



LOWER MERION SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Lower Merion School District
Ardmore, Pennsylvania

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 Lower Merion School District, Ardmore, Pennsylvania (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Lower Merion School District's basic financial statements as listed in the table of 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 Lower Merion School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 Lower Merion School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 Lower Merion School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Merion School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions - PSERS as listed in the table of 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 GAAS, 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.

Report on Summarized Comparative Information

The Lower Merion School District's 2024 financial statements were audited by other auditors and in their report dated February 28, 2025, expressed unmodified audit opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

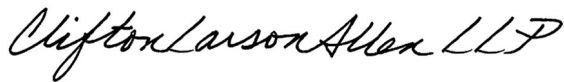
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lower Merion School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 GAAS. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of School Directors
Lower Merion School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026, on our consideration of Lower Merion School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lower Merion School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lower Merion School District’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 11, 2026

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Management's discussion and analysis (the MD&A) of Lower Merion School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, notes to the financial statements, and supplemental information in this report.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and business-type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit in net position at the close of the 2024-2025 fiscal year of \$20,791,247. During the 2024-2025 fiscal year the District had an increase in total net position of \$10,999,300. The net position of governmental activities increased by \$11,222,785 and the net position of the business-type activities decreased by \$223,485. The increase in the net position of governmental activities was primarily due to the results of operations and the change in the District's allocated portion of the net pension liability and the related changes in the pension deferred outflows and inflows as shown on the Statement of Net Position (Deficit) in the financial statements.
- As of June 30, 2025, the District's governmental funds reported a combined fund balance of \$39,085,261, which is a decrease of \$4,948,968 from the prior year. The decrease was primarily due to excess of capital expenditures in the Capital Projects Fund and Capital Reserve Fund for building and site renovations and repairs and budgeted use of the Debt Service Fund fund balance.
- The General Fund reported an excess of revenue over expenditures of \$1,279,258, less other net financing uses of \$4,095,647. The other net financing uses were primarily a transfer to the Capital Reserve Fund. This resulted in a decrease in fund balance of \$2,816,389, bringing the General Fund balance to \$24,213,497 as of June 30, 2025.
- General Fund revenues from local sources increased a total of \$6,194,544 over the prior year. This was due to an increase in real estate and interim taxes of \$8,555,472 primarily due to a millage increase of 4.69% net of a decrease in interest income in the amount of \$755,681 due to lower interest rates, a decrease in realty transfer taxes of \$371,891, a decrease in refund of prior years' expenditures of \$1,135,088 as well as the end of the pass thru federal funds from Montgomery County in the amount of \$200,000.
- General Fund revenues from state sources increased \$2,397,329 over the prior year. This increase is primarily due to increase in the state property tax reduction allocation, increase in revenue from basic education, special education, and charter school funding, the PHHEAA Student Teacher Support funding as well as the state share of retirement contributions.
- General Fund revenues from federal sources increased over the prior year by \$273,540 primarily due to an increase in Medical ACCESS reimbursement.
- General Fund expenditures, excluding other financing uses, had a net increase of \$9,555,903 over the prior year primarily due to budgeted increases across all functions. The largest portion of increases were due to salaries and wage increases and related benefit costs.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

- Net other financing uses in the General Fund increased compared to the prior year by \$1,098,597 primarily due to a larger transfer to the Capital Projects Fund in 2024-2025 compared to 2023-2024.
- During 2024-2025, the Capital Reserve Fund had \$3,914,566 in expenditures, which was predominantly for a roof replacement project at Gladwyne Elementary School.

OVERVIEW OF FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

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

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, instructional support, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-Type Activities** - The District operates a food service operation and charges fees to staff and students to cover the costs of the food service operation.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

FUND FINANCIAL STATEMENTS

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

- *Governmental Funds* – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* – These funds are used to account for District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, or where there is a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the government-wide statements.
- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. These assets are not reflected in the government-wide financial statements because the District cannot use these assets to finance its operations.
- *Notes to the Financial Statements* – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.
- *Other Information* – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT - GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2024-2025 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,190,193. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	\$ 86,054,169	\$ 89,106,344	\$ 3,328,017	\$ 3,407,925	\$ 89,382,186	\$ 92,514,269
Capital Assets, Net	486,368,959	495,243,634	150,569	67,797	486,519,528	495,311,431
Total Assets	572,423,128	584,349,978	3,478,586	3,475,722	575,901,714	587,825,700
Deferred Outflows of Resources	64,354,503	79,063,698	559,128	626,777	64,913,631	79,690,475
Liabilities:						
Current Liabilities	45,860,241	44,056,337	364,242	415,497	46,224,483	44,471,834
Noncurrent Liabilities	599,334,243	637,554,769	3,772,393	3,565,759	603,106,636	641,120,528
Total Liabilities	645,194,484	681,611,106	4,136,635	3,981,256	649,331,119	685,592,362
Deferred Inflows of Resources	12,187,006	13,629,214	88,467	85,146	12,275,473	13,714,360
Net Position (Deficit):						
Invested in Capital Assets, Net of Related Debt	322,082,393	307,092,467	150,569	67,797	322,232,962	307,160,264
Restricted	15,921,785	20,482,470	-	-	15,921,785	20,482,470
Unrestricted (Deficit)	(358,608,037)	(359,401,581)	(337,957)	(31,700)	(358,945,994)	(359,433,281)
Total Net Position (Deficit)	\$ (20,603,859)	\$ (31,826,644)	\$ (187,388)	\$ 36,097	\$ (20,791,247)	\$ (31,790,547)

The District's total assets as of June 30, 2025 were \$575,901,714 of which \$70,811,325 or 12.29% consisted of unrestricted cash and investments and \$486,519,528 or 84.47% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2025 were \$649,331,119 of which \$168,396,043 or 25.16% consisted of general obligation debt used to acquire and construct capital assets and \$393,436,464 or 58.78% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$358,945,994 at June 30, 2025 which is primarily due to the recognition of the District's PSERS net pension liability.

The District's net position invested in capital assets net of accumulated depreciation, less any related debt used to acquire those assets that is still outstanding, was \$322,232,962 as of June 30, 2025. The District uses these capital assets to provide services to students, and are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets increased by \$15,072,698 because the debt used to acquire capital assets was being repaid faster than capital assets acquired with long-term debt were being depreciated and capital assets were acquired with resources other than long-term debt.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

The following table presents condensed information for the Statement of Activities of the District for 2025 and 2024. The increase in net position from 2024 to 2025 is significantly higher primarily due to the current year results in operations and the change in the actuarially determined net pension liability and related deferred outflows and inflows.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Services:						
Charges for Services	\$ 558,224	\$ 547,102	\$ 3,068,491	\$ 2,989,564	\$ 3,626,715	\$ 3,536,666
Operating Grants and Contributions	43,380,130	43,430,137	2,175,801	2,114,409	45,555,931	45,544,546
General Revenues:						
Property Taxes	258,347,816	249,977,821	-	-	258,347,816	249,977,821
Other Taxes	5,395,828	5,754,791	-	-	5,395,828	5,754,791
Grants, Subsidies, and Contributions Not Restricted	11,525,687	10,094,127	-	-	11,525,687	10,094,127
Investment Earnings	7,140,505	8,194,008	160,030	167,281	7,300,535	8,361,289
Miscellaneous Revenue	2,383	327,315	-	-	2,383	327,315
Gain (Loss) on Sale of Capital Assets	-	(196,959)	-	10,500	-	(186,459)
Total Revenues	326,350,573	318,128,342	5,404,322	5,281,754	331,754,895	323,410,096
Expenses:						
Instruction	187,611,379	177,258,492	-	-	187,611,379	177,258,492
Instructional Student Support	25,857,211	23,506,244	-	-	25,857,211	23,506,244
Administrative and Financial Support	30,549,885	28,366,284	-	-	30,549,885	28,366,284
Operation and Maintenance of Plant Services	23,698,091	23,581,347	-	-	23,698,091	23,581,347
Pupil Transportation	21,601,462	19,654,824	-	-	21,601,462	19,654,824
Student Activities	6,323,451	6,728,112	-	-	6,323,451	6,728,112
Community Services	267,782	271,832	-	-	267,782	271,832
Interest and Amortization Expense Related to Noncurrent Liabilities	4,000,905	4,911,100	-	-	4,000,905	4,911,100
Unallocated Depreciation Expense	15,217,622	14,421,297	-	-	15,217,622	14,421,297
Food Service	-	-	5,627,807	4,771,658	5,627,807	4,771,658
Total Expenses	315,127,788	298,699,532	5,627,807	4,771,658	320,755,595	303,471,190
Change In Net Position	\$ 11,222,785	\$ 19,428,810	\$ (223,485)	\$ 510,096	\$ 10,999,300	\$ 19,938,906

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the fund balance was \$24,213,497 representing a decrease of \$2,816,389 from the prior year. The decrease in the fund balance is a result of revenues over expenditures of \$1,279,258, reduced by other net financing uses of \$4,095,647, primarily for transfers to the Capital Reserve Fund. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024-2025 fiscal year.

