

Audited
Financial
Statements

June 30,
2025

Northern York County School District



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northern York County School District
Dillsburg, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northern York County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Notes 1 and 15 of the financial statements for the year ended June 30, 2025, the School District adopted new accounting guidance GASB No. 101 *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Northern York County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Northern York County School 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 December 19, 2024. As more fully described in Notes 1 and 15 to the financial statements, the School District has adjusted its 2024 financial statements for the correction of an error and to retroactively apply the change in accounting principle noted above for the adoption of GASB 101, *Compensated Absences*. In our opinion, except for the effects of the matters previously noted and detailed in Note 15, 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 is 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, budgetary comparison information on page 63, and the schedules related to the pension and OPEB liabilities on pages 64 to 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern York County School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the 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 December 11, 2025, on our consideration of Northern York County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern York County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern York County School District's internal control over financial reporting and compliance.

Smith & Elliott Reams & Company, LLC

Chambersburg, Pennsylvania
December 11, 2025

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2025

The management of the Northern York County School District is pleased to present the following discussion and analysis of the School District's financial activities for the fiscal year ending June 30, 2025. Comparative financial information between fiscal years ending June 30, 2024 and June 30, 2025 is also presented in this report to show changes in the financial position of the School District from prior year to current year.

The intent of this discussion and analysis is to provide a narrative summary of the financial position and activities of the School District in order to enhance the reader's understanding of the School District's basic financial statements. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- For the 2024-2025 fiscal year, the School Board adopted a balanced General Fund Budget. In order to balance the budget, a real estate tax rate of 20.1337 mills was required. Included in the budget was a \$ 400,000 transfer into the Capital Reserve Fund for capital improvements. The General Fund had an actual loss of \$ 15,640 which was a \$ 247,390 difference compared to budget. Actual revenues exceeded budgeted revenues by \$ 1,149,976. This difference is attributed to \$ 350,000 in higher investment earnings, \$ 487,000 in additional state revenue from new adequacy funds of \$ 1,141,762, \$ 252,000 for charter school reimbursement, FICA and retirement subsidy of \$ 544,000, Special Ed of \$ 167,000, and transportation of \$181,000 offset by lower Basic Ed subsidy of \$ 1,800,000 and federal revenue of \$ 136,000 due to the run out of ESSER funds. General Fund actual expenditures were more than budgeted expenditures by \$ 1,223,747. This difference is mainly attributed to outside cyber charter special education payments being over budget by \$ 960,000, special education placement services being over budget by \$ 380,000, lease subscriptions of \$ 350,000, and building maintenance being over budget by \$ 300,000 which are offset by debt payments being under budget by \$ 2,250,000. Other financing uses were less than budgeted amounts due to not having a gain from long-term financing arrangements of \$ 322,161.
- The School District received \$ 1,095,180 from the State to fund property tax reductions. Property owners in the School District who filed and received approval for a homestead/farmstead exclusion saw their net tax due decrease by this amount.
- The Governmental Accounting Standards Board Statement No. 68 (GASB 68), became effective for fiscal year ending June 30, 2015. This statement addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers. The implementation of this standard had a significant negative impact on the net position of the School District. Further analysis is available in the "Net Position" portion of this MD&A and can also be found in Note 11 of the financial statements.
- The Governmental Accounting Standards Board Statement No. 75 (GASB 75), became effective for fiscal year ending June 30, 2018. This statement addresses accounting and financial reporting for other post-employment benefits that are provided to employees of state and local government employers. Additional information can be found in Note 10 of the financial statements.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
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OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three sections – Management’s Discussion and Analysis (this section), the basic financial statements, and other required supplementary information. The basic financial statements include two kinds of statements, which present different views of the School District.

The first two statements of the basic financial statements are government-wide financial statements. These statements on pages 14 and 15 consist of the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about the School District’s overall financial status.

The remaining basic financial statements consist of fund financial statements. These statements focus on individual funds of the School District and provide a more detailed presentation of the School District’s operations. The governmental funds statements on pages 16 and 18 present how general School District services, such as regular and special education, are financed in the short-term as well as what remains for future spending. The statement of revenues, expenditures and changes in fund balance – budget and actual for the general fund is shown on page 63 and provides the budgetary comparisons to the actual revenues, expenditures and other financing sources (uses). The proprietary fund statements on pages 20 - 22 present both short-term and long-term information about the activities that the School District operates similar to a business, such as food service. Following the proprietary fund statements, the fiduciary fund statements on pages 23 and 24 present information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, such as student activity and trust funds.

Notes to the basic financial statements are included on pages 25 - 62. These notes provide a more detailed explanation of the School District’s financial statements. Following the notes to the basic financial statements is supplementary information on pages 63 – 68 that details budgetary information, other post-employment benefit information and pension benefit information.

During June 30, 2025, the School District adopted GASB 101 for Compensated Absences. In accordance with GASB standards, summarized comparative information presented for June 30, 2024 within the management’s discussion and analysis does not take into account the restatement for implementation of the standard. See Note 15 of the financial statements for additional information detailing the restatement. In addition, the information presented in this management’s discussion and analysis has been updated to reflect the impact of a correction of an error as detailed in Note 15 of the financial statements.

Government-Wide Statements

The government-wide statements report financial information about the School District as a whole using accounting methods similar to the accounting used by private-sector companies. The Statement of Net Position includes all of the School District’s assets and liabilities utilizing the full accrual basis of accounting. The Statement of Activities accounts for all of the School District’s revenues and expenses, regardless of when cash is received or paid.

These two government-wide statements report the School District’s net position and changes in them. The School District’s net position represents the difference between the School District’s assets and deferred outflows of resources from liabilities and deferred inflow of resources. The School District’s

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2025

net position is one way to measure the School District's financial position, or financial health, over time. Increases or decreases in the School District's net position is one indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the School District, non-financial factors must also be considered, such as changes in the School District's property tax base and the performance of the students.

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

- **Governmental activities** – All of the School District's basic services are included here, such as instruction and administration. Real estate and earned income taxes, state and federal subsidies, and grants finance most of these activities.
- **Business-type activities** – The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, or major funds – not the School District as a whole. Funds are accounting components that the School District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be reported as major funds.

- **Governmental funds** – Most of the School District's activities are reported in governmental funds and focus on financial position and changes in financial position, rather than upon net income determination. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statements of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements on pages 17 and 19.
- **Proprietary funds** – These funds are used to account for the School District activities that are similar to business operations in the private sector. When the School District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the School District's proprietary fund and is the same as the business-type activities reported in the government-wide statements, but provides more detail and additional information, such as cash flows.
- **Fiduciary funds** – The School District is the trustee or agent for individuals, private organizations and/or governmental units, such as student activity funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong; the School District cannot use these assets to finance its operations. The financial statements for the fiduciary funds are shown on pages 23 and 24.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position

The School District's total net position was (\$ 15,918,744) at June 30, 2025 which includes (\$ 15,878,517) in Governmental Activities and (\$ 40,227) in Business-Type Activities. This shows a increase in the negative net position of \$ 1,562,612 compared to June 30, 2024, (\$ 17,481,356). The reason for the large negative net position is caused by the implementation of both GASB 68 and GASB 75 which required the School District to record the net pension and other post-employment benefits (OPEB), deferred outflows and inflows of resources, and expense associated with the post-employment benefits other than pensions. The total School District's net pension liability at June 30, 2025 was \$ 59,517,729, of which \$ 58,084,050 was the Governmental Activities share and \$ 1,433,679 was the Business-Type Activities share. The result of recording these liabilities in each fiscal year has resulted in a negative net position. While PSERS is not a new pension plan, June 30, 2015 was the first time the proportionate share of the liability was required to be recorded on the financial statements of the School District. The total School District's Other Postemployment Benefits Liability at June 30, 2025 was \$ 5,250,586, of which \$ 5,136,462 was the result of Governmental Activities and \$ 114,124 was for Business-Type Activities.

Statement of Net Position

	2025			2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	\$ 35,734,259	\$ 1,288,401	\$ 37,022,660	\$ 39,414,611	\$ 1,237,618	\$ 40,652,229
Noncurrent assets	72,770,588	57,009	72,827,597	59,209,970	57,269	59,267,239
Deferred outflows of resources	10,990,715	363,645	11,354,360	11,787,353	444,197	12,231,550
Total Assets and Deferred Outflows of Resources	<u>\$ 119,495,562</u>	<u>\$ 1,709,055</u>	<u>\$ 121,204,617</u>	<u>\$ 110,411,934</u>	<u>\$ 1,739,084</u>	<u>\$ 112,151,018</u>
Current liabilities	\$ 12,394,543	\$ 65,633	\$ 12,460,176	\$ 13,053,659	\$ 57,021	\$ 13,110,680
Noncurrent liabilities	117,698,228	1,577,329	119,275,557	108,905,427	1,614,992	110,520,419
Total Liabilities	<u>130,092,771</u>	<u>1,642,962</u>	<u>131,735,733</u>	<u>121,959,086</u>	<u>1,672,013</u>	<u>123,631,099</u>
Deferred Inflows of Resources	<u>5,281,308</u>	<u>106,320</u>	<u>5,387,628</u>	<u>5,883,234</u>	<u>118,041</u>	<u>6,001,275</u>
Net investment in capital assets	27,207,985	57,009	27,264,994	27,677,960	57,269	27,735,229
Restricted	804,697	-	804,697	548,877	57,339	606,216
Unrestricted	(43,891,199)	(97,236)	(43,988,435)	(45,657,223)	(165,578)	(45,822,801)
Total Net Position	<u>(15,878,517)</u>	<u>(40,227)</u>	<u>(15,918,744)</u>	<u>(17,430,386)</u>	<u>(50,970)</u>	<u>(17,481,356)</u>
Total Liabilities and Net Position	<u>\$ 119,495,562</u>	<u>\$ 1,709,055</u>	<u>\$ 121,204,617</u>	<u>\$ 110,411,934</u>	<u>\$ 1,739,084</u>	<u>\$ 112,151,018</u>

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Statement of Activities

The results of this year's operations as a whole are reported in the Statement of Activities. Direct expenses are listed by programs, and then offset by program revenues to determine net (expense) revenue and changes in net position. General revenues, such as taxes, state subsidies, and investment earnings are then applied prior to transfers, and special items, to determine the change in net position. For the 2024-2025 fiscal year, the change in net position for governmental activities reflects an increase of \$ 1,790,713 and of \$ 16,738 for business-type activities, or a total net increase of \$ 1,807,451 as reflected in the chart below.

	2025			2024		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program Revenues						
Charges for services	\$ 648,558	\$ 643,127	\$ 1,291,685	\$ 558,480	\$ 691,856	\$ 1,250,336
Operating grants and contributions	12,723,196	1,103,550	13,826,746	12,011,619	1,251,608	13,263,227
Capital grants and contributions	923,166	-	923,166	604,177	-	604,177
General Revenues						
Taxes	41,544,868	-	41,544,868	40,588,630	-	40,588,630
State grants and subsidies	11,427,896	-	11,427,896	10,998,730	-	10,998,730
Other local revenue	211,791	-	211,791	80,514	-	80,514
Investment earnings	1,682,872	53,071	1,735,943	1,869,148	55,607	1,924,755
Total revenues	<u>69,162,347</u>	<u>1,799,748</u>	<u>70,962,095</u>	<u>66,711,298</u>	<u>1,999,071</u>	<u>68,710,369</u>
Direct expenses	<u>67,371,634</u>	<u>1,783,010</u>	<u>69,154,644</u>	<u>59,302,987</u>	<u>1,799,552</u>	<u>61,102,539</u>
Excess (deficiency) before transfers	1,790,713	16,738	1,807,451	7,408,311	199,519	7,607,830
Transfers between activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 1,790,713</u>	<u>\$ 16,738</u>	<u>\$ 1,807,451</u>	<u>\$ 7,408,311</u>	<u>\$ 199,519</u>	<u>\$ 7,607,830</u>

Governmental Activities

Direct expenses represent the actual cost of providing the services while the net cost represents the amount of cost that is not recovered through program revenues, meaning user charges, subsidies, grants, and contributions. The largest source of grants and contributions are state and federal sources, which provided \$ 24,151,092 for governmental activities. The net cost of services must be recovered through general revenue, primarily taxes. Amounts not recovered will reduce funds available for future years. Direct expenses increased \$ 8,068,647 or 13.61% over the prior year for governmental activities. This increase was primarily due to an increase in all salary and benefit line items as well as an increase in tuition costs for special education placements and cyber charter costs. Governmental activities program revenues increased \$ 1,120,644 or 8.51% from the prior year. Business-type activities posted an operating loss of \$ 36,333 which is \$ 180,245 less than the prior year gain of \$ 143,912.

