11,238</u>	<u>\$ 7,816,888</u>
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 1,856,990	\$ 2,790	\$ 1,859,780
PSERS Cost Sharing Plan	304,500	500	305,000
Total	<u>\$ 2,161,490</u>	<u>\$ 3,290</u>	<u>\$ 2,164,780</u>
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 2,409,609	\$ 3,620	\$ 2,413,229
PSERS Cost Sharing Plan	517,200	800	518,000
Total	<u>\$ 2,926,809</u>	<u>\$ 4,420</u>	<u>\$ 2,931,229</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer PSERS Cost-Sharing Plan can be found in subsequent notes to the financial statements.

Deferred Inflows of Resources - Pension and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Deferred Inflows of Resources - Deferred Gain on Refinancing of Bonds: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred inflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Inflows of Resources - Unavailable Tax Revenue: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Those property tax receivables expected to be collected after sixty days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Balance (Continued)

Net Position: Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In the government-wide financial statements and proprietary fund financial statements, categories of net position are:

Net Investment in Capital Assets - This category presents all capital assets into one component of net position. Accumulated depreciation and outstanding debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted - This category presents funds restricted for a specific purpose by external parties, contributors, or enabling legislation.

Unrestricted - This category presents the net position (deficit) of the District which is not restricted for any project or other purpose. However, these funds may be committed or assigned for specific projects or purposes in the fund financial statements.

Fund Balance: GASB has established criteria for classifying fund balances into specifically defined classifications based on a hierarchy that reflects the extent to which the District is bound to honor constraints on how those funds can be spent. The District's general policy is to first use restricted funds, if any, prior to using unassigned funds. Classifications of fund balances are:

Non-spendable - Amounts that cannot be spent because they are either in a (a) non-spendable form (i.e., inventories) or (b) legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).

Restricted - Amounts constrained to be used for a specific purpose by external parties, contributors, or enabling legislation. *Committed* - Amounts constrained to be used for a specific purpose by the District's highest level of decision-making authority, which is the Board of School Directors.

Assigned - Amounts intended to be used for a specific purpose by a committee or individual authorized by the Board of School Directors (for example a budget or finance committee, or business manager/financial officer).

Unassigned - Amounts available for any purpose (amounts that are not non-spendable, restricted, committed, or assigned) in the general fund.

Policy Regarding Order of Spending - The District does not have a policy for spending order when fund balance resources are available for a specific purpose in multiple classifications. It is assumed that the District is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned, and committed.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which, based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, establishes financial reporting requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years:

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note I. Summary of Significant Accounting Policies (Continued)

G. Other

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Restatement of Beginning Net Position: During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. Implementation of the new standard changed the District's compensated absences liability measurement. The effects of the change in accounting principle are summarized in the "Restatement - GASB 101 implementation" column in the table below.

	Net Position at June 30, 2024, as previously reported	Restatement - GASB 101 implementation	Net position at June 30, 2024, as restated
Government-wide			
Governmental activities	\$ 9,407,622	\$ (1,288,623)	\$ 8,118,999

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 16, 2026, the date the financial statements were available to be issued.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Section 440.1 of the Public School Code of 1949 as amended and supplemented by Act 10 of 2016, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U. S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full-faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full-faith and credit of the political subdivision
- Shares of investment companies registered under the Investment Company Act of 1940
- Local Government Investment Pools
- Repurchase agreements with respect to U.S. Treasury bills or obligations, participations or other instruments of or guaranteed by the U.S. or any federal agency, instrumentality or U.S. government-sponsored enterprise
- Obligations, participations or other instruments of any federal agency, instrumentality or U.S. government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent
- 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
- 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
- Negotiable certificates of deposit or other evidence of deposit, with a remaining maturity of three years or less

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the District requires all deposits in excess of federal deposit insurance coverage to be collateralized by the depository institution with approved collateral as provided by the law. As of June 30, 2025, \$1,006,585 of the District's bank balance of \$1,738,835 was exposed to custodial credit risk.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the Standards outlined in Act 72, the various banks utilized by the District have pledged collateral on a pooled basis on behalf of the District and all other governmental depositors in the respective financial institutions.

In addition to the balances above, as of June 30, 2025, \$321,549 that was exposed to custodial credit risk was held at a credit union and \$250,000 by NCUA insurance, with the remaining \$71,549 uncollateralized.

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Included in investments on the statement of net position are certificates of deposits (CD'S) invested by the Pennsylvania School District Liquid Asset Fund (PSDLAF) in various financial institutions of \$232,250 (included in bank balance of "custodial credit risk - deposits" disclosure above). In addition, the District invested \$250,000 in PSDLAF'S Collateralized CD Pool. CD'S invested in other various financial institutions were \$206,777 (included in bank balance held by credit union disclosed above). The CD'S in various financial institutions have maturities greater than 3 months and are classified as investments in the financial Statements.

Included in cash and cash equivalents on the statement of net position are pooled investments in the PSDLAF-MAX of \$14,768,809, and PSDLAF Full Flex Pool of \$17,823,387. The PSDLAF investments are essentially mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$1 per share.

The amounts of CDs held by various financial institutions are covered by FDIC / NCUA insurance. The full flex pool balances held by PSDLAF are collateralized at 102% by the underlying securities.

