

NORTHERN LEBANON SCHOOL DISTRICT
FREDERICKSBURG, PENNSYLVANIA

BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

NORTHERN LEBANON SCHOOL DISTRICT

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BTCPA
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INDEPENDENT AUDITOR'S REPORT

January 6, 2026

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Lebanon School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Northern Lebanon 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 the Northern Lebanon School District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northern Lebanon 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.

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To the Board of School Directors
Northern Lebanon School District

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northern Lebanon School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northern Lebanon 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.

Emphasis of a Matter

As discussed in Notes 1and 18 to the financial statements, the Northern Lebanon School District has adopted the requirements of Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As a result, the Northern Lebanon School District has restated is governmental activities net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and the schedule of the District's proportionate share of the net pension liability - PSERS, schedule of District pension contributions - PSERS, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 64 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Lebanon School District's basic financial statements. The schedule of expenditures of federal awards 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,* is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates

directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 6, 2026, on our consideration of the Northern Lebanon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Northern Lebanon 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 the Northern Lebanon School District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

This discussion and analysis of the Northern Lebanon 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial report contains basic financial statements. The entity-wide statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements follow and explain how services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the entity-wide statements by providing information about the District's most significant funds. Notes to the financial statements provide additional disclosures that will assist the reader in understanding the District's financial condition. The report also includes supplementary information such as pension and OPEB plan funding.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins with the statement of net position and the statement of activities.

These statements provide information that will help the reader to determine if the District is better or worse off financially as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's net position and change during the year. The reader can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as changes in the District's property base and the condition of the District's assets, to assess the overall financial health of the District.

In the statement of net position and the statement of activities, the District is divided into two kinds of activities:

- **Governmental Activities**

  Most of the District's basic services are reported here, including general administration, capital projects, and debt service. Property taxes, the earned income tax, and intergovernmental revenues finance most of these activities.

- **Business-type Activities**

  These funds are used to account for the 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, and 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 we report in the government-wide statements. In the funds financial statements, it is reported in more detail and with additional information, such as cash flows.

Table 1: Contents of the District's Basic Financial Statements

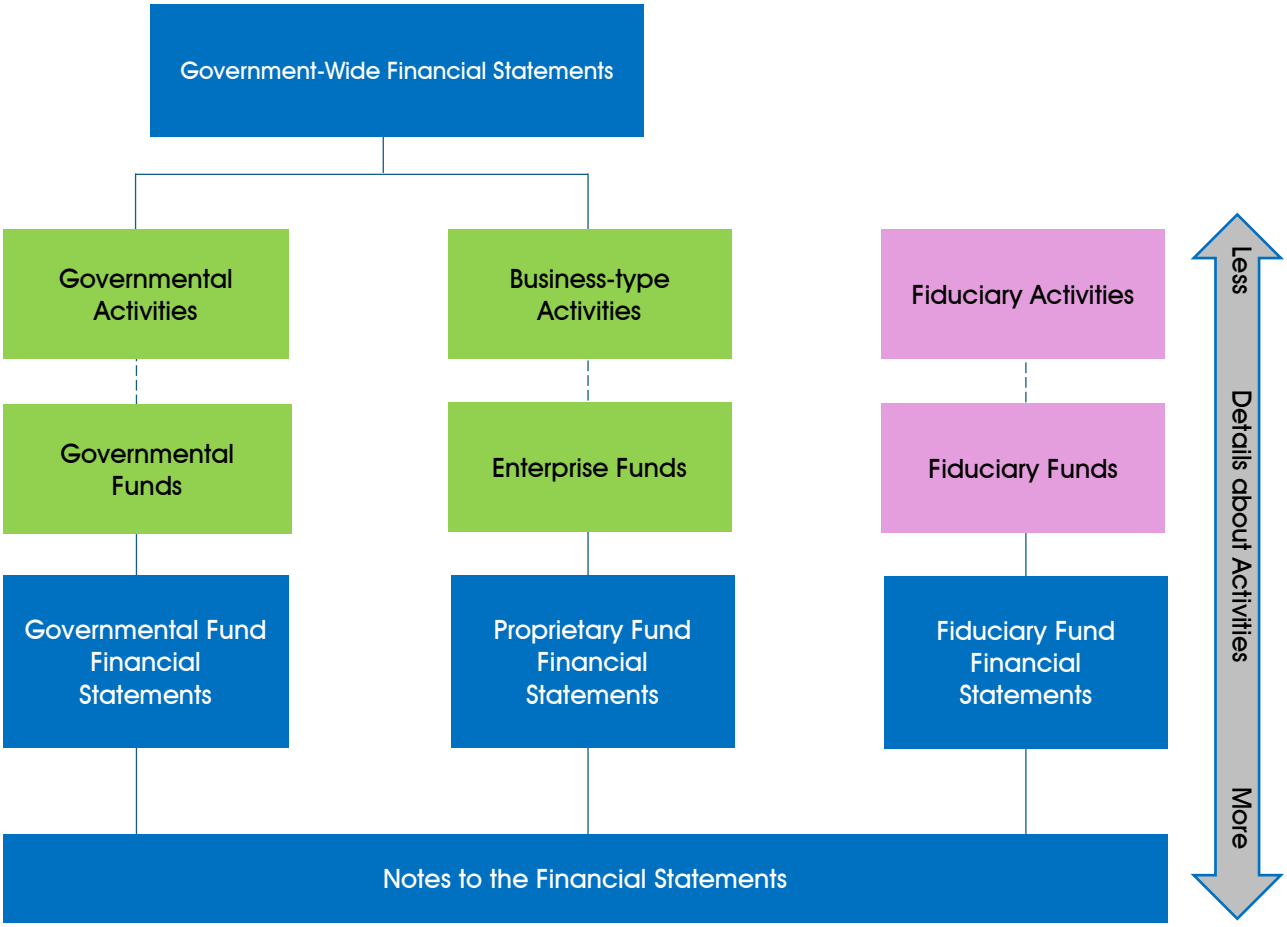


Table 2: Types of Information Reported in the District's Financial Statements

	Financial Statements			
	Government-wide	Proprietary Fund	Fiduciary Fund	Governmental Fund
Types of Assets and Liabilities	All assets and liabilities, both financial and nonfinancial, short-term and long-term			Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of Revenues/Additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received			Only revenues that are measurable and available to finance expenditures of that year
Types of Expenses/Deductions/ Expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid			Only expenditures for which the related governmental fund liability is incurred that year
Types of Deferred Outflows of Resources and Deferred Inflows of Resources	All types of resources that flow into and out of the government during the year that relate to a future year			Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

FINANCIAL SUMMARY

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. Other funds have been established to demonstrate compliance with legal responsibilities for using certain taxes, grants, and other money (Capital Projects Funds). The District has three kinds of funds - governmental, proprietary, and fiduciary.

- **Governmental Funds**

  Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, 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 general governmental operations and the basic services it provides. Governmental fund information helps 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 are described in the reconciliation after the fund financial statements.

- **Proprietary Funds**

  When the District charges customers for the services it provides, these services generally are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the District's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the entity-wide statements but provide more detail and additional information, such as cash flows.

- **Fiduciary Funds**

  The District is the custodian, or fiduciary, responsible for other assets that, because of a custodial arrangement, can be used only for the custodial beneficiaries. All of the District's fiduciary activities (such as the Student Activities Fund) are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

DETAILED ANALYSIS

As shown in Table 3, the 2025 net deficit decreased by $11,502,946, or 22.23%, compared to 2024. The decrease is mainly due to a current year credits as a result of the current year pension and OPEB valuations. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

TABLE 3
NORTHERN LEBANON SCHOOL DISTRICT'S NET POSITION
June 30, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	$ 27,503,428	$ 440,962	$ 27,944,390	$ 44,303,238	$ 225,906	$ 44,529,144
Capital assets	97,546,671	127,177	97,673,848	66,032,548	140,575	66,173,123
Deferred outflows	7,637,757	-	7,637,757	9,845,473	-	9,845,473
Total Assets and Deferred Outflows of Resources	132,687,856	568,139	133,255,995	120,181,259	366,481	120,547,740
Current liabilities	15,634,695	279,726	15,914,0421	17,558,611	235,847	17,794,458
Noncurrent liabilities	152,831,294	-	152,831,294	150,125,976	-	150,125,976
Deferred inflows	4,460,974	-	4,460,974	4,238,725	-	4,238,725
Total Liabilities and Deferred Inflows of Resources	172,926,963	279,726	173,206,689	171,923,312	235,847	172,159,159
Net Investment in capital assets	3,290,794	127,177	3,417,971	2,222,451	140,575	2,363,026
Restricted	2,451,391	-	2,451,391	-	-	-
Unrestricted (deficit)	(45,981,292)	161,236	(45,820,056)	(53,964,504)	(9,941)	(53,974,445)
Total Net Position (Deficit)	$ (40,239,107)	$ 288,413	$(39,950,694)	$ (51,742,053)	$ 130,634	$ (51,611,419)