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Management's Discussion and Analysis (Unaudited)
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	2025			2024		
	Direct Expenses	Program Revenues	Net Cost	Direct Expenses	Program Revenues	Net Cost
Governmental Activities						
Instruction	\$ 39,342,271	\$ 9,190,348	\$ 30,151,923	\$ 35,689,953	\$ 8,661,731	\$ 27,028,222
Instructional student support	5,017,986	656,331	4,361,655	4,690,870	630,559	4,060,311
Administrative and financial support	6,879,675	596,155	6,283,520	6,498,987	555,833	5,943,154
Operation and maintenance of plant	8,396,145	543,539	7,852,606	5,434,277	514,821	4,919,456
Pupil transportation	3,782,733	1,925,754	1,856,979	3,611,971	1,698,469	1,913,502
Student activities	1,959,315	456,244	1,503,071	1,861,915	504,985	1,356,930
Community services	3,618	3,383	235	4,292	3,701	591
Interest expense and bond issue costs	1,989,891	923,166	1,066,725	1,510,722	604,177	906,545
Total Governmental Activities	\$ 67,371,634	\$ 14,294,920	53,076,714	\$ 59,302,987	\$ 13,174,276	46,128,711
Unrestricted grants and subsidies			(11,427,896)			(10,998,730)
Transfers			-			-
Investment earnings			(1,682,872)			(1,869,148)
Total needs from taxes and other local sources			\$ 39,965,946			\$ 33,260,833
	Direct Expenses	Program Revenues	Net Cost	Direct Expenses	Program Revenues	Net Cost
Business-type Activities						
Food services	\$ 1,783,010	\$ 1,746,677	\$ 36,333	\$ 1,799,552	\$ 1,943,464	\$ (143,912)
Transfers			-			-
Investment earnings			(53,071)			(55,607)
Total business-type activities			\$ (16,738)			\$ (199,519)

Governmental Fund Balance

At June 30, 2025, the School District governmental funds reported a combined fund balance of \$ 26,721,859, which is a decrease of \$ 2,559,036 from the June 30, 2024 combined fund balance.

	Governmental Fund Balance			
	2025	2024	\$ Change	% Change
General Fund - Nonspendable	\$ 187,855	\$ 187,423	\$ 432	0.23%
General Fund - Restricted	212,989	215,881	(2,892)	(1.34%)
General Fund - Committed	7,321,422	7,334,863	(13,441)	(0.18%)
General Fund - Assigned	118,951	375,992	(257,041)	(68.36%)
General Fund - Unassigned	5,837,925	5,580,623	257,302	4.61%
Capital Reserve Fund - Restricted	591,708	332,996	258,712	77.69%
Renovation Projects Fund- Restricted	767,270	4,064,762	(3,297,492)	(81.12%)
Building Projects Fund - Restricted	11,683,739	11,188,355	495,384	100.00%
	\$ 26,721,859	\$ 29,280,895	\$ (2,559,036)	(8.74%)
Total spendable	\$ 13,278,298	\$ 13,291,478	\$ (13,180)	(0.10%)
Total restricted	13,255,706	15,801,994	(2,546,288)	(16.11%)
Total nonspendable	187,855	187,423	432	0.23%
	\$ 26,721,859	\$ 29,280,895	\$ (2,559,036)	(8.74%)

NORTHERN YORK COUNTY SCHOOL DISTRICT
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General Fund Budget

A General Fund budget is adopted each year in accordance with the Pennsylvania School Code. The revised budget reflects budget transfers as approved by the Board. Contracted educational services and unforeseen expenditures regularly require annual budget adjustments.

The School District applies for State and Federal grants each year. Certain grants may not be anticipated during the budgeting process and may be added to the budget during the fiscal year if significant in nature. In addition, the grants that are anticipated during the budgeting process are based on estimates. The budget may then be modified based on the actual grant award.

	2025			2024		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Total revenues	\$ 66,887,166	\$ 68,037,142	\$ 1,149,976	\$ 63,561,597	\$ 65,970,434	\$ 2,408,837
Total expenditures	66,751,196	67,974,943	(1,223,747)	62,317,544	63,341,675	(1,024,131)
Revenues over (under) expenditures	135,970	62,199	(73,771)	1,244,053	2,628,759	1,384,706
Other financing sources (uses)	(399,000)	(77,839)	321,161	(1,149,000)	481,776	1,630,776
Net change in fund balance	\$ (263,030)	\$ (15,640)	\$ 247,390	\$ 95,053	\$ 3,110,535	\$ 3,015,482

CAPITAL ASSETS

At June 30, 2025, the School District recorded \$ 72,770,588 in governmental activities capital assets, which represents an increase of \$ 13,154,392 from the previous fiscal year. This net increase is a result of depreciation and amortization of \$ 2,862,446 being offset by additions of \$ 24,731,876. The largest additions were for projects that are currently in process the largest of which being the Northern Elementary School renovation and addition and the completion of the South Mountain Elementary School roof and HVAC renovations.

Capital Assets (Net of Depreciation/Amortization)

	2025	2024	Change
Governmental activities			
Land	\$ 324,188	\$ 324,188	\$ -
Construction in progress	17,031,367	7,590,309	9,441,058
Site improvements	2,939,403	3,177,063	(237,660)
Buildings	50,972,333	46,727,884	4,244,449
Equipment and furniture	1,125,506	1,275,571	(150,065)
Right-to-use asset - leased equipment	27,101	53,372	(26,271)
Right-to-use asset - IT subscriptions	350,690	118,852	231,838
Total governmental capital assets	<u>\$ 72,770,588</u>	<u>\$ 59,267,239</u>	<u>\$ 13,503,349</u>
Business-type activities			
Food service equipment	<u>\$ 57,009</u>	<u>\$ 57,269</u>	<u>\$ (260)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2025

LONG-TERM LIABILITIES

Bonds, direct borrowings, and financed purchases were \$ 57,335,457 and \$ 46,250,119 at June 30, 2025 and 2024, respectively. Scheduled principal payments totaling \$ 3,560,000 were made to bondholders during 2024-2025.

Lease-purchase obligations were \$ 29,151 and \$ 56,194 at June 30, 2025 and 2024, respectively.

Lease IT Subscription obligations were \$ 259,356 at June 30, 2025 with no obligations at June 30, 2024.

The liability for Compensated Absences is reported under long-term liabilities. Under the terms of the School District's employment policies, employees are reimbursed for accrued vacation and personal leave upon retirement or other termination of employment. The reimbursement rate is established by the employment contract and varies by employee classification. In addition, under the Pennsylvania School Code, employees are granted sick days annually, with all unused sick days accumulating in subsequent years. Upon retirement the School District, employees are reimbursed based on their accumulated sick days, or a portion thereof, multiplied by an amount pre-established per the employment contract. The total liability for accrued vacation, personal and sick leave has been reflected in the Statement of Net Position and totals \$ 1,252,624 for the Governmental Activities and \$ 40,732 for the Business-type Activities for year ended June 30, 2025. Employees who retire with 15 years of service are eligible to remain on the School District's health care plan until age 65. The liability for these post-employment benefits has been reflected in the Statement of Net Position and totals \$ 5,136,462 for the Governmental Activities and \$ 114,124 for the Business-type Activities for year ended June 30, 2025. The net pension obligation for the proportionate share of the PSERS pension plan for was \$ 58,084,050 for the Governmental Activities and \$ 1,433,679 for the Business-type Activities for the year ended June 30, 2025.

2025-2026 BUDGET (PDE-2028) AND ECONOMIC FACTORS

	Budget 2025-2026	Budget 2024-2025	Change
Total revenues	\$ 70,528,817	\$ 66,887,166	\$ 3,641,651
Total expenditures	<u>61,018,440</u>	<u>58,809,196</u>	<u>2,209,244</u>
Revenues over (under) expenditures	9,510,377	8,077,970	1,432,407
Other financing sources (uses)	<u>(9,459,000)</u>	<u>(8,341,000)</u>	<u>(1,118,000)</u>
Net change in fund balance	<u>\$ 51,377</u>	<u>\$ (263,030)</u>	<u>\$ 314,407</u>

The budget for 2025-2026 represents an increase in total expenditures of \$ 2,209,244 or 3.76%. This increase is caused by increases in cyber charter school costs, costs for outside placements of students for specific needs, and an increase in debt capacity for upcoming building projects. The remaining increase in costs are due to normal operations for utilities, supplies, and contracted personnel costs. The 2025-2026 budgeted revenues reflect a millage increase of .2013 or 1.0%. The 2025-2026 real estate tax rate is 20.3350 mills and is calculated on each property's assessed value in each of the eight municipalities located within the Northern York County School District. The Board of School Directors approved a balanced budget for the 2025-2026 fiscal year.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
June 30, 2024

Budgeted employee health care premiums increased at a rate of 4.0% for 2025-2026. The School District has implemented premium sharing with some personnel as well as a deductible for all employees in an effort to reduce annual premium increases.

The 2024-2025 general fund unassigned fund balance of \$ 5,837,925 represents 8.28% of 2025-2026 budgeted expenditures. The fund balance is held to offset unforeseen expenditures and to fund future School District capital and debt expenditures. It is also needed to pay bills over the summer months before the majority of revenues begins to flow in late summer.

During 2006, the Pennsylvania State Legislators passed Act 1 which is also called the Homeowner Property Tax Relief Act. The passage of this Act coincided with the enactment of Act 72 which is commonly referred to as the "Slots Bill". With the passage of these two pieces of legislation, the State intended to tax newly created gaming proceeds and use a portion of those funds to give a property tax credit to certain groups of residents. The 2025-2026 budget reflects the estimated receipt of \$ 900,000 from the state to be used to reduce property taxes. Northern York County's adjusted index for 2025-2026 was set at 5.1%. The School District did not go to the full index and raised the rate by 1.0%. The School District's adjusted index for 2026-2027 was set at 4.4%. This index limits the rate of increase on tax mills.

The 2024-2025 fiscal year was the fourth year of a five-year contract with the Northern York Education Association (NYEA).