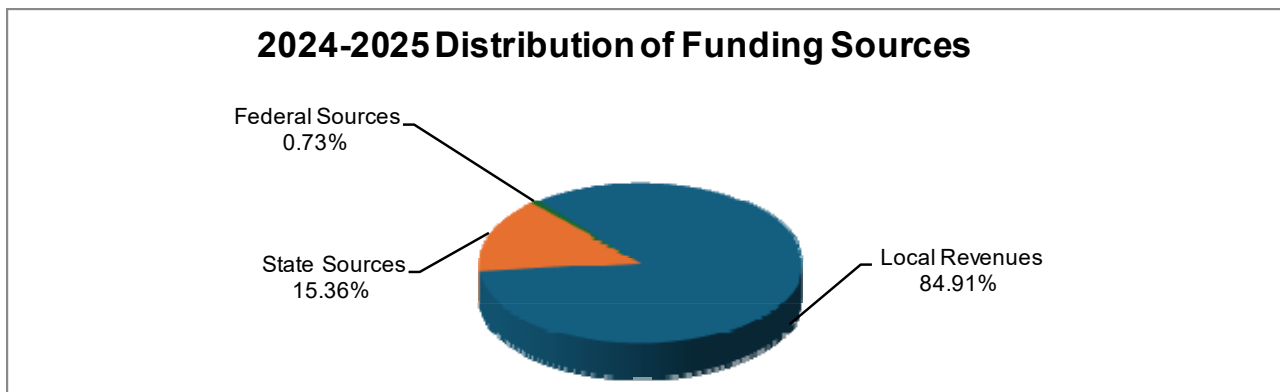
At June 30, 2025, the District reported an unassigned fund balance of \$6,217,409. The unassigned fund balance represents 1.76% of the \$352,596,744 2025-2026 General Fund budgeted expenditures which is in accordance with guidelines prescribed by the Pennsylvania Department of Education which allow a maximum of 8.00%.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

General Fund Revenues

General Fund revenues, which totaled \$326,149,122, increased \$8,865,413 or 3.35% over prior year revenues. The following table reflects a comparison of current year revenues to prior year revenues and 2024-2025 budgeted amounts as follows:

	Revenue 2025	% of Total	Increase (Decrease) From 2024	Variance with Final Budget - Positive (Negative)	Percentage Increase (Decrease) From 2024
Local Sources	\$ 273,677,975	83.91%	\$ 6,194,544	\$ (338,790)	2.32%
State Sources	50,086,265	15.36%	2,397,329	(403,565)	5.03%
Federal Sources	2,384,882	0.73%	273,540	514,882	12.96%
Total	<u>\$ 326,149,122</u>	<u>100.00%</u>	<u>\$ 8,865,413</u>	<u>\$ (227,473)</u>	<u>2.79%</u>



Actual revenue from local sources primarily includes revenue from real estate taxes levied by the District. The increase over prior year is primarily driven by an increase in real estate taxes from tax billings during the year. The state source revenue increase over the prior year is primarily due to an increase in the state property tax reduction allocation, basic education, special education, and charter school funding, the PHEAA Student Teacher Support funding as well as the state share of retirement contributions. The federal source revenue increased due to Medical ACCESS reimbursements.

Local revenues were budgeted to increase but real estate collections were lower causing a negative final budget variance. The budget variance in state revenue was primarily caused by state share of retirement contributions being less than budgeted. The final budget variance in Federal revenue was due to more Medical ACCESS reimbursements in 2024-2025 than budgeted.

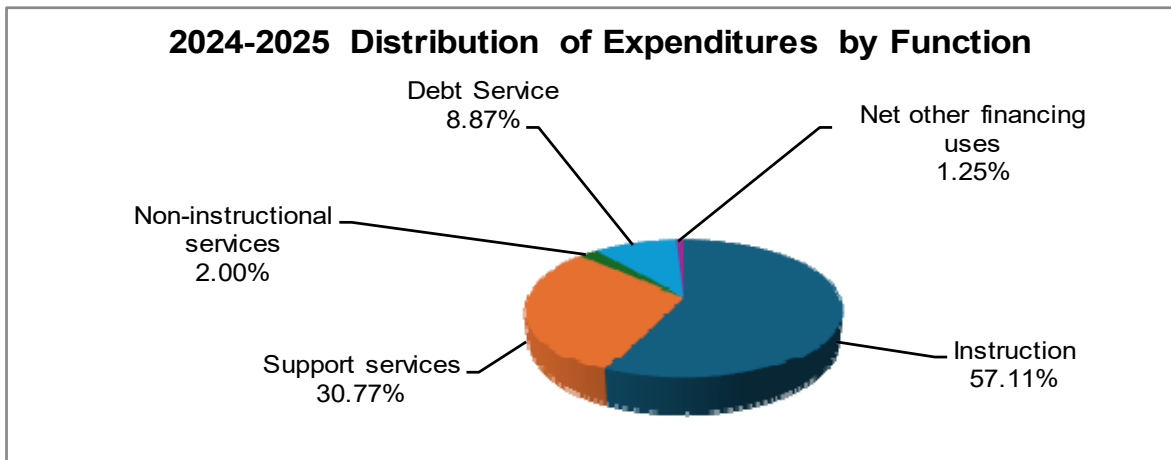
General Fund Expenditures and Other Financing Uses

General Fund expenditures including net other financing uses, which total \$328,965,511, increased \$10,654,500 in 2024-2025 over the 2023-2024 expenditures. Expenditures excluding net other financing uses were under final budget (positive variance) by a combined \$106,731, and net other financing uses were under final budget (positive variance) by \$204,353 for a net total of \$311,084 positive variance with final budget.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

The expenditures are segregated into various programs depending on the functions of the activity. The expenditures for each program are compared to the prior year expenditures, and the 2024-2025 final budget amounts as follows:

	Expenditures And Other Financing Uses 2025	% of Total	Increase (Decrease) From 2024	Variance with Final Budget - Positive (Negative)	Percentage Increase (Decrease) From 2024
Instruction	\$ 187,881,278	57.11%	\$ 6,969,582	\$ 19,609	3.85%
Support Services	101,237,536	30.77%	6,132,343	63,859	6.45%
Noninstructional services	6,580,159	2.00%	(566,329)	18,687	-7.92%
Debt Service	29,170,891	8.87%	(2,979,693)	4,576	-9.27%
Net Other Financing Uses	4,095,647	1.25%	1,098,597	204,353	36.66%
Total	<u>\$ 328,965,511</u>	<u>100.00%</u>	<u>\$ 10,654,500</u>	<u>\$ 311,084</u>	<u>29.76%</u>



The increase in the instruction and support services expenses is primarily due to increases in personnel costs and other purchased services.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt. At June 30, 2025, the District reported a fund balance of \$2,949,979, which is a decrease over the prior year of \$1,571,894. The change was due to \$1,750,799 in capital expenditures in excess of \$178,905 of investment income. The Capital Projects Fund balance as of June 30, 2025 is restricted for future capital expenditures.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

CAPITAL RESERVE FUND

The Capital Reserve Fund accounts for major equipment purchases and some renovations related to the District's buildings and receives the majority of its revenues from transfers from the General Fund. At June 30, 2025, the District reported a Capital Reserve Fund balance of \$8,021,171, which is an increase over the prior year of \$309,674. The Capital Reserve Fund reported investment income of \$224,240 and a transfer from the General Fund of \$4,000,000 in excess of capital expenditures of \$3,914,566. The fund balance as of June 30, 2025 is restricted for future capital expenditures.

DEBT SERVICE FUND

The Debt Service Fund accounts for funds restricted for the payment of a portion of the District's debt service on outstanding general obligation debt. During 2024-2025, the Debt Service Fund balance decreased by \$870,359. The Debt Service Fund had a budgeted appropriation for the District's debt service of \$1,082,400 in excess of investment income of \$212,041. At June 30, 2025, the Debt Service Fund reported a fund balance of \$3,900,614 which will be used for a portion of future debt service needs.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of the business-type activities and Food Service Fund decreased by \$223,485. As of June 30, 2025, the business-type activities and Food Service Fund had a deficit in net position of \$187,388 as a result of recording the allocated portion of the net pension liability.

CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounted to \$486,519,528 net of accumulated depreciation. This investment in capital assets includes land, site improvements, buildings and improvements, furniture and equipment, right-to-use lease and subscription assets and vehicles. The total decrease in the District's investment in capital assets, net of accumulated depreciation, for the current fiscal year was \$8,791,903 or 1.78%. Current year capital additions were \$6,648,031, depreciation expense was \$15,250,271 and the net book value of disposed of capital assets was \$189,663. The major capital addition for the current fiscal year was \$4,383,301 for the Gladwynne Elementary School roof replacement.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

LONG-TERM DEBT AND NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$168,396,043 consisting of \$150,765,000 in bonds payable and net deferred credits of \$17,631,043. The entire amount is backed by the full faith and credit of the District. The District issues bonds to finance capital expenditures or to finance the retirement (refund) of existing debt. The District's general obligation debt decreased by a net amount of \$26,251,547 or 13.49% during the fiscal year.

The District maintains an Aaa rating from Moody's.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The District's outstanding general obligation debt as of June 30, 2025 is under the District's current debt limitation of \$712,037,125.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability totaled \$393,436,464 as of June 30, 2025. This is an actuarially determined estimate of the District's proportionate share of the unfunded cost of the PSERS pension plan obligation. The District's net pension liability allocation decreased by \$23,400,917 or 5.61% during the fiscal year.

The District reports a liability for its other post-employment benefits (OPEB) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's net OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$27,773,358 as of June 30, 2025. The District's combined net OPEB liability increased by \$687,747 or 2.54% during the fiscal year.

Other noncurrent liabilities consist of the District's liability for compensated absences and lease and subscription liabilities which totaled \$13,500,771 as of June 30, 2025.

More detailed information about the District's long-term debt and noncurrent liabilities is presented in the notes to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district has identified the following factors related to the district's future:

- The District adopted a budget for 2025-2026 totaling \$352,596,744 in which the real estate tax millage was increased to 35.2674 mills or approximately 4.00%. The budget is projected to use \$3,500,000 of restricted fund balance.
- The 2024–2025 school year marked the implementation of several curricular and instructional improvements developed through the work of multi-year planning teams in grades K–4 and 5–8. At each level, these teams engaged in a thoughtful reimagining of teaching and learning to position the district for continued progress toward its Strategic Plan in the years ahead.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Beginning in the 2025–2026 school year, a series of enhancements and next steps were implemented at the K–4 level. Interdisciplinary Problem-Based Learning (PBL) units will begin to be updated to align with the new STEELS science standards and further integrated with existing and new District Residencies. The K–4 schedule provided dedicated time in the schedule for intervention instructional minutes and include a dedicated W.I.N. (What I Need) period for intervention and enrichment, which in some instances necessitates additional resources or programming. Structured literacy programming continued to become more cohesive and aligned through the purchase of additional resources across grade levels and tiers, as well as targeted professional learning for educators. Full-day kindergarten has further strengthened purposeful play learning with new resources that support social-emotional learning and the cross-cutting concepts embedded in the updated science standards. In addition, new elementary core programs in mathematics, science, and English language arts will be phased in over the next three to four years.