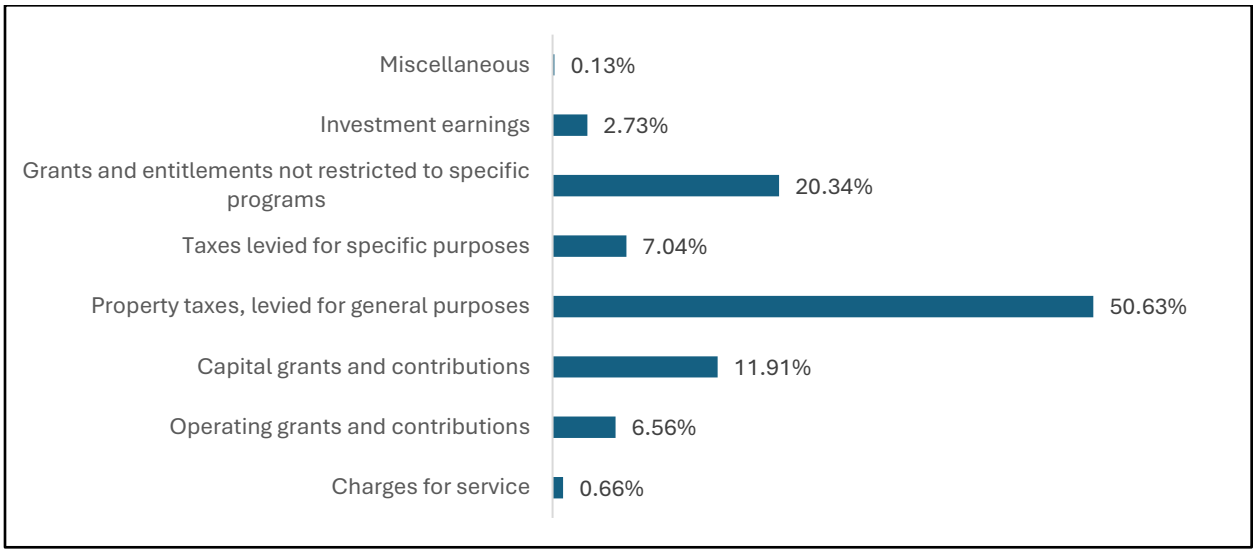
TABLE 4
NORTHERN LEBANON SCHOOL DISTRICT'S CHANGES IN NET POSITION
June 30, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
REVENUES						
Program revenues:						
Charges for services	$ 342,428	$ 538,007	$ 880,435	$ 471,794	$ 397,834	$ 869,628
Operating grants and contributions	3,421,185	746,013	4,167,198	2,832,261	759,926	3,592,187
Capital grants and contributions	6,208,399	-	6,208,399	7,428,938	-	7,428,938
General revenues:						
Property taxes, levied for general purposes	26,393,070	-	26,393,070	24,330,846	-	24,330,846
Taxes levied for specific purposes	3,671,781	-	3,671,781	3,316,464	-	3,316,464
Grants for entitlements not restricted to specific programs	10,605,321	-	10,605,321	10,192,211	-	10,192,211
Investment earnings	1,422,811	1,236	1,424,047	1,564,981	233	1,565,214
Miscellaneous	67,888	50,869	118,757	88,103	68,549	156,652
TOTAL REVENUES	52,132,883	1,336,125	53,469,008	50,225,598	1,226,542	51,452,140

TABLE 4
NORTHERN LEBANON SCHOOL DISTRICT'S CHANGES IN NET POSITION
June 30, 2025 and 2024

	2025			2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
(cont'd)						
EXPENSES						
Instruction	21,020,120	-	21,020,120	39,445,488	-	39,445,488
Instructional student support	2,359,492	-	2,359,492	2,600,669	-	2,600,669
Administrative and financial support services	5,860,903	-	5,860,903	5,496,973	-	5,496,973
Operation and maintenance of plant services	3,544,630	-	3,544,630	3,406,373	-	3,406,373
Pupil transportation	3,211,390	-	3,211,390	2,981,509	-	2,981,509
Student activities	1,413,118	-	1,413,118	1,624,904	-	1,624,904
Community services	37,352	-	37,352	11,706	-	11,706
Interest on long-term debt	3,182,932	-	3,182,932	3,418,747	-	3,418,747
Loss on disposal of capital assets	-	-	-	4,819,737	-	4,819,737
Food services	-	1,178,346	1,178,346	-	1,161,552	1,161,552
TOTAL EXPENSES	40,629,937	1,178,346	41,808,283	63,806,116	1,161,552	64,967,668
CHANGE IN NET POSITION (DEFICIT)	11,502,946	157,779	11,660,725	(13,580,518)	64,990	(13,515,528)
NET POSITION (DEFICIT), BEGINNING	(51,742,053)	130,634	(51,611,419)	(38,161,535)	65,644	(38,095,891)
NET POSITION (DEFICIT), ENDING	$ (40,239,107)	$ 288,413	$ (39,950,694)	$ (51,742,053)	$ 130,634	$ (51,611,419)

TABLE 5
GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE



Governmental Activities

As shown in Table 4, revenues exceeded expenses in the current year, resulting in a decrease in net deficit. The total net deficit of the governmental activities was $40,239,107, a decrease of $11,502,946 or 20.90% from 2024. Various events contributed to this decrease; however, the primary factor in the decrease in net deficit were the changes in the current year pension and OPEB valuations.

Increased Property Tax Revenue

Real Estate Tax revenue represents over 50% of the District's overall revenue budget; therefore, its performance is a key driver to the District's financial health. Property Taxes for 2025 increased by $2,062,224, or 8.48%.

Increased Investment Earnings

As discussed above, there was a significant increase in mortgage rates. There was also a corresponding increase in interest rates on deposits. The District's average interest rate ranges from 4.50% - 5.50% on various accounts during 2025. These rate changes were the driver behind the $1,422,811 in investment earnings in 2025. When compared to 2024, this represents a $140,934, or 9.01%, decrease.

Growth In Expenses (Gross)

While revenue increased from the prior year, the District's expenses decreased by $22,488,578, or 35.25%. In the prior year, the District recognized a large loss related to the write off of capital assets no longer in service based on the data from a full inventory valuation completed during 2024. The main driver of the decrease was seen in instructional expenses, which decreased $18,425,378. This was due to large noncapital expenses in the prior year. In addition, the District recognized a large credit as a result of current year pension and OPEB valuations.

Business-type Activities

Business-type activities consist of the District's Food Service Fund.

The Proprietary Fund, Food Services, had a net position at June 30, 2025 of $288,413, an increase of $157,779 from the prior year's net position of $130,634. The amount due to the General Fund from the Food Service Fund was increased to $30,362 from $21,457 in 2024.

Governmental Funds

The District's fund financial statements provide detailed information about its significant funds rather than the District as a whole. Some funds are required by state law and some by bond requirements.

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. They are reported using an accounting method called modified accrual accounting, which measures cash and all other

financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and 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 we report in the government-wide statements. In the funds financial statements, it is reported in more detail and with additional information, such as cash flows.

Fiduciary Funds

The District acts as agent for various student groups or extra-classroom activity funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in net position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The District has $97,673,848 invested in capital assets net of depreciation and amortization. The District purchased $448,182 of capital assets and had construction in progress for the 2025 capital project, the High School Renovation project, of $32,937,223. Depreciation and amortization of capital assets was $2,074,998 for governmental activities and $13,398 for business-type activities for fiscal year 2025. Accumulated amortization related to the right-to-use assets was $102,896. A durable single-item purchase or a group purchase of durable items with a purchase price of at least $1,000 and an expected life greater than one year are defined as capital assets.

Additional information on the District's capital assets can be found in Note 6 of this report.

Long-term Debt

As of June 30, 2025, the District had $102,373,000 in outstanding bonds and notes payable. The District made scheduled debt payments of $1,963,000 in principal and paid $3,959,895 in interest on bonds and notes payable during the 2024-2025 fiscal year.

TABLE 6
DEBT

Maturity	Description	Series	Principal	Interest	Total P&I
2/15/2029	General Obligation Notes	Series 2020B	$ 4,803,000	$ 190,890	$ 4,993,890
6/30/2051	General Obligation Notes	Series 2021	24,580,000	11,686,075	36,266,075
6/30/2051	General Obligation Notes	Series 2022	35,475,000	23,103,850	58,578,850
6/30/2043	General Obligation Notes	Series 2023	14,140,000	7,539,070	21,679,070
6/30/2050	General Obligation Notes	Series 2024	14,375,000	10,449,880	24,824,880
6/30/2047	General Obligation Notes	Series 2025	9,000,000	5,216,338	14,216,338
			$102,373,000	$ 58,186,113	$160,559,103

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District had an enrollment of 2,130 for the period ending June 30, 2024. Enrollment for the period ending June 30, 2023 was 2,254. Enrollments have been mixed. There have been both ups and downs in the year-to-year enrollment numbers. Enrollment trends have trended with the community's economy as it expands and contracts. The Pennsylvania Department of Education forecast of growth has been realized, and enrollment has begun to decrease as anticipated.

In the Governmental Funds Statements: Total expenditures and other financing uses exceeded revenues and other financing sources in the amount of $15,151,177 in the 2024-2025 period. The total revenues decrease was $27,057,952, or 30.53%. Expenditures also increased by $10,517,631, or 15.88%.

In the Government-wide Statements: Governmental activities general revenues increased by 6.76%, from $39,492,605 to $42,160,871; and program revenues decreased by 7.09%, from $10,732,993 to $9,972,012, in the 2024-2025 period. Revenues exceeded expenses by $11,660,725 for the governmental activities. The outlook for the 2025-2026 period remains cautious given the general economic conditions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Business Affairs, Northern Lebanon School District, 345 School Drive, Fredericksburg, PA 17026, or call 717-865-0541.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	$ 24,781,915	$ 244,873	$ 25,026,788
Taxes receivable, net	801,943	-	801,943
Due from other governments	1,350,349	-	1,350,349
Prepaid expenses	534,535	-	534,535
Internal balances	30,362	(30,362)	-
Other receivables	4,324	217,120	221,444
Inventories	-	9,331	9,331
Land	1,313,142	-	1,313,142
Construction in progress	34,537,431	-	34,537,431
Buildings and improvements	77,660,023	-	77,660,023
Furniture and equipment	1,534,462	387,821	1,922,283
Vehicles	355,416	-	355,416
Accumulated depreciation	(18,015,140)	(260,644)	(18,275,784)
Right-to-use assets	244,933	-	244,933
Right-to-use subscription asset	19,300	-	19,300
Accumulated amortization	(102,896)	-	(102,896)
TOTAL ASSETS	125,050,099	568,139	125,618,238
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows relating to pension	6,762,031	-	6,762,031
Deferred outflows relating to OPEB	875,726	-	875,726
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,637,757	-	7,637,757
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 132,687,856	$ 568,139	$ 133,255,995
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	$ 5,199,758	$ 279,726	$ 5,479,484
Accrued salaries and benefits	5,404,778	-	5,404,778
Retainage payable	1,846,943	-	1,846,943
Accrued interest	700,233	-	700,233
Long-term liabilities:			
Portion due or payable within one year:			
Bonds/notes payable in future years, net	2,429,284	-	2,429,284
Leases payable	39,608	-	39,608
Subscription payable	950	-	950
Accumulated compensated absences	13,141	-	13,141
Portion due or payable after one year:			
Bonds/notes payable in future years, net	104,441,175	-	104,441,175
Leases payable	131,812	-	131,812
Accumulated compensated absences	131,217	-	131,217
Net pension liability	43,780,000	-	43,780,000
Net OPEB liability	4,347,090	-	4,347,090
TOTAL LIABILITIES	168,465,989	279,726	168,745,715
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pension	2,989,000	-	2,989,000
Deferred inflows relating to OPEB	1,471,974	-	1,471,974
TOTAL DEFERRED INFLOWS OF RESOURCES	4,460,974	-	4,460,974
NET POSITION (DEFICIT):			
Net investment in capital assets	3,290,794	127,177	3,417,971
Restircted	2,451,391	-	2,451,391
Unrestricted (deficit)	(45,981,292)	161,236	(45,820,056)
TOTAL NET POSITION (DEFICIT)	(40,239,107)	288,413	(39,950,694)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	$ 132,687,856	$ 568,139	$ 133,255,995

