THE SCHOOL DISTRICT OF THE CITY OF SCRANTON

Scranton, Pennsylvania
Lackawanna County
Financial Statements
December 31, 2024
With Independent Auditors' Reports

The School District of the City of Scranton
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The School District of the City of Scranton
Scranton, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of the City of Scranton (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Implementation of New Accounting Standard

As discussed in Note 2 and Note 17 to the financial statements, during the year ended December 31, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement establishes a unified recognition and measurement model for liabilities associated with compensated absences, including unused leave and leave taken but not yet paid. The implementation of GASB 101 resulted in changes to the accounting treatment and disclosures related to compensated absences, including a restatement of beginning net position. Our opinion is not modified with respect to this matter

Emphasis of Matter – Restatement of Previously Issued Financial Statements

As discussed in Note 17 to the financial statements, the financial statements for the year ended December 31, 2025 have been restated to correct misstatements in the prior year financial. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, U*niform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules – Revenues/Expenditures – General Fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2026, on our consideration of the School District of the City of Scranton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of the City of Scranton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of the City of Scranton's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 15, 2026

Management's discussion and analysis ("MD&A") of the financial performance of the School District of the City of Scranton (the "District") provides an overview of the District's financial performance for fiscal year ended December 31, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of seventeen schools/programs – ten elementary schools, three intermediate schools, two high schools and two alternative education programs for all grades, consisting of approximately 9,300 students. The District is an urban public school district in Lackawanna County, Pennsylvania located in northeastern Pennsylvania. The City of Scranton is home to approximately 76,500 people. There are approximately 1,245 full-time employees in the District including 755 professional employees, 64 administrators and 426 support staff.

The mission of the School District of the City of Scranton is to educate, inspire and empower students.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows resulting in a deficit in total net position at the close of the 2024 fiscal year of $213,511,899. During the 2024 fiscal year, the District had an increase in total net position of $24,351,440. The net position of governmental activities increased by $23,304,309 and the net position of business-type activities increased by $1,047,131.

- The General Fund reported an increase in fund balance of $13,059,927, bringing the cumulative balance to $34,294,718 at the conclusion of the 2024 fiscal year.

- At December 31, 2024, the General Fund fund balance is $34,294,718, of which $5,000,000 is committed for capital improvements, $3,750,000 is assigned for future tax assessment appeals, $7,500,000 is assigned for capital improvements and $18,044,718 is considered unassigned and represents 8.00% of the $225,671,321 2025 General Fund expenditure budget.

- Total General Fund revenues and other financing sources were $26,237,379 or 12.40% more than budgeted amounts and total General Fund expenditures and other financing uses were $16,122,548 or 5.86% more than budgeted amounts resulting in a net positive variance of $13,059,927.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities
Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities
The District's business-type activities charge a fee to cover the cost of certain services it provides. The District's food service activities are reported as a business type activity. In addition, the District generates revenue from advertising agreements and other charges for service (e.g. rentals) at the Scranton High School's Memorial Stadium that is to be used for future capital projects at Memorial Stadium.

The government-wide financial statements can be found on Pages 19 and 20 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for each of the three major funds and the one non-major fund.

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

The governmental fund financial statements can be found on Pages 21 through 24 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund and Memorial Stadium Fund are reported as enterprise funds of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded workers compensation program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on Pages 25 through 27 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 28 and 29 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on Pages 30 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, schedules of the District's proportionate share of the net pension liability and pension plan contributions-PSERS, schedule of changes in OPEB liability – single employer plan and the schedules of the District's proportionate share of the net OPEB liability and OPEB plan contributions-PSERS, as well as additional analysis for General Fund revenue and expenditure budgetary comparison schedules.

The required supplementary information and additional analysis can be found on Pages 61 through 66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2024 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $213,511,899. The following table presents condensed information for the Statement of Net Position of the District at December 31, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	$ 114,286,755	$ 102,898,775	$ 12,461,998	$ 11,908,156	$ 126,748,753	$ 114,806,931
Capital assets	139,209,449	128,068,977	438,438	432,435	139,647,887	128,501,412
Total assets	253,496,204	230,967,752	12,900,436	12,340,591	266,396,640	243,308,343
Deferred outflows of resources	40,774,490	35,787,321	-	-	40,774,490	35,787,321
Liabilities						
Current liabilities	35,100,040	31,043,122	666,722	1,154,008	35,766,762	32,197,130
Noncurrent liabilities	471,632,236	475,917,250	-	-	471,632,236	475,917,250
Total liabilities	506,732,276	506,960,372	666,722	1,154,008	507,398,998	508,114,380
Deferred inflows of resources	13,284,031	19,068,108	-	-	13,284,031	19,068,108
Net position						
Net investment in capital assets	(71,552,297)	(57,832,024)	438,438	432,435	(71,113,859)	(57,399,589)
Restricted	8,768,164	6,737,044	-	-	8,768,164	6,737,044
Unrestricted	(162,961,480)	(208,178,427)	11,795,276	10,754,148	(151,166,204)	(197,424,279)
Total net position	$ (225,745,613)	$ (259,273,407)	$ 12,233,714	$ 11,186,583	$ (213,511,899)	$ (248,086,824)

The District's total assets as of December 31, 2024 were $266,396,640 of which $89,956,049 or 33.77% consisted of cash and $139,647,887 or 52.42% consisted of the District's investment in capital assets. The District's total liabilities as of December 31, 2024 were $507,398,998 of which $226,805,862 or 44.70% consisted of general obligation debt used to acquire and construct capital assets and $207,726,082 or 40.94% consisted of the actuarially determined PSERS net pension liability.

The District had a deficit in unrestricted net position of $151,166,204 at December 31, 2024. The District's unrestricted net position increased by $46,258,075 during 2024 primarily due to the current year results of operations and the changes in the net pension other post-employment liabilities and related deferred outflows and inflows of resources.

A portion of the District's net position reflects its restricted net position which totaled $8,768,164 as of December 31, 2024. All of the District's restricted net position related to amounts restricted for capital and debt service expenditures.

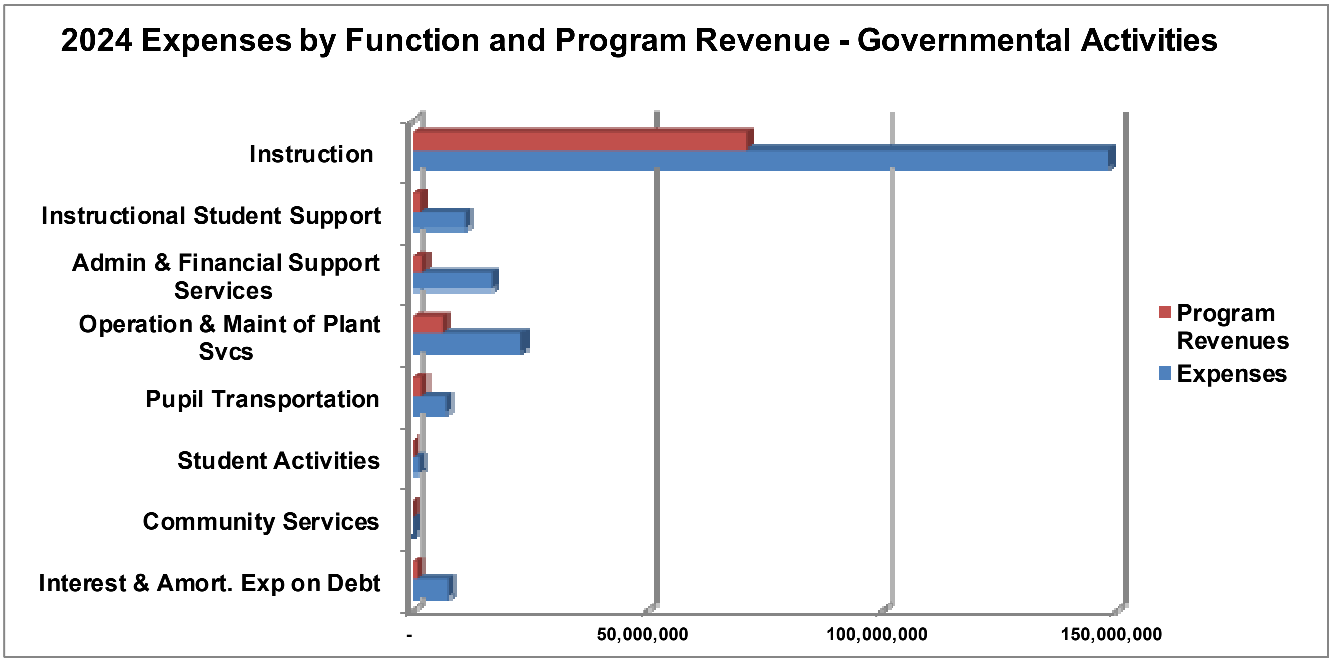
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended December 31, 2024, the District's net investment in capital assets decreased by $13,714,270 because the debt used to acquire the capital assets was being repaid slower than the capital assets were being depreciated.