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The School District's financial report is intended to provide the readers with a general overview of the School District's finances and to show the Board's accountability for the funds it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office of the Northern York County School District, 650 S. Baltimore Street, Dillsburg, PA 17019, and (717) 432-8691, ext. 1100.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Statement of Net Position

June 30, 2025 with Summarized Comparative Totals for 2024

	Governmental Activities	Business-Type Activities	Total	2024 Summarized as restated
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 28,964,104	\$ 1,175,056	\$ 30,139,160	\$ 34,528,865
Receivables				
Taxes, net	2,615,883	-	2,615,883	2,390,516
Intergovernmental	3,325,824	37,461	3,363,285	3,149,986
Other	583,962	79,937	663,899	337,646
Internal balances	56,631	(56,631)	-	-
Leases	-	-	-	1,440
Inventories	160,155	41,956	202,111	196,972
Prepaid items	27,700	10,622	38,322	46,804
Total current assets	<u>35,734,259</u>	<u>1,288,401</u>	<u>37,022,660</u>	<u>40,652,229</u>
Noncurrent Assets				
Capital assets not being depreciated				
Land	324,188	-	324,188	324,188
Construction in progress	17,031,367	-	17,031,367	7,590,309
Capital assets net of accumulated depreciation/amortization				
Site improvements	2,939,403	-	2,939,403	3,177,063
Buildings	50,972,333	-	50,972,333	46,727,884
Equipment, furniture and fixtures	1,125,506	57,009	1,182,515	1,275,571
Right-to-use asset - equipment	27,101	-	27,101	53,372
Right-to-use asset - IT subscriptions	350,690	-	350,690	118,852
Total noncurrent assets	<u>72,770,588</u>	<u>57,009</u>	<u>72,827,597</u>	<u>59,267,239</u>
TOTAL ASSETS	<u>108,504,847</u>	<u>1,345,410</u>	<u>109,850,257</u>	<u>99,919,468</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liability	9,757,841	327,331	10,085,172	10,823,598
Deferred outflows related to OPEB liability	<u>1,232,874</u>	<u>36,314</u>	<u>1,269,188</u>	<u>1,407,952</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,990,715</u>	<u>363,645</u>	<u>11,354,360</u>	<u>12,231,550</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 119,495,562</u>	<u>\$ 1,709,055</u>	<u>\$ 121,204,617</u>	<u>\$ 112,151,018</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 3,384,713	\$ 6,231	\$ 3,390,944	\$ 4,697,553
Accrued salaries and benefits/withholdings	4,317,849	-	4,317,849	4,002,159
Accrued interest	291,409	-	291,409	227,384
Unearned revenue	1,700	-	1,700	1,700
Other payables	-	48,196	48,196	46,902
Portion due or payable within one year				
General obligation bonds and notes payable	3,881,716	-	3,881,716	3,892,588
Lease obligations	26,895	-	26,895	27,043
IT subscription liability	61,076	-	61,076	-
Compensated absences	311,830	8,896	320,726	283,198
OPEB liability	117,355	2,310	119,665	119,665
Total current liabilities	<u>12,394,543</u>	<u>65,633</u>	<u>12,460,176</u>	<u>13,298,192</u>
Noncurrent liabilities				
Portion due or payable after one year				
General obligation bonds and notes payable	53,453,741	-	53,453,741	42,357,532
Lease obligations	2,256	-	2,256	29,151
IT subscription liability	198,280	-	198,280	-
Compensated absences	940,794	31,836	972,630	967,821
Net pension liability	58,084,050	1,433,679	59,517,729	61,791,582
OPEB liability	5,019,107	111,814	5,130,921	5,431,658
Total noncurrent liabilities	<u>117,698,228</u>	<u>1,577,329</u>	<u>119,275,557</u>	<u>110,577,744</u>
TOTAL LIABILITIES	<u>130,092,771</u>	<u>1,642,962</u>	<u>131,735,733</u>	<u>123,875,936</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	-	-	-	1,437
Deferred inflows related to pension liability	1,647,939	38,541	1,686,480	2,387,553
Deferred inflows related to OPEB liability	3,243,721	67,779	3,311,500	3,133,472
Deferred (gain) charge on bond refunding	<u>389,648</u>	<u>-</u>	<u>389,648</u>	<u>478,813</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,281,308</u>	<u>106,320</u>	<u>5,387,628</u>	<u>6,001,275</u>
NET POSITION				
Net investment in capital assets	27,207,985	57,009	27,264,994	28,141,455
Restricted	804,697	-	804,697	606,216
Unrestricted	<u>(43,891,199)</u>	<u>(97,236)</u>	<u>(43,988,435)</u>	<u>(46,473,864)</u>
TOTAL NET POSITION	<u>(15,878,517)</u>	<u>(40,227)</u>	<u>(15,918,744)</u>	<u>(17,726,193)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 119,495,562</u>	<u>\$ 1,709,055</u>	<u>\$ 121,204,617</u>	<u>\$ 112,151,018</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2025 with Summarized Comparative Totals for 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	2024 Summarized as restated
Governmental activities:								
Instruction	\$ 39,342,271	\$ 341,690	\$ 8,848,658	\$ -	\$ (30,151,923)	\$ -	\$ (30,151,923)	\$ (27,028,020)
Instructional student support	5,017,986	-	656,331	-	(4,361,655)	-	(4,361,655)	(4,060,311)
Administrative and financial support services	6,879,675	-	596,155	-	(6,283,520)	-	(6,283,520)	(5,943,154)
Operation and maintenance of plant services	8,396,145	22,755	520,784	-	(7,852,606)	-	(7,852,606)	(4,919,456)
Pupil transportation	3,782,733	-	1,925,754	-	(1,856,979)	-	(1,856,979)	(1,913,502)
Student activities	1,959,315	284,113	172,131	-	(1,503,071)	-	(1,503,071)	(1,356,930)
Community services	3,618	-	3,383	-	(235)	-	(235)	(591)
Interest expense and bond issue costs	1,989,891	-	-	923,166	(1,066,725)	-	(1,066,725)	(906,545)
Total governmental activities	67,371,634	648,558	12,723,196	923,166	(53,076,714)	-	(53,076,714)	(46,128,509)
Business-type activities:								
Food services	1,783,010	643,127	1,103,550	-	-	(36,333)	(36,333)	143,540
Total primary government	\$ 69,154,644	\$ 1,291,685	\$ 13,826,746	\$ 923,166	(53,076,714)	(36,333)	(53,113,047)	(45,984,969)
General revenues and transfers:								
Property taxes levied for general purposes, public utility realty tax, earned income tax					41,544,868	-	41,544,868	40,588,630
Grants, subsidies and contributions not restricted					11,427,896	-	11,427,896	10,998,730
Investment earnings					1,682,872	53,071	1,735,943	1,924,755
Miscellaneous income					211,791	-	211,791	80,514
Total general revenues and transfers					54,867,427	53,071	54,920,498	53,592,629
Change in net position					1,790,713	16,738	1,807,451	7,607,660
Net position - beginning, as previously reported					(17,430,386)	(50,970)	(17,481,356)	(25,089,186)
Restatement - change in accounting principle					(238,844)	(5,995)	(244,839)	(244,669)
Net position - beginning, as restated					(17,669,230)	(56,965)	(17,726,195)	(25,333,855)
Net position - ending					\$ (15,878,517)	\$ (40,227)	\$ (15,918,744)	\$ (17,726,195)

NORTHERN YORK COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025 with Summarized Comparative Totals for 2024

	General Fund	Capital Reserve Fund	Renovation Projects Fund	Building Projects Fund	Total Governmental Funds	2024 Summarized as restated
ASSETS						
Cash and cash equivalents	\$ 14,168,228	\$ 591,708	\$ 767,270	\$ 13,436,898	\$ 28,964,104	\$ 33,397,131
Taxes receivable, net	2,615,883	-	-	-	2,615,883	2,390,516
Due from other funds	91,466	-	-	-	91,466	64,714
Intergovernmental receivables	3,325,824	-	-	-	3,325,824	3,149,986
Other receivables	583,962	-	-	-	583,962	239,287
Leases receivable	-	-	-	-	-	1,440
Inventories	160,155	-	-	-	160,155	150,942
Prepaid items	27,700	-	-	-	27,700	36,481
Total assets	<u>\$ 20,973,218</u>	<u>\$ 591,708</u>	<u>\$ 767,270</u>	<u>\$ 13,436,898</u>	<u>\$ 35,769,094</u>	<u>\$ 39,430,497</u>
LIABILITIES						
Accounts payable	\$ 1,631,554	\$ -	\$ -	\$ 1,753,159	\$ 3,384,713	\$ 4,696,691
Accrued salaries and benefits/withholdings	4,317,849	-	-	-	4,317,849	4,002,159
Unearned revenue	1,700	-	-	-	1,700	1,700
Due to other funds	34,835	-	-	-	34,835	15,886
Total liabilities	<u>5,985,938</u>	<u>-</u>	<u>-</u>	<u>1,753,159</u>	<u>7,739,097</u>	<u>8,716,436</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	-	-	-	-	-	1,437
Unavailable tax revenue	1,308,138	-	-	-	1,308,138	1,025,503
Total deferred inflows of resources	<u>1,308,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308,138</u>	<u>1,026,940</u>
FUND BALANCES						
Nonspendable fund balance						
Inventories	160,155	-	-	-	160,155	150,942
Prepaid items	27,700	-	-	-	27,700	36,481
Spendable fund balance						
Restricted fund balance						
Scholarships	212,989	-	-	-	212,989	215,881
Future capital improvements	-	591,708	767,270	11,683,739	13,042,717	15,992,339
Committed fund balance						
Health insurance	420,000	-	-	-	420,000	420,000
Transportation	40,000	-	-	-	40,000	40,000
Debt service	6,700,000	-	-	-	6,700,000	6,700,000
Student activities	161,422	-	-	-	161,422	174,863
Assigned fund balance						
Special school accounts	118,951	-	-	-	118,951	112,962
Budgeted deficit	-	-	-	-	-	263,030
Unassigned fund balance	5,837,925	-	-	-	5,837,925	5,580,623
Total fund balances	<u>13,679,142</u>	<u>591,708</u>	<u>767,270</u>	<u>11,683,739</u>	<u>26,721,859</u>	<u>29,687,121</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,973,218</u>	<u>\$ 591,708</u>	<u>\$ 767,270</u>	<u>\$ 13,436,898</u>	<u>\$ 35,769,094</u>	<u>\$ 39,430,497</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2025

Total fund balances - governmental funds **\$ 26,721,859**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of assets	122,983,679	
Accumulated depreciation/amortization	(50,213,091)	
	72,770,588	

Certain receivables are not available to pay for current period expenditures and therefore are not reported in the fund financial statements, but are reported in governmental activities of the Statement of Net Position.

Taxes receivable	1,308,138
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Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and associated deferred inflows and outflows of resources consist of:

Bonds, notes payable, and financed purchases net of discount and premium	(57,335,457)	
Deferred charge on bond refunding	(389,648)	
Accrued interest on bonds	(291,409)	
Compensated absences	(1,252,624)	
Lease obligations	(29,151)	
IT subscription liability	(259,356)	
Net pension liability	(58,084,050)	
Deferred outflows related to pension liability	9,757,841	
Deferred inflows related to pension liability	(1,647,939)	
OPEB liability	(5,136,462)	
Deferred outflows related to OPEB liability	1,232,874	
Deferred inflows related to OPEB liability	(3,243,721)	
	(116,679,102)	

Net position of governmental activities in the Statement of Net Position	\$ (15,878,517)
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NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2025 with Summarized Comparative Totals for 2024

