



INTERBORO SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

INTERBORO SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

March 25, 2026

Board of School Directors
Interboro School District
Glenolden, 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 Interboro School District ("the District"), Glenolden, 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 as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Interboro School District, Glenolden, Pennsylvania, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the general fund budgetary comparison statement for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of School Directors
Interboro School District

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 1 and 18 to the financial statements, the District has adopted the requirements of 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 a result, the District has restated its governmental activities net position as of July 1, 2023. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated February 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 the District's OPEB liability and related ratios - single employer plan on pages 60 through 64 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 District's basic financial statements. The schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200,

Board of School Directors
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Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

INTRODUCTION

Our discussion and analysis of Interboro School District's ("the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District's governmental activities exceeded its assets and deferred outflows of resources at the close of the 2025 fiscal year by \$81,183,041 (negative net position). Total current assets exceed current liabilities by \$26,942,770. This compares with negative net position of \$83,723,687 (negative net position) and current assets exceeding current liabilities by \$21,000,032 at the close of the 2024 fiscal year. The negative net position is the result of recording the District's proportionate share of net pension liability and deferred pension amounts in accordance with GASB Statement No. 68 (implemented during 2015) and recording the District's postemployment benefits other than pensions liability and proportionate share of cost-sharing postemployment benefits other than pensions liability and deferred amounts in accordance with GASB Statement No. 75 (implemented during 2018).
- As of the close of the current fiscal year, total fund balance for the general fund was \$20,305,081, of which \$13,189,889 is committed for various capital improvement projects. In addition, \$266,626 of the total fund balance is nonspendable for inventory and prepaid expenditures, while \$167,484 is restricted to special education and local contributions. The remaining unassigned fund balance is \$6,681,082. Total fund balance for the general fund at the end of the 2024 fiscal year was \$20,476,575.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general operations of public education.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the bond fund, which are considered to be major funds. Data for the other fund is presented as a non-major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The District maintains one proprietary fund, which is food service. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service function.

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's governmental activities had negative net position \$81,183,041 at the close of the fiscal year ended June 30, 2025 and negative net position of \$84,659,468 at the close of the fiscal year ended June 30, 2024.

The following table reflects the current and prior year's information:

**INTERBORO SCHOOL DISTRICT'S
NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 42,971,355	\$ 41,219,677	\$ 333,564	\$ 453,375	\$ 43,304,919	\$ 41,673,052
Capital assets	115,896,946	84,273,128	654,839	559,964	116,551,785	84,833,092
Total assets	<u>\$ 158,868,301</u>	<u>\$ 125,492,805</u>	<u>\$ 988,403</u>	<u>\$ 1,013,339</u>	<u>\$ 159,856,704</u>	<u>\$ 126,506,144</u>
Deferred outflows of resources	\$ 20,500,949	\$ 19,290,552	\$ -	\$ -	\$ 20,500,949	\$ 19,290,552
Long-term liabilities						
Outstanding	\$ 234,081,784	\$ 200,474,580	\$ -	\$ -	\$ 234,081,784	\$ 200,474,580
Other liabilities	16,028,585	16,534,799	110,413	77,558	16,138,998	16,612,357
Total Liabilities	<u>\$ 250,110,369</u>	<u>\$ 217,009,379</u>	<u>\$ 110,413</u>	<u>\$ 77,558</u>	<u>\$ 250,220,782</u>	<u>\$ 217,086,937</u>
Deferred inflows of resources	\$ 10,441,922	\$ 12,433,446	\$ -	\$ -	\$ 10,441,922	\$ 12,433,446
Net Position:						
Net investment in capital assets	\$ (1,077,608)	\$ 786,866	\$ 654,839	\$ 559,964	\$ (422,769)	\$ 1,346,830
Restricted	167,484	215,962	-	-	167,484	215,962
Unrestricted (deficit)	(80,272,917)	(85,662,296)	223,151	375,817	(80,049,766)	(85,286,479)
Total Net Position	<u>\$ (81,183,041)</u>	<u>\$ (84,659,468)</u>	<u>\$ 877,990</u>	<u>\$ 935,781</u>	<u>\$ (80,305,051)</u>	<u>\$ (83,723,687)</u>

Governmental Activities

Governmental activities increased the District's net position by \$3,476,427 for the year ended June 30, 2025 and increased net position by \$10,222,402 for the year ended June 30, 2024. Key elements of this increase/decrease are displayed below.

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

Business-type Activities

Business-type activities, comprised of the District's food service fund, decreased the District's net position by \$57,791 for the year ended June 30, 2025 and increased the District's net position by \$96,115 for the year ended June 30, 2024.

**INTERBORO SCHOOL DISTRICT'S
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 44,387	\$ 41,235	\$ 158,377	\$ 187,197	\$ 202,764	\$ 228,432
Operating grants	19,743,923	18,912,127	1,903,719	1,889,700	21,647,642	20,801,827
General Revenues:						
Property taxes	50,873,163	53,602,822	-	-	50,873,163	53,602,822
Other taxes	1,594,448	1,515,937	-	-	1,594,448	1,515,937
Grants, not restricted to specific programs	13,411,558	12,633,946	-	-	13,411,558	12,633,946
Investment income	1,027,857	1,032,231	4,242	-	1,032,099	1,032,231
Miscellaneous income	805,100	791,026	-	-	805,100	791,026
Sale of fixed assets	-	-	(38,324)	(20,707)	(38,324)	(20,707)
Total Revenues	<u>87,500,436</u>	<u>88,529,324</u>	<u>2,028,014</u>	<u>2,056,190</u>	<u>89,528,450</u>	<u>90,585,514</u>
Expenses:						
Instruction	51,848,842	51,223,714	-	-	51,848,842	51,223,714
Instructional support services	3,537,985	2,237,698	-	-	3,537,985	2,237,698
Administrative and financial support services	10,682,741	8,899,747	-	-	10,682,741	8,899,747
Operation & maintenance of plant services	7,141,200	6,864,277	-	-	7,141,200	6,864,277
Pupil transportation	4,207,886	3,698,515	-	-	4,207,886	3,698,515
Student activities	1,173,296	1,063,782	-	-	1,173,296	1,063,782
Community services	119,183	156,292	-	-	119,183	156,292
Investment on long-term debt	5,312,876	4,162,897	-	-	5,312,876	4,162,897
Food service	-	-	2,085,805	1,960,074	2,085,805	1,960,074
Total Expenses	<u>84,024,009</u>	<u>78,306,922</u>	<u>2,085,805</u>	<u>1,960,074</u>	<u>86,109,814</u>	<u>80,266,996</u>
Change in Net Position	3,476,427	10,222,402	(57,791)	96,116	3,418,636	10,318,518
Beginning Net Position Restated	(84,659,468)	(94,881,870)	935,781	839,665	(83,723,687)	(94,042,205)
Ending Net Position	<u>\$ (81,183,041)</u>	<u>\$ (84,659,468)</u>	<u>\$ 877,990</u>	<u>\$ 935,781</u>	<u>\$ (80,305,051)</u>	<u>\$ (83,723,687)</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. As of June 30, 2025, and 2024, the fund balance of the District's general fund was \$20,305,081 and \$20,476,575, respectively.

General fund revenues and other financing sources of the District came from three basic sources. The largest source was provided by local funding (including other financing sources) totaling \$52,841,361 (59.3 percent) and \$54,796,710 (61.7 percent) for the years ended June 30, 2025 and 2024, respectively, of which \$45,102,942 and \$44,139,836 were tax revenues. State funding amounted to \$33,088,662 (37.1 percent) and \$30,073,361 (33.8 percent); federal funding amounted to \$3,184,344 (3.6 percent) and \$4,009,717 (4.5 percent) for the years ended June 30, 2025 and 2024, respectively.

State and federal funding continue to provide a relatively small percentage (40.7 percent) of total District revenue. With the decrease in various federal grants due to the expiration of various COVID-19 grants, the District is compelled to rely primarily on the local tax levying powers provided by the Pennsylvania Public School Code and the Local Tax Enabling Act (Act 511 of 1965) to fund the revenue shortfall to operate the District.

General fund expenditures and other financing uses of the District fall into six major categories and are summarized below for the years ended June 30, 2025 and 2024:

	Expenditures 2025	%	Expenditures 2024	%
Instruction	\$ 55,570,156	62.2%	\$ 48,027,821	58.3%
Support Service	26,779,544	30.0%	26,737,172	32.4%
Non-instructional	1,309,956	1.5%	1,202,934	1.5%
Capital Outlay	9,615	0.0%	20,176	0.0%
Refund Prior Years' Revenue	4,755	0.0%	1,338,048	1.6%
Debt Service	5,611,835	6.3%	5,088,091	6.2%
TOTAL	\$ 89,285,861	100.0%	\$ 82,414,242	100.0%

Capital Projects Funds

The capital projects funds (the Bond Fund and the Capital Reserve Fund, a nonmajor fund) have total fund balances of \$7,360,349 and \$3,926,649 as of June 30, 2025 and 2024, respectively.