The District does not have a formal investment policy for credit risk. The District's investments in PSDLAF were rated "AAAm" by Standard & Poor's.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Policies Followed at PSDLAF

PSDLAF are not registered with the Securities and Exchange Commission (SEC); however, PSDLAF follow investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The District's investments in PSDLAF are valued at amortized cost, which approximates fair value and is determined by the pools' Share price.

The District has no limitations or restrictions on withdrawals on accounts held at PSDLAF.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District does not have a formal investment policy for interest rate risk. Investments in PSDLAF are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions.

Note 3. Taxes Receivable, Allowance for Uncollectable Taxes and Deferred Inflows of Resources

A summary of taxes receivable and related accounts at June 30, 2025, follows:

	Amount
Real estate	\$ 784,528
Earned income tax	376,686
Real estate transfer tax	<u>37,213</u>
	<u>1,198,427</u>
 Taxes to be collected within 60 days, recorded as revenues in governmental funds	 <u>(687,862)</u>
 Total estimated to be collected after 60 days, recorded as deferred inflows of resources in governmental funds	 <u><u>\$ 510,565</u></u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Accounts

Net interfund receivables/payables consist of the following at June 30, 2025:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 4,761	\$ 2,165,320
Capital projects	2,087,487	-
Student sponsored activity	2,457	2,682
Proprietary Fund - Food Service	73,402	105
	<u>\$ 2,168,107</u>	<u>\$ 2,168,107</u>

The General Fund owes the Food Service Fund for student account balances at June 30, 2025. The remaining interfund receivable and payable balances consist of various reimbursements that occurred after year-end.

Net interfund transfers consist of the following for the year ended June 30, 2025:

	Transfers In	Transfers Out
Governmental Funds		
General	\$ -	\$ 2,087,487
Capital Reserve	2,087,487	-
	<u>\$ 2,087,487</u>	<u>\$ 2,087,487</u>

Transfers are substantially for purposes of subsidizing operating functions and funding capital projects and asset acquisitions.

Note 5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2025, consist of the following:

	General Fund	Food Service Fund
Local:		
Other schools	\$ 604,541	\$ -
Miscellaneous	742,255	-
State:		
Social security	69,624	-
Retirement	318,868	-
Grants/subsidies	1,684,134	108
Federal:		
Grants/subsidies	194,496	830
	<u>\$ 3,613,918</u>	<u>\$ 938</u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital and Right-To-Use Assets

Capital and right-to-use asset activity for the year ended June 30, 2025, was as follows:

	July 1, 2024	Additions	Deletions	June 30, 2025
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 899,408	\$ -	\$ -	\$ 899,408
Construction-in-progress	5,494,106	2,374,855	(7,838,961)	30,000
Total capital assets not being depreciated	6,393,514	2,374,855	(7,838,961)	929,408
Capital and right-to-use assets being depreciated/amortized				
Buildings and improvements	114,106,912	8,195,986	-	122,302,898
Machinery and equipment	4,009,805	273,631	-	4,283,436
Technology equipment	8,555,756	146,275	-	8,702,031
Right-to-use leased equipment	596,010	-	(360,731)	235,279
Right-to-use subscription assets	143,578	151,367	(57,347)	237,598
Total capital and right-to-use assets being depreciated/amortized	127,412,061	8,767,259	(418,078)	135,761,242
Less accumulated depreciation/amortization				
Buildings and improvements	52,565,780	3,365,619	-	55,931,399
Machinery and equipment	2,640,456	174,090	-	2,814,546
Technology equipment	4,872,700	806,455	-	5,679,155
Right-to-use leased equipment	379,353	166,444	(359,248)	186,549
Right-to-use subscription assets	83,444	63,147	(56,289)	90,302
Total accumulated depreciation/amortization	60,541,733	4,575,755	(415,537)	64,701,951
Total capital and right-to-use assets being depreciated/amortized, net	66,870,328	4,191,504	(2,541)	71,059,291
Total Governmental Activities, Capital and Right-to-use Assets - Net	\$ 73,263,842	\$ 6,566,359	\$ (7,841,502)	\$ 71,988,699
Business-Type Activities				
Capital assets being depreciated/amortized				
Furniture and equipment	\$ 2,238,895	\$ 23,057	\$ -	\$ 2,261,952
Less accumulated depreciation/amortization				
Equipment	1,380,757	48,581	-	1,429,338
Business-Type Activities, Capital Assets - Net	\$ 858,138	\$ (25,524)	\$ -	\$ 832,614

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital and Right-To-Use Assets (Continued)

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

	Amount
Governmental Activities	
Instruction	\$ 3,047,524
Instructional student support	556,659
Administration and financial services	458,095
Operation and maintenance of plant services	333,490
Pupil transportation	15,663
Student activities	158,689
Community services	5,635
Total governmental activities	<u>4,575,755</u>
Business-Type Activities	
Food service	<u>48,581</u>
Total School District	<u><u>\$ 4,624,336</u></u>

Note 7. Accrued Salaries and Benefits/Withholdings

Accrued salaries, benefits, and withholdings consist of the following as of June 30, 2025:

	Amount
General Fund	
Accrued salaries	\$ 1,910,689
Retirement	2,518,407
Social security	139,220
Other withholdings	132,902
	<u><u>\$ 4,701,218</u></u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations

The changes in long-term obligations during the year ended June 30, 2025, were as follows:

	July 1, 2024 (restated)	Increases	Decreases	June 30, 2025	Due Within One Year
Governmental Activities					
General obligation bonds					
Series of 2017	\$ 12,600,000	\$ -	\$ 80,000	\$ 12,520,000	\$ 3,405,000
Series of 2023	18,855,000	-	5,000	18,850,000	5,000
General obligation note - direct borrowing					
Series of 2021	3,705,000	-	3,705,000	-	-
	35,160,000	-	3,790,000	31,370,000	3,410,000
Bond premium (discount)	2,440,322	-	398,061	2,042,261	323,205
Total General Obligation Debt	37,600,322	-	4,188,061	33,412,261	3,733,205
Leases payable	216,437	-	167,297	49,140	47,453
Subscription liabilities	54,606	151,367	65,993	139,980	63,040
Compensated absences *	2,260,049	-	50,331	2,209,718	145,290
Total Long-Term Obligations	\$ 40,131,414	\$ 151,367	\$ 4,471,682	\$ 35,811,099	\$ 3,988,988

*The change in compensated absences is presented as a net change.

General Obligation Note - Series of 2021 - On February 9, 2021, the District issued \$16,785,000 of General Obligation Note, Series 2021. The purpose of the issuance was to currently refund the outstanding General Obligation Bonds Series 2012, Series 2015, and Series 2016A and pay the costs of the issuance of the bonds. The note was due in varying amounts semi-annually on March 1 and September 1. The note matured during the fiscal year ending June 30, 2025. The note bore interest at a fixed rate of 0.64%.

General Obligation Bonds - Series of 2017 - One April 13, 2017, the District issued \$12,635,000 of General Obligation Bonds, Series 2017. The purpose of the issuance was to fund various capital projects and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on February 15 and August 15 with principal maturing February 15, 2029. The bonds bear interest at rates ranging from 0.90% to 4.00%.

General Obligation Bonds - Series of 2023 - On April 26, 2023, the District issued \$18,860,000 of General Obligation Bonds, Series 2023. The proceeds were used to refund the District's general obligations bond Series of 2018, fund various capital projects of the District, and pay the related costs of issuing the bond. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing March 1, 2035. The bond bears interest rates ranging from 2.65% to 5.00%.

The District general obligation bonds 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 District's subsidies and pay any past due amounts directly, or to the paying agent for payment to the bond holders.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

The annual debt requirements for future general obligation bonds as of June 30, 2025, are as follows:

Year Ending June 30,	General Obligation Debt		
	Principal	Interest	Total
2026	\$ 3,410,000	\$ 1,420,569	\$ 4,830,569
2027	3,580,000	1,250,188	4,830,188
2028	3,705,000	1,122,806	4,827,806
2029	2,920,000	1,002,675	3,922,675
2030	2,615,000	887,750	3,502,750
2031-2035	15,140,000	2,340,750	17,480,750
	<u>\$31,370,000</u>	<u>\$ 8,024,738</u>	<u>\$39,394,738</u>

Leases Payable - The District has entered into lease agreements as the lessee for a postage machine, copiers, and computer equipment. The postage machine requires quarterly principal and interest payments of \$564 based on an interest rate of 0.45%. The copiers require monthly principal and interest payments of \$3,777 based on an interest rate of 0.45%. The computer equipment requires annual principal and interest payments of \$120,597 based on an interest rate of 0.45%. The associated right-to-use assets are disclosed in the Capital Assets footnote.

Subscription Liabilities - The District has entered into subscription-based arrangements ranging from one to two years for the exclusive use of subscription-based information technology. The arrangements require annual principal and interest payments ranging from \$5,125 to \$38,854 based on ranging interest rates from 1.71% to 2.02%. The associated right-to-use assets are disclosed in the Capital Assets footnote.

The annual debt requirements for future lease payables and subscription liabilities as of June 30, 2025, are as follows:

Year Ending June 30,	Leases Payable		Subscription Liabilities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 47,453	\$ 124	\$ 63,040	\$ 2,796	\$ 110,493	\$ 2,920
2027	1,687	4	38,085	1,553	39,772	1,557
2028	-	-	38,855	784	38,855	784
	<u>\$ 49,140</u>	<u>\$ 128</u>	<u>\$ 139,980</u>	<u>\$ 5,133</u>	<u>\$ 189,120</u>	<u>\$ 5,261</u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined-Benefit Pension Plan

Plan Description

PSERS (Pennsylvania Public School Employee's Retirement System or the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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.psers.pa.gov.

Benefits Provided

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

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 three years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

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

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

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

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined-Benefit Pension Plan (Continued)

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: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 33.27% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated 0.35%.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2025, was \$7,128,946 and is equal to the required contribution for the year. For the year ended June 30, 2025, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$3,631,758.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$54,956,000 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 reported proportion was 0.1313%, which was an increase of 0.0006% from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025 the District recognized pension expense of \$3,880,114. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 864,000
Net difference between projected and actual investment earnings	909,000	-
Changes in proportions	194,000	1,383,000
Contributions subsequent to the measurement date	7,129,000	-
	<u>\$ 8,232,000</u>	<u>\$ 2,247,000</u>

\$7,129,000 is 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 ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2026	\$ (2,500,000)
2027	1,234,000
2028	307,000
2029	(185,000)
	<u>\$ (1,144,000)</u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined-Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined by rolling forward the System's total pension liability as of 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 ended June 30, 2020.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined-Benefit Pension Plan (Continued)