	General Fund	Capital Reserve Fund	Renovation Projects Fund	Building Projects Fund	Total Governmental Funds	2024 Summarized as restated
REVENUES						
Local revenues						
Taxes	\$ 41,262,233	\$ -	\$ -	\$ -	\$ 41,262,233	\$ 40,731,015
Investment earnings	949,832	21,760	89,928	621,352	1,682,872	1,869,148
Revenue from intermediate sources	669,379	-	-	-	669,379	708,284
Other	836,933	-	-	-	836,933	846,779
State sources	23,756,189	-	-	-	23,756,189	21,062,272
Federal sources	562,576	-	-	-	562,576	1,636,185
Total revenues	<u>68,037,142</u>	<u>21,760</u>	<u>89,928</u>	<u>621,352</u>	<u>68,770,182</u>	<u>66,853,683</u>
EXPENDITURES						
Instruction	39,030,545	-	-	-	39,030,545	35,607,141
Support services	21,328,139	-	-	-	21,328,139	20,280,810
Operation of noninstructional services	1,923,492	-	-	-	1,923,492	1,843,308
Facilities acquisition, construction and improvements	-	163,048	3,382,198	15,411,755	18,957,001	8,311,495
Debt service:						
Principal	3,600,333	-	-	-	3,600,333	3,123,901
Interest	2,092,434	-	-	-	2,092,434	1,731,807
Bond issue costs	-	-	-	121,257	121,257	117,708
Underwriter's bond discount	-	-	-	111,445	111,445	111,251
Total expenditures	<u>67,974,943</u>	<u>163,048</u>	<u>3,382,198</u>	<u>15,644,457</u>	<u>87,164,646</u>	<u>71,127,421</u>
Excess (deficiency) of revenues over expenditures	<u>62,199</u>	<u>(141,288)</u>	<u>(3,292,270)</u>	<u>(15,023,105)</u>	<u>(18,394,464)</u>	<u>(4,273,738)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term financing and leases	322,161	-	-	14,380,000	14,702,161	14,488,991
Bond premium	-	-	-	617,511	617,511	640,461
Refund of prior year expenditures	-	-	-	109,530	109,530	-
Interfund transfers	(400,000)	400,000	(5,222)	5,222	-	-
Total other financing sources and (uses)	<u>(77,839)</u>	<u>400,000</u>	<u>(5,222)</u>	<u>15,112,263</u>	<u>15,429,202</u>	<u>15,129,452</u>
Net change in fund balances	(15,640)	258,712	(3,297,492)	89,158	(2,965,262)	10,855,714
Fund balances - beginning, as previously reported	13,694,782	332,996	4,064,762	11,188,355	29,280,895	18,831,407
Restatement for error correction	-	-	-	406,226	406,226	-
Fund balances - beginning, as restated	<u>13,694,782</u>	<u>332,996</u>	<u>4,064,762</u>	<u>11,594,581</u>	<u>29,687,121</u>	<u>18,831,407</u>
Fund balances - ending	<u>\$ 13,679,142</u>	<u>\$ 591,708</u>	<u>\$ 767,270</u>	<u>\$ 11,683,739</u>	<u>\$ 26,721,859</u>	<u>\$ 29,687,121</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (2,965,262)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$ 16,424,507) differed from depreciation/ amortization expense (\$ 2,863,889) in the current period. 13,560,618

Because certain taxes will not be collected for several months after the School District's fiscal year end, they are not considered as "available" revenues in the governmental funds. This is the change in the receivable balance for the government-wide statements. 282,635

The issuance of long term obligations (bonds, leases, loans, IT subscription) provides current financial resources to governmental funds, while the repayment of principal of long term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

Repayment of general obligation bonds/notes and financed purchases- principal	3,600,333
Issuance of general obligation bonds	(14,380,000)
Purchase of IT subscription	(322,161)
Bond premium on debt issuance	(617,511)
Amortization of bond premiums, discounts, deferred charge on bond refunding and prepaid bond insurance	401,006
Repayment of lease obligations - principal	27,043
Repayment of IT subscription liability - principal	62,805

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and the amount paid of:

Accrued interest	(64,025)
Net pension liability and related deferred outflows and inflows	2,262,509
OPEB liability and related deferred outflows and inflows	(11,759)
Compensated absences	(45,518)

Change in net position of governmental activities \$ 1,790,713

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Net Position - Proprietary Fund
June 30, 2025 with Summarized Comparative Totals for 2024

	Food Service	2024 Summarized as restated
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,175,056	\$ 1,131,734
Due from other funds	34,835	15,907
Intergovernmental receivables	37,461	-
Receivable from students, net	57,621	79,573
Other receivables	22,316	18,786
Inventories	41,956	46,030
Prepaid items	10,622	10,323
Total current assets	<u>1,379,867</u>	<u>1,302,353</u>
Noncurrent Assets		
Furniture and equipment	1,025,665	1,017,685
Accumulated depreciation	<u>(968,656)</u>	<u>(960,416)</u>
Total noncurrent assets	<u>57,009</u>	<u>57,269</u>
Total assets	<u>1,436,876</u>	<u>1,359,622</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension liability	327,331	402,133
Deferred outflows related to OPEB liability	<u>36,314</u>	<u>42,064</u>
Total deferred outflows	<u>363,645</u>	<u>444,197</u>
Total assets and deferred outflows of resources	<u>\$ 1,800,521</u>	<u>\$ 1,803,819</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 6,231	\$ 862
Due to other funds	91,466	64,735
Compensated absences	8,896	12,030
Other payables	48,196	46,902
OPEB liability	<u>2,028</u>	<u>2,310</u>
Total current liabilities	<u>156,817</u>	<u>126,839</u>
Noncurrent Liabilities		
Compensated absences	31,836	31,885
OPEB liability	112,096	116,192
Net pension liability	<u>1,433,679</u>	<u>1,467,827</u>
Total noncurrent liabilities	<u>1,577,611</u>	<u>1,615,904</u>
Total liabilities	<u>1,734,428</u>	<u>1,742,743</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension liability	38,541	53,186
Deferred inflows related to OPEB liability	<u>67,779</u>	<u>64,855</u>
Total deferred inflows	<u>106,320</u>	<u>118,041</u>
NET POSITION		
Net investment in capital assets	57,009	57,269
Restricted	-	57,339
Unrestricted	<u>(97,236)</u>	<u>(171,573)</u>
Total net position	<u>(40,227)</u>	<u>(56,965)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,800,521</u>	<u>\$ 1,803,819</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
Year Ended June 30, 2025 with Summarized Comparative Totals for 2024

	Food Service	2024 Summarized as restated
OPERATING REVENUE		
Charges for services	\$ 643,127	\$ 691,856
Total operating revenues	<u>643,127</u>	<u>691,856</u>
OPERATING EXPENSES		
Food and milk purchases	676,894	770,283
Salaries	579,288	571,720
Employee benefits	379,045	337,386
Supplies	22,313	13,676
Depreciation	8,240	8,338
Purchased services	<u>117,230</u>	<u>98,521</u>
Total operating expenses	<u>1,783,010</u>	<u>1,799,924</u>
Operating (loss)	<u>(1,139,883)</u>	<u>(1,108,068)</u>
NONOPERATING REVENUES		
Federal subsidies	764,862	897,293
State subsidies	338,688	354,315
Interest income	<u>53,071</u>	<u>55,607</u>
Total nonoperating revenue	<u>1,156,621</u>	<u>1,307,215</u>
Income (loss) before transfers	<u>16,738</u>	<u>199,147</u>
Change in net position	16,738	199,147
Net position - beginning, as previously reported	(50,970)	(250,489)
Restatement - change in accounting principle	<u>(5,995)</u>	<u>(5,623)</u>
Net position - beginning, as restated	<u>(56,965)</u>	<u>(256,112)</u>
Total net position - ending	<u>\$ (40,227)</u>	<u>\$ (56,965)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2025 with Summarized Comparative Totals for 2024

	Food Service	2024 Summarized as restated
Cash flows from operating activities		
Cash received from food sales	\$ 643,915	\$ 675,907
Cash payments to suppliers for goods and services	(699,508)	(790,349)
Cash payments to and on behalf of employees	(904,480)	(901,887)
Net cash used for operating activities	<u>(960,073)</u>	<u>(1,016,329)</u>
Cash flows from capital financing activities		
Purchase of equipment	<u>(7,980)</u>	<u>-</u>
Cash flows from noncapital financing activities		
Federal subsidies	629,879	798,661
State subsidies	<u>328,425</u>	<u>361,453</u>
Net cash provided by noncapital financing activities	<u>958,304</u>	<u>1,160,114</u>
Cash flows from investing activities		
Earnings on investments	<u>53,071</u>	<u>55,607</u>
Net increase (decrease) in cash and cash equivalents	43,322	199,392
Cash and cash equivalents - beginning	<u>1,131,734</u>	<u>932,342</u>
Cash and cash equivalents - ending	<u>\$ 1,175,056</u>	<u>\$ 1,131,734</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities		
Cash flows from operating activities		
Operating loss	\$ (1,139,883)	\$ (1,108,068)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Donated food used	107,785	117,233
Depreciation	8,240	8,338
(Increase) decrease in:		
Inventory	4,074	(13,389)
Prepaid items	(299)	(10,323)
Accounts receivable	18,422	(9,022)
Due from other funds	(18,928)	(3,559)
Increase (decrease) in:		
Compensated absences	(3,183)	4,035
OPEB liability and related items	4,296	7,732
Net pension liability and related items	26,009	(3,424)
Due to other funds	26,731	(1,124)
Accounts payable	<u>6,663</u>	<u>(4,758)</u>
Total adjustments	<u>179,810</u>	<u>91,739</u>
Net cash used for operating activities	<u>\$ (960,073)</u>	<u>\$ (1,016,329)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2025 with Summarized Comparative Totals for 2024

	Custodial Funds	2024 Summarized
ASSETS		
Cash and cash equivalents	\$ 18,150	\$ 33,068
Total assets	<u>\$ 18,150</u>	<u>\$ 33,068</u>
LIABILITIES		
Accounts payable	\$ 574	\$ 776
Total liabilities	<u>574</u>	<u>776</u>
NET POSITION		
Restricted for:		
Student activities	<u>17,576</u>	<u>32,292</u>
Total net position	<u>17,576</u>	<u>32,292</u>
Total liabilities and net position	<u>\$ 18,150</u>	<u>\$ 33,068</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025 with Summarized Comparative Totals for 2024

	Custodial Funds	2024 Summarized
ADDITIONS		
Fundraising	\$ 28,694	\$ 38,538
Interest	1,147	1,184
Sales	7,043	-
Contributions	31,995	40,171
Total additions	<u>68,879</u>	<u>79,893</u>
DEDUCTIONS		
Contributions	51,570	14,101
Travel	-	16,280
Supplies	20,670	21,893
Conferences	10,559	12,505
Dues and fees	796	-
Miscellaneous	<u>-</u>	<u>42</u>
Total deductions	<u>83,595</u>	<u>64,821</u>
Change in net position	(14,716)	15,072
Net position - beginning	<u>32,292</u>	<u>17,220</u>
Net position - ending	<u>\$ 17,576</u>	<u>\$ 32,292</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Northern York County School District (School District) operates a public school system which is geographically comprised of the Boroughs of Dillsburg, Franklintown, and Wellsville and Townships of Carroll, Franklin, Monaghan, Warrington, and Washington in York County, Pennsylvania.

The School District consists of Northern High School, Northern Middle School; and the Dillsburg, Northern, South Mountain and Wellsville Elementary Schools; as well as the School District Administration Office and the Sports and Learning Center.

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

Reporting Entity

Governmental Accounting Standards Board (GASB) Statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The School District is not a component unit of any other entities.

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. A legally separate, tax-exempt organization should be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. In the case of the School District, this would include benefiting the students of the School District.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. The ability of a primary government to otherwise access the resources of an organization does not necessarily imply control over the organization or its resources. This access can be demonstrated if historically the primary government has received, directly or indirectly, a majority of the economic resources provided by the organization, or the organization has previously honored requests to provide resources to the organization.
3. The economic resources received or held by the individual organization, that the primary government is entitled to, or has the ability to otherwise access, is significant to the primary government.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Polar Bear Foundation was evaluated as a potential component unit, but it was determined to not meet all of the criteria necessary to be considered a component unit.

The following joint ventures are not component units of Northern York County School District and are not included in this report.

Cumberland-Perry Area Career and Technical Center - is a separate legal entity organized by thirteen local school districts. The School is operated, administered and managed by a joint operating committee consisting of board members from the thirteen member school districts. These members are elected from their individual school district board of directors. The School District's share of annual operating costs of CPACTC is reflected as intergovernmental expenditures of the General Fund.

Capital Area Intermediate Unit - is a separate legal entity organized by constituent school districts in Cumberland, Dauphin, Perry, and York counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office. The School District has no equity interest in any of the above joint ventures.