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

Proprietary Fund

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The proprietary fund has net position of \$877,990 and \$935,781 as of June 30, 2025, and 2024, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's expenditures and other financing uses for the fiscal year ended June 30, 2025 of \$89,285,861 was more than the adopted final budget of \$87,534,437 by a total of \$1,751,424. Significant variances for 2024-2025 budget versus actual was a decrease in tax assessment appeal settlements, resulting in various prior years' tax refunds being approximately \$291,200 under budget. Tuition costs for charter schools and private schools were \$519,150 over budget. There was a significant increase in professional student services resulting in the actual expenditures being \$661,700 over budget. Other variances include special education settlements being \$169,050 under budget. As part of GASB 87 total operating lease payments (current leases) will need to be shown as an expenditure which resulted in Principal/Subscriptions – Right to Use expenditure being \$1,367,895 over budget. Due to various in-house facilities projects that were postponed until the 2025-2026 fiscal year and a reduction in roof repairs, because of the roof replacement projects, the repair and maintenance expenditures were \$186,100 less than budgeted. Various playgrounds that were budgeted in the General Fund were rescheduled and the cost was taken from the Bond Funds resulting in the expenditures being \$230,000 less than budgeted. The purchase of student transportation vans was delayed until 2025-2026. The cost was budgeted for 2024-2025, this resulted in the loan payment being \$305,394 under budget. There were additional software and support costs associated with unexpected technology security upgrades in 2024-2025 which resulted in being \$271,250 over budget.

The District's revenues and other financing sources of \$89,114,367 for the fiscal year ended June 30, 2025 were greater than the adopted final budget by \$1,555,719. Significant variances were due to an increase in tax assessments on various properties because of successful tax appeal settlements, which resulted in interim taxes being \$1,043,500 more than budgeted. Current real estate tax collections were \$1,274,330 less than budgeted as the collection rate from 2023-2024 to 2024-2025 decreased approximately 2%. In addition, delinquent real estate taxes were approximately \$577,000 less than budgeted. Investment earnings were \$580,600 more than budgeted as the average balance in the General Fund savings account was greater in 2024-2025 resulting in an increase in investment earnings. Another significant variance concerning revenues was the actual lease proceeds were \$1,367,895 more than budgeted. As part of GASB 87 total operating lease payments (current leases) need to be shown as both revenue and expenditure. During the budget process the revenue concerning the current operating leases is estimated based on previous years' audits. State subsidies for Basic Education, Special Education and Pupil Transportation were \$643,905 less than budgeted. This was due in part to the District using Pennsylvania Department of Education proposed funding amounts as the 2024-2025 state budget had yet to be passed. In addition, the District received finds from the School Facility Improvement Grant of \$289,510 which were not budgeted for 2024-2025 and there was also additional funding from the School Safety and Security Grant (PCCD) of \$112,878. The District also received new state funding for the Ready to Learn Block Grant of \$262,230 (Adequacy Supplement) and \$316,785 (Tax Equity Supplement).

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities, net of accumulated depreciation, amounts to \$116,551,785 and \$84,833,092 as of June 30, 2025 and 2024, respectively.

The investment in capital assets includes land, buildings, improvements, furniture and equipment.

**INTERBORO SCHOOL DISTRICT'S
CAPITAL ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,774,131	\$ 1,774,131	\$ -	\$ -	\$ 1,774,131	\$ 1,774,131
Construction in progress	62,383,101	38,151,306	-	-	62,383,101	38,151,306
Buildings and improvements	94,915,554	87,802,354	-	-	94,915,554	87,802,354
Machinery and equipment	28,659,871	26,306,503	1,145,185	1,173,009	29,805,056	27,479,512
Right-to-use asset	4,759,484	3,061,108	-	-	4,759,484	3,061,108
Accumulated depreciation	(76,595,195)	(72,822,274)	(490,346)	(613,045)	(77,085,541)	(73,435,319)
	<u>\$ 115,896,946</u>	<u>\$ 84,273,128</u>	<u>\$ 654,839</u>	<u>\$ 559,964</u>	<u>\$ 116,551,785</u>	<u>\$ 84,833,092</u>

More detailed information about the District's capital assets can be found in footnotes to the financial statements section of this report.

Long-term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$120,365,000. The District maintains an A rating from Standard and Poor's for general obligation debt.

Additional information on the District's long-term debt can be found in the footnotes to the financial statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District began the year with \$20,476,575 in its fund balance for the General Fund. Increases in revenues such as Interim Real Estate Taxes, investment interest and various state grants along with decreases in the real estate tax collection rate, delinquent tax collections and state subsidies attributed to decrease in the total fund balance of \$171,494 as of June 30, 2025. The fund balance is projected to be approximately \$20,414,000 as of June 30, 2026. The fund balance provides the District with better flexibility to meet unexpected costs, the ability to manage future tax increases, and provides opportunities to define, plan, and meet future objectives, particularly regarding capital improvements.

With the need for additional improvements continuing to rise combined with future minimal increases in state subsidies and federal grants, the District's ability to keep pace without additional source of funds

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

could be greatly reduced. Based on an independent feasibility study performed in the summer and fall of 2016, the following major projects are recommended to be performed in future years: life safety and security systems for all buildings; courtyard infill for the Glenolden School; window replacement in five of the six buildings and the South Avenue sports complex. Without the potential issuance of general obligation bonds, all these projects would currently be funded 100 percent from the General Fund's fund balance. The downside of issuing general obligation bonds is that the principal and interest payments would affect the fund balance usage. In addition to capital improvements district-wide, there is a line item in the budget for computer equipment replacement cycle which is every five years. In addition, as of June 30, 2025, \$121,942 is being restricted in the fund balance for capital improvements to the Tincum School as part of the airport CEP agreement. There is an addition/renovation project to the high school that is currently underway, with a total cost of approximately \$81,000,000 with an estimated completion date of December 2026. This will be funded through the issuance of general obligation bonds and funding from the Redevelopment Assistance Capital Program Funding (RACP) of \$5,000,000. In addition, the District renovated the old administration building which is attached to the Kindergarten Academy. This renovation includes Pre-K classrooms, gifted and transition classrooms, along with upgrades to the Technology Department suite. As part of the renovations the courtyards in the Kindergarten Academy were renovated to include new administrative offices and restrooms as well as a new front entrance to the building. The total cost of this project was approximately \$8,860,990. This project was funded through the issuance of general obligation bonds and funding from the Public School Facility Improvement Grant Program (PSFIG) of \$500,000. The District is also installing a multi-purpose athletic turf field which will include restrooms and a refreshment area. The location of this field is behind the high school with an approximate cost of \$5,180,000.

Inflationary conditions and supply shortages have placed and will place in the future a burden on the District as well as other Districts across the state. It should be noted that the COVID-19 relief funds were only temporary and have reached their expiration date as of September 30, 2024. This has given local funding the burden of making up the difference. The balance between the educational needs of the students and the community's ability to pay has always been a constant battle faced by the Interboro School District.

There was a reassessment done of all properties in Delaware County in 2020. The reassessments took effect for the 2021-2022 fiscal year. This resulted in a surge in assessment appeals related to various properties in and around Philadelphia International Airport. The outcome of most of these properties was an increase in real estate taxes. The Capacity Enhancement Program of the Philadelphia Airport includes the acquisition of various taxable parcels that may increase the District's real estate taxes as the assessed values of the respective parcels in the agreement would increase per the terms of the CEP agreement. The acquisition of these parcels has not occurred to date but are being noted for future increases in real estate tax revenue. It should be noted that there are several tax assessment appeals ongoing in Tincum Township which include large commercial properties. The outcome of these appeals are not currently known and could have either a positive or negative impact on the District's local funding.

Basic education state funding has seen a significant increase since 2021-2022 due to the fair funding formula and a "level-up" funding adjustment for school districts across the state. As for future fiscal years,

**INTERBORO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2025**

basic education and special education funding could see minimal increases. The state subsidy funding for the annual special education costs has not kept up with the actual expenditures incurred by the District for special education. On the expenditure side of the financial statement, the State's inability to address the underfunded Pennsylvania State Education Retirement System (PSERS) places additional burden on the District. The portion that the District must pay is projected to increase from 34.0 percent (2025/2026) to 35.17 percent (2029/2030). These increases could add hundreds of thousands of dollars to the District's budget each year. In addition, the District must plan for future contractual increases in salary and wages.

As in previous years, the State continues to push more and more of its funding responsibility onto the District and its community. The District's experience was far less extreme than many of the Districts in the surrounding area, in part due to fiscal policies of the Board and Administration. In July 2006, Act 1 - The Taxpayer Relief Act, was passed by the Pennsylvania State Legislature. Act 1 prevents tax increases, unless approved by the community, above an index calculated by the State. However, certain allowances to this provision may be granted by the State. In addition, Act 1 provides for tax relief to the community which is to be funded by gambling revenues. Over the last ten years the tax increases have ranged from 1.5% to 3.2 percent, with a maximum of 3.2 percent in 2017/2018 and a minimum increase of 1.5 percent in years 2023-2024, 2024-2025 and 2025-2026. During this time, the District has not increased real estate taxes above the adjusted index. The adjusted index for 2025-2026 is 5.3 percent, and the District used an index of 1.5 percent when preparing the budget for 2025-2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Interboro School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Interboro School District, Director of Finance, 200 South MacDade Blvd., Glenolden, PA 19036.