Investments

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

The 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.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

Discount Rate

The discount 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.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Defined-Benefit Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 72,393,000	\$ 54,956,000	\$ 40,231,000

Pension Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$2,471,605, which represents the employer contributions owed to the pension plan.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District's Single Employer Plan

Plan Description, Benefit Terms and Funding Policy

The District provides health, vision and dental benefits to eligible, retired employees and qualified spouses/beneficiaries. This is a single-employer, defined-benefit plan administered by the District. The District funds OPEB on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payments. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the plan are summarized in the chart below:

Group	Eligibility	Coverage and Premium Sharing	Duration
I. Administrators			
A) Hired Prior to July 1, 2007	Subsidized - 30 years of District service Unsubsidized - PSERS retirement	Coverage: Medical & Prescription Drug Premium Sharing: The member and dependents may elect medical and prescription drug coverage upon retirement. If the member is eligible for the subsidized benefit, the District will contribute 50% of the single premium up to \$4,000 towards medical and prescription drug coverage until the earlier of five years or Medicare age. Dependents may elect coverage by paying the full premiums. If the five-year subsidy period is exhausted or the member is not eligible for the subsidized benefit but has retired through PSERS, the member and dependents may continue coverage by paying the full premiums. Dependents: Family included Special Benefit: One retired administrator contributes the active Act 93 cost share amount for coverage until Medicare age.	Benefits cease upon member Medicare age.
B) Hired On or After July 1, 2007	PSERS Retirement	Act 110/43	Same as 1A
II. Teachers			
A) Retired Prior to July 1, 2022	N/A - already retired	Coverage: Medical & Prescription Drug Premium Sharing: The member and dependents may elect medical and prescription drug coverage upon retirement. If the member is eligible for the subsidized benefit, the District will contribute up to \$4,000 towards medical and prescription drug coverage until the earlier of five years or Medicare age. Dependents may elect coverage by paying the full premiums. If the five-year subsidy period is exhausted or the member is not eligible for the subsidized benefit but has retired through PSERS, the member and dependents may continue coverage by paying the full premiums.	Same as 1A
B) Retired On or After July 1, 2022	Subsidized - 25 years of District service Unsubsidized - PSERS Retirement	Coverage: Medical & Prescription Drug Premium Sharing: The member and dependents may elect medical and prescription drug coverage upon retirement. If the member is eligible for the subsidized benefit, the District will contribute 50% of the single premium up to \$6,000 towards medical and prescription drug coverage until the earlier of five years or Medicare age. Dependents may elect coverage by paying the full premiums. If the five-year subsidy period is exhausted or the member is not eligible for the subsidized benefit but has retired through PSERS, the member and dependents may continue coverage by paying the full premiums. Dependents: Family included	Same as 1A
III. Classified Employees			
A) Hired Prior to July 1, 2007	Subsidized - 25 years of District service Unsubsidized - PSERS retirement	Same as IIB	Same as 1A
B) Hired On or After July 1, 2007	PSERS Retirement	Act 110/43	Same as 1A

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 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 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination age plus service equal to or greater than 92 with a minimum 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of 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 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 services. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Coordination with Medicare: The group medical plan pays primary to Medicare.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2024, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	291
	<u>298</u>

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

At June 30, 2025, the District reported a liability of \$5,491,888 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2024. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	\$ 4,900,628
Changes for the year	
Service cost	238,832
Interest	208,755
Differences between expected and actual experience	(445,768)
Changes of assumptions	746,109
Estimated benefit payments	(156,668)
Net Changes	591,260
Total OPEB Liability, ending	\$ 5,491,888

For the year ended June 30, 2025, the District recognized OPEB expense of \$351,560. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 658,282	\$ 1,014,438
Changes of assumptions	1,065,410	1,398,791
Benefit payments subsequent to the measurement date	136,088	-
	<u>\$ 1,859,780</u>	<u>\$ 2,413,229</u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$136,088 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30,	Total
2026	\$ (96,027)
2027	(96,027)
2028	(96,027)
2029	(96,032)
2030	(99,870)
Thereafter	(205,554)
	<u>\$ (689,537)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation: 2.5%
- Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Discount Rate - 4.29%. Based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
- Health Care Cost Trend 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 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - Single Employer District Plan (Continued)

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District calculated using the discount rate of 4.29%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.29%) or one-percentage-point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB liability	\$ 5,944,080	\$ 5,491,888	\$ 5,064,162

Changes in Actuarial Assumptions

The discount rate used to measure the total OPEB liability increased from 4.13% as of July 1, 2023, to 4.29% as of July 1, 2024.

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

The following presents the total OPEB liability of the District's single employer plan calculated using the health care cost trend rates (7.0% decreasing to 4.0%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 4,973,973	\$ 5,491,888	\$ 6,102,476

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan

Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other post-employment 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.

Retirees of the System can participate in Premium Assistance 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, and

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.