The following table presents condensed information for the Statement of Activities of the District for 2024 and 2023:

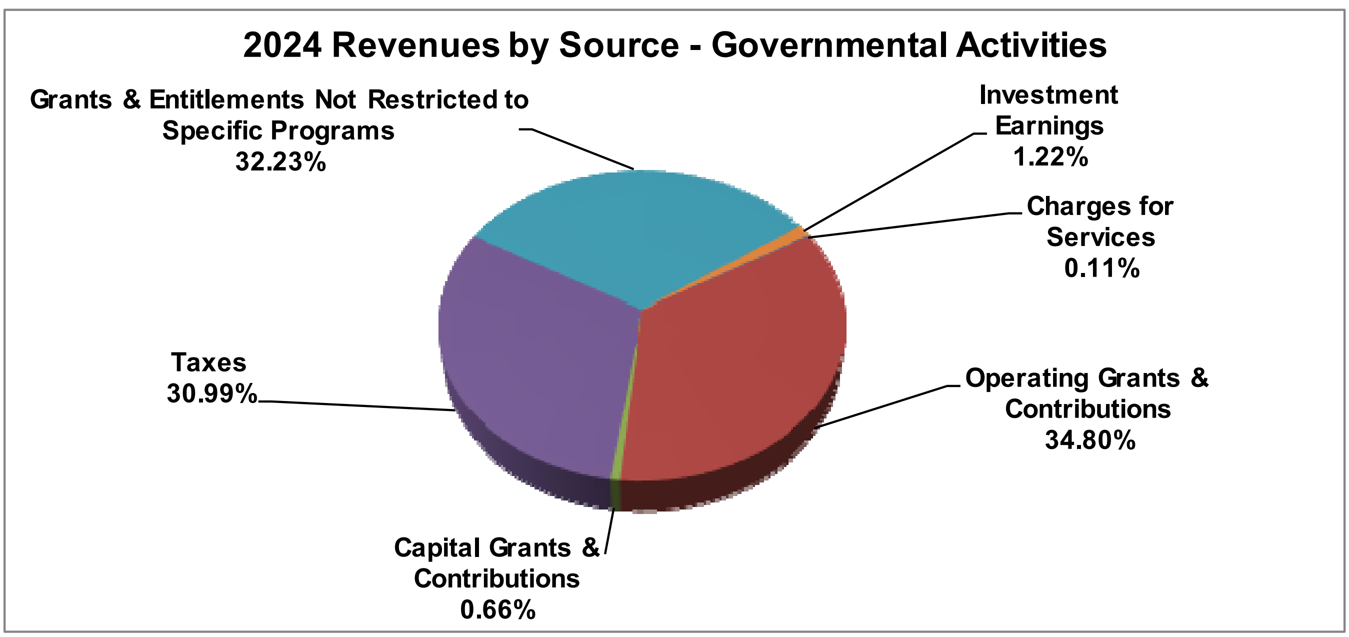
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 264,177	$ 184,273	$ 132,016	$ 172,352	$ 396,193	$ 356,625
Operating grants and contributions	83,290,796	65,626,715	7,615,405	7,796,739	90,906,201	73,423,454
Capital grants and contributions	1,568,236	14,054,438	-	-	1,568,236	14,054,438
General revenues						
Property taxes levied for general purposes	48,930,608	54,137,799	-	-	48,930,608	54,137,799
Earned income taxes levied for general purposes	14,663,146	14,087,393	-	-	14,663,146	14,087,393
Other taxes levied for general purposes	10,573,603	6,950,732	-	-	10,573,603	6,950,732
Grants and entitlements not restricted to specific programs	77,144,755	68,547,243	-	-	77,144,755	68,547,243
Investment earnings	2,922,824	2,902,063	163,310	117,346	3,086,134	3,019,409
Total revenues	239,358,145	226,490,656	7,910,731	8,086,437	247,268,876	234,577,093
Expenses						
Instruction	148,182,685	125,350,324	-	-	148,182,685	125,350,324
Instructional student support services	11,384,607	9,993,075	-	-	11,384,607	9,993,075
Administrative and financial support services	16,856,939	15,457,233	-	-	16,856,939	15,457,233
Operation and maintenance of plant services	23,120,664	16,245,031	-	-	23,120,664	16,245,031
Pupil transportation	7,118,554	6,552,973	-	-	7,118,554	6,552,973
Student activities	1,607,344	1,382,717	-	-	1,607,344	1,382,717
Community services	110,905	110,521	-	-	110,905	110,521
Interest and amortization expense related to noncurrent liabilities	7,572,138	12,261,456	-	-	7,572,138	12,261,456
Food service	-	-	6,944,306	6,367,347	6,944,306	6,367,347
Memorial stadium	-	-	19,294	17,372	19,294	17,372
Total expenses	215,953,836	187,353,330	6,963,600	6,384,719	222,917,436	193,738,049
Change in net position before transfers	23,404,309	39,137,326	947,131	1,701,718	24,351,440	40,839,044
Transfers	(100,000)	-	100,000	-	-	-
Change in net position	$ 23,304,309	$ 39,137,326	$ 1,047,131	$ 1,701,718	$ 24,351,440	$ 40,839,044

Overall, the District's financial position continues to improve but challenges such as increased medical costs, pension contributions, state-mandated programs, charter cyber enrollment increases and negotiated contracts have the potential to offset these gains. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

The Statement of Activities provides detail that focuses on how the District finances its services. The Statement of Activities compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the Statement of Activities shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on intergovernmental revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

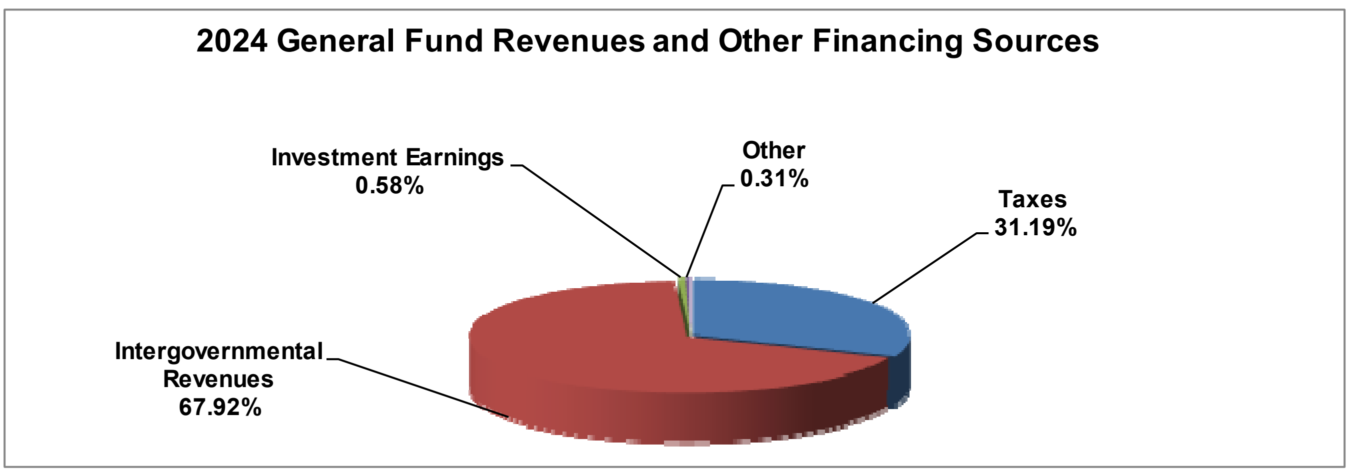
The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of December 31, 2024, the District's governmental funds reported a combined fund balance of $62,760,074 which is an increase of $7,408,941 from the prior year. The following table summarizes the District's total governmental fund balances as of December 31, 2024 and 2023 and the total 2024 change in governmental fund balances.