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
GOVERNMENTAL ACTIVITIES:							
Instruction	$ 21,020,120	$ 223,095	$ 1,903,896	$ 4,572,995	$ (14,320,134)	$ -	$ (14,320,134)
Instructional student support	2,359,492	-	182,650	-	(2,176,842)	-	(2,176,842)
Administrative and financial support services	5,860,903	-	396,192	-	(5,464,711)	-	(5,464,711)
Operation and maintenance of plant services	3,544,630	-	243,784	-	(3,300,846)	-	(3,300,846)
Pupil transportation	3,211,390	-	216,849	1,635,404	(1,359,137)	-	(1,359,137)
Student activities	1,413,118	84,083	92,107	-	(1,236,928)	-	(1,236,928)
Community services	37,352	35,250	275	-	(1,827)	-	(1,827)
Interest on long-term debt	3,182,932	-	385,432	-	(2,797,500)	-	(2,797,500)
TOTAL GOVERNMENTAL ACTIVITIES	40,629,937	342,428	3,421,185	6,208,399	(30,657,925)	-	(30,657,925)
BUSINESS-TYPE ACTIVITIES:							
Food service	1,178,346	538,007	746,013	-	-	105,674	105,674
TOTAL BUSINESS-TYPE ACTIVITIES	1,178,346	538,007	746,013	-	-	105,674	105,674
TOTAL PRIMARY GOVERNMENT	$ 41,808,283	$ 880,435	$ 4,167,198	$ 6,208,399	(30,657,925)	105,674	(30,552,251)
		GENERAL REVENUES					
		Property taxes, levied for general purposes			26,393,070	-	26,393,070
		Taxes levied for specific purposes			3,671,781	-	3,671,781
		Grants and entitlements not restricted to specific programs			10,605,321	-	10,605,321
		Investment earnings			1,422,811	1,236	1,424,047
		Miscellaneous			67,888	50,869	118,757
		TOTAL GENERAL REVENUES			42,160,871	52,105	42,212,976
		CHANGE IN NET POSITION (DEFICIT)			11,502,946	157,779	11,660,725
		NET POSITION (DEFICIT), BEGINNING OF YEAR			(52,677,500)	130,634	(52,546,866)
		Restatement - change in accounting principle			935,447	-	935,447
		NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED			(51,742,053)	130,634	(51,611,419)
		NET POSITION (DEFICIT), END OF YEAR			$ (40,239,107)	$ 288,413	$ (39,950,694)

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

NORTHERN LEBANON SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 14,427,054	$ 10,354,861	$ -	$ -	$ 24,781,915
Investments	-	-	-	-	-
Taxes receivable, net	801,943	-	-	-	801,943
Due from other funds	3,696,218	405,000	-	-	4,101,218
Due from other governments	1,350,349	-	-	-	1,350,349
Prepaid expenditures	534,535	-	-	-	534,535
Other receivables	4,324	-	-	-	4,324
TOTAL ASSETS	$ 20,814,423	$ 10,759,861	$ -	$ -	$ 31,574,284
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 805,126	$ 4,394,632	$ -	$ -	$ 5,199,758
Retainage payable	-	1,846,943	-	-	1,846,943
Due to other funds	2,003,961	2,066,895	-	-	4,070,856
Accrued salaries and benefits	5,404,778	-	-	-	5,404,778
TOTAL LIABILITIES	8,213,865	8,308,470	-	-	16,522,335
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - delinquent taxes	537,402	-	-	-	537,402
TOTAL DEFERRED INFLOWS OF RESOURCES	537,402	-	-	-	537,402
FUND BALANCES:					
Nonspendable	534,535	-	-	-	534,535
Restricted for capital projects	-	2,451,391	-	-	2,451,391
Committed	990,000	-	-	-	990,000
Assigned	3,300,000	-	-	-	3,300,000
Unassigned	7,238,621	-	-	-	7,238,621
TOTAL FUND BALANCES	12,063,156	2,451,391	-	-	14,514,547
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 20,814,423	$ 10,759,861	$ -	$ -	$ 31,574,284

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

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

TOTAL GOVERNMENTAL FUND BALANCES		$ 14,514,547
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 1,313,142	
Vehicles	355,416	
Construction in progress	34,537,431	
Buildings and improvements	77,660,023	
Furniture and equipment	1,534,462	
Accumulated depreciation	(18,015,140)	
Right-to-use assets	244,933	
Right-to-use subscription	19,300	
Accumulated amortization	(102,896)	97,546,671
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds/Notes payable in future years, net	(106,870,459)	
Leases payable	(171,420)	
Subscription payable	(950)	
Accumulated compensated absences	(144,358)	
Accrued interest	(700,233)	
Net OPEB liability	(4,347,090)	
Net pension liability	(43,780,000)	(156,014,510)
Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:		
Deferred outflows of resources:		
Deferred outflows related to pension	6,762,031	
Deferred outflows related to OPEB	875,726	
Deferred inflows of resources:		
Deferred inflows related to pension	(2,989,000)	
Deferred inflows related to OPEB	(1,471,974)	3,176,783
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		537,402
NET DEFICIT OF GOVERNMENTAL ACTIVITIES		$ (40,239,107)

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Governmental Funds
REVENUES					
Local sources	$ 31,335,643	$ 269,890	$ -	$ -	$ 31,605,533
State sources	19,145,017	-	-	-	19,145,017
Federal sources	1,333,347	-	-	-	1,333,347
TOTAL REVENUES	51,814,007	269,890	-	-	52,083,897
EXPENDITURES					
Current:					
Instruction	27,985,391	-	-	-	27,985,391
Support services	15,135,246	328,510	-	-	15,463,756
Operation of noninstructional services	1,351,658	218,149	-	33,324	1,603,131
Capital outlays	26,074	26,011,963	-	-	26,038,037
Debt service	80,401	-	5,558,881	-	5,639,282
TOTAL EXPENDITURES	44,578,770	26,558,622	5,558,881	33,324	76,729,597
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,235,237	(26,288,732)	(5,558,881)	(33,324)	(24,645,700)
OTHER FINANCING SOURCES (USES)					
Proceeds from extended term financing	203,716	-	-	-	203,716
Proceeds from bond issuance	-	9,000,000	-	-	9,000,000
Premium on bond issuance	-	115,853	-	-	115,853
Bond issuance costs	-	-	-	-	-
Refund of prior year expenditures	174,974	-	-	-	174,974
Interfund transfers	(11,558,881)	6,000,000	5,558,881	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(11,180,191)	15,115,853	5,558,881	-	9,494,543
NET CHANGES IN FUND BALANCES	(3,944,954)	(11,172,879)	-	(33,324)	(15,151,157)
FUND BALANCES, BEGINNING OF YEAR	16,008,110	13,624,270	-	33,324	29,665,704
FUND BALANCES, END OF YEAR	$ 12,063,156	$ 2,451,391	$ -	$ -	$ 14,514,547

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

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (15,151,157)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays were exceeded by depreciation/amortization expense and writeoffs in the period.	31,514,123
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year.	(104,964)
The issuance of long-term debt (e.g. bonds/notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	(7,046,343)
Governmental funds report bond discounts as other financing uses and deferred bond refunding option proceeds and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.	(115,853)
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	19,025
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	518,681
In the statement of activities, OPEB expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and deferred inflows and outflows of resources related to OPEB exceeded OPEB expenditures in the governmental funds during the year.	(73,524)
In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceeded pension contributions during the year.	1,942,958
CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES	$ 11,502,946

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash and cash equivalents	$ 244,873
Accounts receivable	217,120
Inventories	9,331
Total Current Assets	471,324
PROPERTY AND EQUIPMENT:	
Net furniture and equipment	127,177
TOTAL ASSETS	$ 598,501
LIABILITIES AND NET POSITION	
LIABILITIES:	
Accounts payable	$ 279,726
Due to other funds	30,362
Total Liabilities	310,088
NET POSITION:	
Investment in capital assets	127,177
Unrestricted	161,236
Total Net Position	288,413
TOTAL LIABILITIES AND NET POSITION	$ 598,501

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

OPERATING REVENUES	
Food service revenues	$ 538,007
TOTAL OPERATING REVENUES	538,007
OPERATING EXPENSES	
Purchased professional and technical services	1,063,202
Supplies	101,746
Depreciation	13,398
TOTAL OPERATING EXPENSES	1,178,346
OPERATING INCOME (LOSS)	(640,339)
NONOPERATING REVENUES	
Earnings on investments	1,236
Donations	1,595
State sources	95,156
Federal sources	650,857
Refund of prior year expenses	49,274
TOTAL NONOPERATING REVENUES	798,118
CHANGE IN NET POSITION	157,779
NET POSITION, BEGINNING OF YEAR	130,634
NET POSITION, END OF YEAR	$ 288,413

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	$ 434,149
Payments to suppliers	(1,028,331)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(594,182)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	95,156
Federal sources	567,024
Other nonoperating sources	50,869
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	713,049
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	1,236
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,236
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	120,103
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	124,770
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 244,873
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income (loss)	$ (640,339)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	13,398
Donated commodities	83,833
(Increase) Decrease in:	
Accounts receivable	(103,858)
Increase (Decrease) in:	
Accounts payable	43,879
Due to other funds	8,905
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (594,182)
SUPPLEMENTAL DISCLOSURE	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	$ 83,833

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2025

	Custodial Fund Student Activities
ASSETS	
Cash and cash equivalents	$ 262,410
TOTAL ASSETS	$ 262,410
LIABILITIES AND NET POSITION	
LIABILITIES:	
Other current liabilities	$ 51,861
NET POSITION:	
Reserved for student activities	210,549
TOTAL LIABILITIES AND NET POSITION	$ 262,410

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund Student Activities
ADDITIONS	
Interest	$ 9,433
Fundraising	422,142
TOTAL ADDITIONS	431,575
DEDUCTIONS	
Student activities	419,118
TOTAL DEDUCTIONS	419,118
CHANGE IN NET POSITION	12,457
NET POSITION, BEGINNING OF YEAR	198,092
NET POSITION, END OF YEAR	$ 210,549

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Lebanon School District ("the District") operates four elementary schools and one Junior/Senior High School in Lebanon County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School laws of Pennsylvania. The District operates under a locally elected nine-member Board form of government.