Benefits Provided

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

Employer Contributions

The 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 \$135,049 for the year ended June 30, 2025.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$2,325,000 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 reported proportion was 0.1309%, which was a increase of 0.0004% from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$57,006. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,000	\$ 35,000
Changes in assumptions	142,000	355,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportion	17,000	128,000
Contributions subsequent to the measurement date	135,000	-
	<u>\$ 305,000</u>	<u>\$ 518,000</u>

\$135,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2026	\$ (103,000)
2027	(103,000)
2028	(117,000)
2029	(20,000)
2030	(5,000)
	<u>\$ (348,000)</u>

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Actuarial Assumptions

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

- Valuation Date - June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 4.13% as of June 30, 2023, to 4.21%, as of June 30, 2024.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022, determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization 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.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Investments

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

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

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

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

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.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 2,627,000	\$ 2,325,000	\$ 2,073,000

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,325,000	\$ 2,325,000	\$ 2,326,000

OPEB Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$46,802, which represents the employer contributions owed to the OPEB plan.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Fund Balance Designations

The District had designated certain portions of its governmental fund balances as follows:

	General Fund	Capital Reserve Fund	Non-Major Special Revenue Fund	Total Governmental Funds
Nonspendable Fund Balance				
Prepaid expenditures	\$ 4,681,203	\$ -	\$ -	\$ 4,681,203
Restricted Fund Balance				
Future capital improvements	-	13,162,035	-	13,162,035
Committed Fund Balance				
Future retirement increases	554,000	-	-	554,000
Assigned Fund Balance				
Future retirement increases	650,000	-	-	650,000
Future healthcare increases	1,000,000	-	-	1,000,000
Future technology purchases	2,300,000	-	-	2,300,000
Future healthcare requirements	392,137	-	-	392,137
Future special education purchases	1,000,000	-	-	1,000,000
Future information system purchases	200,000	-	-	200,000
Future safety and security purchases	500,000	-	-	500,000
Future student services purchases	500,000	-	-	500,000
Future capital projects	1,744,205	-	-	1,744,205
Future transportation cost increases	500,000	-	-	500,000
Future emergency and education needs	1,481,260	-	-	1,481,260
Subsequent year budgeted use of fund balance	1,555,795	-	-	1,555,795
Unassigned Fund Balance	5,008,817	-	70,047	5,078,864
	<u>\$ 22,067,417</u>	<u>\$ 13,162,035</u>	<u>\$ 70,047</u>	<u>\$ 35,299,499</u>

Note 13. Risk Management

Health Insurance

The District participates in the South-Central Region School Employees Benefit and Welfare Trust (the Trust), a public entity risk pool that provides its employees medical and dental insurance. The member school districts Of the Trust elect trustees to manage it, but the risk is not shared among all members. At June 30, 2025, there were nine member school districts in the Trust. The District uses a “claim-based” funding plan for medical insurance. Under this plan, the District pays the Trust based on actual claims paid, or in essence, self-insures. Revenues and expenses of the program are accounted for in the general fund.

Payments are made from the general fund based on an estimate of expected claims established by the insurance carrier at the beginning of the year. Premiums charged in excess of claims paid and administrative costs are deposited in a rate-stabilization fund for the District. Since the District is responsible for its own risk, additional assessments would be charged to make up any deficiencies in this fund related to the District; thus, this functions like a retrospectively rated program. The balance remaining in the rate-stabilization fund held by the Trust is considered a prepaid expense within the general fund. Provisions are in effect by the Trust to refund any excess monies should the District withdraw or the Trust be dissolved. The District maintains stop loss coverage for claims greater than \$300,000 individually and has an unlimited lifetime benefit per person.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

Health Insurance (Continued)

Changes in health insurance claims liability amounts (including stop loss premiums and administrative charges) for the year ended June 30, 2025, were as follows:

Year ended June 30,	Liability Beginning	Current Year Expense (including Changes in Estimate)	Payments	Cash Balance in the Trust	Liability Ending	Net Prepaid
2025	\$ 340,141	\$ 5,155,865	\$ 5,070,262	\$ 5,089,310	\$ 425,744	\$ 4,663,566

The ending liability consists of incurred but not reported (IBNR) claims as of June 30, 2025. The IBNR was estimated based on actual claims incurred prior to June 30, 2025, but paid after year-end. The ending liability above is netted with the cash balance in the Trust resulting in the net prepaid expenses reported within the General Fund.

Other Insurance

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. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For State unemployment compensation laws, the District is self-insured, which is a common practice for local governmental units. Any unemployment claims are paid by the District on a quarterly basis as incurred.

For workers' compensation insurance, approximately 80 School Districts participate in a public entity risk sharing pool (School Districts Insurance Consortium) for processing claims and obtaining reinsurance through commercial insurance carriers. Under this plan, the District's annual cost should not exceed standard commercial insurance rates.

Funding Constraints

The District is subject to external constraints that may create a risk of substantial impact on its financial position. During the fiscal year ended June 30, 2025, approximately 38% of the District's General Fund revenues were derived from the Commonwealth of Pennsylvania and the Federal Government. The District is dependent on timely appropriations and disbursements from these governments to fund its operations and programs. The Commonwealth of Pennsylvania and Federal Government have experienced delays in the passage of their annual budgets, resulting in delays in the release of state and certain federal pass-through funds to local governments and agencies. Management continues to monitor the budget process at both the federal and state levels and will update its mitigation strategies as necessary.

BIG SPRING SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Commitments and Contingencies

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the District. It is anticipated that any material loss of tax revenue on individual tax appeals will be Offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District is involved with various potential lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the District's professional liability insurance policy and would not have a material effect on the financial position of the District.