At the middle school level, grades 5–8 began to see the implementation of several instructional enhancements beginning in the 2025–2026 school year. These include the adoption of a new mathematics program, updated integrated Humanities lessons supported by new text sets, and the addition of dedicated intervention time within the schedule. Students also benefited from expanded elective offerings, the introduction of a new Leadership course, and increased opportunities in World Language study. Together, these initiatives reflect the district's ongoing commitment to providing engaging, equitable, and future-ready learning experiences while informing the overall fiscal planning process.

- The District is positioned to handle future fiscal challenges, and it will continue to practice prudent fiscal management practices to ensure sufficient funding for its operations and capital spending.

MISSION STATEMENT

Committed to excellence and continuous improvement, the Lower Merion School District strives to ensure that all students achieve their highest level of critical thinking and creativity, that they value themselves and the diversity of others, and that they are knowledgeable, contributing citizens capable of excelling in a rapidly changing world.

This is accomplished by individuals engaging in innovative, active experiences tailored to myriad ways of learning and in partnership with our community.

VISION STATEMENT

Students are our reason for being. We create an environment designed to fulfill the individual learning needs and aspirations of each student. The District develops active partnerships at all levels of our learning community and values the individual contribution of each member.

We view learning as dynamic, innovative and collaborative. Individuals learn best when their hearts, minds and spirits are intimately engaged in the learning process. Enter to learn. Go forth to serve.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

BELIEFS

Our deepest convictions and values:

We believe that:

- All people have equal intrinsic worth.
- People learn in different ways and at different rates.
- Each person bears responsibility for the well-being of society and the quality of the environment.
- Learning occurs everywhere and is a lifelong pursuit of knowledge, truth and wisdom.
- High quality public education directly benefits the entire community and is essential for a democratic society.
- The responsibility for learning rests primarily with the individual; however, education is the shared responsibility of the student, home, family, school and entire community.
- Individuals learn best when actively engaged in the learning process.
- Excellence demands sustained effort.
- All individuals can be successful learners.
- High expectations yield high results.
- Society benefits when individual rights are balanced with social responsibility.
- Ethical conduct is essential to the quality of life.

STRATEGIC PLAN

The District launched an ambitious, year-long comprehensive planning process in the fall of 2013 to provide a new direction for public education in our community. In recent years, strategic planning in the District had been driven largely by the Pennsylvania Department of Education's strategic planning requirements, and plans were developed to address specific issues and perceived weaknesses. The 2014 District planning process was designed to be more expansive in scope and significantly more inclusive of our diverse, dynamic community. Thousands of stakeholders contributed to this process, sharing their thoughts, ideas and dreams for our schools through community surveys, community forums, focus groups, public meetings and a steering committee of 70 community volunteers.

**LOWER MERION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

The result of these collective efforts is our Strategic Plan, All Forward: Strategic Pathways for Lower Merion School District. All Forward differs greatly from previous District strategic plans, both in content and structure. Rather than a tactical guide with step-by-step instructions, the plan serves as a strategic compass for the next five years and beyond. The District designed it to be actionable, inspirational and accessible to all members of our school community. Five "bold statements of strategic intent" provide the framework of our plan. These statements, crafted by our steering committee, represent where we want to be as a school community and indicate a shift from where we are today in how we define student success, develop curriculum, support professional learning, engage students and partner with our community. It is important to note that the intent of the plan is not to solve a problem or fix a failure. Rather, it serves as a necessary next step forward in our evolution as one of the finest public-school systems in the United States.

Collaboration, innovation, and celebration are consistent themes throughout the plan and characterize the community's work in developing this document. Our plan embraces a collective, intentional, positive approach to change. It is driven by our belief in continuous improvement and an unyielding passion for high-quality public education. It represents our commitment to the children of Lower Merion and Narberth now and forever.

STRATEGIC PATHWAYS

- Pathway 1: Redefining Success - Transform how we define, measure and report student achievement with a focus on each student's individualized growth and mastery in areas that extend beyond traditional academic indicators.
- Pathway 2: Transformative Curriculum - Shift from content areas silos to a connected curriculum that prepares students to transfer knowledge and apply thinking strategies across disciplines.
- Pathway 3: A Commitment to Professional Learning - Transform professional learning from a top-down model to one that honors and harnesses our educators' collective wisdom.
- Pathway 4: Student-Driven Schools - Adjust our system from one characterized by heavily prescribed requirements to one that affords more self-directed goal setting and positive risk taking - where students navigate their own learning in close partnership with professionals.
- Pathway 5: A Spirit of Community - Transform our approach to community outreach from one that is less coordinated to one that strategically leverages and maximizes community resources to strengthen our schools.

The District is in the process of updating the strategic plan.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Lower Merion School District, 301 East Montgomery Avenue, Ardmore, Pennsylvania 19003.

BASIC FINANCIAL STATEMENTS

LOWER MERION SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities	Business-Type Activities	Totals	
			2025	2024
ASSETS				
Current Assets:				
Cash	\$ 64,673,988	\$ 3,201,377	\$ 67,875,365	\$ 67,122,184
Investments	2,935,960	-	2,935,960	7,000,000
Due from Other Governments	13,823,086	417,587	14,240,673	13,857,319
Other Receivables	480,348	27,188	507,536	526,857
Taxes Receivable	2,998,537	-	2,998,537	2,977,153
Internal Balances	446,162	(446,162)	-	-
Inventories	-	128,027	128,027	137,629
Prepaid Expenses	696,088	-	696,088	893,127
Total Current Assets	<u>86,054,169</u>	<u>3,328,017</u>	<u>89,382,186</u>	<u>92,514,269</u>
Noncurrent Assets:				
Nondepreciable Capital Assets	45,307,365	-	45,307,365	45,022,179
Depreciable Capital Assets, Net	441,061,594	150,569	441,212,163	450,289,252
Total Noncurrent Assets	<u>486,368,959</u>	<u>150,569</u>	<u>486,519,528</u>	<u>495,311,431</u>
Total Assets	572,423,128	3,478,586	575,901,714	587,825,700
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts on Debt Refunding	1,665,423	-	1,665,423	2,135,896
Deferred Charges on Proportionate Share of Pension - PSERS	58,313,137	536,646	58,849,783	72,985,069
Deferred Charges on Proportionate Share of OPEB - PSERS	2,421,209	22,482	2,443,691	3,138,230
Deferred Charges OPEB - Single Employer	1,954,734	-	1,954,734	1,431,280
Total Deferred Outflows of Resources	<u>64,354,503</u>	<u>559,128</u>	<u>64,913,631</u>	<u>79,690,475</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	6,142,449	82,938	6,225,387	6,155,637
Accrued Salaries, Payroll Withholdings, and Benefits	38,201,384	-	38,201,384	36,406,448
Accrued Interest Payable	974,464	-	974,464	1,195,778
Unearned Revenue	541,944	281,304	823,248	713,971
Total Current Liabilities	<u>45,860,241</u>	<u>364,242</u>	<u>46,224,483</u>	<u>44,471,834</u>
Noncurrent Liabilities:				
Due Within One Year	35,502,601	-	35,502,601	26,409,410
Due in More Than One Year	563,831,642	3,772,393	567,604,035	614,711,118
Total Noncurrent Liabilities	<u>599,334,243</u>	<u>3,772,393</u>	<u>603,106,636</u>	<u>641,120,528</u>
Total Liabilities	645,194,484	4,136,635	649,331,119	685,592,362
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits on Proportionate Share of Pension - PSERS	6,711,679	62,321	6,774,000	6,883,000
Deferred Credits on Proportionate Share of OPEB - PSERS	2,815,854	26,146	2,842,000	3,474,000
Deferred Credits OPEB - Single Employer	2,659,473	-	2,659,473	3,357,360
Total Deferred Inflows of Resources	<u>12,187,006</u>	<u>88,467</u>	<u>12,275,473</u>	<u>13,714,360</u>
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	322,082,393	150,569	322,232,962	307,160,264
Restricted	15,921,785	-	15,921,785	20,482,470
Unrestricted (Deficit)	<u>(358,608,037)</u>	<u>(337,957)</u>	<u>(358,945,994)</u>	<u>(359,433,281)</u>
Total Net Position (Deficit)	<u>\$ (20,603,859)</u>	<u>\$ (187,388)</u>	<u>\$ (20,791,247)</u>	<u>\$ (31,790,547)</u>

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position (Deficit)		Totals	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2025	2024
PRIMARY GOVERNMENT								
Governmental Activities:								
Instruction	\$ 187,611,379	\$ 292,883	\$ 30,532,732	\$ -	\$ (156,785,764)	\$ -	\$ (156,785,764)	\$ (146,965,374)
Instructional Student Support Services	25,857,211	-	3,319,390	-	(22,537,821)	-	(22,537,821)	(19,516,402)
Administrative and Financial Support Services	30,549,885	-	2,963,897	-	(27,585,988)	-	(27,585,988)	(25,510,233)
Operation and Maintenance of Plant Services	23,698,091	176,983	2,016,927	-	(21,504,181)	-	(21,504,181)	(21,458,053)
Pupil Transportation	21,601,462	-	3,436,862	-	(18,164,600)	-	(18,164,600)	(16,242,749)
Student Activities	6,323,451	30,078	725,974	-	(5,567,399)	-	(5,567,399)	(5,865,269)
Community Services	267,782	58,280	-	-	(209,502)	-	(209,502)	(205,377)
Interest and Amortization Expense Related to Noncurrent Liabilities	4,000,905	-	384,348	-	(3,616,557)	-	(3,616,557)	(4,537,539)
Unallocated Depreciation Expense	15,217,622	-	-	-	(15,217,622)	-	(15,217,622)	(14,421,297)
Total Governmental Activities	315,127,788	558,224	43,380,130	-	(271,189,434)	-	(271,189,434)	(254,722,293)
Business-Type Activities:								
Food Service	5,627,807	3,068,491	2,175,801	-	-	(383,515)	(383,515)	332,315
Total Primary Government	<u>\$ 320,755,595</u>	<u>\$ 3,626,715</u>	<u>\$ 45,555,931</u>	<u>\$ -</u>	(271,189,434)	(383,515)	(271,572,949)	(254,389,978)
GENERAL REVENUES								
Property Taxes Levied for General Purposes					258,347,816	-	258,347,816	249,977,821
Other Taxes Levied for General Purposes					5,395,828	-	5,395,828	5,754,791
Grants and Entitlements Not Restricted to Specific Programs					11,525,687	-	11,525,687	10,094,127
Gain (Loss) on Sale of Capital Assets					-	-	-	(186,459)
Investment Earnings					7,140,505	160,030	7,300,535	8,361,289
Miscellaneous Income					2,383	-	2,383	327,315
Total General Revenues					<u>282,412,219</u>	<u>160,030</u>	<u>282,572,249</u>	<u>274,328,884</u>
CHANGES IN NET POSITION (DEFICIT)					11,222,785	(223,485)	10,999,300	19,938,906
Net Position (Deficit) - Beginning of Year					(31,826,644)	36,097	(31,790,547)	(51,729,453)
NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (20,603,859)</u>	<u>\$ (187,388)</u>	<u>\$ (20,791,247)</u>	<u>\$ (31,790,547)</u>