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. 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. 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 financial accountability. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental grants, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and/or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

The fund statements provide information about the District's funds, including fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. If the District believes a fund is "particularly important to financial statement users," it may report the fund as a major fund. All remaining governmental funds are aggregated and reported as non-major.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund revenues accrued on this basis include real estate taxes, deed transfer tax, and fees. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Unearned revenue has been recorded for certain receivables that are measurable but not available to finance current liabilities. Revenues from intergovernmental grants are recognized on the basis of actual expenditures incurred and to the extent amounts are available.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund.

The *Debt Service Fund* is used to account for accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

The District reports the following non-major fund as a major governmental fund, displayed in a separate column.

The *Miscellaneous Special Revenue Fund* is used to account for activities in the various scholarship accounts, whose sole purpose is to provide scholarships as prescribed by donor stipulations.

The District has one business-type activity:

The *Food Service Fund* is used to account for the activities of the District's food service program.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds – Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. The District reports the following fiduciary funds:

- *Custodial Funds:* These funds accounts for the receipt and disbursement of monies from student groups or extra classroom activity funds. These organizations exist with explicit approval and are subject to revocation of the District governing body. This accounting reflects the District's custodial relationship with the student groups or extra classroom activity funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inter-fund Activity in the Government-wide Statements

As a general rule, the effect of Inter-fund activity has been eliminated from the government-wide financial statements.

Revenue Classification on Government-wide Statement of Activities

Amounts reported as *program revenues* include 1) charges to customers for services provided and rents, 2) operating grants, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Budget and Budgetary Accounting

An operating 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 and is the only fund for which the District adopts a budget.

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

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

- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. 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.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, certificates of deposit, money market funds, and deposits with the Pennsylvania Local Government Investment Trust ("PLGIT"). The fair values of deposits are equal to the cost of the deposits including accrued interest which approximates fair value.

Short-term Inter-fund Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Any residual balances outstanding between the governmental activities and fiduciary funds are reported in the government-wide financial statements as "Due from Other Governments" or "Due to Other Governments."

Inventories

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2024. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

Capital Assets

Capital assets, which include buildings, building improvements, furniture and equipment, and vehicles, are reported at cost. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. To the extent the District's capitalization threshold is met, capital outlays are recorded and depreciated/amortized using the straight-line method over the following estimated useful lives:

Building and building improvements	40 years
Furniture and equipment	5 - 12 years
Vehicles	12 years
Right-to-use lease assets	Life of lease
Right-to-use subscription asset	Life of arrangement

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over its useful life of 7-12 years.

Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of $1,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on the risk free rate for tax exempt bonds that were issued by the District in the past adjusted for the terms of the various leases.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent assets, and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, post-employment benefits, pensions, potential contingent liabilities, and useful lives of long-lived assets.

Pensions

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

Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

Consistent with GASB Statement 101, "Compensated Absences," the liability has been calculated using the estimation of compensated absences used over an employee's service time multiplied by a daily pay rate. An accrual for that liability is included in the District-wide financial statements. In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other Post-employment Benefits

The District's other post-employment benefits ("OPEB") include a single employer defined benefit plan that provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents. In addition, the District participates in a multiple-employer OPEB health insurance premium assistance program administered by the Public School Employees' Retirement System ("PSERS"). For purposes of measuring the net OPEB liability, deferred outflows of resources, 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's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The District's liability for other post-employment benefits has been recorded in the statement of net position, in accordance with the statement. See Note 11 for additional information.

Equity Classifications - District-wide Statements

In the District-wide statements, there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- **Restricted net position** – reports net position when constraints placed on the assets are 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** – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Equity Classifications - Governmental Statements

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has restricted fund balances of $2,451,391 at June 30, 2025 for capital projects.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Directors. The District has committed fund balances of $990,000 at June 30, 2025 for healthcare.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District has assigned fund balances of $3,300,000 at June 30, 2025 for future capital projects. All encumbrances of the General fund are also classified as assigned fund balance in the General Fund.

Unassigned – Includes all other General Fund amounts that do not meet definition of the above four classifications and are deemed to be available for general use by the District.

Deferred Inflows and Outflows of Resources

The statement of net position (deficit) in addition to reporting assets and liabilities will sometimes report a separate section for deferred inflows/outflows of resources. Deferred inflows/outflows of resources represent either a consumption or acquisition of net position that applies to future period(s) and will not be recognized as an inflow/outflow (revenue/expense) of resources until that period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District's deferred inflows/outflows of resources are reported on the government-wide statement of net position (deficit) for pension and other post-employment benefits ("OPEB") and the deferred effect of bond defeasance.

The District also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes.

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As described in Note 18, the District has restated opening balances as a result of the implementation.

NOTE 2 CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK

Section 440.1 of the Pennsylvania Public School Code of 1949, as amended ("the Code"), permits the District to hold deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. The District complied with these requirements at June 30, 2025.

The Code also permits the District to invest its monies in obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The District invests in certificates of deposit and the PSDLAF as authorized by the Board. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by the Code. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

The District invests in money market funds, which are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to them. The District does not have a deposit policy for custodial credit risk. As

NOTE 2 CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK (cont'd)

of June 30, 2025, $17,185,873 of the District's bank balances of $26,527,730 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	17,185,873
	$ 17,185,873

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured amount above	$ 17,185,873
Insured amount	9,341,857
Bank balance	26,527,730
Outstanding checks	(1,239,817)
Carrying amount - bank balances	16,691,237
Petty cash	1,285
Total Cash and Cash Equivalents per Financial Statements	$ 25,289,198

NOTE 3 REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME

Based upon assessments provided by the County, the tax collector bills and collects property taxes and remits them to the District. The District tax rate for the year ended June 30, 2025 was 17.3467 mills as levied by the Board of School Directors. The Board of School Directors also levies per capita taxes based on the census of residents in the District. The tax rate under Section 679 is $5/person and under Act 511 is $5/person. The total per capita tax levied by the District is $10/person. The schedule for real estate and per capita taxes levied for each fiscal year is as follows:

July 1	Levy Date
July 1 - August 31	2% Discount Period
September 1 - October 31	Face Payment Period
November 1 - December 31	10% Penalty Period
January 1	Lien Date

The District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an

NOTE 3 REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME (cont'd)

allowance for uncollectible taxes as determined by the administration. The District has determined that a $128,311 allowance is necessary. A portion of the net amount estimated to be collectable which was measurable and available within 60 days was recognized as revenue and the balance as deferred inflows of resources.

The balances at June 30, 2025 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Inflows of Resources
Real estate	$ 898,771	$ 128,311	$ 770,460	$ 233,058	$ 537,402
Realty transfer	31,483	-	31,483	-	-
TOTALS	$ 930,254	$ 128,311	$ 801,943	$ 233,058	$ 537,402

In the balance sheet - governmental funds, the General Fund deferred inflows of resources consists of the following at June 30, 2025:

Deferred inflows of resources - tax related	$ 537,402
TOTAL	$ 537,402

NOTE 4 DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2025, the following amounts are due from other governmental units:

	General Fund
Federal (through the state)	$ 638,956
State	711,393
TOTAL	$1,350,349

NOTE 5 TAX ABATEMENTS/PAYMENTS IN LIEU OF TAXES

The District enters into property tax abatement agreements with the Pennsylvania Game Commission for State Game Lands located within the school district. This payment is made in

NOTE 5 TAX ABATEMENTS/PAYMENTS IN LIEU OF TAXES (cont'd)

part from Game Fund revenues in accordance with the Act of May 17, 1929, as amended by Act 1995-49 and provides $0.40 per acre. This payment is also made in part from Pennsylvania Gaming Control Board's State Gaming Fund revenue in accordance with Act 102, which provides an additional $0.80 per acre for State Gaming lands located within the District. The payment in lieu of tax amounted to $82,622 for the year ended June 30, 2025. The District also receives a payment in lieu of taxes on property acquired by the state for the purpose of water conservation on the Swatara Gap State Park project, based on the assessed value of the property of $419,650 at the tax rate of 17.3467. The payment in lieu of taxes amounted to $7,280.