BASIC FINANCIAL STATEMENTS

INTERBORO SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	Governmental Activities	Business-type Activities	Totals	
			2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 35,960,586	\$ 274,817	\$ 36,235,403	\$ 34,319,533
Investments	27,223	-	27,223	28,237
Taxes receivable, net of allowance	2,543,186	-	2,543,186	2,427,144
Internal balances	8,489	(8,489)	-	-
Due from other governments	3,197,535	58,157	3,255,692	3,363,537
Other receivables	282,875	47	282,922	424,583
Other assets	595,728	-	595,728	530,823
Inventories	867	9,032	9,899	5,785
Prepaid expenses	354,866	-	354,866	573,410
Land	1,774,131	-	1,774,131	1,774,131
Construction in progress	62,383,101	-	62,383,101	38,151,306
Land improvements	3,949,651	-	3,949,651	2,914,932
Buildings and improvements	90,965,903	-	90,965,903	84,887,422
Furniture and equipment	28,659,871	1,145,185	29,805,056	27,479,512
Right-to-use asset	4,759,484	-	4,759,484	2,891,588
Right-to-use subscription	-	-	-	169,520
Accumulated depreciation/amortization	(76,595,195)	(490,346)	(77,085,541)	(73,435,319)
TOTAL ASSETS	158,868,301	988,403	159,856,704	126,506,144
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension expenses	18,680,025	-	18,680,025	17,109,165
Deferred OPEB expenses	1,820,924	-	1,820,924	2,181,387
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,500,949	-	20,500,949	19,290,552
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 179,369,250	\$ 988,403	\$ 180,357,653	\$ 145,796,696
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	\$ 4,615,375	\$ 81,653	\$ 4,697,028	\$ 7,101,491
Accrued salaries, payroll withholdings, and benefits	7,837,948	-	7,837,948	7,203,859
Accrued interest payable	3,535,900	-	3,535,900	2,215,400
Unearned revenues	39,362	28,760	68,122	91,607
Long-term liabilities:				
Portion due or payable within one year:				
Bonds payable, net	3,359,703	-	3,359,703	3,185,477
Lease payable	728,123	-	728,123	277,319
Accumulated compensated absences	528,785	-	528,785	336,627
Portion due or payable after one year:				
Bonds payable, net	119,183,158	-	119,183,158	83,585,506
Lease payable	1,063,020	-	1,063,020	363,737
Accumulated compensated absences	5,563,754	-	5,563,754	7,607,234
Net pension liability	97,648,000	-	97,648,000	99,294,000
Net OPEB liability	6,007,241	-	6,007,241	5,824,680
TOTAL LIABILITIES	250,110,369	110,413	250,220,782	217,086,937
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension expenses	1,535,000	-	1,535,000	1,950,000
Deferred OPEB expenses	8,906,922	-	8,906,922	10,483,446
TOTAL DEFERRED INFLOWS OF RESOURCES	10,441,922	-	10,441,922	12,433,446
NET POSITION (DEFICIT):				
Net investment in capital assets	(1,077,608)	654,839	(422,769)	1,346,830
Restricted - local contributions	167,484	-	167,484	188,461
Unrestricted (deficit)	(80,272,917)	223,151	(80,049,766)	(85,258,978)
TOTAL NET POSITION (DEFICIT)	(81,183,041)	877,990	(80,305,051)	(83,723,687)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 179,369,250	\$ 988,403	\$ 180,357,653	\$ 145,796,696

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

**INTERBORO SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)**

	Major Funds			Totals	
	General Fund	Bond Fund	Nonmajor Fund	2025	2024
ASSETS					
Cash and cash equivalents	\$ 25,024,295	\$ 10,935,392	\$ 899	\$ 35,960,586	\$ 33,919,830
Investments	27,223	-	-	27,223	28,237
Taxes receivable	2,543,186	-	-	2,543,186	2,427,144
Due from other funds	8,489	-	-	8,489	3,220
Due from other governments	3,197,535	-	-	3,197,535	3,312,646
Other receivables	282,875	-	-	282,875	422,574
Inventory	867	-	-	867	1,793
Prepaid expenditures	265,759	89,107	-	354,866	573,410
TOTAL ASSETS	<u>\$ 31,350,229</u>	<u>\$ 11,024,499</u>	<u>\$ 899</u>	<u>\$ 42,375,627</u>	<u>\$ 40,688,854</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 950,326	\$ 3,665,049	\$ -	\$ 4,615,375	\$ 7,037,859
Accrued salaries, payroll withholdings, and benefits	7,837,948	-	-	7,837,948	7,203,859
Unearned revenue - other	39,362	-	-	39,362	77,681
TOTAL LIABILITIES	<u>8,827,636</u>	<u>3,665,049</u>	<u>-</u>	<u>12,492,685</u>	<u>14,319,399</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - delinquent taxes	2,217,512	-	-	2,217,512	1,966,231
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,217,512</u>	<u>-</u>	<u>-</u>	<u>2,217,512</u>	<u>1,966,231</u>
FUND BALANCES:					
Nonspendable	266,626	89,107	-	355,733	575,203
Restricted	167,484	7,270,343	-	7,437,827	3,936,024
Committed	13,189,889	-	-	13,189,889	8,424,782
Assigned	-	-	899	899	872
Unassigned	6,681,082	-	-	6,681,082	11,466,343
TOTAL FUND BALANCES	<u>20,305,081</u>	<u>7,359,450</u>	<u>899</u>	<u>27,665,430</u>	<u>24,403,224</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,350,229</u>	<u>\$ 11,024,499</u>	<u>\$ 899</u>	<u>\$ 42,375,627</u>	<u>\$ 40,688,854</u>

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

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

TOTAL GOVERNMENTAL FUND BALANCES \$ 27,665,430

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	\$ 1,774,131	
Construction in progress	62,383,101	
Land improvements	3,949,651	
Buildings and improvements	90,965,903	
Furniture and equipment	28,659,871	
Right-to-use asset	4,759,484	
Accumulated depreciation/amortization	<u>(76,595,195)</u>	115,896,946

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds payable, net	(122,542,861)	
Lease payable	(1,791,143)	
Accumulated compensated absences	(6,092,539)	
Accrued interest payable	(3,535,900)	
Net pension liability	(97,648,000)	
Net OPEB liability	<u>(6,007,241)</u>	(237,617,684)

Long-term receivables are not recorded in the funds. 595,728

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 amounts related to pension	18,680,025	
Deferred inflows of resources:		
Deferred amounts related to pension	<u>(1,535,000)</u>	17,145,025

Deferred inflows and outflows of resources related to the District's OPEB 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 amounts related to OPEB	1,820,924	
Deferred inflows of resources:		
Deferred amounts related to OPEB	<u>(8,906,922)</u>	(7,085,998)

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. 2,217,512

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (81,183,041)

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

INTERBORO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

	Major Funds			Totals	
	General Fund	Bond Fund	Nonmajor Fund	2025	2024
REVENUES					
Local sources	\$ 50,943,664	\$ 2,654	\$ 27	\$ 50,946,345	\$ 54,100,509
State sources	33,088,662	-	-	33,088,662	30,073,361
Federal sources	3,184,344	-	-	3,184,344	4,009,717
TOTAL REVENUES	<u>87,216,670</u>	<u>2,654</u>	<u>27</u>	<u>87,219,351</u>	<u>88,183,587</u>
EXPENDITURES					
Current:					
Instruction	55,570,156	-	-	55,570,156	48,072,821
Support services	26,779,544	989,089	-	27,768,633	27,205,638
Operation of noninstructional services	1,309,956	-	-	1,309,956	1,202,934
Capital outlays	9,615	33,007,727	-	33,017,342	31,624,263
Debt service	5,611,835	1,583,745	-	7,195,580	5,613,091
TOTAL EXPENDITURES	<u>89,281,106</u>	<u>35,580,561</u>	<u>-</u>	<u>124,861,667</u>	<u>113,718,747</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,064,436)</u>	<u>(35,577,907)</u>	<u>27</u>	<u>(37,642,316)</u>	<u>(25,535,160)</u>
OTHER FINANCING SOURCES (USES)					
Refund of prior year expenditures	29,802	-	-	29,802	60,795
Refund of prior year revenues	(4,755)	-	-	(4,755)	(1,338,048)
Issuance of debt	-	37,495,000	-	37,495,000	-
Proceeds from lease	1,867,895	-	-	1,867,895	674,750
Bond premium	-	1,516,580	-	1,516,580	-
TOTAL OTHER FINANCING SOURCES	<u>1,892,942</u>	<u>39,011,580</u>	<u>-</u>	<u>40,904,522</u>	<u>(602,503)</u>
NET CHANGE IN FUND BALANCES	(171,494)	3,433,673	27	3,262,206	(26,137,663)
FUND BALANCES, BEGINNING OF YEAR	<u>20,476,575</u>	<u>3,925,777</u>	<u>872</u>	<u>24,403,224</u>	<u>50,540,887</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,305,081</u>	<u>\$ 7,359,450</u>	<u>\$ 899</u>	<u>\$ 27,665,430</u>	<u>\$ 24,403,224</u>