Fund Accounting

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

1. Governmental Funds

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

The School District reports the following major governmental funds:

a. General Fund

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property taxes, earned income taxes, and state and federal subsidies. Many of the more important activities of the School District, including instruction, administration of the School District, and certain noninstructional services are accounted for in this fund. This is a legally budgeted fund, and any unassigned fund balances are considered as resources available for use.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

b. Capital Reserve Fund

This fund is authorized under by Municipal Code P.L. 145, Act of April 30, 1943, accounts for (1) moneys transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the treasury of the School District at the end of any fiscal year, and (3) interest earnings of the fund itself. These funds must be used for capital improvements.

c. Renovation Projects Fund

The Renovation Projects Fund is used to account for financial resources to be used for capital maintenance upgrades including HVAC projects, roof replacements, and energy savings projects.

d. Building Projects Fund

The Building Projects Fund is used to account for financial resources to be used for the Northern Middle School and Northern Elementary School renovation projects.

2. Proprietary Fund

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

Food Service Fund – Enterprise Fund – Major Fund

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

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Custodial funds are used to account for fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The School District reports the Student Activities as a custodial fund.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School 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 School 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 School District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of 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 liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

Budgets and Budgetary Accounting

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

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

1. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.
3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

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

During 2024/2025, the School District overspent the budgeted expenditures of the General Fund, which is a violation of the Pennsylvania School Code, but is not expected to result in any negative implications of the School District.

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

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, PLGIT accounts, PSDLAF accounts, and certificates of deposit with an original maturity of less than 90 days owned by the School District. Investments include certificates of deposit with an original maturity of greater than 90 days. Investments are stated at market value. Accrued interest is included with other receivables on the balance sheet.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventory

Inventory in the Food Service Fund consists of expendable supplies and food (valued at cost) held for consumption. The expendable supplies are recorded as an expenditure when used. The cost of governmental fund inventories are recorded as expenditures when purchased in the fund financial statements and the asset (valued at cost) at June 30 is offset by nonspendable fund balance. Governmental fund supplies inventories are capitalized at cost and expensed as used on the government-wide financial statements.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds.

These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received. The School District maintains a capitalization threshold of \$ 7,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized.

All reported capital assets are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	20 – 50 years	N/A
Buildings	20 – 50 years	N/A
Equipment, Furniture and Fixtures	5 – 20 years	5 – 12 years
Right-to-use asset – leased equipment	2 – 5 years	N/A
Right-to-use asset – IT subscriptions	2 – 5 years	N/A

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including amounts deferred due to various impacts of the accounting for Pension and OPEB liabilities. The OPEB and pension amounts deferred will be amortized as described in Note 10 and Note 11, respectively.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has several items that qualify for reporting in this category, including the deferred charge on bond refunding, amounts deferred due to various impacts of the accounting for OPEB and pension liabilities as detailed in Note 10 and Note 11, respectively, and future revenues related to leases (on the statement of net position and the balance sheet for governmental funds). A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The School District also reports unavailable revenue on the governmental funds balance sheet as a deferred inflow of resources.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity/Internal Balances

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

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

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 or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts, deferred charge on bond refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred (gain)/charge on bond refunding is reported as deferred outflows of resources and amortized over the term of the related debt. Prepaid bond insurance costs are reported as an asset and amortized over the term of the related debt. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Leases

The School District is a lessee for noncancellable leases of equipment. The School District recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School District is reasonably certain to exercise.

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

Subscription-Based Information Technology Arrangements

The School District is a lessee for noncancellable arrangements for subscription-based information technology. The School District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

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

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

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

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

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

The School District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School District accounts for the plan under the provisions of the GASB Statements, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

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

Compensated Absences

The School District accounts for compensated absences in accordance with GASB Standards which establishes a unified approach for recognizing and measuring leave benefits. During the year ended June 30, 2025, the School District adopted GASB 101, Compensated Absences. See Note 15 for further information related to this change in accounting principle.

Under this guidance, a liability is recorded for leave that employees have earned but not yet used, provided the leave is expected to be paid or settled in the future. This includes vacation, sick leave, and other types of paid time off that accumulate and are attributable to services already rendered. The liability is recognized when it is more likely than not that the leave will be used for time off or otherwise compensated, either in cash or through noncash settlement. The measurement of the liability is based on the employee's pay rate as of the financial statement date, unless a different rate is specified in the leave arrangement. Additionally, salary-related payments that are directly and incrementally associated with leave payments – such as payroll taxes and certain pension contributions – are included in the liability. This approach ensures that the financial statements reflect the cost of compensated absences in the period in which the benefits are earned, providing a more accurate picture of the School District's financial obligations.

The School District's full time employees earn up to a maximum of twenty vacation leave days per year and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn up to twelve sick leave days per year and are entitled to compensation for a portion of accumulated unpaid sick leave upon termination or retirement, after ten years of service. The maximum payout is \$ 14,000 for sick days. Full-time employees earn up to three personal days per year and are entitled to compensation for accumulated, unpaid personal leave upon termination.

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

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Liabilities for vested, unused vacation, sick pay, and personal leave are recorded in the proprietary funds and the government-wide financial statements and are expensed as incurred.

Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund financial statements.

Other Postemployment Benefits Other Than Pensions

The School District provides postemployment benefits by permitting retired employees the ability to participate in the employee health plan through a single employer defined benefit other post-employment health plan (OPEB) at the same premium rate, albeit 100% paid for by the retirees. Consequently, the School District is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis.

The School District also participates in a governmental cost sharing multiple-employer OPEB plan with PSERS for all eligible employees who qualify and elect to participate.

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

Net Position - Government-Wide/Proprietary Funds

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This component consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in this component of net position.

Restricted Net Position: This component consists of net position with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Restricted net position as of June 30, 2025 consists of \$ 212,989 for scholarships and \$ 591,708 for capital projects.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position - Government-Wide/Proprietary Funds (Continued)

Unrestricted Net Position: This category of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – Governmental Funds

In the governmental funds financial statements, fund balance is classified in the following categories:

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the School Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School District's Board, or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the School Board or the Business Manager has the authority to make assignments of fund balance. The assignment of fund balance cannot result in a negative unassigned fund balance.

Unassigned: This classification represents the portion of spendable fund balance that has not been categorized as restricted, committed or assigned. The General Fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Policy Regarding Order of Spending

When fund balance resources are available for a specific purpose in multiple classifications, the School District's policy is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned and committed. Assigned or committed resources would only be used upon specific authorization by the School Board, or the Business Manager in the case of assigned fund balance.

Minimum Fund Balance

The School District strives to maintain an unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of portions including committed, assigned, and unassigned, may exceed eight percent (8%).

If the unassigned portion of the fund balance falls below the threshold of four percent (4%), the Board will pursue variations of increasing revenues and decreasing expenditures or a combination of both until four percent (4%) is attained. If the assigned, committed and unassigned portions of the fund balance exceed eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the disclosure of those items, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements as it was originally reported in order to provide an understanding of changes in the School District's financial position and results of operations. This prior year summarized comparative information is not presented in the level of detail required for presentation in conformity with generally accepted accounting principles. In addition, the prior year data has been restated for the impact for a correction of an error and implementation of a new accounting principle as detailed further in Note 15.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS

Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government and Federal agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity.
- Shares of an investment company restricted under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any Federal agency, instrumentality, or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days' maturity.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

Credit Risk – Investments

The School District invests in external investment pools with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT). As of June 30, 2025, the School District had the following investments:

Investment	Fair Value
PA Local Government Investment Trust (PLGIT)	\$ 14,799,072
PA School District Liquid Asset Fund - PSDMAX	16,332,868
	<u>\$ 31,131,940</u>

Included in cash and cash equivalents on the statement of net position are pooled investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF-MAX) of \$ 16,332,868. The PSDLAF investments are essentially a mutual fund that consists of short-term money market instruments and seeks to maintain a constant net asset value of \$ 1 per share. PSDLAF deposits are invested by PSDLAF directly in portfolios of securities held by a third-party custodian and are collateralized with securities held by the PSDLAF agent in a collateral pool.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Investments (Continued)

Included in cash and cash equivalents on the statement of net position are investments in Pennsylvania Local Government Investment Trust (PLGIT) of \$ 14,799,072. PLGIT operates like a money market and seeks to maintain a stable net asset value of \$ 1 per share. PLGIT portfolio funds are invested in United States Treasury bills; obligations, participations, or other instruments of any Federal agency, instrumentality or United States government-sponsored enterprise; deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund; obligations guaranteed or insured by the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the Commonwealth; and repurchase agreements involving United States Government and agency obligations.

Policies Followed at PSDLAF and PLGIT

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

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

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of June 30, 2025, the School District’s investments were rated as:

<u>Investment</u>	<u>S&P Global Ratings</u>
PA School District Liquid Asset Fund	AAAm
PA Local Government Investment Trust	AAAm

Interest Rate Risk - Investments

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

The School District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) - Max and Pennsylvania Local Government Investment Trust (PLGIT) are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 3 TAXES

Real estate taxes are considered fully collectible since liens can be filed on properties. The uncollectible portion of per capita taxes was estimated based on previous collection experience.

Property taxes are levied as of July 15 on assessed property values. The tax bills are mailed by the Tax Collectors on July 1 and are payable as follows:

Discount	July 15 – September 15
Face	September 16 – November 15
Penalty	November 16 - January 15

After January 15, the bills are considered delinquent and turned over to the County Tax Claim Bureau for collection.

NOTE 4 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Taxes receivable and related deferred inflows of resources in the financial statements consist of the following as of June 30, 2025:

Real estate	\$ 835,183
Earned income	1,763,305
Per capita	<u>40,960</u>
	2,639,448
Reserve for uncollectible accounts	<u>(23,565)</u>
Taxes receivable, net	2,615,883
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>(1,307,745)</u>
Taxes estimated to be collected after sixty days (unavailable), recorded as deferred inflows of resources in governmental funds	<u>\$ 1,308,138</u>

Tax Abatements

Pennsylvania Clean and Green Program

Clean and Green is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in tax savings for landowners.

Property owners can apply at the York County tax assessment office for their property to be included in Pennsylvania's Clean and Green program. The program was enacted as a tool to encourage protection of the Commonwealth's valuable farmland, forestland, and open spaces. To be eligible, a property must be at least ten acres in size, and in Agriculture Use, Agriculture Reserve, or Forest Reserve. Agricultural Use applications may be less than ten acres in size if the property is capable of generating at least \$ 2,000 annually in farm income. A landowner who breaches the covenant is subject to seven years of rollback taxes at 6% interest per year. The rollback tax is the difference between what was paid under Clean and Green versus what would have been paid, if the property had not been enrolled, plus 6% simple interest per year.

For the fiscal year ended June 30, 2025, total School District property taxes of \$ 3,759,034, were abated under this program.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 5 INTERNAL BALANCES

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

Funds	Interfund Receivable	Interfund Payable
General Fund	\$ 91,466	\$ 34,835
Food Service	34,835	91,466
	<u>\$ 126,301</u>	<u>\$ 126,301</u>

The Food Service Fund owes the General Fund for reimbursement of salaries and related benefits. The General Fund owes the Food Service Fund for student receivables.

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

Funds	Transfers In	Transfer Out
General Fund	\$ -	\$ 400,000
Capital Reserve	400,000	-
Renovation Projects	-	5,222
Building Projects	5,222	-
	<u>\$ 405,222</u>	<u>\$ 405,222</u>

During the current year, a budgeted transfer was made to the Capital Reserve Fund from the General Fund to cover current year expenditures. A transfer was made from the Renovation Projects Fund to the Building Projects Fund to cover current year capital expenditures.