NOTE 6 CHANGES IN CAPITAL ASSETS

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated/amortized:				
Land	$ 1,313,142	$ -	$ -	$ 1,313,142
Construction in progress	1,600,208	32,937,223	-	34,537,431
Total Capital Assets Not Being Depreciated	2,913,350	32,937,223	-	35,850,573
Capital assets being depreciated/ amortized:				
Right-to-use subscription assets	19,300	-	-	19,300
Right-to-use computers and equipment	266,819	203,716	225,602	244,933
Building and building improvements	77,361,421	298,602	-	77,660,023
Furniture and equipment	1,384,882	149,580	-	1,534,462
Vehicles	355,416	-	-	355,416
Total Capital Assets Being Depreciated/Amortized	79,387,838	651,898	225,602	79,814,134
Less accumulated depreciation/ amortization for:				
Right-to-use assets:				
Subscription assets	(17,410)	(1,890)	-	(19,300)
Computers and equipment	(261,912)	(47,286)	(225,602)	(83,596)
Building and building improvements	(14,920,282)	(1,922,042)	-	(16,842,324)
Furniture and equipment	(780,139)	(84,172)	-	(864,311)
Vehicles	(288,897)	(19,608)	-	(308,505)
Total accumulated depreciation/ amortization	(16,268,640)	(2,074,998)	(225,602)	(18,118,036)
Total Capital Assets Being Depreciated/ Amortized, Net	63,119,198	14,423,100	-	61,696,098
Governmental Activities Assets, Net	$ 66,032,548	$ 31,514,123	$ -	$ 97,546,671

NOTE 6 CHANGES IN CAPITAL ASSETS (cont'd)

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

Governmental Activities:

Instruction	$ 1,716,036
Instructional student support	71,865
Administrative and financial support services	7,510
Operation and maintenance of plan services	39,789
Pupil transportation	138,561
Student activities	101,237
Total Depreciation/Amortization Expense - Governmental Activities	$ 2,074,998

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	$ 387,821	$ -	$ -	$ 387,821
Less accumulated depreciation	(247,246)	(13,398)	-	(260,644)
Total Capital Assets Being Depreciated, Net	140,575	(13,398)	-	127,177
Business-type Activities Assets, Net	$ 140,575	$ (13,398)	$ -	$ 127,177

NOTE 7 GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2025, general long-term debt changed as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds and Notes:					
Series B of 2020	$ 5,956,000	$ -	$ (1,153,000)	$ 4,803,000	$ 1,175,000
Series of 2021	24,755,000	-	(175,000)	24,580,000	175,000
Series of 2022	35,735,000	-	(260,000)	35,475,000	275,000
Series of 2023	14,515,000	-	(375,000)	14,140,000	400,000
Series of 2024	14,375,000	-	-	14,375,000	220,000
Series of 2025	-	9,000,000	-	9,000,000	-
Bond premium	4,539,971	115,853	(154,365)	4,497,459	184,284
Total Bonds and Notes Payable	99,875,971	9,115,853	(2,117,365)	106,870,459	2,429,284

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Other Liabilities:					
Leases payable	6,767	203,716	(39,063)	171,420	39,608
Subscription payable	1,895	-	(945)	950	950
Compensated absence benefits	163,383	-	(19,025)	144,358	13,141
Net OPEB liability	4,332,489	14,601	-	4,347,090	-
Net pension liability	48,090,000	-	(4,310,000)	43,780,000	-
TOTAL LONG-TERM LIABILITIES	$152,470,505	$ 9,334,170	$ (6,486,398)	$155,318,277	$ 2,482,983

The payments of general long-term debt are to be funded by the General Fund and Debt Service Fund.

Interest on long-term debt for the year was composed of:

Interest paid on bonds	$ 3,792,141
Interest paid on leases	3,818
Interest paid on subscriptions	3
Change in accrued interest	(518,681)
Recognition of loss on refunding	89,935
Amortization of bond premium	(184,284)
Total Interest Expense	$ 3,182,932

The future annual payments required to amortize the bonds and notes outstanding as of June 30, 2025, including total interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 2,245,000	$ 3,586,649	$ 5,831,649
2027	2,311,000	3,842,772	6,153,772
2028	2,613,000	3,846,363	6,459,363
2029	2,724,000	3,717,964	6,441,964
2030	2,850,000	3,614,264	6,464,264
2031 - 2035	16,270,000	16,000,245	32,270,245
2036 - 2040	19,920,000	12,313,835	32,233,835
2041 - 2045	23,520,000	7,970,262	31,490,262
2046 - 2050	24,925,000	3,200,158	28,125,158
2051 - 2052	4,995,000	93,601	5,088,601
TOTAL	$ 102,373,000	$ 58,186,113	$ 160,559,113

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

General Obligation Notes, Series B of 2020

On November 23, 2020, the District issued $6,902,000 of General Obligation Notes. The District issued the Notes (1) to refund the outstanding aggregate principal amount of $6,795,000 of the series General Obligation Notes, Series B of 2012, and (2) pay the costs of issuing the notes $43,330. The Notes bear interest rates at 1.578% with principal maturities from February 2021 to February 2029. The balance outstanding at June 30, 2025 was $4,803,000.

General Obligation Bonds, Series of 2021

On April 15, 2021, the District issued $24,995,000 of General Obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school and renovations and improvements to athletic facilities within the District, and (2) pay the costs of issuing the bonds $359,986. The Bonds bear interest rates ranging from 3% to 4% with principal maturities from September 2022 to September 2050. The balance outstanding at June 30, 2025 was $24,580,000.

General Obligation Bonds, Series of 2022

On May 9, 2022, the District issued $36,000,000 of General Obligation Bonds. The District issued the Bonds (1) for planning, designing, and construction of a new elementary school and renovations and improvements to athletic facilities and installation of related equipment, machinery, and furnishings, and (2) pay the costs of issuing the Bonds of $1,052,167. The Bonds bear interest rates ranging from 4% to 5% with principal maturities from September 2023 to September 2051. The balance outstanding at June 30, 2025 was $35,475,000.

General Obligation Bonds, Series of 2023

On November 2, 2023, the District issued $14,515,000 of General Obligation Bonds. The District issued the Bonds (1) for planning, designing, and construction of a new elementary school, and renovations and improvements to athletic facilities and installation of related equipment, machinery, and furnishings, and (2) pay the costs of issuing the bonds $306,572. The bonds bear interest rates ranging from 4.5% to 5% with principal maturities from September 2024 to September 2043. The balance outstanding at June 30, 2025 was $14,140,000.

General Obligation Bonds, Series of 2024

On April 2, 2024, the District issued $14,375,000 of General Obligation Bonds. The District issued the Bonds (1) for planning, designing, and construction of a new elementary school, and renovations and improvements to athletic facilities and installation of related equipment, machinery, and furnishings, and (2) pay the costs of issuing the Bonds of $340,022. The Bonds bear interest rates ranging from 4% to 5% with principal maturities from September 2024 to September 2050. The balance outstanding at June 30, 2025 was $14,375,000.

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

General Obligation Bonds, Series of 2025

On April 2, 2025, the District issued $9,000,000 of General Obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school, and renovations and improvements to athletic facilities and installation of related equipment, machinery, and furnishings, and (2) pay the costs of issuing the Bonds of $331,305. The Bonds bear interest rates ranging from 4% to 5% with principal maturities from September 2026 to September 2045. The balance outstanding at June 30, 2025 was $9,000,000.

Compensated Absences

Vacation – The District administrators and classified staff are granted vacation in varying amounts based on individual contracts and on length of service. Employees are allowed to accumulate vacation days; and upon termination or retirement, the employee receives a lump sum payout based on the number of days accumulated multiplied by the authorized rate.

Personal Days – The District administrators and professional staff are granted 3 days of personal leave annually. A maximum of 2 days may be accumulated and carried over to the following school year. Days accumulated in excess of 2 at the end of a school year will be forfeited.

Sick Leave – The District allows all employees to accumulate their unused sick leave as specified in negotiated labor contracts, employee handbooks, or individual employment contracts. Employees are entitled to a payout of unused sick leave. Sick leave provisions for each employee group are:

Group	Days per Year	Accumulation	Lump Sum Payout
Administrators	per contract	unlimited	per contract
Teachers and Other Licensed Professionals	10	unlimited	per negotiated labor contract
Classified Personnel	8 - 10	unlimited	per negotiated labor contract

Post-Employment Benefits Other than Pension Benefits

The Board of School Directors adopted a policy to permit members of the administrative team who retire on or after July 1, 1988 to continue group insurance coverage, at the District's expense, on the basis of three months of paid coverage for each full year, or major fraction

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

thereof, of service in the District. Retirement is defined as qualifying for pension or annuity from the Pennsylvania Public School Employees' Retirement System. Persons eligible for dependent coverage at the time of retirement shall be included in such coverage. In the event of death of the retired member before such benefits are exhausted, surviving eligible dependents shall be entitled to continue coverage until such time as the retired member's benefits would have been exhausted. Currently, there are three participants receiving benefits.

NOTE 8 LEASES

On February 14, 2020, the District entered into a lease agreement for the use of office equipment. The lease is for five years starting February 14, 2020 and ending June 3, 2025. An initial lease liability was recorded in the amount of $41,217. The District is required to make quarterly payments over the lease term. During the year ended June 30, 2024, the District made $8,388 in lease payments. The lease has an imputed interest rate of 2.39%. The office equipment estimated useful life is 5 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2025 is $41,217 with accumulated amortization of $41,217 which is included as right-to-use lease asset – computers and equipment in the capital asset Note 6.

On August 9, 2024, the District entered into a lease agreement for the use of office equipment. The lease is for five years starting August 9, 2024 and ending August 8, 2029. An initial lease liability was recorded in the amount of $203,716. The District is required to make quarterly payments over the lease term. During the year ended June 30, 2025, the District made $32,295 in lease payments. The lease has an imputed interest rate of 2.38%. The office equipment estimated useful life is 5 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2025 is $203,716 with accumulated amortization of $40,743 which is included as right-to-use lease asset – computers and equipment in the capital asset Note 6.

The following is a summary of the maturity of long-term lease obligations:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	$ 39,608	$ 3,818	$ 43,426
2027	40,559	2,693	43,252
2028	41,534	1,718	43,252
2029	42,532	720	43,252
2030	7,187	22	7,209
TOTAL	$ 171,420	$ 8,971	$ 180,391

NOTE 9 SUBSCRIPTIONS

On July 31, 2021, the District entered into a subscription agreement for a school-wide messaging system. The agreement is for three years starting July 31, 2021 and ending July 30, 2024. An initial subscription liability was recorded in the amount of $13,675. The District is required to make yearly payments over the subscription term. During the year ended June 30, 2025, the District made $4,558 in subscription payments. The lease has an imputed interest rate of 1.89%. The subscription estimated useful life is 3 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2025, is $13,632 with accumulated amortization of $13,632, which is included as right-to-use subscription asset in the capital asset Note 6.

On December 8, 2022 , the District entered into a subscription agreement for a school-wide messaging system. The agreement is for three years starting December 8, 2022 and ending December 7, 2025. An initial subscription liability was recorded in the amount of $5,668. The District is required to make yearly payments over the subscription term. During the year ended June 30, 2025, the District made $1,900 in subscription payments. The lease has an imputed interest rate of 3.44%. The subscription estimated useful life is 3 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2025 is $5,668 with accumulated amortization of $3,778 which is included as right-to-use subscription asset in the capital asset Note 6.