The District participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025, may be impaired. In the Opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTARY INFORMATION

BIG SPRING SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Taxes	\$ 38,199,062	\$ 38,199,062	\$ 38,607,069	\$ 408,007
Investment earnings	683,305	683,305	1,482,448	799,143
Revenue from intermediate sources	627,200	627,200	608,165	(19,035)
Other revenue	704,285	704,285	794,177	89,892
State sources	23,776,745	23,776,745	24,159,734	382,989
Federal sources	772,320	772,320	879,312	106,992
Total revenues	64,762,917	64,762,917	66,530,905	1,767,988
Expenditures				
Instruction				
Regular programs	23,868,617	23,932,047	22,970,744	961,303
Special Programs	14,863,073	14,858,974	15,318,926	(459,952)
Vocational education programs	923,341	923,341	772,316	151,025
Other instructional programs	106,493	106,493	20,890	85,603
Nonpublic school programs	7,000	7,159	7,151	8
Total instruction	39,768,524	39,828,014	39,090,027	737,987
Support services				
Students	2,210,825	2,210,825	2,034,067	176,758
Instructional staff	1,650,913	1,635,792	1,670,816	(35,024)
Administration	3,454,818	3,454,818	3,514,426	(59,608)
Pupil health	842,821	846,920	763,598	83,322
Business	494,394	494,394	478,375	16,019
Operation and maintenance of plant services	5,238,672	5,238,672	5,202,568	36,104
Student transportation	2,914,764	2,914,764	2,913,215	1,549
Central	1,423,798	1,423,798	1,308,501	115,297
Other support services	30,000	30,000	28,884	1,116
Total support services	18,261,005	18,249,983	17,914,450	335,533
Operation of non-instructional services				
Student activities	1,530,166	1,530,166	1,531,344	(1,178)
Community services	55,802	56,531	44,376	12,155
Total operation of non-instructional services	1,585,968	1,586,697	1,575,720	10,977
Debt service				
Principal	3,954,098	3,954,098	4,023,289	(69,191)
Interest and bond costs	1,450,212	1,450,212	1,451,278	(1,066)
Total debt service	5,404,310	5,404,310	5,474,567	(70,257)
Refund of prior years' revenue	-	-	98,660	(98,660)
Total expenditures	65,019,807	65,069,004	64,153,424	915,580
(Deficiency) excess of revenues (under) over expenditures	(256,890)	(306,087)	2,377,481	2,683,568
Other Financing Sources (Uses)				
Proceeds from leases and other right to use assets	150,000	150,000	151,367	1,367
Insurance recoveries	-	-	5,000	5,000
Interfund transfers in (out)	(300,000)	(300,000)	(2,087,487)	(1,787,487)
Budgetary reserve	(100,000)	(50,803)	-	50,803
Total other financing uses	(250,000)	(200,803)	(1,931,120)	(1,730,317)
Net change in fund balance	\$ (506,890)	\$ (506,890)	446,361	\$ 953,251

Fund Balance - July 1, 2024

Fund Balance - June 30, 2025

21,621,056
\$22,067,417

BIG SPRING SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.1313%	\$ 54,956,000	\$ 20,776,444	264.51%	64.63%
2024	0.1307%	\$ 58,143,699	\$ 19,990,833	290.85%	61.85%
2023	0.1332%	\$ 59,219,018	\$ 19,569,164	302.61%	61.34%
2022	0.1404%	\$ 57,643,649	\$ 19,910,461	289.51%	63.67%
2021	0.1410%	\$ 69,427,013	\$ 19,870,868	349.39%	54.32%
2020	0.1391%	\$ 65,074,608	\$ 19,189,534	339.12%	55.66%
2019	0.1426%	\$ 68,455,000	\$ 19,534,713	350.43%	54.00%
2018	0.1377%	\$ 68,008,000	\$ 18,543,050	366.76%	51.84%
2017	0.1398%	\$ 69,280,000	\$ 19,035,700	363.95%	50.14%
2016	0.1413%	\$ 61,205,486	\$ 18,049,673	339.09%	54.36%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years.

BIG SPRING SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 7,128,946	\$ (7,128,946)	\$ -	\$ 21,426,335	33.27%
2024	\$ 6,889,888	\$ (6,889,888)	\$ -	\$ 20,821,012	33.09%
2023	\$ 6,864,199	\$ (6,864,199)	\$ -	\$ 19,990,833	34.34%
2022	\$ 6,680,913	\$ (6,680,913)	\$ -	\$ 19,569,164	34.14%
2021	\$ 6,707,834	\$ (6,707,834)	\$ -	\$ 19,910,461	33.69%
2020	\$ 6,637,023	\$ (6,637,023)	\$ -	\$ 19,870,868	33.40%
2019	\$ 6,257,561	\$ (6,257,561)	\$ -	\$ 19,189,534	32.61%
2018	\$ 6,200,318	\$ (6,200,318)	\$ -	\$ 19,534,713	31.74%
2017	\$ 5,414,570	\$ (5,414,570)	\$ -	\$ 18,543,050	29.20%
2016	\$ 4,758,923	\$ (4,758,923)	\$ -	\$ 19,035,700	25.00%

The schedule is presented to illustrate the requirement to show information for 10 years.