NOTE 6 INTERGOVERNMENTAL RECEIVABLES

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

		Governmental Activities	Business-Type Activities
Local:	Deed transfer	\$ 31,451	\$ -
State:	Social Security	332,425	-
	Retirement	1,408,276	-
	Rental	915,958	-
	Breakfast and lunch subsidy	-	10,262
Federal:	Grants	637,714	-
	Breakfast and lunch subsidy	-	27,199
Total		<u>\$ 3,325,824</u>	<u>\$ 37,461</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 7 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2025:

	Beginning Balance (as restated)	Additions	Retirements	Ending Balance
Governmental Activities				
Cost				
Assets not being depreciated				
Land	\$ 324,188	\$ -	\$ -	\$ 324,188
Construction in progress	7,590,309	17,799,027	(8,357,969)	17,031,367
Assets being depreciated/amortized:				
Site improvements	5,070,463	-	-	5,070,463
Buildings	87,166,853	6,495,586	-	93,662,439
Equipment, furniture, and fixtures	6,120,245	165,702	-	6,285,947
Right-to-use asset - leased equipment	129,848	-	-	129,848
Right-to-use asset - IT subscriptions	223,685	322,161	(66,419)	479,427
Total cost	<u>106,625,591</u>	<u>24,782,476</u>	<u>(8,424,388)</u>	<u>122,983,679</u>
Less accumulated depreciation/amortization				
Site improvements	(1,893,400)	(237,660)	-	(2,131,060)
Buildings	(40,438,969)	(2,251,137)	-	(42,690,106)
Equipment, furniture, and fixtures	(4,901,943)	(258,498)	-	(5,160,441)
Right-to-use asset - leased equipment	(76,476)	(26,271)	-	(102,747)
Right-to-use asset - IT subscriptions	(104,833)	(90,323)	66,419	(128,737)
Total accumulated depreciation/amortization	<u>(47,415,621)</u>	<u>(2,863,889)</u>	<u>66,419</u>	<u>(50,213,091)</u>
Capital assets, net	<u>\$ 59,209,970</u>	<u>\$ 21,918,587</u>	<u>\$ (8,357,969)</u>	<u>\$ 72,770,588</u>
Business-Type Activities				
Cost				
Equipment, furniture and fixtures	\$ 1,017,685	\$ 7,980	\$ -	\$ 1,025,665
Less accumulated depreciation:				
Equipment, furniture and fixtures	<u>(960,416)</u>	<u>(8,240)</u>	<u>-</u>	<u>(968,656)</u>
Capital assets, net	<u>\$ 57,269</u>	<u>\$ (260)</u>	<u>\$ -</u>	<u>\$ 57,009</u>

The balance in construction in progress is related to Northern Elementary School renovations and Northern High School greenhouse project.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 7 CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense for the year ended June 30, 2025 was charged to governmental functions as follows:

Instruction	\$ 2,179,992
Instructional student support	109,686
Administrative and financial support services	110,259
Operation and maintenance of plant services	361,137
Student activities	102,815
	<u>\$ 2,863,889</u>

NOTE 8 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

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

Accrued salaries	\$ 2,455,895
Retirement	796,935
Social security	188,223
Health insurance	720,922
Other withholdings	155,874
	<u>\$ 4,317,849</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES

The changes in long-term liabilities (other than pension and OPEB) during the year ended June 30, 2025 were as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities						
Bonds						
(A) Series of 2019	\$ 5,170,000	\$ -	\$ (2,770,000)	\$ 2,400,000	\$ 1,990,000	\$ 410,000
(B) Series of 2022	8,405,000	-	(265,000)	8,140,000	5,000	8,135,000
(C) Series of 2021A	1,605,000	-	(470,000)	1,135,000	1,135,000	-
(D) Series of 2021B	4,900,000	-	-	4,900,000	325,000	4,575,000
(E) Series of 2022A	9,610,000	-	(50,000)	9,560,000	50,000	9,510,000
(F) Series of 2023	14,355,000	-	(5,000)	14,350,000	5,000	14,345,000
(G) Series of 2024	-	14,380,000	-	14,380,000	5,000	14,375,000
Direct Borrowing						
(H) Financed purchases	125,505	-	(40,332)	85,173	41,817	43,356
Unamortized bond (discount)/premium	2,079,614	617,511	(311,841)	2,385,284	324,899	2,060,385
Subtotal - bonds and notes payable	46,250,119	14,997,511	(3,912,173)	57,335,457	3,881,716	53,453,741
Compensated absences*						
Vacation leave	277,533	28,341	-	305,874	82,051	223,823
Personal leave	239,753	13,007	-	252,760	32,505	220,255
Sick leave	689,819	4,171	-	693,990	197,274	496,716
Subtotal - compensated absences	1,207,105	45,519	-	1,252,624	311,830	940,794
Lease obligations	56,194	-	(27,043)	29,151	26,895	2,256
IT subscription liability	-	322,161	(62,805)	259,356	61,076	198,280
Total long-term liabilities	\$ 47,513,418	\$ 15,365,191	\$ (4,002,021)	\$ 58,876,588	\$ 4,281,517	\$ 54,595,071
Business-Type Activities						
Compensated absences*						
Vacation leave	\$ 14,117	\$ -	\$ (2,519)	\$ 11,598	\$ 3,314	\$ 8,284
Personal leave	4,184	-	(2,672)	1,512	127	1,385
Sick leave	25,614	2,008	-	27,622	5,455	22,167
Total long-term liabilities	\$ 43,915	\$ 2,008	\$ (5,191)	\$ 40,732	\$ 8,896	\$ 31,836

* The change in the compensated absences liabilities are presented as a net change.

(A) On October 9, 2019, the School District issued general obligation bonds – Series of 2019 in the amount of \$ 6,310,000 to currently refund the School District’s Series of 2014 bonds, provide funds for future capital projects and to pay the cost of issuing the bond. The bonds are due in varying amounts on May 15, 2020 to 2030. The bonds bear fixed interest rates ranging from 2.0% to 4.0%.

(B) On May 18, 2022, the School District issued general obligation bonds – Series of 2022 in the amount of \$ 8,545,000 to currently refund the School District’s Series of 2017 bonds and to pay the cost of issuing the bond. The bonds are due in varying amounts on November 15, 2022 to 2029. The bonds bear fixed interest rates ranging from 3.0% to 4.0%.

(C) On April 20, 2021, the School District issued general obligation note – Series of 2021A in the amount of \$ 9,820,000 to currently refund the School District’s Series of 2012 bonds, Series of 2015A bonds and to pay the cost of issuing the notes. The notes are due in varying amounts on November 15, 2021 to 2025. The notes bear interest rates ranging from 1.0% to 4.0%.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

- (D) On April 20, 2021, the School District issued general obligation note – Series of 2021B in the amount of \$ 4,900,000 to fund renovations and improvements to the School District facilities, refund the School District’s Series of 2015 bond and to pay the cost of issuing the notes. The notes are due in varying amounts on November 15, 2025 to 2030. The notes bear interest at a rate of 4%.
- (E) On December 22, 2022, the School District issued general obligation bonds – Series of 2022A in the amount of \$ 9,660,000 to fund various future capital projects. The bonds are due in varying amounts on November 15, 2023 to 2037. The bonds bear fixed interest rates at 4.0%.
- (F) On October 25, 2023, the School District issued general obligation bonds – Series of 2023 in the amount of \$ 14,355,000 to fund renovations and improvements to the School District facilities and pay the cost of issuing the bonds. The bonds are due in varying amounts on November 15, 2024 to 2043. The notes bear fixed interest rates ranging from 3.75% to 5.25%.
- (G) On October 31, 2024, the School District issued general obligation bonds – Series of 2024 in the amount of \$ 14,380,000 to fund the acquisition, design, construction of renovations and improvements to existing school facilities. The bonds are due in varying amounts on November 15, 2025 to 2044. The bonds bear interest rates ranging from 3.21% to 4.19%.
- (H) The School District entered into one financed purchase for energy upgrades. The financed purchase requires an annual principal and interest payment of \$ 44,951 based on an interest rate of 3.68% through 2027.

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

The School District’s general fund is used to make principal payments on long-term liabilities.

Lease Obligation

The School District entered into lease agreements for five years as lessee for the acquisition and use of copiers and a postage machine. The leases require monthly principal and interest payments ranging from \$ 135 to \$ 2,263 based on interest rates ranging between 2.45% and 4.00%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

IT Subscription Liabilities

The School District entered into subscription arrangements ranging from 2 to 5 years for the exclusive use of subscription-based information technology. The arrangements require annual principal and interest payments of \$ 71,450 based on an interest rate of 4.00%. The associated right-to-use asset is disclosed in the Capital Assets footnote.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

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

	Bonds		Financed Purchases		Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 3,515,000	\$ 2,309,331	\$ 41,817	\$ 3,134	\$ 26,895	\$ 669
2027	3,055,000	2,183,869	43,356	1,596	2,256	8
2028	3,320,000	2,058,431	-	-	-	-
2029	3,440,000	1,937,244	-	-	-	-
2030	3,545,000	1,823,831	-	-	-	-
2031- 2035	10,825,000	7,659,213	-	-	-	-
2036 - 2040	13,615,000	4,884,881	-	-	-	-
2041 - 2044	13,550,000	1,246,800	-	-	-	-
	<u>\$ 54,865,000</u>	<u>\$ 24,103,600</u>	<u>\$ 85,173</u>	<u>\$ 4,730</u>	<u>\$ 29,151</u>	<u>\$ 677</u>

	IT Subscription Liabilities		Totals	
	Principal	Interest	Principal	Interest
2026	\$ 61,076	\$ 10,374	\$ 3,644,788	\$ 2,323,508
2027	63,519	7,931	3,164,131	2,193,404
2028	66,060	5,390	3,386,060	2,063,821
2029	68,701	2,748	3,508,701	1,939,992
2030	-	-	3,545,000	1,823,831
2031- 2035	-	-	10,825,000	7,659,213
2036 - 2040	-	-	13,615,000	4,884,881
2041 - 2044	-	-	13,550,000	1,246,800
	<u>\$ 259,356</u>	<u>\$ 26,443</u>	<u>\$ 55,238,680</u>	<u>\$ 24,135,450</u>

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

School District Plan

The School District provides the continuation of medical and dental benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment for 50% to 100% of the premium cost determined for the purpose of COBRA, depending on the employee group and length of service.

The School District pays 50% of the premiums for medical, dental, and prescription drug benefits for eligible retirees in the administrator's employee group. To be eligible for this group the retiree would have to be a retired administrator with 15 years of continuous services with the School District, 30 years of service with PSERS, and be eligible for retirement with PSERS.

Retired employees in the teacher and support staff groups pay 100% of their premiums for medical, dental, and prescription drug benefits under the School District's postemployment benefit plan.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions and Benefits Provided (Continued)

The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an “implicit rate subsidy” by the School District, which gives rise to the benefits. All employees are eligible for this benefit upon reaching PSERS retirement age. The School District’s postemployment benefits are administered by School District personnel. The Plan does not issue a separate stand-alone financial statement.

No assets are accumulated in a trust that meets the criteria of GASB standards.

PSERS

In addition to the other postemployment benefit detailed above, the Public School Employees’ Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$ 100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program. As of June 30, 2024, there were no assumed future benefit increase to participating eligible retirees or employer-sponsored health insurance program.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS’ health option program or the employer-sponsored health insurance program.

The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Plan Membership

School District Plan

Membership in the School District’s plan consisted of the following at July 1, 2024, the date of the latest actuarial valuation:

Active participants	319
Retired participants	9
Total	<u>328</u>

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions

PSERS

The School District’s contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 146,280 for the year ended June 30, 2025.

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

School District Plan

The School District’s total OPEB liability was measured as of July 1, 2024, and the total OPEB liability was based on an actuarial valuation as of July 1, 2024, which was based on census information as of July 2024. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2025, the School District reported a total OPEB liability of \$ 2,712,026.

For the year ended June 30, 2025, the School District recognized OPEB expense of \$ 174,820.

PSERS

At June 30, 2025, the School District reported a liability of \$ 2,538,560 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 School District’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the School District’s proportion was 0.1429 percent, which was an increase of 0.0037 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized OPEB expense of \$ 92,802.