The following is a summary of the maturity of long-term subscription obligations:

Fiscal Year Ended June 30,	Principal	Interest	Total
2026	$ 950	$ 3	$ 953
TOTAL	$ 950	$ 3	$ 953

NOTE 10 PENSION PLAN

General Information about the Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multi-employer defined benefit pension plan administered by Public School Employees' Retirement System ("PSERS"). PSERS provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

NOTE 10 PENSION PLAN (cont'd)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. 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 10 years of service.

Participants are eligible for disability retirement benefits after completion of 5 years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with 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 has retired on the day before death.

Contributions

Member contributions rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contributions rates are as follows:

Member Contributions

Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class T- C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

NOTE 10 PENSION PLAN (cont'd)

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employees who became an active member of PSERS on or after July 1, 2019 are enrolled in a hybrid plan that has a defined benefit and defined contribution component. Members who joined the system after June 30, 2019 automatically contribute at the Membership Class T-G rate of 8.25% (base rate), including a 2.75% defined contribution component, of the member's qualifying compensation. All new hires after June 30, 2019 who elect Class T-H membership contribute at 7.50% (base rate), including a 3.00% defined contribution component, of the member's qualifying compensation. Membership Class T-G and Class T-H are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%. All new members can also elect Class DC membership and contribute at 7.50% (base rate) to a defined contribution plan that has no defined benefit component.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 33.90% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $5,849,803 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 $43,780,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the

NOTE 10 PENSION PLAN (cont'd)

total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was .1046%, which was a decrease of .0035% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $3,884,925. 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 expected and actual experience	$ -	$ 688,000
Net difference between projected and actual investment earnings	725,000	-
Net change in proportions	-	2,301,000
Difference between employer contributions and proportionate share of total contributions	187,228	-
Contributions subsequent to the date of measurement	5,849,803	-
	$ 6,762,031	$ 2,989,000

Reported deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of $5,849,803 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 Ended June 30,	
2026	$ (2,288,681)
2027	462,320
2028	(141,556)
2029	(108,855)
TOTAL	$ (2,076,772)

NOTE 10 PENSION PLAN (cont'd)

Actuarial Assumptions

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

- Valuation date – June 30, 2023
- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, includes inflation of 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 and seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

NOTE 10 PENSION PLAN (cont'd)

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

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

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 57,672,000	$ 43,780,000	$ 32,050,000

NOTE 10 PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of $1,531,395 for outstanding amount of employer contribution to PSERS required for the year ended June 30, 2025. These amounts relate to the second quarter of 2025 and are payable to PSERS within five business days of the District receiving its related retirement subsidy from the Commonwealth of Pennsylvania.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information About the OPEB Plan – Multiple Employer OPEB Plan

Cost Sharing Multiple-Employer Defined Benefit 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 PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PSERS provides health insurance premium assistance, which is a governmental cost sharing, multiple-employer 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, 2023 there were no assumed future benefit increases to participating eligible retirees.

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' Health Option Program or employer-sponsored health insurance program.

OPEB Plan Description

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

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's Health Option Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $111,950 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 $1,856,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts in the PSERS Plan. At June 30, 2024, the District's proportion was 0.1045%, which was an decrease of 0.0037% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized an OPEB expense of $75,718. 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	$ 7,000	$ 28,000
Changes in assumptions	113,000	283,000
Net difference between projected and actual investment earnings	1,000	-
Changes in proportion of the net OPEB liability	72,000	159,000
Difference between employer contributions and proportionate share of total contributions	72,139	-
Contributions subsequent to the date of measurement	111,950	-
	$ 377,089	$ 470,000

Reported deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of $111,950 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 expenses as follows:

Year Ended June 30,	
2026	$ (51,206)
2027	(59,206)
2028	(61,206)
2029	(15,209)
2030	(18,034)
TOTAL	$ (204,861)

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percentage of pay
- Investment return – 4.21% – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre-age 65 at 50%.
  - Eligible retirees will elect to participate post-age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

Investments

Investments consist primarily of short-term assets designed to protect the principal for 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 regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for 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.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major assets class as of June 30, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%, an increase from 4.13% in the prior year. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

The following presents the system's net OPEB liability for June 30, 2024, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,856,000	$ 1,856,000	$ 1,856,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one 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	$ 2,097,000	$ 1,856,000	$ 1,654,000

OPEB Plan Fiduciary Net Position

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

General Information About the OPEB Plan – Single Employer OPEB Plan

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("OPEB") include a single employer defined benefit plan ("the Plan") that provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents. The benefits, benefits level, employee contributions, and employer contribution are administered by school district board members and can be amended by the District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The OPEB Plan does not issue a stand-alone financial report and is not included in the report of any public employee retirement system or any other entity.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

OPEB Plan Membership

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

Inactive employees or beneficiaries currently receiving benefit payments	20
Active plan members	259
Total	279

Funding Policy and Funding Status

The District negotiates the contribution percentage between the District and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the application agreement. The District contributes enough money to the Plan to satisfy current obligations on pay-as-you-go basis. The costs of administering the Plan are paid by the District. The Plan is an unfunded plan with no assets accumulated in a trust. Contributions to the Plan are equal to benefit payments.

Plan Benefits Provided

The medical, prescription drug, vision, dental, and life insurance plan is a single employer defined benefit plan. Participants must be eligible to retire under the Public School Employees' Retirement System ("PSERS") and meet the minimum requirements of age 55 with 5 years of service (or 10 years for individuals who become members after July 1, 2011). For early retirement, employees must attain age 55 with 25 years of PSERS service. For normal retirement, employees must attain age 62 with one year of PSERS service, attain age 60 with 30 years of PSERS service, or reach 35 years of service regardless of age. For individuals who became members of PSERS on or after July 1, 2011, employees are eligible upon reaching age 65 with 3 years of service or upon an attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. For disability, employees must reach 5 years of PSERS service.

Administrator members and spouses may elect benefits for medical, prescription drug, and dental. For each year of service with the District, the member and spouse may receive 3 months of full paid medical and prescription drug coverage. If the member and/or spouse reach Medicare age and have exhausted benefits at the District's expense, the District will reimburse the member and/or spouse for a Medicare supplement plan (chosen by the member) but not to exceed the amount of the current premiums. In addition to the reimbursements, if the member retired prior to July 1, 2019, the District will also contribute $4,000/year into an HSA during the period that member is receiving fully subsidized coverage.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Upon the death of a retiree, the spouse may continue coverage only if benefits at the District's expense are not exhausted. When this benefit is exhausted, the spouse is no longer eligible to remain on the group plan. If the member retires before age 70, the member may elect to continue life insurance in the amount of $10,000 at the group rate by paying the full premium until age 75. Otherwise, if the member retires before age 75, the member may elect to continue life insurance in the amount of $5,000 at the group rate by paying the full premium until age 75.

All other District employees and spouses may elect medical, prescription drug, dental, and vision coverage by paying the full premium. For retirees who pay the full premium and have a spouse covered, there is an additional $1,200 spousal surcharge applied. Member coverage ceases upon Medicare age; spouses' coverage ceases upon the earlier of Medicare age and member Medicare age.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2024, the District recognized $0 for its share of insurance premiums for currently enrolled retirees because the retirees are paying 100% of the premiums.

Actuarial Methods and Significant Assumptions

- Discount rate – 4.29% - based on S&P Municipal Bond 20 year high grade rate index at July 1, 2023.
- Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.50% cost of living adjustment, 1.50% for real wage growth, and for teachers and administrators, a merit increase which varies from 0.00% to 2.75%.
- Withdrawal – Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.90% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate
25	4.55%	3.90%
30	4.55%	3.90%
35	1.68%	1.68%
40	1.42%	1.42%
45	1.41%	1.60%
50	1.89%	2.08%
55	3.63%	3.66%
60	5.49%	5.94%

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

- Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- Disability – No disability was assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.
- Percent of eligible retirees electing coverage in plan – 100% of Administrators eligible for a subsidy, 60% of Administrators not eligible for a subsidy, 60% of Teachers and 50% of the Support Staff are assumed to elect coverage.
- Percent married at retirement – 80% of Administrators eligible for a subsidy, and 30% of all other employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse age – Wives are assumed to be two years younger than their husbands.
- Retiree contributions – Retiree contributions are assumed to increase at the same rate as the Healthcare cost Trend Rate.
- Healthcare cost trend rate – 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial value of assets – Equal to the market value of assets
- Actuarial cost method – entry age normal – Under the entry age normal cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Changes in Assumptions and Benefit Terms

The discount rate changed from 4.13% to 4.29%.

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $2,491,090, all of which is unfunded. As of June 30, 2025, the OPEB liability of $2,491,090 is related to governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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

Balances as of July 1, 2022	$ 2,374,489
Changes for the year:	
Interest on total OPEB obligation	101,862
Service costs	168,029
Differences between expected and actual experience	(10,987)
Changes in assumptions	(1,780)
Benefit payments	(140,523)
Net changes	116,601
Balances as of July 1, 2023	$ 2,491,090

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

The following presents the OPEB liability, calculated using current healthcare cost trends as well as what the OPEB liability would be if its health cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's net OPEB liability	$ 2,221,218	$ 2,491,090	$ 2,808,169

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.29%)	Current Trend Rate (4.29%)	1% Increase (5.29%)
District's net OPEB liability	$ 2,687,808	$ 2,491,090	$ 2,306,166

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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

For the year ended June 30, 2024, the District recognized OPEB credit of $220,315. 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	$ 135,490	$ 413,754
Changes in assumptions	252,589	588,220
Benefit payments subsequent to the date of measurement	110,558	-
	$ 498,637	$ 1,001,974

Reported deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date of $110,558 will be recognized as a reduction of the net OPEB liability at July 1, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30,	
2025	$ (49,576)
2026	(49,576)
2027	(49,576)
2028	(49,576)
2029	(49,576)
Thereafter	(366,015)
TOTAL	$ (613,895)

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

Joint Ventures

Lebanon County Career and Technology Center ("LCCTC") – is a separate legal entity. It was organized by the six public school districts in Lebanon County to provide services in the county. Each of the public school districts appoints one member to serve on the joint

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS (cont'd)

operating committee, and each has an ongoing financial responsibility to fund the LCCTC. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The amount paid to LCCTC for the year ended June 30, 2025 was $720,480.