	2024	2023	$ Change
General fund	$ 34,294,718	$ 21,234,791	$ 13,059,927
Capital projects fund	28,104,079	33,773,330	(5,669,251)
Debt service fund	361,277	343,012	18,265
	$ 62,760,074	$ 55,351,133	$ 7,408,941

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024 fiscal year, the General Fund fund balance was $34,294,718 representing an increase of $13,059,927 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024 fiscal year.

The District's reliance upon state and federal subsidies and grants is demonstrated by the graph below that indicates 67.92% of General Fund revenues are derived from intergovernmental revenues.



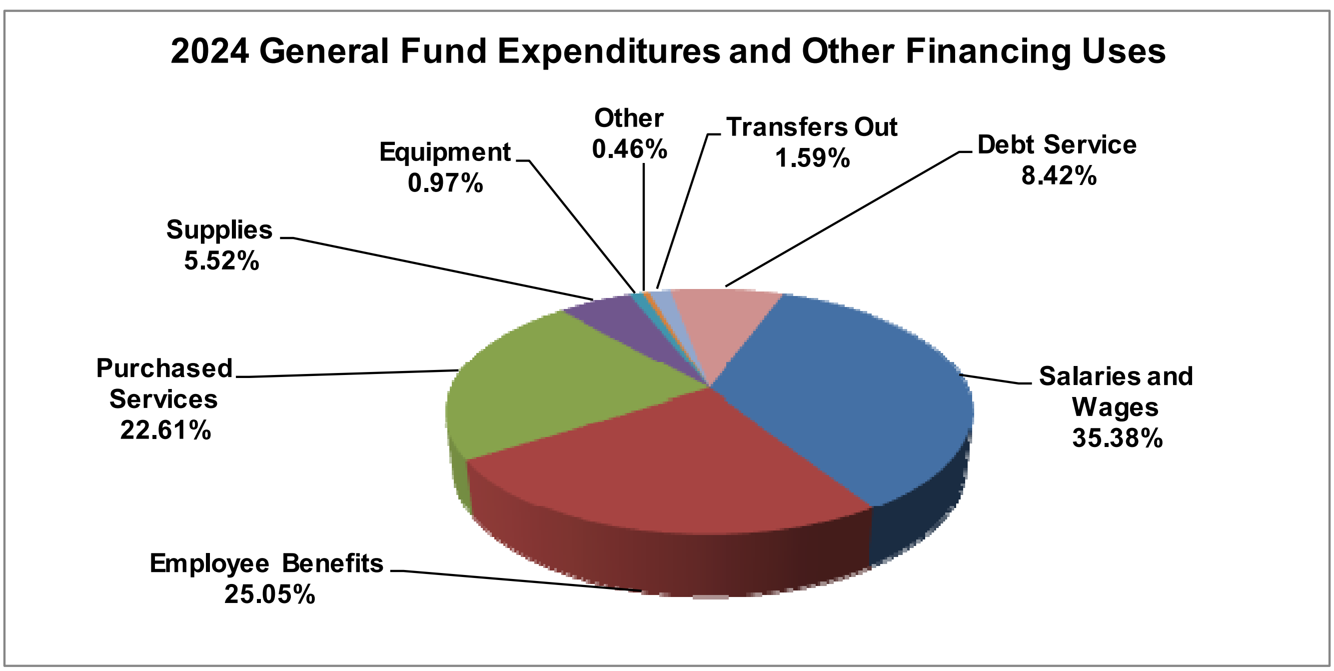
General Fund Revenues and Other Financing Sources

	2024	2023	$ Change	% Change
Taxes revenues	$ 74,167,357	$ 70,538,245	$ 3,629,112	5.14%
Intergovernmental revenues	161,528,266	147,399,620	14,128,646	9.59%
Investment earnings	1,372,298	800,598	571,700	71.41%
Other	739,948	1,123,377	(383,429)	-34.13%
	$ 237,807,869	$ 219,861,840	$ 17,946,029	8.16%

Net tax revenues increased by $3,629,112 or 5.14% primarily due to a $4,164,472 increase in current year and delinquent payroll preparation tax as compared to the prior year. In 2023 the District converted from the levy of a business privilege mercantile tax to a new payroll preparation tax. Previously the business privilege tax was an employer tax based on gross receipts where the payroll tax is an employer tax based on gross payroll. With the conversion and changes in tax collection schedule the District received only 3 quarters of the current year payroll preparation tax in calendar year 2023. The increase can be attributed to a full 4 quarters of collections and prior yar delinquencies received in 2024. This increase was partially offset by a decrease of $908,554 in delinquent real estate taxes as compared to the prior year.

Intergovernmental revenues increased by $14,128,646 or 9.59% primarily due to an increase in the state appropriation for the basic and special education subsidies as well as an increase to the total Ready to Lean Block Grant funding due to the implementation of the Adequacy supplement.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	2024	2023	$ Change	% Change
Salaries and wages	$ 79,552,613	$ 74,813,809	$ 4,738,804	6.33%
Employee benefits	56,296,448	53,779,446	2,517,002	4.68%
Purchased services	50,806,607	52,866,863	(2,060,256)	-3.90%
Supplies	12,407,204	5,742,340	6,664,864	116.07%
Equipment	2,170,074	2,578,728	(408,654)	-15.85%
Other	1,038,616	1,223,412	(184,796)	-15.10%
Debt service	18,912,700	19,042,505	(129,805)	-0.68%
Transfers out	3,563,680	6,930,000	(3,366,320)	-48.58%
	$ 224,747,942	$ 216,977,103	$ 7,770,839	3.58%

Salaries and wages increased by $4,738,804 or 6.33% in 2024 compared to 2023. The primary cause of the increase was negotiated salary increases for the District's bargaining units and administrative associations, including the Scranton Federation of Teachers, SEIU 32BJ Maintenance and Clerical and Administrative Act 93 Association. Additionally, for the 23-24 school year the District implemented restoration of our middle school schedule that was previously altered during Financial Recovery. The restoration resulted in the hiring of approximately 13 professional teaching staff to restore the program.

Employee benefit expenditures increased by $2,517,002 or 4.68% due primarily to increases in FICA and PSERS expenses related to increases in salaries, which was partially offset by a decrease in health insurance costs compared to the prior year.

Purchased services decreased by $2,060,256 or 3.90% in 2024 compared to 2023 primarily related decreases in existing building improvement costs from the prior year that utilized ESSER funding to repair and replace existing roof systems, abatement environmental health concerns and improve HVAC and mechanical systems. The decreases were partially offset by increases in professional services related to special education, contracted transportation services contractual increases and increases in outside tuition costs for students enrolled in charter, cyber and other outside placements.

Supplies increased by 6,664,864 or 116.07% in 2024 compared to 2023 primarily due to increased costs related to District utilizing ESSER funding to replace curriculum, purchase academic improvement and technology related supplies to address learning loss as a result of COVID-19. Funding needed to be obligated and expended prior to December 31, 2024.

Equipment decreased by $408,654 or 15.85% in 2024 compared to 2023 primarily due to the District purchasing in the prior year approximately 3,000 Chromebooks replaced classroom active panels at an estimated cost of $273,629 and utilized approximately $250,000 PCCD grant to upgrade exterior door cameras and access points. These large purchases were not necessary in calendar budget cycle 2024.