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Major Funds				Totals	
	General Fund	Capital Projects Fund	Capital Reserve Fund	Debt Service Fund	2025	2024
ASSETS						
Cash	\$ 49,351,825	\$ 3,400,378	\$ 8,021,171	\$ 3,900,614	\$ 64,673,988	\$ 63,707,608
Investments	2,935,960	-	-	-	2,935,960	7,000,000
Taxes Receivable	2,998,537	-	-	-	2,998,537	2,977,153
Due from Other Funds	804,699	-	-	-	804,699	721,758
Due from Other Governments	13,823,086	-	-	-	13,823,086	13,635,584
Other Receivables	373,500	-	106,848	-	480,348	503,890
Prepaid Items	696,088	-	-	-	696,088	893,127
Total Assets	<u>\$ 70,983,695</u>	<u>\$ 3,400,378</u>	<u>\$ 8,128,019</u>	<u>\$ 3,900,614</u>	<u>\$ 86,412,706</u>	<u>\$ 89,439,120</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 5,585,202	\$ 450,399	\$ 106,848	\$ -	\$ 6,142,449	\$ 6,074,203
Due to Other Funds	358,537	-	-	-	358,537	332,776
Accrued Salaries, Payroll Withholdings, and Benefits	38,201,384	-	-	-	38,201,384	36,406,448
Unearned Revenues	541,944	-	-	-	541,944	379,908
Total Liabilities	<u>44,687,067</u>	<u>450,399</u>	<u>106,848</u>	<u>-</u>	<u>45,244,314</u>	<u>43,193,335</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues - Property Taxes	2,083,131	-	-	-	2,083,131	2,211,556
FUND BALANCES						
Nonspendable:						
Prepaid Items	696,088	-	-	-	696,088	893,127
Restricted for:						
Capital Projects	-	2,949,979	8,021,171	-	10,971,150	12,233,370
Debt Service	-	-	-	3,900,614	3,900,614	4,770,973
Legal Settlement	4,000,000	-	-	-	4,000,000	8,000,000
Committed to:						
Future PSERS Obligations	3,300,000	-	-	-	3,300,000	3,300,000
Future Postemployment Healthcare Benefits	10,000,000	-	-	-	10,000,000	10,000,000
Unassigned	6,217,409	-	-	-	6,217,409	4,836,759
Total Fund Balances	<u>24,213,497</u>	<u>2,949,979</u>	<u>8,021,171</u>	<u>3,900,614</u>	<u>39,085,261</u>	<u>44,034,229</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 70,983,695</u>	<u>\$ 3,400,378</u>	<u>\$ 8,128,019</u>	<u>\$ 3,900,614</u>	<u>\$ 86,412,706</u>	<u>\$ 89,439,120</u>

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT)
OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds \$ 39,085,261

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. 486,368,959

Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit). 1,665,423

Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet. 50,502,074

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources on the governmental funds balance sheet. 2,083,131

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet. (599,334,243)

Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable. (974,464)

Net Position (Deficit) of Governmental Activities as Reported on the Statement of Net Position (Deficit) \$ (20,603,859)

LOWER MERION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Funds				Totals	
	General Fund	Capital Projects Fund	Capital Reserve Fund	Debt Service Fund	2025	2024
REVENUES						
Local Sources:						
Real Estate Taxes	\$ 258,761,551	\$ -	\$ -	\$ -	\$ 258,761,551	\$ 250,163,337
Realty Transfer Taxes	4,903,252	-	-	-	4,903,252	5,275,143
Local Service Taxes	254,637	-	-	-	254,637	255,538
Earnings from Investments	6,525,319	178,905	224,240	212,041	7,140,505	8,194,037
Other Local Revenues	3,233,216	-	-	-	3,233,216	4,508,413
State Sources	50,086,265	-	-	-	50,086,265	47,688,936
Federal Sources	2,384,882	-	-	-	2,384,882	2,111,342
Total Revenues	<u>326,149,122</u>	<u>178,905</u>	<u>224,240</u>	<u>212,041</u>	<u>326,764,308</u>	<u>318,196,746</u>
EXPENDITURES						
Current:						
Instruction	187,881,278	-	-	-	187,881,278	180,911,696
Support Services	101,237,536	2,145,118	3,914,566	-	107,297,220	101,927,547
Operation of Noninstructional Services	6,580,159	-	-	-	6,580,159	7,637,529
Facilities Acquisition, Construction, and Improvement Services	-	200,258	-	-	200,258	5,436,233
Debt Service						
Principal	23,655,495	-	-	-	23,655,495	24,678,533
Interest	5,515,396	-	-	1,082,400	6,597,796	7,472,051
Total Expenditures	<u>324,869,864</u>	<u>2,345,376</u>	<u>3,914,566</u>	<u>1,082,400</u>	<u>332,212,206</u>	<u>328,063,589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,279,258	(2,166,471)	(3,690,326)	(870,359)	(5,447,898)	(9,866,843)
OTHER FINANCING SOURCES (USES)						
Issuance of Lease and Subscription Right-to-Use Arrangements	-	594,577	-	-	594,577	-
Transfers In	-	-	4,000,000	-	4,000,000	2,900,000
Transfers Out	(4,000,000)	-	-	-	(4,000,000)	(2,900,000)
Insurance Recoveries	-	-	-	-	-	314,068
Refund of Prior Year's Revenues	(95,647)	-	-	-	(95,647)	(97,050)
Total Other Financing Sources (Uses)	<u>(4,095,647)</u>	<u>594,577</u>	<u>4,000,000</u>	<u>-</u>	<u>498,930</u>	<u>217,018</u>
NET CHANGE IN FUND BALANCES	(2,816,389)	(1,571,894)	309,674	(870,359)	(4,948,968)	(9,649,825)
Fund Balances - Beginning of Year	<u>27,029,886</u>	<u>4,521,873</u>	<u>7,711,497</u>	<u>4,770,973</u>	<u>44,034,229</u>	<u>53,684,054</u>
FUND BALANCES - END OF YEAR	<u>\$ 24,213,497</u>	<u>\$ 2,949,979</u>	<u>\$ 8,021,171</u>	<u>\$ 3,900,614</u>	<u>\$ 39,085,261</u>	<u>\$ 44,034,229</u>

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds \$ (4,948,968)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense and the net book value of disposed of capital assets exceeded capital outlays in the current period.

Capital Outlay Expenditures	\$ 6,532,600	
Net Book Value of Disposed of Capital Assets	(189,663)	
Depreciation/Amortization Expense	<u>(15,217,612)</u>	(8,874,675)

Because some property and per capita 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 inflows of resources decreased by this amount in the current period.

Deferred Inflows of Resources June 30, 2024	(2,211,556)	
Deferred Inflows of Resources June 30, 2025	<u>2,083,131</u>	(128,425)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of Bonds and Note Payable	23,405,000	
Issuance of Right-to-Use Arrangements	(594,577)	
Repayment of Leases Payable	150,063	
Repayment of Subscriptions Payable	99,935	
Amortization of Discounts, Premiums, and Deferred Amounts	<u>2,376,074</u>	25,436,495

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Current Year Change in Accrued Interest Payable	221,314	
Current Year Change in Compensated Absences	(10,606,246)	
Current Year Change in Net Pension Liability - PSERS and Deferred Outflows and Inflows	9,636,475	
Current Year Change In OPEB Liability - Single Employer and Deferred Outflows and Inflows	247,190	
Current Year Change in Net OPEB Liability - PSERS and Deferred Outflows and Inflows	<u>239,625</u>	<u>(261,642)</u>

Change in Net Position (Deficit) of Governmental Activities as Reported on the Statement of Activities

\$ 11,222,785

LOWER MERION SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT) –
PROPRIETARY FUND
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Food Service Fund	
	2025	2024
ASSETS		
Current Assets:		
Cash	\$ 3,201,377	\$ 3,414,576
Due from Other Governments	417,587	221,735
Due from Other Funds	358,537	332,776
Other Receivables	27,188	22,967
Inventories	128,027	137,629
Total Current Assets	4,132,716	4,129,683
Noncurrent Assets:		
Depreciable Capital Assets, Net	150,569	67,797
Total Assets	4,283,285	4,197,480
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Proportionate Share of Pension - PSERS	536,646	600,021
Deferred Charges on Proportionate Share of OPEB - PSERS	22,482	26,756
Total Deferred Outflows of Resources	559,128	626,777
LIABILITIES		
Current Liabilities:		
Accounts Payable	82,938	81,434
Due to Other Funds	804,699	721,758
Unearned Revenue	281,304	334,063
Total Current Liabilities	1,168,941	1,137,255
Noncurrent Liabilities:		
Net Proportionate Share of Pension Liability - PSERS	3,619,615	3,426,881
Net Proportionate Share of OPEB Liability - PSERS	152,778	138,878
Total Noncurrent Liabilities	3,772,393	3,565,759
Total Liabilities	4,941,334	4,703,014
DEFERRED INFLOWS OF RESOURCES		
Deferred Credits on Proportionate Share of Pension - PSERS	62,321	56,586
Deferred Credits on Proportionate Share of OPEB - PSERS	26,146	28,560
Total Deferred Inflows of Resources	88,467	85,146
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	150,569	67,797
Unrestricted (Deficit)	(337,957)	(31,700)
Total Net Position (Deficit)	\$ (187,388)	\$ 36,097

See accompanying Notes to Financial Statements.