Lebanon County Vo-Tech School Authority – is a separate legal entity. The District is also a member of the Lebanon County Vo-Tech Authority ("the Authority") a joint venture with other Lebanon County school districts for the operation of the Authority. The Authority oversees acquiring, holding, constructing, improving, and maintaining the LCCTC school buildings. The Authority is controlled by a joint board comprised of representatives school board members of the participating school districts in the LCCTC. The participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The agreement expires on September 1, 2032, unless the related debt is retired earlier. Each school district's share was calculated using assessed market value of real estate. The District's allocation is 14.068% of the Series of 2020 bonds and amounts to $898,945 with annual principal payments and semi-annual interest payments at 2.09%.

The principal of the bonds matures from September 1, 2020 to 2032. For the year ended June 30, 2025, the District had $80,552 in expenditures under this arrangement.

The District's portion of the future annual rental debt payments are as follows:

Year Ended June 30,	
2026	$ 79,836
2027	79,802
2028	80,435
2029	80,435
2030	80,435
2031 - 2033	93,756
TOTAL	$ 494,699

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 833 Metro Drive, Lebanon, PA 17042.

Lancaster-Lebanon Intermediate Unit #13 ("LLIU") – is a separate legal entity. It was organized by the constituent school districts in Lancaster and Lebanon counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the LLIU. The District contracts with the LLIU for special education services for District students. The amount paid for these services for the year ended June 30, 2025 was $1,440,716.

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS (cont'd)

Lancaster-Lebanon Joint Authority ("Joint Authority") – is a separate legal entity. The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, and/or leasing projects for public school purposes and for purposes of the LLIU. The District paid $0 to the Joint Authority during the year ended June 30, 2025.

Lebanon County Earned Income Tax Bureau – is a separate legal entity. The District and the other Lebanon County school districts and the municipalities represented by those school districts are participating members of the Lebanon County Earned Income Tax Bureau ("the Bureau") for collection of earned income taxes. The Bureau is governed by a 12 member board with 2 members from each school district consisting of one member from the School Board and one member representing all the municipalities in the District. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility.

NOTE 13 CONTINGENT LIABILITIES

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

Construction in Progress

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

	Project Amount	Completed as of 06/30/2025	Commitments
High School Construction	$ 39,352,715	$ 33,559,464	$ 5,793,251
Totals	$ 39,352,715	$ 33,559,464	$ 5,793,251

In addition to the amounts above, the District had $977,967 in expenditures not under formal contract.

NOTE 14 PARTICIPATION IN RISK SHARING POOL

The District has elected to become a member of a self-insurance pool for worker's compensation insurance with the Lancaster-Lebanon Intermediate Unit No. 13 and twenty-two other school districts. The District entered into an agreement which states that the District pays an annual premium to the fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and to pool worker's compensation and occupational disease insurance risks, reserves, claims, and losses and to provide self-insurance and re-insurance thereof. Each member is assessed an amount based on their covered payroll and prior experience of worker's compensation claims. All claims are then paid from the pool with reinsurance being purchased by the pool for claims in excess of $250,000 per occurrence. Claims are paid on an aggregate basis, and separate accounts for each member are not maintained. If there is a deficiency in the pooled funds, each member is assessed an amount equal to their proportional share as described above. As of June 30, 2025, the District is not aware of any additional assessments relating to the fund.

NOTE 15 INTERFUND RECEIVABLE/PAYABLE

Interfund receivable and payable balances as of June 30, 2025 consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	$ 3,696,218	$ 2,003,961
Capital projects fund	405,000	2,066,895
Proprietary fund - food services	-	30,362
	$ 4,101,218	$ 4,101,218

These balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 16 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025 consisted of the following:

	Transfer to Other Funds	Transfer from Other Funds
General fund	$11,558,881	$ -
Capital projects fund	-	6,000,000
Debt service fund	-	5,558,881
	$11,558,881	$11,558,881

NOTE 16 INTERFUND TRANSFERS (cont'd)

Transfers are used to use revenues collected in the general fund to finance debt payments accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses, and dependents. Accordingly, the benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims.

The District has recorded a liability in the General Fund for claims incurred through June 30, 2025 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2025:

Insurance claims liability - beginning of year	$ 1,123,471
Current year insurance claims and changes in estimates	5,982,738
Insurance claims paid	(5,614,948)
Insurance claims liability - end of year	$ 1,491,261

The medical claims liability is shown as part of accrued salaries and benefits as of June 30, 2025.

Other Risks

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in the Lancaster-Lebanon Public Schools Insurance Pool for property/casualty insurance, a self-funded property casualty program designed to provide oversight, administrative support, and cost containment strategies. The District has purchased various insurance policies to safeguard its assets from risk or loss. During the year ended June 30, 2025 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE (cont'd)

statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The effect of that change to the financial reporting resulted in adjustments to and restatements of beginning net position and fund net balance, as follows:

	6/30/2024 as Previously Reported	Change in Accounting Principle	6/30/2024 as Restated
Government-wide			
Governmental activities	$(52,677,500)	$ 935,447	$(51,742,053)
Total Primary Government	$(52,677,500)	$ 935,447	$(51,742,053)

NOTE 19 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 6, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Variance with Original Budget Positive	Actual	Variance with Final Budget Positive
	Original	Final	(Negative)	(GAAP Basis)	(Negative)
REVENUE FROM LOCAL SOURCES					
Current real estate taxes	$ 25,159,085	$ 25,159,085	$ -	$ 25,404,500	$ 245,415
Interim real estate taxes	-	-	-	34,064	34,064
Public utility realty tax	21,000	21,000	-	24,505	3,505
Payment in lieu of current taxes	29,000	29,000	-	89,902	60,902
Current act 511 taxes - proportional assessments	3,200,000	3,200,000	-	3,495,029	295,029
Delinquencies on taxes levied/assessed by the LEA	421,000	421,000	-	899,358	478,358
Interest on investments	500,000	500,000	-	1,152,921	652,921
Revenues from LEA activities	35,000	35,000	-	116,950	81,950
Tuition from patrons	100,000	100,000	-	48,121	(51,879)
Refunds and other miscellaneous revenue	6,500	6,500	-	70,293	63,793
TOTAL REVENUE FROM LOCAL SOURCES	29,471,585	29,471,585	-	31,335,643	(1,864,058)
REVENUE FROM STATE SOURCES					
Basic instructional funding - subsidy	9,903,496	9,903,496	-	9,624,048	(279,448)
Cyber charter transition	-	-	-	197,950	197,950
Basic instructional funding - social security	642,800	642,800	-	480,240	(162,560)
Tuition for orphans subsidy	25,000	25,000	-	29,781	4,781
Vocational education	106,961	106,961	-	216,144	109,183
Special education funds for school aged pupils	1,648,936	1,648,936	-	1,750,308	101,372
Pupil transportation subsidy	1,600,000	1,600,000	-	1,572,264	(27,736)
Nonpublic and charter school pupil transportation subsidy	75,000	75,000	-	63,140	(11,860)
Health services	42,000	42,000	-	45,508	3,508
State property tax reduction allocation	981,273	981,273	-	981,273	-
School mental health and safety and security	101,093	101,093	-	73,801	(27,292)
Ready to learn block grant	305,011	305,011	-	1,120,801	815,790
Supplemental equipment grant	-	-	-	38,813	38,813
Other state grants	-	-	-	10,000	10,000
State share of retirement contributions	3,073,708	3,073,708	-	2,940,946	(132,762)
TOTAL REVENUE FROM STATE SOURCES	18,505,278	18,505,278	-	19,145,017	(639,739)
REVENUE FROM FEDERAL SOURCES					
Title I grant	450,000	450,000	-	459,052	9,052
Title II grant	60,000	60,000	-	72,323	12,323
Title IV grant	35,000	35,000	-	57,872	22,872
ARP ESSER - elementary and secondary school emergency relief fund	-	-	-	192,703	192,703
Individuals with disabilities act (IDEA)	657,064	657,064	-	551,397	(105,667)
TOTAL REVENUE FROM FEDERAL SOURCES	1,202,064	1,202,064	-	1,333,347	(131,283)
TOTAL REVENUES	49,178,927	49,178,927	-	51,814,007	(2,635,080)

(Continued on next page.)

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

	Budgeted Amounts		Variance with Original Budget Positive	Actual	Variance with Final Budget Positive
	Original	Final	(Negative)	(GAAP Basis)	(Negative)
EXPENDITURES					
Instruction:					
Regular programs	18,803,232	18,800,032	3,200	18,338,170	461,862
Special programs	8,910,124	8,908,125	1,999	8,584,659	323,466
Vocational programs	970,951	970,951	-	970,284	667
Nonpublic school programs	26,000	26,000	-	61,132	(35,132)
Other instructional programs	-	-	-	7,870	(7,870)
Community college	-	-	-	23,276	(23,276)
Total Instruction	28,710,307	28,705,108	5,199	27,985,391	719,717
Support Services:					
Pupil personnel services	1,685,254	1,687,253	(1,999)	1,772,477	(85,224)
Instructional staff services	508,279	501,941	6,338	513,276	(11,335)
Administrative services	2,951,157	2,959,695	(8,538)	3,003,252	(43,557)
Pupil health	346,837	346,837	-	386,615	(39,778)
Business services	643,323	643,323	-	694,745	(51,422)
Operation and maintenance of plant services	3,392,837	3,392,837	-	3,566,814	(173,977)
Student transportation services	3,356,396	3,356,396	-	3,201,453	154,943
Support services - central	1,823,789	1,824,789	(1,000)	1,941,014	(116,225)
Other support services	-	-	-	55,600	(55,600)
Total Support Services	14,707,872	14,713,071	(5,199)	15,135,246	(422,175)
Operation of Noninstructional Activities:					
Student activities	933,509	933,509	-	1,347,630	(414,121)
Community services	-	-	-	4,028	(4,028)
Total Operation of Noninstructional Services	933,509	933,509	-	1,351,658	(418,149)
Capital outlay	-	-	-	26,074	(26,074)
Debt service	80,600	80,600	-	80,401	199
TOTAL EXPENDITURES	44,432,288	44,432,288	-	44,578,770	(146,482)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,746,639	4,746,639	-	7,235,237	2,488,598
OTHER FINANCING USES					
Refund of prior year expenditures	-	-	-	174,974	174,974
Proceeds from extended term financing	-	-	-	203,716	203,716
Transfers out	(5,558,895)	(5,558,895)	-	(11,558,881)	(5,999,986)
TOTAL OTHER FINANCING USES	(5,558,895)	(5,558,895)	-	(11,180,191)	(5,621,296)
NET CHANGE IN FUND BALANCE	(812,256)	(812,256)	-	(3,944,954)	(3,132,698)
FUND BALANCE, BEGINNING OF YEAR	16,008,110	16,008,110	-	16,008,110	-
FUND BALANCE, END OF YEAR	$ 15,195,854	$ 15,195,854	$ -	$ 12,063,156	$ (3,132,698)