The table below summarizes the combined OPEB liability and OPEB expense:

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	\$ 2,712,026	\$ 174,820
PSERS	<u>2,538,560</u>	<u>92,802</u>
Total	<u>\$ 5,250,586</u>	<u>\$ 267,622</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	\$ 3,032,880
Changes for the year:	
Service cost	215,350
Interest	131,475
Changes in assumptions	(51)
Difference between expected and actual experience	(547,963)
Benefit payments	(119,665)
Net changes	(320,854)
Ending Balance	<u>\$ 2,712,026</u>

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 343,268	\$ 1,259,356	\$ 10,000	\$ 38,000	\$ 353,268	\$ 1,297,356
Changes in assumptions	413,121	1,527,254	155,000	388,000	568,121	1,915,254
Net difference between projected and actual investment earnings	-	-	2,000	-	2,000	-
Changes in proportions - plan	-	-	78,000	88,000	78,000	88,000
Changes in proportions - fund	-	-	10,890	10,890	10,890	10,890
and proportionate share of total	-	-	5,342	-	5,342	-
to the measurement date	103,999	-	147,568	-	251,567	-
	<u>\$ 860,388</u>	<u>\$ 2,786,610</u>	<u>\$ 408,800</u>	<u>\$ 524,890</u>	<u>\$ 1,269,188</u>	<u>\$ 3,311,500</u>

The amount of \$ 251,567 is reported as deferred outflows of resources related to OPEB resulting from School District benefit payments/contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2026 related to the School District and PSERS plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	School District Plan	PSERS	Total
Year ended June 30:			
2026	\$ (172,005)	\$ (76,400)	\$ (248,405)
2027	(172,005)	(89,539)	(261,544)
2028	(172,005)	(91,688)	(263,693)
2029	(172,005)	(10,061)	(182,066)
2030	(172,005)	4,030	(167,975)
Thereafter	(1,170,196)	-	(1,170,196)
Total	<u>\$ (2,030,221)</u>	<u>\$ (263,658)</u>	<u>\$ (2,293,879)</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

School District Plan

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

PSERS

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.

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	4.29% (S&P 20 year municipal bond rate July 1, 2024)	4.21% (S&P 20 year municipal bond rate June 30, 2024)
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
Mortality	PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for administrators and all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and project using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	80% of teachers and administrators and 35% of the support staff are assumed to elect coverage. 50% of retirees deferring coverage are assumed to elect coverage at age 62, or age on valuation date, if older.	Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%.
Health Care Cost Trend Rate	7.0% in 2024, with a 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.	Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit is capped at \$ 1,200 per year.
Per Capita Claims Cost	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 45-49, \$ 8,211 for males and \$ 11,858 for females; 50-54, \$ 10,874 for males and \$ 13,402 for females; 55-59, \$ 13,244 for males and \$ 14,023 for females; and 60-64, \$ 17,283 for males and \$ 16,109 for females.	N/A

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS

Investment Return

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

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

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

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 OPEB liability was 4.29% and 4.21% for the School District’s Plan and PSERS, respectively. The School District Plan is not funded, therefore, the S&P 20-year municipal bond rate of 4.29% as of July 1, 2024, is the applicable discount rate. Under the PSERS 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 or the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB’s plan 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 OPEB liability.

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

The following presents the total and net OPEB liabilities of the School District, as well as what the School District’s liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

***Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate
(Continued)***

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
School District Plan - Total OPEB liability	<u>\$ 2,924,538</u>	<u>\$ 2,712,026</u>	<u>\$ 2,511,829</u>
	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
PSERS - School District's proportionate share of the net OPEB liability	<u>\$ 2,868,000</u>	<u>\$ 2,538,560</u>	<u>\$ 2,263,000</u>

***Sensitivity of the Total and Net OPEB Liability to Changes in the Healthcare Cost
Trend Rate***

For the PSERS plan, 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.

The following presents the total and net OPEB liabilities of the plans, as well as what the plans' total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

School District Plan

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
School District Plan - Total OPEB Liability	<u>\$ 2,415,819</u>	<u>\$ 2,712,026</u>	<u>\$ 3,059,828</u>

PSERS

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
PSERS - School District's proportionate share of the net OPEB liability	<u>\$ 2,538,000</u>	<u>\$ 2,538,560</u>	<u>\$ 2,539,000</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Plan Fiduciary Net Position

PSERS

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

School District Plan

As of June 30, 2025, the School District had no amounts payable to the School District OPEB Plan.

Payables to the OPEB Plan

PSERS

As of June 30, 2025, the School District had \$ 19,367 payable to the pension plan related to OPEB benefits.

NOTE 11 PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (C) 35 or more years of service regardless of age.

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

NOTE 11 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by 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 rights to benefits are vested after ten years of service. Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of services or attain a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, 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. A members' right to a defined benefit is vested in 10 years.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 1% or 2.5%, depending upon membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefits the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 11 PENSION PLAN (CONTINUED)

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.5% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll. This is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions recognized as revenue by the defined benefit pension plan from the School were \$ 7,620,741. In addition, the School's contribution to the defined contribution plan was \$ 104,237 for the year ended June 30, 2025.

State Funding:

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension and OPEB liabilities and related pension and OPEB expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2025, the School District recognized revenue of \$ 4,232,633 from reimbursement for its current year pension and OPEB payments.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the School District reported a liability of \$ 59,517,729 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 School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.1422 percent, which was an increase of 0.0033 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$ 5,704,045.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 936,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	985,000	-
Changes in proportionate share - plan	1,207,000	664,000
Changes in proportionate share - fund	86,480	86,480
Difference between employer contributions and proportionate share of total contributions	145,659	-
Contributions subsequent to the measurement date	7,661,033	-
	<u>\$ 10,085,172</u>	<u>\$ 1,686,480</u>

The \$ 7,661,033 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2026	\$	(1,340,106)
2027		1,654,426
2028		623,339
2029		<u>(200,000)</u>
Total	\$	<u>737,659</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 11 PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the System's total pension liability as of 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 % of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projecting using a modified version of the MP-2020 Improvement Scale.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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.

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

The above 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.

NOTE 11 PENSION PLAN (CONTINUED)

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

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.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District’s proportionate share of the net pension liability	\$ 78,403,000	\$ 59,517,729	\$ 43,570,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2025, the School District had \$ 777,568 payable to the pension plan.

NOTE 12 AFFILIATES

Payments to fund operations of affiliated entities for the year ended 2024/2025 were as follows:

Cumberland-Perry Area Career and Technology Center	\$ 2,430,853
Capital Area Intermediate Unit	943,949

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 13 COMMITMENTS AND CONTINGENCIES

As of June 30, 2025, the District had the following commitments related to capital projects:

	Total Estimated Costs	Total Costs Incurred	Total Costs To Be Incurred
Northern Elementary School Renovations	\$ 20,061,488	\$ 15,425,305	\$ 4,636,183
Northern High School Greenhouse	234,592	192,247	42,345
	<u>\$ 20,296,080</u>	<u>\$ 15,617,552</u>	<u>\$ 4,678,528</u>

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

The School District is involved with various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be substantially covered under the School District's professional liability insurance policy and would not have a material effect on the financial position of the School District.

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

Effective July 1, 2021, all of the geographical area of Washington Township, York County, Pennsylvania (the "Township") has been transferred to and become a part of and became served by the School District, the Township being transferred from the Dover Area School District (the "DASD"). The transfer has occurred as a result of orders of the Commonwealth

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Court and the Department of Education of the Commonwealth. As of July 1, 2021, the School District is the taxing authority with respect to school taxes for the taxpayers of the Township and is responsible for the education of the students who reside in the Township. The School District is currently receiving school tax revenues from the Township beginning with the 2021-22 fiscal year. The amount of increased state subsidy that will be received by the School District as a result of the transfer has yet to be determined, and the School District has not yet received any related state subsidies. A request by DASD that the School District assume some presently undefined portion of the outstanding debt and obligations of DASD will be determined by the Commonwealth Court of Pennsylvania. In the event that the School District may be required to assume a portion of such debt, the School District anticipates that any such required assumption would not have a material negative affect upon the financial condition of the School District.

NOTE 14 RISK MANAGEMENT

The School 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.

The School District has purchased commercial insurance to cover general liability, directors' and officers' liability, unemployment compensation and employees' health coverage. For these insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

All expenditures for the School District's risk management are recorded in the general fund or food service fund.

Lincoln Benefit Trust

The School District is a member of the Lincoln Benefit Trust. The Trust is a claims servicing pool which pays claims for hospital benefits, medical coverage for physicians' services, certain dental coverage, major medical coverage, and certain other benefits submitted by employees of the participating School Districts. Each participating employer contributes to the trust amounts determined by actuarial principles which will be adequate to cover annual claim costs, operating costs, and reserves sufficient to provide stated benefits. Since each school district is responsible for its own risk, additional assessments would be charged to make up any deficiency; thus, this functions like a retrospectively rated program.

Because Lincoln Benefit Trust acts as a claim-servicing pool, the School District remains responsible for the economic risk of providing stated benefits to employees. However, claims incurred between \$ 175,000 and \$ 300,000 are paid from the Trust mini-pool. Claims incurred over \$ 300,000 are paid from a stop loss insurance policy purchased by the Trust.

NORTHERN YORK COUNTY SCHOOL DISTRICT

Notes to Financial Statements

NOTE 14 RISK MANAGEMENT (CONTINUED)

Lincoln Benefit Trust (Continued)

Changes in net position for the School District's account at Lincoln Benefit Trust (based on audited financial statements of Lincoln Benefit Trust) were as follows for the year ended June 30, 2025:

Net position - July 1, 2024	\$ 4,403,878
Contributions and interest income	6,064,834
Claims paid	(6,221,580)
Stop-loss insurance	(446,116)
PA Trust insurance premiums	(376,458)
PA Trust reimbursement	900,814
Stop-loss pool reimbursement	305,221
Administrative fees	(369,620)
PA Trust experience refund	50,439
Other	<u>(6,500)</u>
Net position - June 30, 2025	<u>\$ 4,304,912</u>

Overall, the Lincoln Benefit Trust has net position of \$ 69,877,240 as of June 30, 2025 and showed an increase in net position of \$ 645,750 for the year then ended. Financial statements of the Trust are available at the School District.

NOTE 15 RESTATEMENT

During the year ended June 30, 2025, the District adopted GASB Standard Statement No. 101 Compensated Absences. Implementation of the new standard changed the School District's compensated absence liability measurement related to their employee's accrued vacation, sick, and personal leave liability. Implementation of the new standard impacted the current and noncurrent compensated absences line item of the Government-wide and Proprietary fund statements of net position. This change also impacted the Instruction expense line item for governmental activities and all expense items for business-type activities on the government-wide Statement of Activities.

For the Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position it impacts the Food Service fund Salaries expense line item.