LOWER MERION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT) –
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Food Service Fund	
	2025	2024
OPERATING REVENUES		
Charges for Services	\$ 3,068,491	\$ 2,989,564
OPERATING EXPENSES		
Salaries	1,732,294	1,416,177
Employee Benefits	1,311,345	915,238
Purchased Professional and Technical Services	3,354	2,016
Purchased Property Services	53,630	35,203
Supplies	2,487,839	2,382,315
Depreciation	32,659	18,222
Other Operating Expenses	6,686	2,487
Total Operating Expenses	5,627,807	4,771,658
OPERATING LOSS	(2,559,316)	(1,782,094)
NONOPERATING REVENUES		
Earnings on Investments	160,030	167,281
Gain on Sale of Capital Assets	-	10,500
State Sources	784,094	665,503
Federal Sources	1,391,707	1,448,906
Total Nonoperating Revenues	2,335,831	2,292,190
CHANGE IN NET POSITION (DEFICIT)	(223,485)	510,096
Net Position (Deficit) - Beginning of Year	36,097	(473,999)
NET POSITION (DEFICIT) - END OF YEAR	\$ (187,388)	\$ 36,097

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
STATEMENT OF CASH FLOWS –
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Food Service Fund	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Charges for Services	\$ 3,011,511	\$ 3,014,065
Cash Payments to Employees for Services	(2,766,035)	(2,388,755)
Cash Payments to Supplies for Goods and Services	(2,155,094)	(1,531,569)
Net Cash Used by Operating Activities	(1,909,618)	(906,259)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	722,337	652,484
Federal Sources	929,483	1,185,120
Net Cash Provided by Noncapital Financing Activities	1,651,820	1,837,604
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(115,431)	(4,504)
Proceeds from Sale of Capital Assets	-	10,500
Net Cash Provided (Used) by Capital and Related Financing Activities	(115,431)	5,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	160,030	167,281
Net Cash Provided by Investing Activities	160,030	167,281
NET CHANGE IN CASH	(213,199)	1,104,622
Cash - Beginning of Year	3,414,576	2,309,954
CASH - END OF YEAR	\$ 3,201,377	\$ 3,414,576

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
STATEMENT OF CASH FLOWS –
PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Food Service Fund	
	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (2,559,316)	\$ (1,782,094)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
Depreciation	32,659	18,222
Donated Commodities Used	328,129	283,573
(Increase) Decrease in:		
Due from Other Funds	(25,761)	(29,279)
Other Receivables	(4,221)	8,664
Inventories	9,602	8,645
Deferred Outflows of Resources	67,649	(40,902)
Increase (Decrease) in:		
Accounts Payable	1,504	28,602
Due to Other Funds	82,941	598,911
Unearned Revenue	(52,759)	15,837
Net OPEB Liability	192,734	36,123
Net Pension Liability	13,900	(1,195)
Deferred Inflows of Resources	3,321	(51,366)
Net Cash Used by Operating Activities	\$ (1,909,618)	\$ (906,259)
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL FINANCING ACTIVITY		
USDA Donated Commodities	\$ 328,129	\$ 283,573

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
STATEMENT OF NET POSITION –
FIDUCIARY FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Custodial Funds	
	2025	2024
ASSETS		
Cash	\$ 1,295,520	\$ 1,207,587
Other Receivables	10,703	1,481
Total Assets	1,306,223	1,209,068
 LIABILITIES		
Other Liabilities	114,619	97,719
Total Liabilities	114,619	97,719
 NET POSITION		
Restricted for Scholarships	136,479	134,609
Restricted for Employee Benefits	187,762	272,000
Restricted for Student Activities	867,363	704,740
Total Net Position	\$ 1,191,604	\$ 1,111,349

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION –
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Custodial Funds	
	2025	2024
ADDITIONS		
Receipts from Student Groups	\$ 1,433,243	\$ 1,065,835
Earnings from Investments	53,569	54,599
Total Additions	1,486,812	1,120,434
DEDUCTIONS		
Student Activity Disbursements	1,306,737	982,044
Scholarships Awarded	4,243	5,000
Employee Benefit Disbursements	95,577	34,972
Total Deductions	1,406,557	1,022,016
CHANGE IN NET POSITION	80,255	98,418
Net Position - Beginning of Year	1,111,349	1,012,931
NET POSITION - END OF YEAR	\$ 1,191,604	\$ 1,111,349

See accompanying Notes to Financial Statements.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 ORGANIZATION AND PURPOSE

The Lower Merion School District (the District) operates six elementary schools, three middle schools, and two high schools. The District covers 24 square miles, directly borders the City of Philadelphia, and is comprised of Lower Merion Township and the Borough of Narberth. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the School Board).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Reporting Entity

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

Government-Wide Financial Statements

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

The government-wide financial statements are prepared 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 timing of related cash flow. 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 as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components.

- **Net investment in capital assets.** Amount of capital assets net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets.
- **Restricted net position.** The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position.** Net Position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

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

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

General Fund

This is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund

This fund accounts for financial resources restricted, committed, or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements, and/or equipment and is funded largely by the issuance of debt.

Capital Reserve Fund

This fund accounts for financial resources restricted, committed, or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements, and/or equipment and is funded largely by transfers from the General Fund.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, long-term principal, interest, and other related costs.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary fund:

Food Service Fund

This fund accounts for the revenues and costs of providing meals to students during the school year.

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Fiduciary funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District's own programs. The District reports the following fiduciary funds as custodial funds.

Student Activity Fund

This fund consists of funds held on behalf of students and is reported as a custodial fund.

Employee Trust Fund

This fund consists of funds held on behalf of employees from a legacy health savings accounts which no longer allow contributions. Disbursements from this fund consist of employees drawing down their funds by requesting payment for medical bills.

Scholarship Fund

This fund consists of funds donated for distribution to students as scholarships.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of 12 months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost and external investment pools which are recorded at amortized cost, both of which approximate fair value.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

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

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Interfund Receivables and Payables

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

Property Taxes

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

July 1 – August 31	- Discount Period, 2% of Gross Levy
September 1 – October 31	- Face Period
October 31 – collection	- Penalty Period, 10% of Gross Levy
January 1	- Lien Date

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The County Board of Assessments determines assessed valuations of property, and the District's taxes are billed and collected by elected tax collectors. The tax on real estate for public school purposes for fiscal 2024-2025 was 33.9110 mills (\$33.9110 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	-	August 31
Installment Two	-	October 31
Installment Three	-	December 31

The discount (2%) is not applicable to installment payments; however, the penalty (10%) will be added if second and third installments are paid subsequent to the due dates.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant, and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives:

Site Improvements	20 to 40 Years
Buildings and Improvements	15 to 40 Years
Furniture and Equipment	5 to 10 Years
Vehicles	8 to 10 Years

Leases and Subscriptions

The District has entered in noncancellable leases and subscriptions. The District recognizes a lease or a subscription liability and an intangible right-to-use lease and subscription asset in the government-wide financial statements.

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

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscriptions (Continued)

The District uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.

The lease and subscription term includes the noncancellable period of the lease and subscriptions. Lease and subscription payments included in the measurement of the liability is composed of fixed payments from the lessee.

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

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2025.

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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

Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. GASB establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

Other Postemployment Benefits (OPEB)

The District's OPEB plans are accounted for under the provisions of GASB establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

PSERS OPEB Plan

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

District OPEB Plan

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

Deferred Outflows for Pension and OPEB

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows for Pension and OPEB (Continued)

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

Deferred Inflows for Pension and OPEB

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

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

- **Nonspendable fund balance.** Amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.
- **Restricted fund balance.** Amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance.** Amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).
- **Assigned fund balance.** Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Manager or (b) an appointed body or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

- **Unassigned fund balance.** Is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, or unassigned—in order as needed.

The School Board has set a policy to maintain an unassigned General Fund balance of not less than 5% and a maximum unassigned General Fund balance of 8% of the following year's expenditure budget. Unassigned General Fund balance in excess of 8% of the following year's expenditure budget may be appropriated by the School Board for nonrecurring expenditures.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of Estimates

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Pronouncements

Effective July 1, 2024, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

The objective of GASB Statement No. 101 is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require 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 noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB Statement No. 101 increased the District's liability for compensated absences in the government-wide financial statements of the District for the year ended June 30, 2025.

The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users have better information with which to understand and anticipate certain risks to a government's financial condition. The Implementation of GASB Statement No. 102 had no impact on the financial statements of the District for the year ended June 30, 2025.

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

GASB Statement No. 105, *Subsequent Events*, will be effective for the District for the year ended June 30, 2027. The objective of GASB Statement No. 105 is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

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

NOTE 4 DEPOSITS AND INVESTMENTS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation, or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools, or mutual funds.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was \$66,704,517 and the bank balance was \$67,978,361. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$301,847 was covered by federal depository insurance and \$400,173 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF), Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania Treasurer's Program for Local Governments (INVEST). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF, PLGIT, and INVEST act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization and are subject to independent annual audit. As of June 30, 2025, PSDLAF, PLGIT, and INVEST were rated as AAA by a nationally recognized statistical rating agency.