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

**INTERBORO 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	\$ 3,262,206
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 depreciation/amortization (\$3,942,442) is exceeded by capital outlays (\$35,566,259) in the period.	31,623,817
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues, net of change in allowance increased by this amount this year.	251,281
Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which debt repayments, net of premiums, discounts, and deferred amounts on refunding exceeds proceeds from debt issuance.	(36,921,964)
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) and special termination benefits (early retirement) – 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). This is the amount by which current period amounts paid were less than current period compensated absences earned.	
Compensated absences	1,851,322
In the statement of activities, certain operating revenues – split dollar insurance premiums – are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources received (essentially, the amounts actually received). This is the amount by which current period premiums refunded exceeded premiums paid.	
Split dollar premiums receivable	64,905
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.	(1,320,500)
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 exceeds pension contributions during the year.	3,631,861
In the statement of activities, OPEB expense reflects the change in net OPEB 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 related deferrals exceeds OPEB contributions during the year.	1,033,499
CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES	\$ 3,476,427

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

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

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 51,202,725	\$ 51,202,725	\$ 50,943,664	\$ (259,061)
State sources	32,837,757	32,837,757	33,088,662	250,905
Federal sources	2,845,623	2,845,623	3,184,344	338,721
TOTAL REVENUES	86,886,105	86,886,105	87,216,670	330,565
EXPENDITURES				
Instruction:				
Regular programs	34,855,773	34,881,166	36,593,321	(1,712,155)
Special programs	15,148,922	15,205,609	16,545,831	(1,340,222)
Vocational programs	955,156	955,156	929,800	25,356
Other instructional programs	521,350	521,350	397,559	123,791
Community college education programs	356,572	356,572	359,131	(2,559)
Pre-Kindergarten	830,539	747,575	744,514	3,061
Total Instruction	52,668,312	52,667,428	55,570,156	(2,902,728)
Support services:				
Pupil personnel services	4,696,764	4,696,764	4,798,008	(101,244)
Instructional staff services	1,371,070	1,370,752	1,402,763	(32,011)
Administrative services	6,248,882	6,250,084	6,136,529	113,555
Pupil health	1,093,913	1,093,913	1,103,328	(9,415)
Business services	1,022,138	1,036,215	983,257	52,958
Operation and maintenance of plant services	6,649,152	6,649,152	5,872,119	777,033
Student transportation services	3,022,805	3,022,805	3,398,186	(375,381)
Central support services	2,991,043	2,991,043	3,047,098	(56,055)
Other support services	41,858	41,858	38,256	3,602
Total Support Services	27,137,625	27,152,586	26,779,544	373,042
Operation of noninstructional services:				
Student activities	1,154,565	1,154,565	1,190,773	(36,208)
Community services	137,099	137,099	119,183	17,916
Total Operation of Noninstructional Services	1,291,664	1,291,664	1,309,956	(18,292)
Capital outlays	10,000	10,000	9,615	385
Debt service	6,116,836	6,116,836	5,611,835	505,001
TOTAL EXPENDITURES	87,224,437	87,238,514	89,281,106	(2,042,592)
EXCESS (DEFICIENCIES) OF REVENUES OVER (UNDER) EXPENDITURES	(338,332)	(352,409)	(2,064,436)	(1,712,027)
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenue	(310,000)	(295,923)	(4,755)	291,168
Refund of prior year expenditures	172,543	172,543	29,802	(142,741)
Proceeds from lease	500,000	500,000	1,867,895	1,367,895
TOTAL OTHER FINANCING SOURCES (USES)	362,543	376,620	1,892,942	1,516,322
NET CHANGE IN FUND BALANCE	24,211	24,211	(171,494)	(195,705)
FUND BALANCE, BEGINNING OF YEAR	20,476,575	20,476,575	20,476,575	-
FUND BALANCE, END OF YEAR	\$ 20,500,786	\$ 20,500,786	\$ 20,305,081	\$ (195,705)

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

**INTERBORO SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2025 AND 2024**

	Food Service Fund	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 274,817	\$ 399,703
Due from other governments	58,157	50,891
Other receivables	47	-
Inventories	9,032	3,992
Furniture and equipment	1,145,185	1,173,009
Accumulated depreciation	(490,346)	(613,045)
TOTAL ASSETS	\$ 996,892	\$ 1,014,550
 LIABILITIES:		
Accounts payable	\$ 81,653	\$ 63,632
Due to other funds	8,489	1,211
Unearned revenues	28,760	13,926
TOTAL LIABILITIES	118,902	78,769
 NET POSITION:		
Investment in capital assets	654,839	559,964
Unrestricted	223,151	375,817
TOTAL NET POSITION	877,990	935,781
 TOTAL LIABILITIES AND NET POSITION	\$ 996,892	\$ 1,014,550

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

**INTERBORO SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	Food Service Fund	
	2025	2024
OPERATING REVENUES		
Food service revenues	\$ 158,377	\$ 187,196
Total Operating Revenues	158,377	187,196
OPERATING EXPENSES		
Wages and benefits	203,185	176,609
Purchased professional and technical services	1,595,584	1,554,033
Purchased property services	61,933	51,437
Supplies	169,053	121,505
Depreciation	56,050	56,490
Total Operating Expenses	2,085,805	1,960,074
OPERATING INCOME (LOSS)	(1,927,428)	(1,772,878)
NONOPERATING REVENUES (LOSS)		
State sources	82,085	79,260
Federal sources	1,821,634	1,810,440
Loss on sale of equipment	(38,324)	(20,707)
Interest income	4,242	-
Total Nonoperating Revenues	1,869,637	1,868,993
CHANGE IN NET POSITION	(57,791)	96,115
NET POSITION, BEGINNING OF YEAR	935,781	839,666
NET POSITION, END OF YEAR	\$ 877,990	\$ 935,781

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

**INTERBORO SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	Food Service Fund	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 173,164	\$ 180,293
Payments to suppliers	(1,648,735)	(1,568,894)
Payments to employees	(203,185)	(176,609)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,678,756)	(1,565,210)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	74,089	79,577
Federal sources	1,664,789	1,710,825
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,738,878	1,790,402
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(185,008)	(130,866)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(185,008)	(130,866)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(124,886)	94,326
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	399,703	305,377
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 274,817	\$ 399,703
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,927,428)	\$ (1,772,877)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	56,050	56,490
Donated commodities	157,575	102,137
(Increase) Decrease in:		
Accounts receivable	(47)	-
Due from other funds	-	48,512
Inventories	(5,039)	(3,992)
Increase (Decrease) in:		
Accounts payable	18,021	10,212
Due to other funds	7,278	1,211
Unearned revenues	14,834	(6,903)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,678,756)	\$ (1,565,210)
SUPPLEMENTAL DISCLOSURE		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 157,575	\$ 102,137

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

**INTERBORO SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025**

	Private-purpose Trust Fund Scholarship Fund	Custodial Fund Student Activities Fund
ASSETS		
Cash	\$ 235,345	\$ 90,287
Receivables	2,000	-
TOTAL ASSETS	\$ 237,345	\$ 90,287
 LIABILITIES AND NET POSITION		
LIABILITIES:		
Accounts payable	\$ 1,000	\$ 824
TOTAL LIABILITIES	1,000	824
NET POSITION	236,345	89,463
TOTAL LIABILITIES AND NET POSITION	\$ 237,345	\$ 90,287

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

**INTERBORO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Private-purpose Trust Fund Scholarship Fund	Custodial Fund Student Activities Fund
REVENUES		
Contributions	\$ 288,393	\$ 75,466
Total Revenues	288,393	75,466
EXPENSES		
Scholarships	65,800	-
Other expenses	-	73,835
Total Expenses	65,800	73,835
CHANGE IN NET POSITION	222,593	1,631
NET POSITION, BEGINNING OF YEAR	13,752	87,832
NET POSITION, END OF YEAR	\$ 236,345	\$ 89,463

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interboro School District ("the District") operates one kindergarten academy, four community schools, and one senior high school to provide education and related services to the residents of the Boroughs of Glenolden, Norwood, and Prospect Park and the Township of Tinicum. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government.

The financial statements of the District are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units.

The most significant of the District's accounting policies are described below:

Financial Reporting Entity

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

Joint Ventures

The District participates in a joint venture with the other school districts of Delaware County, Pennsylvania in the operation of a Vocational-Technical School Authority ("DCVTSA"). The DCVTSA is governed by seven members. Each member must be a citizen of a school district where the DCVTSA leases a project. The DCVTSA oversees acquiring, holding, constructing, improving, and maintaining the public area vocational-technical school buildings. The financial statements of the Vocational-Technical School Authority are available from the DCVTSA located at 200 Yale Avenue, Morton, Pennsylvania 19070. The District also participates in a joint venture with other school districts of Delaware County, Pennsylvania to support the Delaware County Community College.