During the year ended June 30, 2025, the District had a restatement for a correction due to an error in recording accounts payable in the Building Projects Fund in the prior year. This impacted accounts payable of the Governmental Funds balance sheet and Government-wide Statement of Net Position by \$ 406,226. This correction also impacted the Facilities acquisition, construction and improvements expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balance and the construction in progress in the Statement of Net Position by \$ 406,226.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Financial Statements

NOTE 15 RESTATEMENT (CONTINUED)

	Governmental Activities	Business-Type Activities/ Food Service Fund
Net position, June 30, 2024, as originally stated	\$ (17,430,386)	\$ (50,970)
Restatement for change in accounting principle - GASB 101	(238,844)	(5,995)
Net position, June 30, 2024, as restated	<u>\$ (17,669,230)</u>	<u>\$ (56,965)</u>
	Building Projects Fund	
Fund balance, June 30, 2024, as originally stated	\$ 11,188,355	
Restatement for error correction	406,226	
Fund balance, June 30, 2024, as restated	<u>\$ 11,594,581</u>	
Net change in fund balances, June 30, 2024 as originally stated	\$ 11,188,355	
Restatement for error correction	406,226	
Net change in fund balances, June 30, 2024, as restated	<u>\$ 11,594,581</u>	

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN YORK COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY/ GAAP BASIS)	WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local Sources				
Taxes	\$ 41,076,353	\$ 41,076,353	\$ 41,262,233	\$ 185,880
Investment earnings	600,000	600,000	949,832	349,832
Federal revenue from intermediate sources	660,000	660,000	669,379	9,379
Other	856,500	856,500	836,933	(19,567)
State sources	23,268,313	23,268,313	23,756,189	487,876
Federal sources	426,000	426,000	562,576	136,576
Total revenues	<u>66,887,166</u>	<u>66,887,166</u>	<u>68,037,142</u>	<u>1,149,976</u>
EXPENDITURES				
Instruction	36,115,885	36,115,885	39,030,545	(2,914,660)
Support services	20,857,984	20,857,984	21,328,139	(470,155)
Operation of noninstructional services	1,835,327	1,835,327	1,923,492	(88,165)
Debt service				
Principal	6,153,000	6,153,000	3,600,333	2,552,667
Interest	1,789,000	1,789,000	2,092,434	(303,434)
Total expenditures	<u>66,751,196</u>	<u>66,751,196</u>	<u>67,974,943</u>	<u>(1,223,747)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Proceeds from long-term financing and leases	-	-	322,161	322,161
Interfund transfers	(400,000)	(400,000)	(400,000)	-
Total other financing sources and (uses)	<u>(399,000)</u>	<u>(399,000)</u>	<u>(77,839)</u>	<u>321,161</u>
Net change in fund balances	<u>\$ (263,030)</u>	<u>\$ (263,030)</u>	<u>\$ (15,640)</u>	<u>\$ 247,390</u>

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's Proportionate Share of the Net Pension Liability - Public
School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - Measurement- Period	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.1422%	\$ 59,517,729	\$ 22,664,688	262.60%	64.63%
2024	0.1389%	61,791,582	21,328,392	289.72%	61.85%
2023	0.1419%	63,086,927	20,907,963	301.74%	61.34%
2022	0.1407%	57,766,819	19,972,249	289.24%	63.67%
2021	0.1440%	70,904,183	20,237,351	350.36%	54.32%
2020	0.1470%	68,770,434	20,271,259	339.25%	55.66%
2019	0.1463%	70,231,264	19,707,713	356.36%	54.00%
2018	0.1427%	70,477,218	19,000,157	370.93%	51.84%
2017	0.1445%	71,609,615	18,711,581	382.70%	50.14%
2016	0.1399%	60,598,118	18,003,316	336.59%	54.36%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's Contributions - Public School Employees' Retirement
System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - fiscal year	Contributions as a Percentage of Covered Payroll
2025	\$ 7,620,741	\$ 7,620,741	\$ -	\$ 23,289,963	32.72%
2024	7,434,328	7,434,328	-	22,664,688	32.80%
2023	7,301,933	7,301,933	-	21,328,392	34.24%
2022	7,085,633	7,085,633	-	20,907,963	33.89%
2021	6,722,712	6,722,712	-	19,972,249	33.66%
2020	6,740,800	6,740,800	-	20,237,351	33.31%
2019	6,617,012	6,617,012	-	20,271,259	32.64%
2018	6,222,091	6,222,091	-	19,707,713	31.57%
2017	5,496,260	5,496,260	-	19,000,157	28.93%
2016	4,599,484	4,599,484	-	18,711,581	24.58%

NORTHERN YORK COUNTY SCHOOL DISTRICT

Schedule of Changes in the School District's Total OPEB Liability and Related Ratios - School District Plan

	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability							
Service cost	\$ 215,350	\$ 201,695	\$ 416,431	\$ 422,227	\$ 300,576	\$ 300,730	\$ 241,741
Interest	131,475	118,635	118,936	94,421	128,213	108,469	107,218
Changes of benefit terms	-	-	-	-	-	-	39,031
Differences between expected and actual experience	(547,963)	-	(959,056)	-	345,840	-	241,883
Changes in assumptions	(51)	41,685	(1,507,621)	(160,397)	545,409	(108,862)	(331,743)
Benefit payments	<u>(119,665)</u>	<u>(107,996)</u>	<u>(196,103)</u>	<u>(227,269)</u>	<u>(126,603)</u>	<u>(121,440)</u>	<u>(167,827)</u>
Net change in total OPEB liability	(320,854)	254,019	(2,127,413)	128,982	1,193,435	178,897	130,303
Total OPEB liability - beginning	<u>3,032,880</u>	<u>2,778,861</u>	<u>4,906,274</u>	<u>4,777,292</u>	<u>3,583,857</u>	<u>3,404,960</u>	<u>3,274,657</u>
Total OPEB liability - ending	<u>\$ 2,712,026</u>	<u>\$ 3,032,880</u>	<u>\$ 2,778,861</u>	<u>\$ 4,906,274</u>	<u>\$ 4,777,292</u>	<u>\$ 3,583,857</u>	<u>\$ 3,404,960</u>
Covered employee payroll	\$ 20,294,528	N/A	\$ 18,643,997	N/A	\$ 18,003,994	N/A	\$ 18,831,627
Total OPEB liability as a percentage of covered employee payroll	13.36%		14.90%		26.53%		18.08%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net OPEB Liability – Public School
Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.1429%	\$ 2,712,026	\$ 22,664,688	11.97%	7.13%
2024	0.1392%	3,032,880	21,328,392	14.22%	7.22%
2023	0.1422%	2,778,861	20,907,963	13.29%	6.86%
2022	0.1409%	4,906,274	19,972,249	24.57%	5.30%
2021	0.1442%	4,777,292	20,237,351	23.61%	5.69%
2020	0.1470%	3,583,857	20,271,259	17.68%	5.56%
2019	0.1463%	3,126,458	19,707,713	15.86%	5.56%
2018	0.1427%	2,907,386	19,000,157	15.30%	5.73%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of School District's OPEB Contributions - Public School Employees' Retirement System

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2025	\$ 146,280	\$ 146,280	-	\$ 23,289,963	0.63%
2024	144,524	144,524	-	22,664,688	0.64%
2023	159,958	159,958	-	21,328,392	0.75%
2022	166,946	166,946	-	20,907,963	0.80%
2021	163,628	163,628	-	19,972,249	0.82%
2020	187,918	187,918	-	20,237,351	0.93%
2019	169,154	169,154	-	20,271,259	0.83%
2018	157,714	157,714	-	19,707,713	0.80%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

OTHER SUPPLEMENTARY INFORMATION

NORTHERN YORK COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Source Code	Federal ALN Number	Pass-through Grantor's Number	Program Period	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2024	Revenue Recognized	Expenditures	Receivable (Unearned) at June 30, 2025	Total Passed-through to Subrecipients
DEPARTMENT OF EDUCATION											
Passed through the Pennsylvania Department of Education											
ESEA Title I	I	84.010	013-24-0302	July 1, 2023 - September 30, 2024	\$ 414,202	\$ 104,676	\$ 56,876	\$ 47,800	\$ 47,800	\$ -	\$ -
ESEA Title I	I	84.010	013-25-0302	July 1, 2024 - September 30, 2025	408,937	327,530	-	403,201	403,201	75,671	-
Title I					823,139	432,206	56,876	451,001	451,001	75,671	-
ESEA Title II - Part A	I	84.367	020-24-0302	July 1, 2023 - September 30, 2024	75,439	19,683	19,683	-	-	-	-
ESEA Title II - Part A	I	84.367	020-25-0302	July 1, 2024 - September 30, 2025	74,415	58,959	-	74,415	74,415	15,456	-
Title II					149,854	78,642	19,683	74,415	74,415	15,456	-
ESEA Title IV	I	84.424	144-25-0302	July 1, 2024 - September 30, 2025	31,193	12,477	-	31,193	31,193	18,716	-
Title IV					31,193	12,477	-	31,193	31,193	18,716	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)	I	84.425U	223-21-0302	March 13, 2020 - September 30, 2024	2,341,181	468,236	462,268	5,968	5,968	-	-
Total Education Stabilization Fund					2,341,181	468,236	462,268	5,968	5,968	-	-
Passed through Capital Area Intermediate Unit Special Education Cluster (I.D.E.A.)											
I.D.E.A.	I	84.027	062-230015	July 1, 2023 - September 30, 2024	578,713	578,713	578,713	-	-	-	-
I.D.E.A.	I	84.027	062-230015	July 1, 2024 - September 30, 2025	525,892	-	-	525,892	525,892	525,892	-
I.D.E.A.	I	84.173	131-230015	July 1, 2023 - June 30, 2024	3,304	3,304	3,304	-	-	-	-
I.D.E.A.	I	84.173	131-230015	July 1, 2024 - June 30, 2025	1,980	-	-	1,980	1,980	1,980	-
Total Special Education Cluster					1,109,889	582,017	582,017	527,872	527,872	527,872	-
Total U.S. Department of Education						1,573,578	1,120,844	1,090,449	1,090,449	637,715	-
DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through the Pennsylvania Department of Education											
National School Breakfast Program	I	10.553	N/A	July 1, 2024 - June 30, 2025	N/A	171,595	-	180,049	180,049	8,454	-
National School Lunch Program	I	10.555	N/A	July 1, 2023 - June 30, 2024	N/A	458,283	-	477,028	477,028	18,745	-
Passed through the Pennsylvania Department of Agriculture											
Value of USDA Commodities	I(B)	10.555	206-67-460	July 1, 2024 - June 30, 2025	N/A	107,785	-	107,785	107,785	-	-
Total Child Nutrition Cluster						737,663	-	764,862	764,862	27,199	-
Total U.S. Department of Agriculture						737,663	-	764,862	764,862	27,199	-
Total Expenditures of Federal Awards						\$ 2,311,241	\$ 1,120,844	\$ 1,855,311	\$ 1,855,311	\$ 664,914	\$ -

NORTHERN YORK COUNTY SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

NOTE 1 REFERENCE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(I) Indirect award

(B) Based on USDA valuation

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedule of expenditures of federal awards is presented using the modified accrual basis in accordance with accounting principles prescribed by the Pennsylvania Department of Education, which conform to generally accepted governmental accounting principles. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Revenues designated for payment of specific School District expenditures are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year end is recorded as a liability or a receivable, respectively.

Indirect Cost Rate

The School District does not utilize the 10% de minimis indirect cost rate.

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

Board of Directors
Northern York County School District
Dillsburg, Pennsylvania

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

A handwritten signature in black ink that reads "Smith & Elliott Keams & Company, LLC". The signature is written in a cursive, flowing style.

Chambersburg, Pennsylvania
December 11, 2025



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

Board of Directors
Northern York County School District
Dillsburg, Pennsylvania

REPORT ON COMPLINACE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Northern York County School District and to meet our other ethical requirements, 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 Northern York County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors Responsibilities for the Audit of Compliance

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such

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

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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

A handwritten signature in black ink that reads "Smith & Elliott Means & Company, LLC". The signature is written in a cursive, flowing style.

Chambersburg, Pennsylvania
December 11, 2025

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be a material weakness(es)? ☐ Yes ☒ None Reported

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

- Any compliance audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516? ☐ Yes ☒ No

Identification of the major programs:

ALN(s)	Name of Federal Program
	Child Nutrition Cluster
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.555	Value of USDA Commodities

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

NORTHERN YORK COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

Section III - Federal Award Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with the Uniform Guidance by 2CFR Section 200.516.



Northern York County School District

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Telephone (717) 432-8691 ♦ Fax (717) 432-1421

Mr. Michael Walker
Assistant Superintendent

Dr. Matthew Meakin
Superintendent

Mr. Jason A. Young
Chief Financial & Operations Officer

NORTHERN YORK COUNTY SCHOOL DISTRICT **Summary Schedule of Prior Audit Findings** **Year Ended June 30, 2025**

Findings related to the financial statements:

None reported in the June 30, 2024 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2024 Schedule of Findings and Questioned Costs