Investments

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

Investment Type	Investment Maturities (In Years)	
	Fair Value	Less Than 1
PSDLAF Collateralized Investment Pools	\$ 1,000,000	\$ 1,000,000
U.S. Treasury Bills	979,660	979,660
Certificates of Deposit	956,300	956,300
	\$ 2,935,960	\$ 2,935,960

PSDLAF collateralized investment pools are fully collateralized by U.S. government agency and treasury obligations and certificates of deposit. PSDLAF collateralized investment pools and U.S. Treasury bills are valued using Level 2 inputs.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2025.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full-faith and credit" of the federal and state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated/Amortized:				
Land	\$ 44,856,966	\$ -	\$ -	\$ 44,856,966
Construction in Progress	165,213	450,399	165,213	450,399
Total Capital Assets Not Being Depreciated	45,022,179	450,399	165,213	45,307,365
Capital Assets Being Depreciated/Amortized:				
Site Improvements	10,752,586	89,260	-	10,841,846
Buildings and Improvements	602,338,269	4,629,275	-	606,967,544
Furniture and Equipment	4,974,122	141,849	764,400	4,351,571
Right-to-Use Lease Assets	478,450	594,577	460,378	612,649
Right-to-Use Subscription Assets	665,466	-	566,071	99,395
Vehicles	18,215,945	792,453	496,736	18,511,662
Subtotal	637,424,838	6,247,414	2,287,585	641,384,667
Less: Accumulated Depreciation/Amortization for:				
Site Improvements	(4,116,827)	(404,183)	-	(4,521,010)
Buildings and Improvements	(169,136,134)	(12,567,368)	-	(181,703,502)
Furniture and Equipment	(3,676,338)	(369,324)	(764,400)	(3,281,262)
Right-to-Use Lease Assets	(409,829)	(170,868)	(460,378)	(120,319)
Right-to-Use Subscription Assets	(531,287)	-	(448,177)	(83,110)
Vehicles	(9,332,968)	(1,705,869)	(424,967)	(10,613,870)
Subtotal	(187,203,383)	(15,217,612)	(2,097,922)	(200,323,073)
Total Capital Assets Being Depreciated/Amortized, Net	450,221,455	(8,970,198)	189,663	441,061,594
Governmental Activities Capital Assets, Net	\$ 495,243,634	\$ (8,519,799)	\$ 354,876	\$ 486,368,959
Business-Type Activities:				
Machinery and Equipment	\$ 244,402	\$ 115,431	\$ -	\$ 359,833
Less: Accumulated Depreciation/Amortization	(176,605)	(32,659)	-	(209,264)
Business-Type Activities Capital Assets, Net	\$ 67,797	\$ 82,772	\$ -	\$ 150,569

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
Unallocated	<u><u>\$ 15,217,612</u></u>
Business-Type Activities:	
Food Service	<u><u>\$ 32,659</u></u>

As of June 30, 2025, the District had outstanding construction commitments totaling \$3,942,700.

NOTE 6 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
General Fund	\$ 804,699	Food Service Fund	\$ 804,699
Food Service Fund	358,537	General Fund	358,537
Total	<u>\$ 1,163,236</u>		<u>\$ 1,163,236</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

A summary of interfund transfers for the year ended June 30, 2025 is as follows:

Transfers In	Amount	Transfers Out	Amount
Capital Reserve Fund	<u>\$ 4,000,000</u>	General Fund	<u>\$ 4,000,000</u>

Transfers from the General Fund to the Capital Reserve Fund represents transfers to subsidize future capital expenditures.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 CHANGE IN NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	\$ 174,170,000	\$ -	\$ 23,405,000	\$ 150,765,000	\$ 24,235,000
Bond Premiums (Discounts)	20,477,590	-	2,846,547	17,631,043	2,846,547
Total General Obligation Debt	<u>194,647,590</u>	<u>-</u>	<u>26,251,547</u>	<u>168,396,043</u>	<u>27,081,547</u>
Other Noncurrent Liabilities:					
Compensated Absences	2,388,600	10,606,246	-	12,994,846	7,522,250
Leases Payable	61,411	594,577	150,063	505,925	146,438
Subscriptions Payable	99,935	-	99,935	-	-
Net Pension Liability - PSERS	413,410,500	-	23,593,651	389,816,849	-
Net OPEB Liability – PSERS	16,753,865	-	300,304	16,453,561	-
OPEB Liability	10,192,868	1,563,134	588,983	11,167,019	752,366
Total Other Noncurrent Activities	<u>442,907,179</u>	<u>12,763,957</u>	<u>24,732,936</u>	<u>430,938,200</u>	<u>8,421,054</u>
Total Governmental Activities	637,554,769	12,763,957	50,984,483	599,334,243	35,502,601
Business-Type Activities:					
Net OPEB Liability - PSERS	138,878	13,900	-	152,778	-
Net Pension Liability - PSERS	3,426,881	192,734	-	3,619,615	-
Total Business-Type Activities	<u>3,565,759</u>	<u>206,634</u>	<u>-</u>	<u>3,772,393</u>	<u>-</u>
Total Noncurrent Activities	<u>\$ 641,120,528</u>	<u>\$ 12,970,591</u>	<u>\$ 50,984,483</u>	<u>\$ 603,106,636</u>	<u>\$ 35,502,601</u>

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

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are generally liquidated by the Food Service Fund.

NOTE 8 GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 GENERAL OBLIGATION DEBT (CONTINUED)

General obligation debt outstanding as of June 30, 2025, consisted of the following:

	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds:				
Series A and B of 2009	3.00% - 5.00%	\$ 102,325,000	04/01/2027	\$ 15,875,000
Series A of 2015	3.00% - 3.125%	9,700,000	09/01/2034	5,785,000
Series B of 2015	2.00% - 5.00%	31,880,000	09/01/2028	11,640,000
Series of 2016	2.00% - 5.00%	55,665,000	09/15/2032	24,030,000
Series of 2019	4.00% - 5.00%	24,470,000	11/15/2031	24,200,000
Series A of 2019	1.50% - 3.00%	18,950,000	11/15/2025	3,335,000
Series of 2020	4.00% - 5.00%	50,625,000	11/15/2031	50,605,000
Series of 2021	5.00%	24,785,000	11/15/2028	15,295,000
Total General Obligation Bonds				<u>150,765,000</u>
Bond Premiums and Discounts				<u>17,631,043</u>
Total General Obligation Debt				<u><u>\$ 168,396,043</u></u>

Variable interest rates are adjusted weekly based upon the Securities Industry and Financial Markets Association.

Annual debt service requirements to maturity on these obligations are as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total
2026	\$ 24,235,000	\$ 5,671,773	\$ 29,906,773
2027	25,250,000	4,588,710	29,838,710
2028	17,475,000	3,504,448	20,979,448
2029	18,215,000	2,760,310	20,975,310
2030	18,855,000	2,048,410	20,903,410
2031-2034	46,735,000	2,083,213	48,818,213
Total	<u>\$ 150,765,000</u>	<u>\$ 20,656,864</u>	<u>\$ 171,421,864</u>

NOTE 9 LEASES PAYABLE

The District has entered into leases as a lessee for the use of multi-functional devices. Initial lease liabilities were recorded in the amount of \$612,649. As of June 30, 2025, the value of the lease liabilities was \$505,925. The District is required to make monthly fixed payments ranging from \$13,999 to \$76,556 and the leases have imputed interest rates of ranging from 0.648% to 2.939%. The equipment's estimated useful life was 48 months as of the contract commencement for each lease. The net book value of the right-to-use lease assets as of June 30, 2025, was \$492,230 with accumulated amortization of \$120,319 and is included in noncurrent assets on the statement of net position (deficit). There is no purchase option available under the lease.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 LEASES PAYABLE (CONTINUED)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 146,438	\$ 10,173	\$ 156,611
2027	146,312	6,800	153,112
2028	149,747	3,364	153,111
2029	63,428	369	63,797
Total	<u>\$ 505,925</u>	<u>\$ 20,706</u>	<u>\$ 526,631</u>

NOTE 10 PENSION PLAN

Plan Description

PSERS is a governmental cost-sharing, multiemployer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public 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.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

Benefits are generally between 1.00% to 2.50%, 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 2.00% or 2.50%, 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 (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions

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

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Contributions (Continued)

Member Contributions (Continued)

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.55%	+/-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 fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$49,307,783 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$393,436,464 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 PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.0030%, which was an increase of .0093% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of \$389,816,849 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining \$3,619,615 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, the District recognized pension expense of \$40,080,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	\$ -	\$ 6,186,000
Net Difference Between Projected and Actual Investment Earnings	6,513,000	-
Changes in Proportions	3,029,000	588,000
Contributions Subsequent to the Measurement Date	49,307,783	-
Total	\$ 58,849,783	\$ 6,774,000

Contributions of \$49,307,783 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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,	Amount
2026	\$ (9,672,000)
2027	11,702,000
2028	2,058,000
2029	(1,320,000)
Total	\$ 2,768,000

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward PSERS's total pension liability as the June 30, 2023 actuarial valuation 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.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

- 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 valuation experience study that was performed for the five year period ending June 30, 2020.

The long-term expected rate of return on 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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.00%	4.80%
Private Equity	12.00%	6.70%
Fixed Income	33.50%	3.90%
Commodities	5.00%	2.50%
Infrastructure	10.00%	6.40%
Real Estate	9.50%	5.90%
Total	<u>100.00%</u>	

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

Discount Rate

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

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

The following represents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 518,275,768</u>	<u>\$ 393,436,464</u>	<u>\$ 288,018,510</u>

Pension Plan Fiduciary Net Position

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

Plan Description

The District's other postemployment benefits (OPEB) include a single-employer defined benefit plan that provides medical and dental insurance to all retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2024:

Active Participants	1,662
Retired Participants	787
Vested Former Participants	-
Total	<u><u>2,449</u></u>

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2025. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, and by rolling forward the liabilities from the July 1, 2024 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The OPEB liability is \$11,167,019, all of which is unfunded. As of June 30, 2025, the OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2025 was as follows:

Balance as of July 1, 2024	\$ 10,192,868
Changes for the Year:	
Service Cost	549,327
Interest on Total OPEB Liability	430,476
Differences Between Expected and Actual	
Experience	428,675
Changes in Assumptions	154,656
Benefit Payments	<u>(588,983)</u>
Net Changes	<u>974,151</u>
Balance as of June 30, 2025	<u><u>\$ 11,167,019</u></u>

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$505,176. At June 30, 2025, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 723,370	\$ 473,120
Changes in Assumptions	478,998	2,186,353
Contributions Subsequent to the Measurement Date	<u>752,366</u>	<u>-</u>
Total	<u>\$ 1,954,734</u>	<u>\$ 2,659,473</u>

Contributions of \$752,366 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (474,448)
2027	(288,245)
2028	(241,502)
2029	(236,960)
2030	(177,459)
Thereafter	<u>(38,491)</u>
Total	<u>\$ (1,457,105)</u>