Jointly Governed Organization

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit ("the DCIU"). The DCIU is a regional education service

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of school board members from each participating district. The school board of each participating district must approve the annual operating budget of the DCIU, but the participating districts have no ongoing fiduciary interest or responsibility to the DCIU. The DCIU is a self-sustaining organization that provides a broad array of services to participating districts which include curriculum development and instructional improvement, educational planning services, instructional material, continuing professional development, pupil personnel services, management services, and state and federal liaison services.

Basis of Presentation and Accounting

Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental funds financial statements are prepared. Governmental funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Revenues, expenses, gains, losses, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions should be recognized in accordance with requirements of the GASB Codification.

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

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

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

Fiduciary funds are reported using the economic resources measurement focus.

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.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The District has presented the following major governmental funds:

- *General Fund* – The general fund is for the general operations of the District and all financial transactions not required to be accounted for in another fund.
- *Bond Fund* – The bond fund accounts for the proceeds of General Obligation Bonds for capital improvements.

Proprietary Fund

- *Enterprise (Food Service) Fund* – The enterprise fund accounts for the District's food service operations, which is maintained to account for operations that are financed and operated in a manner similar to a private business enterprise. The fund accounts for all revenues, food purchases, costs, and expenses for the food service program on the accrual method of accounting. This method recognizes expenses when incurred and revenues when earned. All proprietary activities are accounted for using GASB pronouncements as established by the GASB Codification.

Fiduciary Fund Types

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs.

- *Trust Fund* – The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations.
- *Custodial Fund* – The custodial fund accounts for funds held on behalf of the students of the District.

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of reporting cash flows for proprietary fund financial statements, cash and cash equivalents include cash on hand, amounts due from banks, and highly liquid investments with original maturities of less than 90 days.

Investments

Investments are stated at amortized cost, which approximates fair value. This method of valuation is in compliance with the GASB Codification.

Intergovernmental Receivables/Payables

During the course of operations, numerous transactions occur between governmental units for payment of services and subsidy payments. These receivables and payables are classified as intergovernmental receivables and payables on the balance sheet.

Inventories

Food service inventory is presented at the lower of cost or market. Cost is determined on a first in, first out basis and is expensed when used.

Compensated Absences

The District's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Capital Assets

Capital assets, which include land, land improvements, buildings and machinery, equipment, vehicles, intangible right-to-use assets, and intangible right-to-use subscriptions are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not

INTERBORO SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

The District defines capital assets as assets with an initial, individual cost equal to or greater than \$3,000 or composite assets with a cost of more than \$10,000 and an estimated useful life in excess of one year. Depreciation/amortization has been calculated on each class of depreciable/amortizable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	40 years
Land improvements	20 years
Furniture and equipment	5 - 20 years
Right-to-use asset	life of lease/agreement

Unavailable and Unearned Revenues

General fund unavailable revenues represent primarily delinquent taxes not collected within 60 days subsequent to the District's year-end, and unearned revenues represent grant revenue received but not yet earned. It is expected that these receivables will be collected and included in revenues of future fiscal years. The unearned revenues on the government-wide financial statements consist of grant revenue received but not yet earned.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities columns of the statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balances within

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the financial statements will report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District currently has three types of items that qualify for reporting in this category. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. Pension and OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net pension and OPEB liabilities under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

Fund Balance

The GASB Codification establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type, and permanent fund type are clarified by the provisions in this statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid expenditures or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

- *Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal action (Board motion) of the Board of School Directors – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment.
- *Assigned fund balance*– This classification reflects amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of School Directors has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- *Unassigned fund balance* – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Use of Fund Balance

The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated; then committed, assigned, and unassigned in that order as needed.

Net Position

Net position represents the difference between assets and deferred outflows resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

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

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, "Compensated Absences." GASB No. 101 aligns the recognition and measurement guidance for reporting compensated absence liabilities from previous standards under a unified model, and amends certain previously required disclosures.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

Under Act No. 72 enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance Corporation limit. These may be bonds of the United States of America, any state of the United States of America or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, \$37,118,443 of the District's bank balance of \$37,368,443 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$ 37,118,443
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Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows: Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (d) shares of an investment company registered under the Investment Company Act of 1940; or (e) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF") to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (cont'd)

collateral as provided by law is pledged by the depository. All of the District's \$27,223 in investments are invested in the ARC Community Trust of Pennsylvania, a 2a7-like investment pool. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees.

NOTE 3 SCHOOL TAXES

The tax on real estate, as levied by the School Board, was 25.8426 mills (\$25.8426 per \$1,000 of assessed valuation) for fiscal year 2025. Assessed valuation of property is established by the Board of Assessments, and the elected or appointed tax collectors are responsible for collection. Real property in the District for the July 1, 2024 levy was assessed at \$1,954,309,914. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	–	Levy date
July 1 - August 31	–	2% discount period
September 1 - October 31	–	Face value period
November 1 - December 31	–	10% penalty period
February 28	–	Lien date

For government-wide financial statements, the District, in accordance with the GASB Codification, recognized the delinquent and unpaid taxes receivable. The amount which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements.

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 8,489	\$ -
Proprietary fund	-	8,489
	<u>\$ 8,489</u>	<u>\$ 8,489</u>

These balances resulted 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.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated/ amortized:					
Land	\$ 1,774,131	\$ -	\$ -	\$ -	\$ 1,774,131
Construction in progress	38,151,306	29,826,724	-	(5,594,929)	62,383,101
Total Capital Assets Not Being Depreciated/Amortized	<u>39,925,437</u>	<u>29,826,724</u>	<u>-</u>	<u>(5,594,929)</u>	<u>64,157,232</u>
Capital assets being depreciated/ amortized:					
Land improvements	2,914,932	1,034,719	-	-	3,949,651
Buildings and improvements	84,887,422	483,552	-	5,594,929	90,965,903
Furniture and equipment	26,306,503	2,353,368	-	-	28,659,871
Right-to-use subscription	169,520	-	(169,520)	-	-
Right-to-use asset	2,891,588	1,867,896	-	-	4,759,484
Total Capital Assets Being Depreciated/Amortized	<u>117,169,965</u>	<u>5,739,535</u>	<u>(169,520)</u>	<u>5,594,929</u>	<u>128,334,909</u>
Less accumulated depreciation/ amortization for:					
Land improvements	2,098,707	121,744	-	-	2,220,451
Buildings and improvements	45,812,183	1,839,808	-	-	47,651,991
Furniture and equipment	22,584,251	1,004,279	-	-	23,588,530
Right-to-use subscription	169,520	-	(169,520)	-	-
Right-to-use asset	2,157,613	976,610	-	-	3,134,223
Total Accumulated Depreciation/ Amortization	<u>72,822,274</u>	<u>3,942,442</u>	<u>(169,520)</u>	<u>-</u>	<u>76,595,195</u>
Total Capital Assets Being Depreciated/ Amortized, Net	<u>44,347,691</u>	<u>1,797,094</u>	<u>-</u>	<u>5,594,929</u>	<u>51,739,714</u>
GOVERNMENTAL ACTIVITIES ASSETS, NET	<u>\$ 84,273,128</u>	<u>\$ 31,623,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$115,896,946</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets being depreciated:					
Furniture and equipment	\$ 1,173,009	\$ 189,249	\$ (217,073)	\$ -	\$ 1,145,185
Less accumulated depreciation	<u>(613,045)</u>	<u>(56,050)</u>	<u>178,749</u>	<u>-</u>	<u>(490,346)</u>
BUSINESS-TYPE ACTIVITIES, NET	<u>\$ 559,964</u>	<u>\$ 133,199</u>	<u>\$ (38,324)</u>	<u>\$ -</u>	<u>\$ 654,839</u>

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

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

Governmental Activities:

Instruction	\$ 649,743
Instructional student support	105,271
Administrative and financial support services	332,679
Operation and maintenance of plant services	1,864,882
Pupil transportation	911,715
Student activities	<u>78,151</u>

Total Governmental Activities	<u>\$ 3,942,441</u>
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Business-type Activities:

Food service	<u>\$ 56,050</u>
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NOTE 6 GENERAL LONG-TERM LIABILITIES

The following is a summary of governmental long-term liability activity of the District for the year ending June 30, 2025:

	<u>Outstanding June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2025</u>	<u>Due within One Year</u>
General Obligation Bond - 2019	\$ 5,915,000	\$ -	\$ 710,000	\$ 5,205,000	\$ 730,000
General Obligation Bond - 2020A	10,800,000	-	60,000	10,740,000	65,000
General Obligation Bond - 2020AA	3,525,000	-	1,725,000	1,800,000	1,800,000
General Obligation Bond - 2020B	18,005,000	-	435,000	17,570,000	445,000
General Obligation Bond - 2021	5,720,000	-	40,000	5,680,000	40,000
General Obligation Bond - 2022	9,945,000	-	5,000	9,940,000	5,000
General Obligation Bond - 2023	31,940,000	-	5,000	31,935,000	5,000
General Obligation Bond - 2024	<u>-</u>	<u>37,495,000</u>	<u>-</u>	<u>37,495,000</u>	<u>10,000</u>
Subtotal	85,850,000	37,495,000	2,980,000	120,365,000	3,100,000
Bond premium/(discount)	<u>920,983</u>	<u>1,516,580</u>	<u>259,702</u>	<u>2,177,861</u>	<u>259,703</u>
Bonds, net	<u>86,770,983</u>	<u>39,011,580</u>	<u>3,239,702</u>	<u>122,542,861</u>	<u>3,359,703</u>

INTERBORO SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

(cont'd)	<u>Outstanding June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2025</u>	<u>Due within One Year</u>
Leases payable	641,056	1,867,859	717,772	1,791,143	728,123
Compensated absences	7,943,860	-	1,851,321	6,092,539	528,785
Net pension liability	99,294,000	-	1,646,000	97,648,000	-
Net OPEB liability	5,824,680	182,561	-	6,007,241	-
	<u>\$200,474,579</u>	<u>\$41,062,000</u>	<u>\$ 7,454,795</u>	<u>\$234,081,784</u>	<u>\$4,616,611</u>

The general fund and bond fund have liquidated long-term liabilities in prior years.

Interest expense for the year ended June 30, 2025 was \$5,269,457 for bonds and \$43,419 for leases.

Principal and interest payments for bonds payable for the succeeding fiscal years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,100,000	\$ 4,714,534	\$ 7,814,534
2027	2,725,000	4,625,030	7,350,030
2028	2,785,000	4,559,749	7,344,749
2029	2,825,000	4,514,698	7,339,698
2030	2,900,000	4,446,733	7,346,733
2031 - 3035	15,840,000	20,994,652	36,834,652
2036 - 2040	14,445,000	18,432,707	32,877,707
2041 - 2045	10,080,000	16,241,294	26,321,294
2046 - 2050	12,445,000	13,875,519	26,320,519
2051 - 2055	15,330,000	10,998,194	26,328,194
2056 - 2060	18,985,000	7,335,675	26,320,675
2061 - 2064	18,905,000	2,150,638	21,055,638
	<u>\$ 120,365,000</u>	<u>\$ 112,889,423</u>	<u>\$ 233,254,423</u>

General Obligation Bonds

General Obligation Bond Series of 2019 – Original principal amount of \$7,575,000, maturing through August 15, 2028, bearing interest from 2.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2013A. The principal outstanding is reported including a \$162,275 premium.

\$ 5,367,275

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

General Obligation Bond Series of 2020A – Original principal amount of \$11,005,000 maturing through August 15, 2038, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015A. The principal outstanding is reported including a \$881,661 premium.	11,621,661
General Obligation Bond Series of 2020AA – Original principal amount of \$5,305,000 maturing through August 15, 2025, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015AA. The principal outstanding is reported including a \$91,375 premium.	1,891,375
General Obligation Bond Series of 2020B – Original principal amount of \$19,795,000 maturing through August 15, 2037, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015A.	17,570,000
General Obligation Bond Series of 2021 – Original principal amount of \$5,950,000 maturing through August 15, 2034, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015AA. The principal outstanding is reported including a \$61,111 premium.	5,741,111
General Obligation Bond Series of 2022 – Original principal amount of \$9,950,000 maturing through August 15, 2057, bearing interest from 2.5% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The principal outstanding is reported including a \$41,178 premium.	9,981,178
General Obligation Bond Series of 2023 – Original principal amount of \$31,940,000 maturing through August 15, 2062, bearing interest from 2.5% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The principal outstanding is reported net of a \$507,732 discount.	31,427,268

INTERBORO SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

General Obligation Bond Series of 2024 – Original principal amount of \$37,495,000 maturing through August 15, 2062, bearing interest from 2.5% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The principal outstanding is reported including a \$1,447,993 premium.

38,942,993

TOTAL

\$122,542,861

NOTE 7 PENSION PLAN

The District contributes to the Public School Employees' Retirement System ("PSERS"), 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. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA, 17108-0125, or by visiting the PSERS website at www.psers.pa.gov.

Benefits Provided

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, 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 the disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions

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.

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 Membership Class T-D, 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 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. 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 Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to

INTERBORO SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the rate of the employer contribution was 33.90% of covered payroll, which was comprised of 32.92% for pension contributions, 0.35% for Act 5 defined contribution plan contributions, and 0.63% for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2025 was \$13,105,234.

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 \$97,648,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2333%, which was a 0.0101% decrease to the proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$10,104,165. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 1,617,000	\$ -
Net difference between expected and actual experience	-	1,535,000
Changes in proportions	3,327,000	-
Difference between employer contributions and proportionate share of total contributions	630,791	-
Contributions subsequent to the date of measurement	<u>13,105,234</u>	<u>-</u>
	<u>\$ 18,680,025</u>	<u>\$ 1,535,000</u>

An amount of \$13,105,234 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as reduction of the net pension liability in the year ended June 30, 2026. Other

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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	\$(1,251,770)
2027	3,839,571
2028	1,672,142
2029	(220,152)
	\$ 4,039,791

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:

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 PENSION PLAN (cont'd)

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

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

Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 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%
Proportionate share of the net pension liability	\$128,632,000	\$ 97,648,000	\$ 71,845,000

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 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 the system's website at www.psers.pa.gov.

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

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

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website 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' Health Options Program. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2025, the rate of the employer contribution was 33.90% of covered payroll, which was comprised of 32.92% for pension contributions, 0.35% for Act 5 defined contribution plan contributions, and 0.63% for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2025 was \$250,799.

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 \$4,150,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net 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 0.2233%, which was a 0.0101% decrease to the proportion measured as of June 30, 2024.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2025, the District recognized OPEB credit of \$111,970. 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
Net difference between projected and actual investment earnings	\$ 5,000	\$ -
Net difference between expected and actual experience	16,000	62,000
Change in assumptions	253,000	634,000
Changes in proportions	197,000	53,000
Difference between employer contributions and proportionate share of total contributions	30,980	-
Contributions subsequent to the date of measurement	250,799	-
	\$ 752,779	\$ 749,000

An amount of \$250,799 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2026	\$ (83,705)
2027	(92,952)
2028	(117,393)
2029	20,472
2030	26,558
	\$ (247,020)

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- 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' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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 asset class as of June 30, 2024.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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, 2023, 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 cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ 4,150,000	\$ 4,150,000	\$ 4,150,000

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

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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%
Proportionate share of the net OPEB liability	\$ 4,688,000	\$ 4,150,000	\$ 3,699,000

OPEB Plan Fiduciary Net Position

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

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. Under GASB Statement No. 75, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2025, the District paid \$125,897 to plan members eligible for receiving benefits.

Participants

As of July 1, 2023, the plan had 628 participants (615 active, 13 retired).

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2023. The total OPEB liability as of July 1, 2023 was determined by rolling forward the plan's total OPEB liability as of the July 1, 2022 actuarial valuation to the July 1, 2023 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 4.29%, based on the 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 2.5% annually.

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 25.93% for men and 27.46% for women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.55%	3.90%
30	4.55%	3.90%
35	1.68%	2.83%
40	1.42%	1.67%
45	1.41%	1.60%
50	1.89%	2.08%
55	3.63%	3.66%
60	5.49%	5.94%

Mortality

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit plan actuarial valuations.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

Twenty-five percent of retirees are assumed to elect coverage.

Percent Married at Retirement

Twenty-five percent of retirees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Male</u>	<u>Female</u>
45 - 49	\$ 9,134	\$ 13,191
50 - 54	\$ 12,096	\$ 14,908
55 - 59	\$ 14,733	\$ 15,599
60 - 64	\$ 19,226	\$ 17,920

Retiree Contributions

For employees who retired before July 1, 2007, the District provides 100% of the cost of coverage for the retiree and spouse. Otherwise, the District pays no part of the premium.

For employees who retire on or after July 1, 2007, the employee pays 100% of the premium.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Healthcare Cost Trend Rate

The healthcare cost trend rate was 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuarial Long-Run Medical Cost Trend Model.

Actuarial Cost Method – Entry Age Normal

The entry age normal actuarial cost method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The actuarial present value of the projected benefits allocated to the valuation year is called the service cost. The portion of the actuarial present value of the projected benefits not provided for at the valuation date by the actuarial present value of future service costs is called the total OPEB liability.