BIG SPRING SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN
For the Fiscal Year Ended June 30,**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 238,832	\$ 224,998	\$ 269,468	\$ 276,141	\$ 237,279	\$ 241,912	\$ 290,074	\$ 292,483
Interest	208,755	192,018	99,550	79,323	132,938	114,194	143,670	106,568
Changes of benefit terms	-	-	653,575	-	-	-	(42,532)	-
Differences between expected and actual experience	(445,768)	-	855,766	-	(491,630)	-	(568,920)	-
Changes in assumptions	746,109	50,039	(1,336,070)	(140,612)	489,827	(121,935)	(401,877)	46,111
Benefit payments	(156,668)	(154,768)	(110,611)	(101,983)	(95,632)	(116,240)	(146,972)	(115,421)
Net change in total OPEB liability	591,260	312,287	431,678	112,869	272,782	117,931	(726,557)	329,741
Total OPEB Liability - beginning	4,900,628	4,588,341	4,156,663	4,043,794	3,771,012	3,653,081	4,379,638	4,049,897
Total OPEB Liability - ending	\$ 5,491,888	\$ 4,900,628	\$ 4,588,341	\$ 4,156,663	\$ 4,043,794	\$ 3,771,012	\$ 3,653,081	\$ 4,379,638
Covered payroll	\$ 19,227,709	\$ 18,162,101	\$ 18,162,101	\$ 17,614,203	\$ 17,614,203	\$ 17,785,580	\$ 17,785,580	\$ 15,054,068
Net OPEB liability as a percentage of covered payroll	28.56%	26.98%	25.26%	23.60%	22.96%	21.20%	20.54%	29.09%

Notes to Schedule:

Changes in assumptions: The discount rate changed from 4.13% to 4.29%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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

BIG SPRING SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.1309%	\$ 2,325,000	\$ 20,776,444	11.19%	7.13%
2024	0.1305%	\$ 2,361,040	\$ 19,990,833	11.81%	7.22%
2023	0.1332%	\$ 2,451,907	\$ 19,569,164	12.53%	6.86%
2022	0.1403%	\$ 3,325,226	\$ 19,910,461	16.70%	5.30%
2021	0.1409%	\$ 3,044,422	\$ 19,870,868	15.32%	5.69%
2020	0.1391%	\$ 2,958,437	\$ 19,189,534	15.42%	5.56%
2019	0.1426%	\$ 2,973,000	\$ 19,534,713	15.22%	5.56%
2018	0.1377%	\$ 2,805,649	\$ 18,543,050	15.13%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

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

BIG SPRING SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 135,049	\$ (135,049)	\$ -	\$ 21,426,335	0.63%
2024	\$ 133,254	\$ (133,254)	\$ -	\$ 20,821,012	0.64%
2023	\$ 150,158	\$ (150,158)	\$ -	\$ 19,990,833	0.75%
2022	\$ 156,553	\$ (156,553)	\$ -	\$ 19,569,164	0.80%
2021	\$ 163,266	\$ (163,266)	\$ -	\$ 19,910,461	0.82%
2020	\$ 167,019	\$ (167,019)	\$ -	\$ 19,870,868	0.84%
2019	\$ 159,318	\$ (159,318)	\$ -	\$ 19,189,534	0.83%
2018	\$ 158,006	\$ (158,006)	\$ -	\$ 19,534,713	0.81%

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

SUPPLEMENTARY INFORMATION



**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
Big Spring School District
Newville, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Big Spring School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

District's Response to the Finding

Government Auditing Standards required the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is positioned in the center of the page.

Chambersburg, Pennsylvania
January 16, 2026



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

Board of School Directors
Big Spring School District
Newville, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Big Spring School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The 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, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script, reading "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania
January 16, 2026

BIG SPRING SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

10.553

Child Nutrition Cluster

School Breakfast Program

10.555

National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs

 \$750,000

Auditee qualified as low-risk auditee?

 Yes X No

BIG SPRING SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II -- Financial Statement Findings

A. Significant Deficiencies in Internal Control

Finding 2025-001- Late Submission of Data Collection Form

Criteria: The data collection and the reporting package must be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report on compliance for each major federal program or nine months after the end of the audit period.

Condition: The District did not submit the data collection form for the fiscal year ended June 30, 2024, within the nine-month requirement.

Cause and Effect: The District's audit for the fiscal year ended June 30, 2024, was delayed which in turn delayed submission of the data collection form.

Identification of Repeat Finding: No

Recommendation: The District should ensure that the books and records are closed and ready for audit timely which allows for timely filing of the data collection form.

Management Response: See Corrective Action Plan.

B. Compliance Findings

There were no findings relating to the Financial Statement audit required to be reported.