Debt service expenditures increased by $129,805 or 0.68% in 2024 as compared to 2023 mainly attributed to the increase in principal and interest related to the district's outstanding general obligation bonds offset by saving related to the refunding of the 2016A and 2016B with the 2024A and 2024B general obligation bonds.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2024, the fund balance in the Capital Projects Fund decreased by $6,986,939 primarily due to repairs and improvements made to the District building as a result of the District's capital improvement plan exceed the amounts issued for the Series C of 2024 general obligation bonds and transfers from the General Fund. The fund balance of $28,104,079 as of December 31, 2024 is restricted for future capital expenditures.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the District's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due. During 2024, the Debt Service Fund balance increased by $18,265. As of December 31, 2024, the fund balance in the Debt Service Fund was $361,277 and is restricted for future debt service expenditures.

GENERAL FUND BUDGET INFORMATION

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on January 1 each year. The most significant budgeted fund is the General Fund.

Total General Fund revenues and other financing sources were $26,237,379 or 12.40% more than budgeted amounts and total General Fund expenditures and other financing uses were $13,177,452 or 5.86% more than budgeted amounts resulting in a net positive variance of $13,059,927. Major budgetary highlights for 2024 were as follows:

- Total local source revenues were $3,759,711 more than budgeted amount primarily due to collections related to current year and delinquent Payroll Preparation tax exceeding budget by $1,887,058. The District also experience a positive variance on earned income and realty transfer taxes that exceeded budget by $1,006,105. The District experienced a greater increase than anticipated at the time of budget development.

- Total state source revenues were $12,197,591 more than the budgeted amount primarily due to a $5,295,139 increase in total Ready to Learn Block Grant funding as a result of Ready to Learn Adequacy Funding. The District also received unbudgeted funding from the Redevelopment Assistance Capital Program (RACP) in the amount of $2,427,219 as well as $862,889 from the Public School Facilities Grant and PCCD Safety and Security grants. Additionally, Basic Education and Special Education subsidy exceeded budget by $1,209,063. Lastly, state share reimbursements for social security and retirement exceeded budget by $1,124,570.

- Total federal source revenues were $10,715,077 more than budgeted primarily due to the District having $12,517,876 remaining ESSER related funding as compared to budget. This increase was offset by decreases in the District's Title Funding.

- Total expenditures related to salary and benefits were more than budget by $1,878,148, which is attributable primarily to expenditures for employee benefit costs were more than budget by $1,586,343 due to increase in costs of healthcare related expenditures that were $1,010,455 over budget. Additional, expenses related to retirement were $1,069,865 over budget. The increases were partially offset by lower costs versus budget related to employer unemployment and worker's compensation related expenses.

- Total expenditures related to purchased services were $8,243,200 more than budgeted. This is primarily attributed to expenditures related to outside tuition which exceeded budget by $4,369,728. This includes students enrolled in outside charter and cyber charter as well as other district placements. Additionally, special education related contracted services exceeded budget by $2,350,107 primarily due to increases in our autistic and emotional support enrollments and the additional services needed to support these students. Lastly, repairs and maintenance funded with ESSER exceeded the original budget by $2,231,343.

- Total expenditures related to supplies and equipment were $1,774,992 more than budgeted. This is primarily attributed to ESSER funded expenditures for supplies, curriculum and technology related expenditures exceeding budget by $4,788,860 which was offset by expenses related to supplies, curriculum and technology funded with the general fund being below budget by $3,013,868.

- Total expenditures related to other objects and other uses of funds exceed budget by a combined $1,256,462. This is primarily attributed to an unbudgeted transfer to the capital reserve fund in the amount of $2,628,719, a transfer of $835,000 to our internal service fund (previously budgeted in 260 – workers compensation.) These were offset by and unused budgetary reserve of $2,945,093.

BUSINESS-TYPE ACTIVITIES

As of December 31, 2024, the business-type activities had a net position of $12,233,714. The net position of the Food Service Fund was $11,940,987 and the net position of the Memorial Stadium Fund was $292,727. During 2024, the net position of the business-type activities increased by $1,047,131. The net position of the Food Service Fund increased by $961,620 and the net position of the Memorial Stadium Fund increased by $85,511.

CAPITAL ASSETS

The District's investment in capital asset for its governmental and business-type activities as of December 31, 2024 amounted to $139,647,887 net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings and improvements, furniture and equipment and textbooks. The total increase in the District's investment in capital assets for the current fiscal year was $11,146,475 or 8.67%. The increase was the result of current year capital additions in excess of depreciation/amortization expense.

Current year capital additions were $23,330,317, depreciation and amortization expense was $12,183,842.

Major capital additions for the current fiscal year included the following:

- Neil Armstrong Elementary School renovations – construction in progress $985,048
- Elevator Replacements – construction in progress $1,259,251
- West Scranton Intermediate School renovations – construction in progress $11,837,532
- Robert Morris Elementary School renovations - construction in progress $4,051,922
- West Scranton High School Tech Ed renovations - construction in progress $982,812

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $226,805,862 consisting of $187,010,000 in bonds payable, $31,860,000 in notes payable, $246,655 in bond discounts, and $8,182,517 in bond premiums. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by $379,710 or 0.17% during the current fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is $449,323,347 which exceeds the District's outstanding general obligation debt as of December 31, 2024.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $207,726,082 as of December 31, 2024. The District's net pension liability increased by $4,378,839 or 2.15% during the fiscal year.

The District reports a liability for its other post-employment benefits ("OPEB") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $24,296,892 as of December 31, 2024. The District's OPEB liability increased by $3,645,730 or 2.15% during the fiscal year.

Other noncurrent liabilities of the District's liabilities for software based information technology agreements, compensated absences, retirement incentives and a collateralized borrowing repayable from pledged delinquent real estate tax revenues, which totaled $12,803,400 as of December 31, 2024. These liabilities decreased by $3,024,073 or 24.88% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- On February 1st, 2019, the District was placed in Financial Recovery Status and is subject to the provisions of Article VI-A of the Public School Code that apply to Moderate Financial Recovery School Districts as defined in section 651-A, 24 P.S. § 6-651-A. This designation required the appointment of a Chief Recovery Officer, appointed February 5th, 2019, who is charged with the developing a financial recovery plan for the District. The financial recovery plan was accepted by the Scranton School District Board of Directors on August 15, 2019. Additionally, on January 10, 2022 the District exited from Financial Recovery Status and entered a five year monitoring phase with the Pennsylvania Department of Education. The appointment of a Chief Recovery Officer and financial recovery plan still remain in effect.

- The District adopted a balanced budget of $225,671,321 for 2025 and $243,103,862 for 2026 both of which included a real estate tax millage rate of 147.8486 for 2025 but was adjusted to 9.5585 as the result of the Lackawanna County reassessment.

- The District Recovery Plan requires the District to increase taxes to the Act 1 limit yearly unless other increases in revenues or decreases in expenses can be identified to ensure a balanced budget. Each spring the District prepares and adopts a preliminary budget with a tax increase necessary to ensure a balanced budget and applies annually for exceptions to the Act 1 Index if required to balance the annual budget. The 2025 and 2026 budgets did not require the levy of a tax increase to the Act 1 Index.

- The 2024-2025 Commonwealth of Pennsylvania budget included a 5.87$4,100,796 increase of for basic education funding and a 11.61% increase of $1,062488 for special education funding above the 2023-2024 levels. The 2025-2026 Commonwealth of Pennsylvania budget included a 1.88% increase of $1,391,749 for basic education funding and a 4.60% increase of $469,806 for special education funding above the 2024-2025 levels. Additionally, the 2024-2025 Commonwealth of Pennsylvania budget include a 117.66% increase or $9,220,847 for ready to learn block grant funding. The increase, as recommended by the Basic Education Funding Commission consisted of $8,427,092 in adequacy supplement and $793,755 in tax equity supplement. The ready to learn block grant again increased in 2025-2026 to by a total of 54.1% or $9,220,379. The 2025 District budget included approximately 62.04% of total revenue provided by the Commonwealth of Pennsylvania, while local sources of revenue, primarily property taxes provide approximately 33.33% of total revenue.

- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to either change their taxing strategies to make up for the shortfall of increases in real estate tax refunds or seek the taxpayers' approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:

    - ♦ That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (6.20% for the Scranton School District for 2024), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.

    - ♦ Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions, special education cost increases) over which the school district has no control.

    - ♦ Gaming revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders. (Act 1 permitted gambling in Pennsylvania.)

- The Scranton School District as required by our Recovery Plan will apply for exceptions to Act 1 annually if required to balance the annual budget.

- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to the Public School Employees' Retirement System ("PSERS"). The 2017 law did not take effect until July of 2019. The law changed the pension plans for all new hires effective July 1, 2019. The new legislation does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. Currently, the employer contribution rate for 2024-2025 is 33.90% and the rate for 2025-2026 has been certified at 34.00%.

- Professional/instructional and paraprofessional employees of the District are represented for purposes of collective bargaining by the Scranton Federation of Teachers ("SFT"), which is affiliated with the American Federation of Teachers ("AFT"). The term of the agreement was September 1, 2017 through August 31, 2023. Additionally, the District and the SFT have agreed to a successor agreement with a term of September 1, 2023 through August 31, 2028.

- Support staff (including custodian and maintenance employees, clerical and secretarial employees, attendance officers, hall monitors and behavioral technicians) are represented for purposes of collective bargaining by the Service Employees International Union Local 32BJ ("SEIU"). The District and the SEIU have negotiated an agreement for the term of January 1, 2021 through December 31, 2023. This agreement was mutually extended until December 31, 2025 and was mutually extended until December 31, 2028.

- Non–represented employees are covered by compensation plan for all Act 93 employees. The compensation plan agreement has a term of January 1, 2018 through December 31, 2022. Additionally, a successor agreement was approved with a term of January 1, 2023 through December 31, 2028.

- The District is partnering with its financial advisor to take advantage of refunding opportunities for its general obligation debt in an effort to restructure its debt, reduce future debt service payment and support capital improvements.

- The District is currently in the process of evaluating its buildings and facilities in an effort to prioritize capital projects in conjunction with the development of a District-wide capital improvement plan.

- As of October 1, 2025, the School District's enrollment was approximately 9,341 students, which is slightly above the prior year of 9,244, The district has recently begun the process of restoring a Pre-K program that was previously eliminated through Financial Recovery. Pre-K enrollment as of October 1, 2025 was 42 students.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant to the Superintendent for Finances and Operations, School District of the City of Scranton, 425 North Washington Avenue, Scranton, PA 18503.

The School District of the City of Scranton
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Totals
Assets			
Current assets			
Cash	$ 78,195,307	$ 11,760,742	$ 89,956,049
Taxes receivable	18,337,826	-	18,337,826
Due from other governments	16,563,395	1,262,968	17,826,363
Other receivables	481,594	64,311	545,905
Internal balances	708,633	(708,633)	-
Inventories	-	82,610	82,610
Total current assets	114,286,755	12,461,998	126,748,753
Noncurrent assets			
Capital assets not being depreciated and amortized	30,720,790	-	30,720,790
Capital assets being depreciated and amortized, net	108,488,659	438,438	108,927,097
Total noncurrent assets	139,209,449	438,438.00	139,647,887
Total assets	253,496,204	12,900,436	266,396,640
Deferred Outflows of Resources			
Deferred outflows related to pension - PSERS	34,127,214	-	34,127,214
Deferred outflows related to OPEB - single employer	4,698,217	-	4,698,217
Deferred outflows related to OPEB - PSERS	1,949,059	-	1,949,059
Total deferred outflows of resources	40,774,490	-	40,774,490
Liabilities			
Current liabilities			
Accounts payable	8,058,830	618,577	8,677,407
Accrued salaries, payroll withholdings and benefits	10,388,425	-	10,388,425
Unearned revenue	14,957,471	48,145	15,005,616
Other liabilities	902,201	-	902,201
Accrued interest payable	793,113	-	793,113
Total current liabilities	35,100,040	666,722	35,766,762
Noncurrent liabilities			
Due within One Year	18,220,233	-	18,220,233
Due in More Than One Year	453,412,003	-	453,412,003
Total noncurrent liabilities	471,632,236	-	471,632,236
Total liabilities	506,732,276	666,722	507,398,998
Deferred Inflows of Resources			
Deferred inflows related to pension - PSERS	3,266,000	-	3,266,000
Deferred inflows related to OPEB - single employer	8,049,031	-	8,049,031
Deferred inflows related to OPEB - PSERS	1,969,000	-	1,969,000
Total deferred inflows of resources	13,284,031	-	13,284,031
Net Position			
Net investment in capital assets	(71,552,297)	438,438	(71,113,859)
Restricted	8,768,164	-	8,768,164
Unrestricted	(162,961,480)	11,795,276	(151,166,204)
Total net position	$ (225,745,613)	$ 12,233,714	$ (213,511,899)

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Activities
Year Ended December 31, 2024

		Program Revenues			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
Governmental activities							
Instruction	$ 148,182,685	$ 36,490	$ 71,234,323	$ -	$ (76,911,872)	$ -	$ (76,911,872)
Instructional student support	11,384,607	-	1,820,603	-	(9,564,004)	-	(9,564,004)
Administrative and financial support services	16,856,939	-	2,161,460	-	(14,695,479)	-	(14,695,479)
Operation and maintenance of plant services	23,120,664	155,220	4,691,429	1,568,236	(16,705,779)	-	(16,705,779)
Pupil transportation	7,118,554	-	1,980,626	-	(5,137,928)	-	(5,137,928)
Student activities	1,607,344	72,467	222,413	-	(1,312,464)	-	(1,312,464)
Community services	110,905	-	23,754	-	(87,151)	-	(87,151)
Interest and amortization expense related to noncurrent liabilities	7,572,138	-	1,156,188	-	(6,415,950)	-	(6,415,950)
Total governmental activities	215,953,836	264,177	83,290,796	1,568,236	(130,830,627)	-	(130,830,627)
Business-type activities							
Food service	6,944,306	132,016	7,615,405	-	-	803,115	803,115
Memorial stadium	19,294	-	-	-	-	(19,294)	(19,294)
Total business-type activities	6,963,600	132,016	7,615,405	-	-	783,821	783,821
Total primary government	$ 222,917,436	$ 396,193	$ 90,906,201	$ 1,568,236	(130,830,627)	783,821	(130,046,806)
General revenues and transfers							
Property taxes levied for general purposes					48,930,608	-	48,930,608
Earned income taxes levied for general purposes					14,663,146	-	14,663,146
Other taxes levied for general purposes					10,573,603	-	10,573,603
Grants and entitlements not restricted to specific programs					77,144,755	-	77,144,755
Investment earnings					2,922,824	163,310	3,086,134
Transfers					(100,000)	100,000	-
Total general revenues and transfers					154,134,936	263,310	154,398,246
Change in net position					23,304,309	1,047,131	24,351,440
Net position							
Beginning of year, as originally reported					(259,273,407)	11,186,583	(248,086,824)
Restatement (See Note 17)					10,223,485	-	10,223,485
Beginning of year, as restated					(249,049,922)	11,186,583	(237,863,339)
End of year					$ (225,745,613)	$ 12,233,714	$ (213,511,899)

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Balance Sheet – Governmental Funds
December 31, 2024