Participant Data

Based on census information as of June 2024 and due to the timing of District turnover, the data is believed to be representative of the population for the 2023-2024 school year.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Net OPEB liability	\$ 2,003,392	\$ 1,857,241	\$ 1,719,821

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 1,643,726	\$ 1,857,241	\$ 2,110,232

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Changes in Total OPEB Liability

Total OPEB liability as of July 1, 2023	\$ 1,788,680
Service cost	105,184
Interest on OPEB liability	75,764
Change of assumptions	(2,776)
Benefit payments	<u>(109,611)</u>
Total OPEB liability as of July 1, 2024	<u>\$ 1,857,241</u>

The amount of OPEB credit for the single employer plan recognized by the District was \$396,636 for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 255,000	\$ 4,590,152
Change in assumptions	687,248	3,567,770
Contributions subsequent to measurement date	<u>125,897</u>	<u>-</u>
	<u>\$ 1,068,145</u>	<u>\$ 8,157,922</u>

An amount of \$125,897 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

Deferred outflows of resources due to the change in assumptions will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ (988,171)
2027	(626,497)
2028	(642,485)
2029	(642,485)
2030	(642,485)
Thereafter	<u>(3,673,551)</u>
	<u>\$ (7,215,674)</u>

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 10 AGGREGATION OF NET OPEB LIABILITY

The District's reconciliation of the net OPEB liability is as follows:

	PSERS Healthcare Premium Assistance Plan (See Note 8)	District Postemployment Healthcare Benefits Plan (See Note 9)	Total
Deferred outflows related to OPEB	\$ 752,779	\$ 1,068,145	\$ 1,820,924
Net OPEB liability	\$ 4,150,000	\$ 1,857,241	\$ 6,007,241
Deferred inflows related to OPEB	\$ 749,000	\$ 8,157,922	\$ 8,906,922

NOTE 11 LEASE AGREEMENTS

On November 19, 2014, the District entered into an eight-year lease agreement for school buses. Payments are made annually. The implicit interest rate is 2.54%. The principal amount of the lease is \$2,216,838. Additionally, the District has entered various leases for technology equipment with final payments through June 2027. The District has also entered into various leases for desktop and monitors for administrative use, as well as buses for transportation. These amounts have been added to capital assets and long-term liabilities in the government-wide financial statements. Amortization expense for the equipment is included in depreciation expense.

Principal and interest payments for the succeeding years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 728,123	\$ 88,738	\$ 816,861
2027	376,587	64,134	440,721
2028	227,998	44,036	272,034
2029	240,472	31,561	272,033
2030	217,963	14,147	232,110
	<u>\$ 1,791,143</u>	<u>\$ 242,616</u>	<u>\$ 2,033,759</u>

NOTE 12 SELF-INSURANCE

The District self-insures worker's compensation through the Pennsylvania Insurance Consortium for Schools. The Pennsylvania Insurance Consortium for Schools is an association consisting of school districts, intermediate units, and vocational-technical schools of the Commonwealth of Pennsylvania. The District obtained a self-insurance exemption from the Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Workers' Compensation, which allows the District to self-insure workers' compensation.

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12 SELF-INSURANCE (cont'd)

Each year, the District is required to deposit funds into the central fund. The District is then billed monthly for actual claims paid during the previous month up to the level of retention. After the level of retention is reached, claim payments are made from the central fund. At the end of each fiscal year, reserves are established or adjusted on all outstanding claims. Funds in the central fund at the end of the fiscal year are not refunded.

The District does not carry dental or prescription insurance because of its prohibitive cost. The District covers all claim settlements out of its general fund resources. The District currently reports all its risk management activities in the fund financial statements in its general fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

<u>Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2024 - 2025	\$ 347,909	\$ 2,765,620	\$ 2,703,130	\$ 410,399

NOTE 13 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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:

	<u>Project Amount</u>	<u>Completed as of 06/30/2025</u>	<u>Commitments</u>
High school renovation project	\$ 80,249,116	\$ 54,924,036	\$ 25,325,080
Kindergarten/ELA Renovations	10,629,132	5,959,363	4,669,769
HS Multi-Purpose Field	1,155,930	4,932	1,150,998
DW Alarm Upgrade	1,573,250	495,668	1,077,582
Norwood Playground Replacement	350,559	2,204	348,355

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13 CONTINGENCIES (cont'd)

	Project Amount	Completed as of 06/30/2025	Commitments
(cont'd)			
Prospect Park Playground Replacement	95,490	2,204	93,286
Glenolden Roof Replacement	1,307,935	501,592	806,343
Norwood Roof Replacement	1,319,975	493,102	826,873
Totals	\$ 96,681,387	\$ 62,383,101	\$ 34,298,286

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverage for the fiscal year ended June 30, 2025.

NOTE 15 SPLIT-DOLLAR LIFE INSURANCE

The District entered into Split-Dollar Life Insurance collateral assignment agreements with nine retirees. Pursuant to each collateral assignment agreement, a portion of the death benefit payable upon the death of the insured is "collaterally assigned" to the District in an amount equal to the aggregate sum of the life insurance premiums paid by the District during the life of the insured. The balance of the death benefit is retained by the insured's designated beneficiary. The cumulative premium amount paid and receivable by the District is \$595,728 as of June 30, 2025.

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2025:

Regular programs	\$ 1,712,155
Special programs	\$ 1,340,222
Other instructional programs	\$ 2,559
Pupil personnel services	\$ 101,244
Instructional staff services	\$ 32,011
Pupil health	\$ 9,415
Student transportation services	\$ 375,381
Central support services	\$ 56,055
Student activities	\$ 36,208

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

The excess of expenditures over appropriations was financed by areas in which expenditures did not exceed budgeted projections as well as excesses of revenues over budgeted projections.

NOTE 17 FUND BALANCES

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Bond Fund	Capital Projects Fund (Non-major)	Total Governmental Funds
Nonspendable:				
Prepaid expenditures	\$ 265,759	\$ 89,107	\$ -	\$ 354,866
Inventory	867	-	-	867
Restricted:				
Local contributions	167,484	-	-	167,484
Capital projects	-	7,270,343	-	7,270,343
Committed:				
Band uniforms and capital projects	13,189,889	-	-	13,189,889
Assigned:				
Capital projects	-	-	899	899
Unassigned	6,681,082	-	-	6,681,082
Total Fund Balances	<u>\$ 20,305,081</u>	<u>\$ 7,359,450</u>	<u>\$ 899</u>	<u>\$ 27,665,430</u>

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 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:

	6/30/2023 as Previously Reported	Change in Accounting Principle	6/30/2023 as Restated
Government-wide Governmental activities	<u>\$ (78,509,741)</u>	<u>\$ (6,149,727)</u>	<u>\$ (84,659,468)</u>
Total Primary Government	<u>\$ (78,509,741)</u>	<u>\$ (6,149,727)</u>	<u>\$ (84,659,468)</u>

INTERBORO SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 19 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through March 25, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**INTERBORO 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	0.2333%	0.2232%	0.2232%	0.2227%	0.2276%	0.2248%	0.2280%	0.2356%	0.2366%	0.2337%
District's proportion of the net pension liability - dollar value	\$ 97,648,000	\$ 99,294,000	\$ 99,232,000	\$ 91,433,000	\$ 112,068,000	\$ 105,167,000	\$ 109,451,000	\$ 116,359,000	\$ 117,251,000	\$ 101,228,000
District's covered employee payroll	\$ 37,393,817	\$ 34,553,498	\$ 33,097,308	\$ 31,700,122	\$ 32,153,540	\$ 31,293,420	\$ 30,703,506	\$ 30,997,548	\$ 30,166,952	\$ 29,541,375
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	261.13%	287.36%	299.82%	288.43%	348.54%	336.07%	356.48%	375.38%	388.67%	342.67%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	62.26%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$13,105,234	\$12,373,614	\$11,855,305	\$11,249,775	\$10,622,724	\$10,726,421	\$10,201,655	\$ 9,698,738	\$ 9,051,284	\$ 7,541,738
Contributions in relation to the contractually required contribution	<u>13,105,234</u>	<u>12,373,614</u>	<u>11,855,305</u>	<u>11,249,775</u>	<u>10,622,724</u>	<u>10,726,421</u>	<u>10,201,655</u>	<u>9,698,738</u>	<u>9,051,284</u>	<u>7,541,738</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$39,809,338	\$37,393,817	\$34,553,498	\$33,097,308	\$31,700,122	\$32,153,540	\$31,293,420	\$30,703,506	\$30,997,548	\$30,166,952
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.59%	29.20%	25.00%

**INTERBORO 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	0.2333%	0.2232%	0.2232%	0.2227%	0.2276%	0.2248%	0.2280%	0.2356%
District's proportion of the net OPEB liability - dollar value	\$ 4,150,000	\$ 4,036,000	\$ 4,107,000	\$ 5,269,000	\$ 4,907,000	\$ 4,781,000	\$ 4,754,000	\$ 4,800,000
District's covered employee payroll	\$37,393,817	\$34,553,498	\$33,097,308	\$31,700,122	\$32,153,540	\$31,293,420	\$30,703,506	\$30,997,548
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.10%	11.68%	12.41%	16.62%	15.26%	15.28%	15.48%	15.49%
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.