Section III -- Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

B. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

BIG SPRING SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Award Amount	Total Received (Refunded) for the Year	Restated Accrued (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at June 30, 2025	Provided to Subrecipients
U. S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-240037	8/21/2023 - 9/30/2024	\$ 630,116	\$ 130,930	\$ 130,930	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-250037	7/18/2024 - 9/30/2025	\$ 622,107	539,786	-	622,107	622,107	82,321	-
					670,716	130,930	622,107	622,107	82,321	-
Title II - Supporting Effective Instruction State Grants	84.367	020-240037	8/21/2023 - 9/30/2024	\$ 96,153	34,281	34,281	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-250037	7/18/2024 - 9/30/2025	\$ 102,274	54,420	-	97,012	97,012	42,592	-
					88,701	34,281	97,012	97,012	42,592	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-240037	8/21/2023 - 9/30/2024	\$ 48,211	20,662	20,662	-	-	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-250037	7/18/2024 - 9/30/2025	\$ 47,452	41,125	-	44,393	44,393	3,268	-
					61,787	20,662	44,393	44,393	3,268	-
COVID-19 - American Rescue Plan Elementary and Secondary Schools Emergency Relief-Homeless Children and Youth (ARP-HCY)	84.425W	181-212037	7/1/2021 - 9/30/2024	\$ 18,181	1,900	(341)	2,241	2,241	-	-
					1,900	(341)	2,241	2,241	-	-
Total passed through the Pennsylvania Department of Education					823,104	185,532	765,753	765,753	128,181	-
Passed through the Capital Area Intermediate Unit										
Special Education - Grants to States (IDEA, Part B)	84.027	062-190015	7/1/2024 - 9/30/2025	\$ 602,122	-	-	602,122	602,122	602,122	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	010-190615	7/1/2024 - 9/30/2025	\$ 2,420	-	-	2,420	2,420	2,420	-
Title III - English Language Acquisition State Grants	84.365	N/A	7/1/2024 - 9/30/2025	\$ 3,946	3,623	-	3,623	3,623	-	-
Total passed through the Capital Area Intermediate Unit					3,623	-	608,165	608,165	604,542	-
Total U. S. Department of Education					826,727	185,532	1,373,918	1,373,918	732,723	-
U. S. Department of Treasury										
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-CM-01-41989	1/1/2024 - 12/31/2025	\$ 131,307	47,244	-	113,559	113,559	66,315	-
Total U. S. Department of Treasury					47,244	-	113,559	113,559	66,315	-
U. S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	7/1/2024 - 6/30/2025	N/A	240,490	-	240,811	240,811	321	-
National School Lunch Program	10.555	N/A	7/1/2024 - 6/30/2025	N/A	599,133	-	599,642	599,642	509	-
Total passed through the Pennsylvania Department of Education					839,623	-	840,453	840,453	830	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	7/1/2024 - 6/30/2025	N/A	171,630	-	171,630	171,630	-	-
Total U. S. Department of Agriculture					1,011,253	-	1,012,083	1,012,083	830	-
Total Expenditures of Federal Awards					\$ 1,885,224	\$ 185,532	\$ 2,499,560	\$ 2,499,560	\$ 799,868	\$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					\$ -	\$ -	\$ 604,542	\$ 604,542	\$ 604,542	\$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					\$ 1,011,253	\$ -	\$ 1,012,083	\$ 1,012,083	\$ 830	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

BIG SPRING SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Prior Year Expenditures

For the year ended June 30, 2025, the District has restated the beginning accrued (deferred) revenue amounts on the Schedule of Expenditures of Federal Awards to accurately reflect expenditures incurred and revenue recognized in the prior year. The total restatement resulted in a decrease of \$204,653 to the beginning accrued (deferred) revenue amounts and impacted the following programs:

Assistance Listing Number	Pass Through Grantor's Number	Accrued (Deferred) Revenues as of		Total Received for fiscal year ended		Expenditures/ Revenue Recognized for fiscal year ended		Expenditures/ Revenue Recognized for fiscal year ended		Accrued (Deferred) Revenues as of		Accrued (Deferred) Revenues as of	
		July 1, 2023	Reported	June 30, 2024	Reported	June 30, 2024	Reported	June 30, 2024	Corrected	June 30, 2024	Reported	June 30, 2024	Corrected
84.425U	223-21-0037	\$ 93,260	\$ 93,260	\$ 1,264,696	\$ 1,211,430	\$ 1,171,436	\$ 39,994	\$ -	-				
84.425U	225-21-0037	(11,002)	-	-	69,200	11,002	58,198	-	-				
84.425W	181-21-2037	677	2,797	2,244	1,779	124	(341)						
84.425D	200-51-B2	-	600	97,421	600	96,821	-						
84.425D	200-51-B2	-	-	9,175	-	9,175	-						
		\$ 82,935	\$ 1,268,093	\$ 1,389,470	\$ 1,184,817	\$ 204,312	(341)						

BIG SPRING SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended June 30, 2025

There were no prior year's audit findings.



BIG SPRING SCHOOL DISTRICT
45 Mount Rock Road
Newville, PA 17241-9466

CORRECTIVE ACTION PLAN

Cognizant or Oversight Agency for Audit: Department of Education

Big Spring School District respectfully submits the following corrective action plan for the year ended June 30, 2025.

The findings from the June 30, 2025, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – FINANCIAL STATEMENT AUDIT

#2025-001 Internal Control – Significant Deficiency – Data Collection Form Filing

Corrective Action Planned: Secured a new audit firm due to accuracy concerns, audit firm staffing shortages, audit staffing turnover, and late completion of audited financial statements which delayed submission of report to FAC. Additionally, automatic, reoccurring calendar reminders will be placed on the Business Manager's and Accounting Controller's Outlook Calendar as reminders to meet FAC Data Collection Form filing deadline.

Anticipated Completion Date: New audit firm in place effective July 1, 2025. Calendar reminders added on December 18, 2025.

Contact Person Responsible: Cristy Lentz, Business Manager

If the Department of Education has questions regarding this plan, please contact Cristy Lentz, Business Manager.

Sincerely,

Cristy Lentz
Business Manager