	Major Funds			
	General Fund	Capital Projects Fund	Debt Service Fund	Totals
Assets				
Cash	$ 40,621,980	$ 36,545,249	$ 361,277	$ 77,528,506
Taxes receivable	18,337,826	-	-	18,337,826
Due from other funds	6,483,211	-	-	6,483,211
Due from other governments	16,563,395	-	-	16,563,395
Other receivables	481,594	-	-	481,594
Total assets	$ 82,488,006	$ 36,545,249	$ 361,277	$ 119,394,532
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 5,222,238	$ 2,666,592	$ -	$ 7,888,830
Accrued salaries, payroll withholdings and benefits	10,378,463	-	-	10,378,463
Other liabilities	902,201	-	-	902,201
Unearned revenue	14,957,471	-	-	14,957,471
Due to other funds	-	5,774,578	-	5,774,578
Total liabilities	31,460,373	8,441,170	-	39,901,543
Deferred inflows of resources				
Unavailable revenues - property taxes	16,732,915	-	-	16,732,915
Total deferred inflows of resources	16,732,915	-	-	16,732,915
Fund balances				
Restricted for				
Capital projects	-	28,104,079	-	28,104,079
Debt service	-	-	361,277	361,277
Committed to				
Capital improvements	2,500,000	-	-	2,500,000
Unassigned	31,794,718	-	-	31,794,718
Total fund balances	34,294,718	28,104,079	361,277	62,760,074
Total liabilities, deferred inflows of resources and fund balances	$ 82,488,006	$ 36,545,249	$ 361,277	$ 119,394,532

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities on the Statement of Net Position
December 31, 2024

TOTAL GOVERNMENTAL FUND BALANCES		$ 62,760,074
Amounts reported for governmental activities in the statement of net position are different because:		
Some of the District's revenues will be collected after year-end but are not available soon enough to pay the current year's expenditures and, therefore, are reported as unavailable revenue - property taxes in the governmental funds.		16,732,915
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		139,209,449
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:		
General Obligation Bonds (including bond premium and discount)	$ (226,805,862)	
Compensated Absences	(8,523,437)	
Subscriptions Payable	(244,231)	
Net Pension Liability	(207,726,082)	
Net OPEB Liability	(24,296,892)	
Retirement incentives	(1,420,000)	
Collateralized borrowing	(2,615,732)	(471,632,236)
In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:		
Deferred Outflows - Pension - PSERS	34,127,214	
Deferred Outflows - OPEB - Single employer	4,698,217	
Deferred Outflows - OPEB - PSERS	1,949,059	
Deferred Inflows - Pension - PSERS	(3,266,000)	
Deferred Inflows - OPEB - Single employer	(8,049,031)	
Deferred Inflows - OPEB - PSERS	(1,969,000)	27,490,459
Accrued interest payable on long-term liabilities is included in the statement of net position, but is excluded from the governmental funds balance sheet until due and payable.		(793,113)
The Internal Service Fund is used by management to charge the cost of workers' compensation insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported within the governmental activities		486,839
Total Net Position - Governmental Activities		$ (225,745,613)

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2024

	Major Funds			
	General Fund	Capital Projects Fund	Debt Service Fund	Totals
Revenues				
Local sources	$ 77,033,277	$ 1,490,626	$ 68,686	$ 78,592,589
State sources	132,427,911	-	-	132,427,911
Federal sources	28,346,681	-	-	28,346,681
Total revenues	237,807,869	1,490,626	68,686	239,367,181
Expenditures				
Current				
Instruction	143,443,129	-	-	143,443,129
Support services	53,650,993	-	151,719	53,802,712
Operation of noninstructional services	1,652,016	203,639	250,000	2,105,655
Facilities acquisition, construction and improvement services	3,525,424	20,715,697	-	24,241,121
Debt service				
Principal	9,685,000	-	3,489,404	13,174,404
Interest	9,227,700	-	323,498	9,551,198
Total expenditures	221,184,262	20,919,336	4,214,621	246,318,219
Excess (deficiency) of revenues over expenditures	16,623,607	(19,428,710)	(4,145,935)	(6,951,038)
Other financing sources (uses)				
Issuance of debt	-	10,000,000	-	10,000,000
Issuance of debt - refunding	-	-	8,640,000	8,640,000
Payment of debt - refunding	-	-	(8,420,000)	(8,420,000)
Proceeds from collateralized borrowing	-	-	3,944,200	3,944,200
Bond discounts	-	(186,909)	-	(186,909)
Transfers in	-	2,628,680	-	2,628,680
Transfers out	(3,563,680)	-	-	(3,563,680)
Total other financing sources (uses)	(3,563,680)	12,441,771	4,164,200	13,042,291
Net change in fund balances	13,059,927	(6,986,939)	18,265	6,091,253
Fund balances				
Beginning of year, as originally reported	21,234,791	33,773,330	343,012	55,351,133
Restatement (See Note 17)	-	1,317,688	-	1,317,688
Beginning of year, as restated	21,234,791	35,091,018	343,012	56,668,821
End of year	$ 34,294,718	$ 28,104,079	$ 361,277	$ 62,760,074

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities on the Statement of Activities
Year Ended December 31, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 6,091,253
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Capital outlay expenditures	$ 23,246,884	
Depreciation and amortization expense	(12,106,412)	11,140,472
Governmental funds report the repayment of debt principal and interest when payments are due. In the Statement of Activities, debt principal is eliminated and reported as a reduction in debt in the Statement of Net Position, and interest is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:		
Issuance of General Obligation Bonds	(12,890,000)	
Issuance of Notes Payable	(5,750,000)	
Proceeds from Collateralized Borrowing	(3,944,200)	
Principal payments on General Obligation Bonds	12,475,000	
Principal payments on Notes Payable	5,620,000	
Principal payments on Right-to-use Lease Payable	155,864	
Principal payments on Subscription Payable	535	
Payments on Retirement Incentives	2,148,000	
Payments on Collateralized Borrowing	4,817,872	2,633,071
In governmental funds, OPEB costs are recognized when the health and welfare payments are made, but in the Statement of Activities, OPEB costs are recognized on the accrual basis. The difference between accrual basis OPEB costs and actual health and welfare payments:		508,856
In governmental funds, pension costs costs are recognized when the employer contribution is made, but in the Statement of Activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution		2,237,821
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Net change in General Obligation Bond premium/discount	924,713	
Net Increase in Compensated Absences	(153,998)	
Decrease in Accrued Interest	18,439	789,154
The Internal Service Fund is used by management to charge the cost of health insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.		(96,318)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 23,304,309

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Net Position – Proprietary Fund
December 31, 2024

	Major Fund Food Service	Memorial Stadium Fund	Total	Internal Service Fund
Assets				
Current assets				
Cash	$ 11,448,947	$ 311,795	$ 11,760,742	$ 666,801
Accounts receivable	14,311	50,000	64,311	-
Due from other funds	-	-	-	-
Due from other governments	1,262,968	-	1,262,968	-
Inventories	82,610	-	82,610	-
Total current assets	12,808,836	361,795	13,170,631	666,801
Noncurrent assets				
Capital assets, net	432,717	5,721	438,438	-
Total assets	13,241,553	367,516	13,609,069	666,801
Liabilities				
Accounts payable	616,788	1,789	618,577	170,000
Accrued salaries and benefits	-	-	-	9,962
Unearned revenues	48,145	-	48,145	-
Due to other funds	635,633	73,000	708,633	-
Total liabilities	1,300,566	74,789	1,375,355	179,962
Net Position				
Net investment in capital assets	432,717	5,721	438,438	-
Unrestricted	11,508,270	287,006	11,795,276	486,839
Total net position	$ 11,940,987	$ 292,727	$ 12,233,714	$ 486,839

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
Year Ended December 31, 2024

	Major Fund Food Service	Memorial Stadium Fund	Total	Internal Service Fund
Operating revenues				
Food service revenue	$ 132,016	$ -	$ 132,016	$ -
Total operating revenues	132,016	-	132,016	-
Operating expenses				
Salaries and wages	378,743	-	378,743	442,498
Employee benefits	198,830	-	198,830	213,014
Purchased services	5,529,424	514	5,529,938	301,739
Supplies	763,268	15,393	778,661	-
Depreciation	74,041	3,387	77,428	-
Dues and fees	-	-	-	-
Total operating expenses	6,944,306	19,294	6,963,600	957,251
Operating income (loss)	(6,812,290)	(19,294)	(6,831,584)	(957,251)
Nonoperating revenues				
Earnings on investments	158,505	4,805	163,310	25,933
Local sources	-	-	-	-
State sources	216,349	-	216,349	-
Federal sources	7,399,056	-	7,399,056	-
Total nonoperating revenues	7,773,910	4,805	7,778,715	25,933
Change in net position before transfers	961,620	(14,489)	947,131	(931,318)
Transfers in	-	100,000	100,000	835,000
Change in net position	961,620	85,511	1,047,131	(96,318)
Net position				
Beginning of year	10,979,367	207,216	11,186,583	583,157
End of year	$ 11,940,987	$ 292,727	$ 12,233,714	$ 486,839