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 250,799	\$ 239,320	\$ 259,151	\$ 264,400	\$ 259,941	\$ 270,090	\$ 259,735	\$ 253,622
Contributions in relation to the contractually required contribution	<u>250,799</u>	<u>239,320</u>	<u>259,151</u>	<u>264,400</u>	<u>259,941</u>	<u>270,090</u>	<u>259,735</u>	<u>253,622</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 39,809,338	\$ 37,393,817	\$ 34,553,498	\$ 33,097,308	\$ 31,700,122	\$ 32,153,540	\$ 31,293,373	\$ 30,703,506
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.

**INTERBORO SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
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	\$ 105,184	\$ 225,640	\$ 360,495	\$ 255,234	\$ 283,888	\$ 534,672	\$ 590,819	\$ 607,457
Interest on total OPEB liability	75,764	144,273	105,735	355,525	352,333	445,391	438,982	445,846
Change of benefit terms	-	-	-	-	-	195,574	-	-
Differences between expected and actual experience	-	294,230	-	(5,582,896)	-	(2,861,258)	-	(524,116)
Changes in assumptions	(2,776)	(2,141,020)	(1,274,285)	(411,354)	-	(2,313,398)	-	4,019,360
Benefit payments	(109,611)	(135,998)	(147,079)	(580,140)	(481,247)	(829,321)	(746,901)	(752,895)
NET CHANGE IN TOTAL OPEB LIABILITY	68,561	(1,612,875)	(955,134)	(5,963,631)	154,974	(4,828,340)	282,900	3,795,652
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>1,788,680</u>	<u>3,401,555</u>	<u>4,356,689</u>	<u>10,320,320</u>	<u>10,165,346</u>	<u>14,993,686</u>	<u>14,710,786</u>	<u>10,915,134</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 1,857,241</u>	<u>\$ 1,788,680</u>	<u>\$ 3,401,555</u>	<u>\$ 4,356,689</u>	<u>\$10,320,320</u>	<u>\$10,165,346</u>	<u>\$14,993,686</u>	<u>\$14,710,786</u>
PLAN FIDUCIARY NET POSITION								
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 1,857,241</u>	<u>\$ 1,788,680</u>	<u>\$ 3,401,555</u>	<u>\$ 4,356,689</u>	<u>\$10,320,320</u>	<u>\$10,165,346</u>	<u>\$14,993,686</u>	<u>\$14,710,786</u>
Plan's 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	\$35,529,918	\$35,529,918	\$30,645,280	\$30,645,280	\$31,183,223	\$30,422,657	\$31,342,379	\$30,577,931
District's net OPEB liability as a percentage of covered payroll	5.23%	5.03%	11.10%	14.22%	33.10%	33.41%	47.84%	48.11%
Expected average remaining years of service of all participants	14	14	14	14	14	14	14	14

SINGLE AUDIT



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

March 25, 2026

Board of School Directors
Interboro School District
Glenolden, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Interboro School District ("the District"), Glenolden, 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 March 25, 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.

Board of School Directors
Interboro 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

This 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



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

March 25, 2026

Board of School Directors
Interboro School District
Glenolden, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Interboro School District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on 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 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 Each Major Federal Program

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

Board of School Directors
Interboro School District

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 its major federal program as a whole.

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

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

Board of School Directors
Interboro 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**INTERBORO 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 Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue 7/1/2024	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2025	Passed Through to Sub-recipients
U.S. DEPARTMENT OF EDUCATION											
<u>Passed Through the Pennsylvania Department of Education</u>											
Title I - Grants to Local Education Agencies	I	84.010	013-24-0197	8/8/23-9/30/24	\$ 951,387	\$ 190,298	\$ 148,338	\$ 41,960	\$ 41,960	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-25-0197	7/29/24-6/30/25	891,898	716,177	-	821,075	821,075	104,898	-
Total ALN 84.010						906,475	148,338	863,035	863,035	104,898	-
Title II - Improving Teacher Quality	I	84.367	020-24-0197	8/8/23-9/30/24	114,795	7,610	7,610	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-25-0197	7/29/24-6/30/25	108,750	108,656	-	108,750	108,750	94	-
Total ALN 84.367						116,266	7,610	108,750	108,750	94	-
Title IV - Student Support & Academic Enrichment	I	84.424	144-24-0197	8/8/23-9/30/24	75,093	-	(146)	146	146	-	-
Title IV - Student Support & Academic Enrichment	I	84.424	144-25-0197	7/29/24-6/30/25	71,647	71,647	-	55,486	55,486	(16,161)	-
Total ALN 84.424						71,647	(146)	55,632	55,632	(16,161)	-
Elementary and Secondary School Emergency Relief Fund	I	84.425D	223-21-0197	3/13/20-9/30/24	3,971,988	288,872	54,663	234,209	234,209	-	-
ARP ESSER 7% Set Asides	I	84.425D	225-21-0197	3/13/20-9/30/24	220,510	52,120	(43,273)	95,393	95,393	-	-
ARP ESSER 7% Set Asides	I	84.425D	225-21-0197	3/13/20-9/30/24	44,102	44,102	42,583	1,519	1,519	-	-
ARP ESSER 7% Set Asides	I	84.425D	225-21-0197	3/13/20-9/30/24	44,102	10,424	10,424	-	-	-	-
ARP Esser Homeless Children	I	84.425U	181-21-2193	3/13/20-9/30/24	22,164	14,776	9,282	5,494	5,494	-	-
Total ALN 84.425						410,294	73,679	336,615	336,615	-	-
<u>Subgrant from U.S. Department of Education</u>											
<u>Passed Through the Delaware County Intermediate Unit #25</u>											
IDEA Part B	I	84.027	N/A	7/1/23-6/30/24	841,490	232,487	232,487	-	-	-	-
IDEA Part B	I	84.027	N/A	7/1/24-6/30/25	915,101	905,038	-	905,038	905,038	-	-
<u>Passed Through the Central Susquehanna Intermediate Unit #16</u>											
Save Promise Grant	I	84.027	N/A	7/1/24-6/30/25	25,000	-	(8,637)	5,350	5,350	(3,287)	-
<u>Passed Through the Montgomery County Intermediate Unit #23</u>											
Path to Graduation Grant	I	84.027	N/A	7/1/24-6/30/25	10,000	-	(1,594)	-	-	(1,594)	-
Total ALN 84.027						1,137,525	222,256	910,388	910,388	(4,881)	-
IDEA Preschool	I	84.173	N/A	7/1/23-6/30/24	3,179	3,179	3,179	-	-	-	-
IDEA Preschool	I	84.173	N/A	7/1/24-6/30/25	2,805	2,805	-	2,805	2,805	-	-
Total ALN 84.173						5,984	3,179	2,805	2,805	-	-
Total Special Education Cluster						1,143,509	225,435	913,193	913,193	(4,881)	-
TOTAL U.S. DEPARTMENT OF EDUCATION						2,648,191	454,916	2,277,225	2,277,225	83,950	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
<u>Passed Through the Pennsylvania Department of Public Welfare</u>											
Medical Assistance Program	I	93.778	N/A	7/1/23-6/30/24	N/A	107,500	107,500	-	-	-	-
Medical Assistance Program	I	93.778	N/A	7/1/24-6/30/25	N/A	465,824	-	811,043	811,043	345,219	-
Total ALN 93.778						573,324	107,500	811,043	811,043	345,219	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						573,324	107,500	811,043	811,043	345,219	-

**INTERBORO 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 Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue 7/1/2024	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2025	Passed Through to Sub-recipients
U.S. DEPARTMENT OF AGRICULTURE											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	7/1/24-6/30/25	N/A	157,574	(3,992)	152,534	152,534	(9,032)	-
Passed through the Pennsylvania Department of Education											
Supply Chain Assistance	I	10.555	N/A	7/1/23-6/30/24	N/A	48,279	48,279	-	-	-	-
National School Lunch Program	I	10.555	N/A	7/1/23-6/30/24	N/A	-	(12,576)	12,576	12,576	-	-
National School Lunch Program	I	10.555	N/A	7/1/24-6/30/25	N/A	1,351,916	-	1,391,588	1,391,588	39,672	-
Total ALN 10.555						1,557,769	31,711	1,556,698	1,556,698	30,640	-
National School Breakfast Program	I	10.553	N/A	7/1/23-6/30/24	N/A	15,188	15,188	-	-	-	-
National School Breakfast Program	I	10.553	N/A	7/1/24-6/30/25	N/A	249,406	-	264,936	264,936	15,530	-
Total ALN 10.553						264,594	15,188	264,936	264,936	15,530	-
Total Child Nutrition Cluster						1,822,363	46,899	1,821,634	1,821,634	46,170	-
TOTAL U.S. Department of Agriculture						1,822,363	46,899	1,821,634	1,821,634	46,170	-
TOTAL FEDERAL AWARDS						\$5,043,878	\$ 609,315	\$4,909,902	\$ 4,909,902	\$ 475,339	\$ -

Source Code:

I - Indirect

INTERBORO SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF SCHEDULE

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555 includes surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE D INDIRECT COST RATE

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

NOTE E 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 \$96,076.

INTERBORO 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:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster (Special Education Grants to States, Special Education Preschool Grants)
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? X Yes No

INTERBORO SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

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.