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

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1046%	0.1081%	0.1114%	0.1152%	0.1072%	0.1090%	0.1094%	0.1055%	0.1037%	0.1048%
District's proportion of the net pension liability - dollar value	$ 43,780,000	$ 48,090,000	$ 49,527,000	$ 47,297,000	$ 52,784,000	$ 50,993,000	$ 52,517,000	$ 52,105,000	$ 51,390,000	$ 45,394,000
District's covered employee payroll	$ 17,042,384	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065	$ 13,644,764	$ 13,093,674
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	256.89%	290.21%	300.92%	287.69%	350.20%	340.04%	359.21%	365.57%	376.63%	346.69%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 5,849,803	$ 5,639,325	$ 5,685,459	$ 5,594,186	$ 5,509,119	$ 5,028,238	$ 4,888,762	$ 4,640,487	$ 4,161,895	$ 3,411,191
Contributions in relation to the contractually required contribution	5,849,803	5,639,325	5,685,459	5,594,186	5,509,119	5,028,238	4,888,762	4,640,487	4,161,895	3,411,191
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 17,769,754	$ 17,042,384	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065	$ 13,644,764
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE							
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.1045%	0.1082%	0.1116%	0.1154%	0.1074%	0.1090%	0.1094%	0.1055%
District's proportion of the net OPEB liability - dollar value	$ 1,856,000	$ 1,958,000	$ 2,054,000	$ 2,736,000	$ 2,321,000	$ 2,318,000	$ 2,281,000	$ 2,149,000
District's covered employee payroll	$ 17,042,384	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	10.89%	11.82%	12.48%	16.64%	15.40%	15.46%	15.60%	15.08%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 111,950	$ 121,001	$ 124,281	$ 131,541	$ 134,514	$ 126,442	$ 124,758	$ 122,264
Contributions in relation to the contractually required contribution	$ 111,950	$ 121,001	124,281	131,541	134,514	126,442	124,758	122,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 17,769,754	$ 17,042,384	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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

	MEASUREMENT DATE							
	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY								
Service cost	$ 168,029	$ 156,847	$ 268,011	$ 269,174	$ 213,986	$ 213,134	$ 151,853	$ 149,137
Interest on total OPEB liability	101,862	93,527	74,953	59,137	86,907	73,316	63,561	46,841
Change in benefit terms	-	-	54,689	-	(35,105)	-	-	-
Differences between expected and actual experience	(10,987)	-	(524,787)	-	37,591	-	243,448	-
Effect of assumption changes or inputs	(1,780)	33,294	(623,101)	(98,702)	336,933	(72,324)	1,720	37,974
Benefit payments	(140,523)	(122,086)	(122,734)	(117,807)	(84,574)	(93,640)	(90,754)	(82,779)
NET CHANGE IN TOTAL OPEB LIABILITY	116,601	161,582	(872,969)	111,802	555,738	120,486	369,828	151,173
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	2,374,489	2,212,907	3,085,876	2,974,074	2,418,336	2,297,850	1,928,022	1,776,849
TOTAL OPEB LIABILITY, END OF YEAR	$ 2,491,090	$ 2,374,489	$ 2,212,907	$ 3,085,876	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
PLAN FIDUCIARY NET POSITION								
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 2,491,090	$ 2,374,489	$ 2,212,907	$ 3,085,876	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 15,015,518	$ 15,536,567	$ 15,536,567	$ 14,082,893	$ 14,082,893	$ 14,382,972	$ 14,382,972	$ 13,014,467
District's net OPEB liability as a percentage of covered payroll	16.59%	15.28%	14.24%	21.91%	21.12%	16.81%	15.98%	14.81%
Expected average remaining service years of all participants	12	12	12	12	12	12	12	12

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BUDGETARY COMPARISON STATEMENT – GENERAL FUND

The Budgetary Comparison Statement – General Fund presents a detailed comparison of the original and final budgeted amounts to the actual amounts as of June 30, 2025. For the year ended June 30, 2025, the General Fund incurred the following significant variances between final budgeted and actual amounts:

Revenues

- Interest – When compiling the 2025 budget, interest rates exceeded the District's expected rates. During the year, interest rates were between 4%-5%, which accounts for the variance of $652,921.

- Ready to learn block grant – The main reason actual revenue exceeded budgeted revenue for 2025 was that the District's budget's State funding at a level equal to the prior year's funding. In 2025, the State provided greater than anticipated funding resulting in a variance of $815,790.

Expenses

- Transfers out – During the year, the District transferred an additional $6,000,000 to the Capital Projects fund to help fund ongoing construction projects. This accounts for the variance of $5,999,986.

SINGLE AUDIT SUPPLEMENT

BTCPA
BARBACANE
THORNTON
& COMPANY

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

January 6, 2026

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, 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 the Northern Lebanon School District ("the District"), Fredericksburg, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2026.

Report on Internal Control Over Financial Reporting

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

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

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To the Board of School Directors
Northern Lebanon School District

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

BTCPA
BARBACANE
THORNTON
& COMPANY

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

January 6, 2026

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, Pennsylvania

Report on Compliance for Each Major Each Federal Program

Opinion on Each Major Federal Program

We have audited the Northern Lebanon School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of School Directors
Northern Lebanon School District

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUB-RECIPENTS
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	013-240298	07/01/24 - 09/30/25	$ 459,052	$ 344,312	$ -	$ 459,052	$ 459,052	$ 114,740	$ -
Total ALN 84.010						344,312	-	459,052	459,052	114,740	-
Improving Teacher Quality State Grants	I	84.367	020-240228	07/01/24 - 09/30/25	72,323	67,721	-	72,323	72,323	4,602	-
Total ALN 84.367						67,721	-	72,323	72,323	4,602	-
Student Support and Academic Enrichment Grants	I	84.424	144-240228	07/01/24 - 09/30/25	57,872	38,138	-	57,872	57,872	19,734	-
Total ALN 84.424						38,138	-	57,872	57,872	19,734	-
American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	I	84.425U	223-210228	03/13/20 - 09/30/24	2,499,097	181,752	-	181,752	181,752	-	-
ESSER Fund (ARP ESSER) 7% Set Asides Consolidated	I	84.425U	225-210228	03/13/20 - 09/30/24	194,236	5,045	-	5,045	5,045	-	-
ESSER Fund (ARP ESSER) 2.5% Set Asides Consolidated	I	84.425U	225-210228	03/13/20 - 09/30/24	10,595	1,009	-	1,009	1,009	-	-
ESSER Fund (ARP ESSER) 2.5% Set Asides Consolidated	I	84.425U	228-210228	03/13/20 - 09/30/24	10,595	1,009	-	1,009	1,009	-	-
Total ALN 84.425U						188,815	-	188,815	188,815	-	-
American Rescue Plan ESSER Fund - Homeless Children and Youth	I	84.425W	181-210228	07/01/21 - 09/30/24	16,849	3,888	-	3,888	3,888	-	
Total ALN 84.425W						3,888	-	3,888	3,888	-	-
Passed Through Lancaster - Lebanon Intermediate Unit No. 13											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-250033	07/01/24 - 09/30/25	551,397	-	-	497,540	497,540	497,540	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-240034	07/01/23 - 09/30/24	582,064	582,064	582,064	-	-	-	-
Total ALN 84.027						582,064	582,064	497,540	497,540	497,540	-
Special Education - Preschool Grants	I	84.173	131-250012	07/01/24 - 09/30/25	2,782	-	-	2,340	2,340	2,340	-
Special Education - Preschool Grants	I	84.173	131-240013	07/01/24 - 09/30/25	2,457	2,457	2,457	-	-	-	-
Total ALN 84.173						2,457	2,457	2,340	2,340	2,340	-
Total Special Education Cluster						584,521	584,521	499,880	499,880	499,880	-
Total U.S. Department of Education						1,227,395	584,521	1,281,830	1,281,830	638,956	-

Continued on next page.

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Agriculture											
Passed Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	83,833	-	83,833	83,833	-	-
						83,833	-	83,833	83,833	-	-
Passed Through the Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	450,946	-	450,946	450,946	-	-
Total ALN 10.555						534,779	-	534,779	534,779	-	-
National School Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	116,078	-	116,078	116,078	-	-
Total ALN 10.553						116,078	-	116,078	116,078	-	-
Total Passed Through the Pennsylvania Department of Education						567,024	-	567,024	567,024	-	-
Total Child Nutrition Cluster						650,857	-	650,857	650,857	-	-
Total U.S. Department of Agriculture						734,690	-	650,857	650,857	-	-
TOTAL FEDERAL AWARDS						$ 1,962,085	$ 584,521	$ 1,932,687	$ 1,932,687	$ 638,956	$ -

Source Code:

I = Indirect Funding

NORTHERN LEBANON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards ("the schedule") presents the activity of all federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The District has not elected to use the 10% *de minimis* cost rate in CFR 200.414 Indirect (F&A) costs.

NOTE B FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2025, the District received food commodities of $83,833.

NOTE C OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

No amounts were provided to subrecipients.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was $51,517.

NORTHERN LEBANON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	____ Yes	X None reported
• Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	____ Yes	X None reported

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ Yes X No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

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

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

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.