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Cash Flows – Proprietary Fund
Year Ended December 31, 2024

	Major Fund Food Service	Memorial Stadium Fund	Total	Internal Service Fund
Operating activities				
Cash received from charges for services	$ 121,573	$ -	$ 121,573	$ -
Cash payments to employees for services	(577,573)	-	(577,573)	-
Cash payments for insurance claims	-	-	-	(667,965)
Cash payments to supplies for goods and services	(6,324,535)	(14,118)	(6,338,653)	(131,739)
Net cash used in operating activities	(6,780,535)	(14,118)	(6,794,653)	(799,704)
Noncapital financing activities				
Contributions	-	-	-	-
State sources	218,232	-	218,232	-
Federal sources	9,118,031	-	9,118,031	-
Transfers in	-	100,000	100,000	835,000
Net cash provided by noncapital financing activities	9,336,263	100,000	9,436,263	835,000
Capital and related financing activities				
Acquisition of capital assets	(83,432)	-	(83,432)	-
Investing activities				
Earnings on investments	158,505	4,807	163,312	25,933
Net change in cash	2,630,801	90,689	2,721,490	61,229
Cash				
Beginning of year	8,818,146	221,106	9,039,252	605,572
End of year	$ 11,448,947	$ 311,795	$ 11,760,742	$ 666,801
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$ (6,812,290)	$ (19,294)	$ (6,831,584)	$ (957,251)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	74,041	3,388	77,429	-
Donated commodities used	451,739	-	451,739	-
(Increase) decrease in				
Accounts receivable	(10,443)	-	(10,443)	-
Inventories	5,493	-	5,493	-
Increase (decrease) in				
Accounts payable	(502,973)	1,788	(501,185)	170,000
Accrued salaries and benefits	-	-	-	(12,453)
Unearned revenue	13,898	-	13,898	-
Net cash used in operating activities	$ (6,780,535)	$ (14,118)	$ (6,794,653)	$ (799,704)
Supplemental disclosure				
Noncash noncapital financing activity				
USDA donated commodities	$ 451,739	$ -	$ 451,739	$ -

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Net Position – Fiduciary Funds
December 31, 2024

	Private-Purpose Trust	Custodial Fund
Assets		
Cash	$ 101	$ 486,345
Net position		
Net position held in trust for scholarships	101	-
Restricted for student activities	-	486,345
Total net position	101	486,345
Total liabilities and net position	$ 101	$ 486,345

See accompanying Notes to Financial Statements.

The School District of the City of Scranton
Statement of Changes in Net Position – Fiduciary Funds
Year Ended December 31, 2024

	Private-Purpose Trust	Custodial Fund
Additions		
Receipts from student groups	$ -	$ 354,244
Investment earnings	3	968
Total additions	3	355,212
Deductions		
Student activity disbursements	-	336,138
Scholarships/awards and fees paid	-	-
Total deductions	-	336,138
Change in net position	3	19,074
Net position		
Beginning of year	98	467,271
End of year	$ 101	$ 486,345

See accompanying Notes to Financial Statements.

1. ORGANIZATION AND PURPOSE

The School District of the City of Scranton (the "District") operates ten elementary schools, three intermediate schools, two high schools and two alternative education schools for all grades to provide education and related services to the residents of City of Scranton. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the "School Board").

On February 5, 2019, the District was declared to be in a state of moderate distress under the Commonwealth of Pennsylvania’s Act 141 of 2012. This designation required the appointment of a Chief Recovery Officer who was charged with developing a financial and academic recovery plan for the District. The Chief Recovery Officer with the assistance of a financial consultant prepared a ("Recovery Plan") for the District dated July 25, 2019. The Recovery Plan was approved by the District's Board of Directors in August 2019. In January 2022, the District’s designation of being in a state of moderate distress was removed and entered into a five year monitoring phase with the Pennsylvania Department of Education. The appointment of a Chief Recover Officer and financial recovery plan remain in place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of net position presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

The District also reports the following nonmajor governmental fund:

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

Revenue Recognition

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

Expenditure Recognition

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

Proprietary Funds

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

The Food Service Fund (a major fund) accounts for the revenues and costs of providing meals to students during the school year.

The Memorial Stadium Fund was established to account for advertising agreements and other charges for services (e.g. concessions) at the Scranton High School’s Memorial Stadium that is to be used for future capital projects at Memorial Stadium.

The Internal Service Fund is used to account for the District’s self-funded workers’ compensation program.

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

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District's own programs. The District has one custodial consisting of funds held on behalf of the students.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

Interfund Receivables and Payables

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

Property Taxes

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

Discount period		
January 1 – February 28	-	2.50% of gross levy
March 1 – April 30	-	2.00% of gross levy
Face period		
May 1 – June 30	-	Face period
Penalty period		
July 1 – August 31	-	5.00% of gross levy
September 1 – October 31	-	7.50% of gross levy
November 1 – December 31	-	10.00% of gross levy

The County Board of Assessments determines assessed valuations of property, and the taxes are billed and collected by the Scranton Single Tax Office. The tax on real estate for public school purposes for 2024 was 147.8486 mills ($147.8486 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Pledged Taxes Receivable

The District has entered into an agreement with the Northwest Pennsylvania Incubator Association ("NPIA") under which the District relinquishes to NPIA delinquent property tax revenues. The District received from NPIA a lump sum payment in exchange for the rights to receive and retain future delinquent property tax revenues.

Inventories

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $4,000 and an estimated life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 20-50 years, furniture and equipment – 5-20 years and textbooks – 7 years.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended December 31, 2024.

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, personal and sick leave.

The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. The District’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment. Vacation days are accrued for the current fiscal on July 1 annually, or upon hire in the case of new employees; however, those vacation days shall continue to be earned monthly.. The policy also permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Long-Term Obligations

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

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

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Pension

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

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

Other Postemployment Benefits (OPEB)

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

PSERS OPEB Plan

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

District OPEB Plan

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

Deferred Outflows for Pension and OPEB

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

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows for Pension and OPEB

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

Deferred inflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Fund Equity

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

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

2. SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Superintendent or Business Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

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

Unassigned

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

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

Use of Estimates

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

Adoption of New Accounting Standards

GASB Statement No. 101 Compensated Absences

In June 2022, the GASB issued GASB Statement No. 101 *Compensated Absences*. This implementation updates the recognition and measurement guidance for compensated absences and resulted in an adjustment to the liability for compensated absences for leave that has not been used but is attributable to services already rendered, accumulates, and is more likely than not to be used or paid and leave that has been used but not yet paid or settled. The District adopted the requirements of the guidance effective January 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. See note 17 for the impact of the implementation of this standard.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

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

The deadline for the District to adopt the final General Fund budget is December 31. After the legal adoption of the budget, the District is required to file a copy of the budget with the Pennsylvania Department of Education no later than 15 days after final adoption. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee.