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

The following presents the OPEB liability for June 30, 2025, calculated using current healthcare cost trends as well as what the OPEB liability would be if it health cost trends were 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Liability	<u>\$ 10,438,458</u>	<u>\$ 11,167,019</u>	<u>\$ 11,987,033</u>

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 4.29%, as well as what the OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower (3.29%) or 1-percentage-point higher (5.29%) than the current rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
OPEB Liability	<u>\$ 12,124,189</u>	<u>\$ 11,167,019</u>	<u>\$ 10,318,746</u>

Actuarial Methods and Significant Assumptions

The OPEB liability as of June 30, 2025, was determined by rolling forward the OPEB liability as of July 1, 2024 to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 4.29% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.13% to 4.29%.
- Salary Growth – salary increases are composed of 2.50% costs of living adjustment, 1.50% for real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0.00%.
- Assumed Healthcare Cost Trends – 7.00% in 2024 with 0.50% decrease until 5.50% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.00% in 2075 and later.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan

Plan Description

PSERS provides health insurance premium assistance which, is a governmental cost-sharing, multiemployer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance 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 PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

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

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.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$933,691 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$16,606,339 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 PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.9348%, which was an increase of 0.0011% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net OPEB liability of \$16,453,561 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining \$152,778 of the net OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized OPEB expense of \$711,000. 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
Difference Between Expected and Actual Experience	\$ 63,000	\$ 249,000
Changes in Assumptions	1,012,000	2,536,000
Net Difference Between Projected and Actual Investment Earnings	18,000	-
Changes in Proportions	417,000	57,000
Contributions Subsequent to the Measurement Date	933,691	-
Total	\$ 2,443,691	\$ 2,842,000

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

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

Contributions of \$933,691 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (287,000)
2027	(427,000)
2028	(520,000)
2029	(52,000)
2030	(46,000)
Total	<u>\$ (1,332,000)</u>

Actuarial Assumptions

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

- Actuarial Cost Method – Entry Age Normal - Level % of Pay
- Investment Return – 4.21% - Standard & Poors 20 year municipal bond rate
- Salary Growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

Actuarial Assumptions (Continued)

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 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 OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Investments consist primarily of short-term assets designed to protect the principal of the OPEB 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 regards 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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.00 %	1.70 %

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

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

Discount Rate

The discount rate used to measure the OPEB liability was 4.21%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance 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 OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the Standard & Poors 20-year municipal bond rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 16,604,871	\$ 16,609,339	\$ 16,607,526

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's Proportionate Share of the Net OPEB Liability	\$ 18,760,118	\$ 16,606,339	\$ 14,802,651

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 PSERS's website at www.psers.pa.gov.

NOTE 12 CONTINGENCIES AND COMMITMENTS

Montgomery County Intermediate Unit

The District and the other Montgomery County school districts are participating members of the Montgomery County Intermediate Unit (the MCIU). The MCIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the MCIU but the participating districts have no ongoing fiduciary interest or responsibility to the MCIU. The MCIU is a self-sustaining organization that provides a broad array of services to participating districts which include curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services; and state and federal liaison services.

**LOWER MERION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. The following matters have a determinable settlement cost and have been disclosed in the financial statements:

A class action suit by District taxpayers regarding allegations of misrepresentations related to budgets, curriculum, construction projects and tax increases was settled in October 2022 in the amount of \$27 million of which \$15 million will be paid directly to taxpayers who owned property during the tax years 2016-2021 and was accrued in accounts payable as of June 30, 2022. The remaining \$12 million will be shown as a credit on future real estate tax billings for the 2023, 2024, and 2025 real estate tax levies. This amount is shown as restricted in the General Fund - Balance Sheet and Statement of Net Position (Deficit) of June 30, 2025.

NOTE 14 RISK MANAGEMENT

Health Insurance

The District participates in a consortium with other participating school districts and educational agencies from Montgomery County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims.

Other Risks

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs including workers compensation. For insured programs, there were no significant reductions in insurance coverages during the 2024-2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

**LOWER MERION SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources	\$ 274,016,765	\$ 274,016,765	\$ 273,677,975	\$ (338,790)
State Sources	50,489,830	50,489,830	50,086,265	(403,565)
Federal Sources	1,870,000	1,870,000	2,384,882	514,882
Total Revenues	<u>326,376,595</u>	<u>326,376,595</u>	<u>326,149,122</u>	<u>(227,473)</u>
EXPENDITURES				
Instruction:				
Regular Programs	125,730,738	124,305,738	124,297,235	8,503
Special Programs	61,982,239	61,686,239	61,685,984	255
Vocational Programs	975,835	880,835	876,251	4,584
Other Instructional Programs	961,075	1,023,075	1,021,156	1,919
Nonpublic School Programs	10,000	5,000	652	4,348
Total Instruction	<u>189,659,887</u>	<u>187,900,887</u>	<u>187,881,278</u>	<u>19,609</u>
Support Services:				
Pupil Support Services	12,023,246	11,773,246	11,756,416	16,830
Instructional Staff Services	8,381,033	8,729,033	8,728,465	568
Administrative Services	18,720,475	18,772,475	18,772,218	257
Pupil Health	4,910,648	4,548,648	4,536,660	11,988
Business Services	1,522,813	1,522,813	1,511,735	11,078
Operation and Maintenance of Plant Services	23,055,550	23,880,550	23,879,475	1,075
Student Transportation Services	18,842,541	21,592,541	21,574,188	18,353
Central and Other Support Services	10,502,089	10,482,089	10,478,379	3,710
Total Support Services	<u>97,958,395</u>	<u>101,301,395</u>	<u>101,237,536</u>	<u>63,859</u>
Operation of Noninstructional Services:				
Student Activities	7,065,146	6,324,146	6,312,377	11,769
Community Services	317,700	274,700	267,782	6,918
Total Operation of Noninstructional Services	<u>7,382,846</u>	<u>6,598,846</u>	<u>6,580,159</u>	<u>18,687</u>
Debt Service	29,275,467	29,175,467	29,170,891	4,576
Total Expenditures	<u>324,276,595</u>	<u>324,976,595</u>	<u>324,869,864</u>	<u>106,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,100,000	1,400,000	1,279,258	(120,742)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(5,000,000)	(4,200,000)	(4,000,000)	200,000
Refund of Prior Year Receipts	-	(100,000)	(95,647)	4,353
Total Other Financing Sources (Uses)	<u>(5,000,000)</u>	<u>(4,300,000)</u>	<u>(4,095,647)</u>	<u>204,353</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,900,000)</u>	<u>\$ (2,900,000)</u>	(2,816,389)	<u>\$ 83,611</u>
Fund Balance - Beginning of Year			<u>27,029,886</u>	
FUND BALANCE - END OF YEAR			<u>\$ 24,213,497</u>	

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
LAST TEN YEARS**

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.9400%	0.9370%	0.9277%	0.9328%	0.9123%	0.9034%	0.8819%	0.8928%	0.8892%	0.8798%
District's Proportionate Share of the Net Pension Liability	\$ 393,436,464	\$ 416,837,381	\$ 412,443,564	\$ 382,977,177	\$ 449,208,000	\$ 422,634,000	\$ 423,356,222	\$ 440,940,000	\$ 440,659,000	\$ 381,089,000
District's Covered-Employee Payroll	\$ 148,387,182	\$ 143,050,693	\$ 136,109,440	\$ 127,994,129	\$ 127,994,129	\$ 124,589,330	\$ 118,766,849	\$ 118,860,782	\$ 115,166,003	\$ 113,197,880
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	265.14%	291.39%	303.02%	299.21%	350.96%	339.22%	356.46%	370.97%	382.63%	336.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.56%	54.00%	52.00%	50.00%	54.00%

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
LAST TEN YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 49,307,783	\$ 49,348,815	\$ 49,066,131	\$ 46,243,239	\$ 44,329,637	\$ 44,720,699	\$ 42,976,816	\$ 40,688,465	\$ 34,492,626	\$ 28,289,000
Contributions in Relation to the Contractually Required Contribution	<u>49,307,783</u>	<u>49,348,815</u>	<u>49,066,131</u>	<u>46,243,239</u>	<u>44,329,637</u>	<u>44,720,699</u>	<u>42,976,816</u>	<u>40,688,465</u>	<u>34,492,626</u>	<u>28,289,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 148,204,938	\$ 148,387,182	\$ 143,050,693	\$ 136,109,440	\$ 127,994,129	\$ 127,994,129	\$ 124,589,330	\$ 118,766,849	\$ 118,860,782	\$ 115,166,003
Contributions as a Percentage of Covered-Employee Payroll	33.27%	33.36%	34.30%	33.98%	34.63%	34.94%	34.49%	34.26%	29.02%	24.56%

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
LAST EIGHT YEARS***

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 549,327	\$ 513,738	\$ 760,557	\$ 753,281	\$ 712,373	\$ 705,819	\$ 834,823	\$ 795,592
Interest on Total OPEB Liability	430,476	405,066	274,904	226,032	389,984	340,340	386,365	293,799
Differences Between Expected and Actual Experience	428,675	-	513,488	-	(772,783)	-	(1,466,637)	-
Changes of Assumptions	154,656	84,035	(2,777,984)	(476,022)	736,435	(373,919)	(22,993)	(1,409)
Benefit Payments	(588,983)	(596,205)	(614,019)	(595,703)	(520,669)	(460,099)	(603,194)	(557,843)
Net Change in Total OPEB Liability	974,151	406,634	(1,843,054)	(92,412)	545,340	212,141	(871,636)	530,139
Total OPEB Liability, Beginning	10,192,868	9,786,234	11,629,288	11,721,700	11,176,360	10,964,219	11,835,855	11,305,716
Total OPEB Liability, Ending	<u>\$ 11,167,019</u>	<u>\$ 10,192,868</u>	<u>\$ 9,786,234</u>	<u>\$ 11,629,288</u>	<u>\$ 11,721,700</u>	<u>\$ 11,176,360</u>	<u>\$ 10,964,219</u>	<u>\$ 11,835,855</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 141,774,132	\$ 133,095,318	\$ 133,095,318	\$ 119,898,842	\$ 119,898,842	\$ 114,511,540	\$ 114,511,540	\$ 109,660,791
Net OPEB Liability as a Percentage of Covered Payroll	7.88%	7.66%	7.35%	9.70%	9.78%	9.76%	9.57%	10.79%

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay benefits.

*In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
LAST EIGHT YEARS***

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.9348%	0.9337%	0.9256%	0.9310%	0.9123%	0.9034%	0.8819%	0.8928%
District's Proportionate Share of the Net OPEB Liability	\$ 16,606,339	\$ 16,892,743	\$ 17,038,176	\$ 22,065,473	\$ 19,703,000	\$ 19,214,000	\$ 18,387,000	\$ 18,190,000
District's Covered-Employee Payroll	\$ 148,387,182	\$ 143,050,693	\$ 136,109,440	\$ 131,974,804	\$ 127,994,129	\$ 124,589,330	\$ 118,766,849	\$ 118,860,782
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	11.81%	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

*In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS
LAST NINE YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 933,691	\$ 952,365	\$ 1,067,761	\$ 1,080,851	\$ 1,083,358	\$ 1,088,482	\$ 1,035,933	\$ 980,441	\$ 876,812
Contributions in Relation to the Contractually Required Contribution	<u>933,691</u>	<u>952,365</u>	<u>1,067,761</u>	<u>1,080,851</u>	<u>1,083,358</u>	<u>1,088,482</u>	<u>1,035,933</u>	<u>980,441</u>	<u>876,812</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 148,204,938	\$ 148,387,182	\$ 143,050,693	\$ 136,109,440	\$ 131,974,804	\$ 127,994,129	\$ 124,589,330	\$ 118,766,849	\$ 118,860,782
Contributions as a Percentage of Covered-Employee Payroll	0.63%	0.64%	0.75%	0.79%	0.82%	0.85%	0.83%	0.83%	0.74%

*In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

SUPPLEMENTARY INFORMATION

**LOWER MERION SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	Custodial Funds			Total
	Scholarship Funds	Employee Benefits	Student Activities	
ASSETS				
Cash	\$ 136,479	\$ 187,762	\$ 971,279	\$ 1,295,520
Other Receivables	-	-	10,703	10,703
Total Assets	<u>136,479</u>	<u>187,762</u>	<u>981,982</u>	<u>1,306,223</u>
LIABILITIES				
Other Liabilities	-	-	114,619	114,619
Total Liabilities	<u>-</u>	<u>-</u>	<u>114,619</u>	<u>114,619</u>
NET POSITION				
Restricted for Scholarships	136,479	-	-	136,479
Restricted for Employee Benefits	-	187,762	-	187,762
Restricted for Student Activities	-	-	867,363	867,363
Total Net Position	<u>\$ 136,479</u>	<u>\$ 187,762</u>	<u>\$ 867,363</u>	<u>\$ 1,191,604</u>

**LOWER MERION SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Custodial Funds			Total
	Scholarship Funds	Employee Benefits	Student Activities	
ADDITIONS				
Receipts from Student Groups	\$ -	\$ -	\$ 1,433,243	\$ 1,433,243
Earnings from Investments	6,113	11,339	36,117	53,569
Total Additions	<u>6,113</u>	<u>11,339</u>	<u>1,469,360</u>	<u>1,486,812</u>
DEDUCTIONS				
Student Activity Disbursements	-	-	1,306,737	1,306,737
Scholarships Awarded	4,243	-	-	4,243
Employee Benefit Disbursements	-	95,577	-	95,577
Total Deductions	<u>4,243</u>	<u>95,577</u>	<u>1,306,737</u>	<u>1,406,557</u>
CHANGE IN NET POSITION	1,870	(84,238)	162,623	80,255
Net Position - Beginning of Year	<u>134,609</u>	<u>272,000</u>	<u>704,740</u>	<u>1,111,349</u>
NET POSITION - END OF YEAR	<u>\$ 136,479</u>	<u>\$ 187,762</u>	<u>\$ 867,363</u>	<u>\$ 1,191,604</u>

SINGLE AUDIT

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education:											
Title I - Improving Basic Programs	I	84.010	013-240232	07/01/23 - 09/30/24	\$ 395,519	\$ -	\$ 274,314	\$ -	\$ -	\$ 274,314	\$ -
Title I - Improving Basic Programs	I	84.010	013-250232	07/01/24 - 09/30/25	366,051	91,619	-	366,051	366,051	274,432	-
Total ALN #84.010						91,619	274,314	366,051	366,051	548,746	-
Title II - Improving Teacher Quality	I	84.367	020-240232	07/01/23 - 09/30/24	169,740	-	117,929	-	-	117,929	-
Title II - Improving Teacher Quality	I	84.367	020-250232	07/01/24 - 09/30/25	153,521	38,201	-	153,521	153,521	115,320	-
Total ALN #84.367						38,201	117,929	153,521	153,521	233,249	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-230232	07/01/22 - 09/30/23	50,612	50,612	50,612	-	-	-	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-240232	07/01/23 - 09/30/24	64,055	-	(5,489)	50,506	50,506	45,017	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-250232	07/01/24 - 09/30/25	58,202	14,551	-	33,856	33,856	19,305	-
Total ALN #84.365						65,163	45,123	84,362	84,362	64,322	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240232	07/01/23 - 09/30/24	22,322	-	15,454	-	-	15,454	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-250232	07/01/24 - 09/30/25	29,785	7,446	-	29,785	29,785	22,339	-
Total ALN #84.424						7,446	15,454	29,785	29,785	37,793	-
COVID-19 ARP ESSER	I	84.425U	223-210232	03/13/20 - 09/30/24	1,468,897	555,799	555,799	-	-	-	-
Passed-Through the Montgomery County I.U.:											
I.D.E.A. - Part B, Section 611	I	84.027	062-240023	07/01/23 - 06/30/24	1,891,398	929,608	929,608	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-250023	07/01/24 - 06/30/25	1,937,904	1,450,481	-	1,937,004	1,937,004	486,523	-
Total ALN #84.027						2,380,089	929,608	1,937,004	1,937,004	486,523	-
I.D.E.A. - Part B, Section 619	I	84.173	131-240023	07/01/24 - 06/30/25	4,887	4,887	-	4,887	4,887	-	-
Total U.S. Department of Education						3,143,204	1,938,227	2,575,610	2,575,610	1,370,633	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Health and Social Services											
Passed-Through the Pennsylvania Department of Human Services											
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	39,445	39,445	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	13,751	-	13,751	13,751	-	-
Total ALN #93.788						<u>53,196</u>	<u>39,445</u>	<u>13,751</u>	<u>13,751</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Social Services						53,196	39,445	13,751	13,751	-	-
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education:											
Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	35,810	35,810	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	162,265	-	224,479	224,479	62,214	-
Total ALN # 10.553						<u>198,075</u>	<u>35,810</u>	<u>224,479</u>	<u>224,479</u>	<u>62,214</u>	<u>-</u>
Summer Food	I	10.559	N/A	07/01/24 - 06/30/25	N/A	1,974	-	1,974	1,974	-	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	118,639	118,639	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	610,795	-	837,125	837,125	226,330	-
Subtotal						<u>729,434</u>	<u>118,639</u>	<u>837,125</u>	<u>837,125</u>	<u>226,330</u>	<u>-</u>
Passed-Through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	309,564 a)	(33,184) b)	328,129	328,129 c)	(14,619) d)	-
Total ALN #10.555						<u>1,038,998</u>	<u>85,455</u>	<u>1,165,254</u>	<u>1,165,254</u>	<u>211,711</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>1,239,047</u>	<u>121,265</u>	<u>1,391,707</u>	<u>1,391,707</u>	<u>273,925</u>	<u>-</u>
Total Expenditures of Federal Awards						<u>\$ 4,435,447</u>	<u>\$ 2,098,937</u>	<u>\$ 3,981,068</u>	<u>\$ 3,981,068</u>	<u>\$ 1,644,558</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						<u>\$ 2,384,976</u>	<u>\$ 929,608</u>	<u>\$ 1,941,891</u>	<u>\$ 1,941,891</u>	<u>\$ 486,523</u>	<u>\$ -</u>
Medicaid Cluster (ALN #93.778)						<u>\$ 53,196</u>	<u>\$ 39,445</u>	<u>\$ 13,751</u>	<u>\$ 13,751</u>	<u>\$ -</u>	<u>\$ -</u>
Child Nutrition Cluster (ALN's #10.553; #10.555 and #10.559)						<u>\$ 1,239,047</u>	<u>\$ 121,265</u>	<u>\$ 1,391,707</u>	<u>\$ 1,391,707</u>	<u>\$ 273,925</u>	<u>\$ -</u>

Source Codes

D - Direct Funding

I - Indirect Funding

ALN - Assistance Listing Number

Footnotes

a) Total amount of commodities received

b) Beginning inventory July 1

c) Total amount of commodities used

d) Ending inventory June 30

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LOWER MERION SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

NOTE 1 FEDERAL EXPENDITURES

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

NOTE 2 BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE 3 NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the Schedule under ALN #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE 4 ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was \$1,737,412.

NOTE 5 INDIRECT COSTS

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



**INDEPENDENT AUDITORS' 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
Lower Merion School District
Ardmore, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lower Merion School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Lower Merion School District's basic financial statements, and have issued our report thereon dated March 11, 2026.

Report on Internal Control Over Financial Reporting

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

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


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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 11, 2026



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

Board of School Directors
Lower Merion School District
Ardmore, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Lower Merion School District 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' 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 Lower Merion School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Lower Merion School 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 Lower Merion School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lower Merion School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lower Merion School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

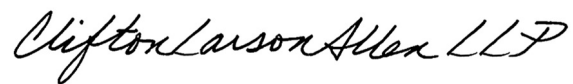
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of School Directors
Lower Merion School District

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 11, 2026

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified? _____ yes none reported
3. Noncompliance material to financial statements noted? _____ yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes no
 - Significant deficiency(ies) identified? _____ yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes no

Identification of Major Federal Programs

<u>Assistance Living Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 10.555 10.559	<u>Child Nutrition Cluster</u> Breakfast Program National School Lunch Program Summer Food

- Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- Auditee qualified as low-risk auditee? _____ yes no

**LOWER MERION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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