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

4. DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2024, the carrying amount of the District's deposits was $90,442,495 and the bank balance was $92,380,056. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $1,055,082 was covered by federal depository insurance, and $87,276,911 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like money market mutual funds in that its objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization and is subject to independent annual audit. As of December 31, 2024, PLGIT was rated as AAA by a nationally recognized statistical rating agency.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Governmental activities				
Capital assets not being depreciated/amortized				
Land	$ 4,209,661	$ -	$ -	$ 4,209,661
Construction in progress	35,217,204	22,029,763	30,735,838	26,511,129
Total capital assets not being depreciated/amortized	39,426,865	22,029,763	30,735,838	30,720,790
Capital assets being depreciated/amortized				
Buildings and improvements	187,786,246	30,134,578	-	217,920,824
Right-to-use leased equipment	104,719	-	104,719	-
Right-to-use subscription assets	621,620	-	-	621,620
Furniture and equipment	33,354,423	1,818,381	-	35,172,804
Textbooks	2,348,753	-	-	2,348,753
Total capital assets being depreciated/amortized	224,215,761	31,952,959	104,719	256,064,001
Less accumulated depreciation/amortization for				
Buildings and improvements	(105,292,068)	(6,698,135)	-	(111,990,203)
Right-to-use leased equipment	(104,198)	(521)	(104,719)	-
Right-to-use subscription assets	(77,993)	(207,207)	-	(285,200)
Furniture and equipment	(27,813,866)	(5,185,125)	-	(32,998,991)
Textbooks	(2,285,524)	(15,424)	-	(2,300,948)
Total accumulated depreciation/amortization	(135,573,649)	(12,106,412)	(104,719)	(147,575,342)
Total capital assets being depreciated/amortized, net	88,642,112	19,846,547	-	108,488,659
Governmental activities, net	$ 128,068,977	$ 41,876,310	$ 30,735,838	$ 139,209,449
Business-type activities				
Furniture and equipment	$ 1,848,429	$ 83,433	$ -	$ 1,931,862
Less: Accumulated depreciation	(1,415,994)	(77,430)	-	(1,493,424)
Business-type activities, net	$ 432,435	$ 6,003	$ -	$ 438,438

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

Governmental activities	
Instruction	$ 8,000,956
Instructional student support	621,811
Administrative and financial support services	844,173
Operation and maintenance of plan services	2,552,503
Student activities	86,969
Total depreciation expense - governmental activities	$ 12,106,412
Business-type activities	
Food service	$ 77,430

As of December 31, 2024, the District had outstanding construction commitments totaling $13,376,513 for various renovations to District buildings and facilities.

6. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2024 is as follows:

Receivable To	Amount	Payable From	Amount
General fund	$ 73,000	Memorial stadium fund	$ 73,000
General fund	635,633	Food service fund	635,633
Capital projects fund	5,774,578	Capital projects fund	5,774,578
	$ 6,483,211		$ 6,483,211

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

A summary of interfund transfers for the year ended December 31, 2024 is as follows:

Transfers In	Amount	Transfers Out	Amount
Capital projects fund	$ 2,628,680	General fund	$ 2,628,680
Memorial stadium fund	100,000	General fund	100,000
Internal service fund	835,000	General fund	835,000
	$ 3,563,680		$ 3,563,680

Transfers from the General Fund represent transfer to the Capital Projects Fund was to subsidize renovations, transfer to the Memorial Stadium Fund was to transfer naming rights revenue and transfer to the Internal Service Fund to subsidize costs associated with workers' compensation premiums and claims.

7. NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2024:

	Balance January 1, 2024 *	Additions	Deletions	Balance December 31, 2024	Due Within One Year
Governmental activities					
General obligation debt					
Bonds payable	$ 186,595,000	12,890,000	12,475,000	$ 187,010,000	$ 10,090,000
Notes payable	31,730,000	5,750,000	5,620,000	31,860,000	15,000
Bond discounts	(64,642)	(186,909)	(4,896)	(246,655)	-
Bond premiums	8,925,217	-	742,700	8,182,517	-
Total general obligation debt	227,185,575	18,453,091	18,832,804	226,805,862	10,105,000
Other noncurrent liabilities					
Compensated absences **	8,369,439	153,998	-	8,523,437	3,280,452
Subscriptions payable	400,095	-	155,864	244,231	202,961
Leases payable	535	-	535	-	-
Net pension liability - PSERS	203,347,243	4,378,839	-	207,726,082	-
OPEB liability	12,390,236	3,659,048	552,970	15,496,314	806,088
Net OPEB liability - PSERS	8,260,926	539,652	-	8,800,578	-
Retirement incentives	3,568,000	-	2,148,000	1,420,000	1,210,000
Collateralized borrowing	3,489,404	3,944,200	4,817,872	2,615,732	2,615,732
Total other noncurrent liabilities	239,825,878	12,675,737	7,675,241	244,826,374	8,115,233
Total governmental activities	$ 467,011,453	$ 31,128,828	$ 26,508,045	$ 471,632,236	$ 18,220,233

* Amounts have been adjusted due to the restatement of beginning net position, see Note 17.
** The change in the compensated absences is presented as a net change.

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund.

8. GENERAL OBLIGATION DEBT

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

General obligation debt outstanding as of December 31, 2024 consisted of the following:

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General obligation bonds				
Series of 2015B	2.00% - 4.00%	$ 14,985,000	06/15/2031	$ 7,090,000
Series of 2015	0.45% - 4.00%	24,865,000	04/01/2032	
Series of 2017A	3.00% - 5.00%	29,105,000	06/01/2025	3,925,000
Series of 2017B	3.00% - 5.00%	7,510,000	06/01/2025	1,010,000
Series of 2017C	2.00% - 5.00%	2,675,000	06/01/2031	745,000
Series of 2017E	2.00% - 5.00%	58,435,000	12/01/2037	58,400,000
Series of 2018A	2.25% - 5.00%	9,525,000	06/31/2037	9,465,000
Series of 2019	2.37% - 3.15%	19,005,000	04/01/2031	13,020,000
Series of 2020	2.00% - 4.00%	28,330,000	12/01/2045	28,110,000
Series of 2022	3.25% - 4.25%	10,000,000	12/01/2040	9,990,000
Series of 2023	4.17% - 5.00%	46,550,000	12/01/2045	42,365,000
Series of 2024B	5.42% - 5.65%	2,890,000	6/15/2034	2,890,000
Series of 2024C	3.25% - 4.13%	10,000,000	12/31/2049	10,000,000
Total general obligation bonds				187,010,000
General obligation notes				
Series of 2015A	1.00% - 3.80%	6,565,000	06/15/2034	4,395,000
Series of 2017D	2.00% - 5.00%	21,795,000	06/01/2037	21,715,000
Series of 2024A	5.42% - 5.65%	5,750,000	6/15/2034	5,750,000
Total general obligation notes				31,860,000
Total general obligation debt				$ 218,870,000

The debt service requirements for the general obligation debt is as follows:

Year Ending December 31,	Principal	Interest	Total
2025	$ 10,105,000	9,625,330	19,730,330
2026	9,805,000	9,680,074	19,485,074
2027	10,210,000	9,300,400	19,510,400
2028	10,635,000	8,918,130	19,553,130
2029	11,075,000	8,515,513	19,590,513
2030-2034	63,055,000	38,128,075	101,183,075
2035-2039	58,725,000	17,420,806	76,145,806
2040-2044	34,470,000	9,705,113	44,175,113
2045-2049	10,790,000	4,743,756	15,533,756
	218,870,000	116,037,197	334,907,197

8. GENERAL OBLIGATION DEBT (Continued)

General Obligation Bonds, Series of 2024A

In June 2024, the District issued $5,750,000 of general obligation bonds, Series of 2024A, to be used (1) to currently refund the School District's outstanding Federally Taxable General Obligation Notes, Series A of 2016 (the "2016A Notes"); and (2) to pay the costs of issuing the 2024A Bonds.

General Obligation Notes, Series of 2024B

In June 2024, the District issued $2,890,000 of general obligation notes, Series of 2024B, to be used (1) to currently refund the School District's outstanding Federally Taxable General Obligation Bonds, Series B of 2016 (the "2016B Bonds" and together with the 2016A Notes, the "Refunded Bonds"); and (2) to pay the costs of issuing the 2024B Notes.

General Obligation Bonds, Series of 2024C

In December 2024, the District issued $10,000,000 of general obligation bonds, Series of 2024C, to be used (1) to fund various capital projects of the School District; and (2) to pay for the costs of issuance of the Bonds.

9. COLLATERALIZED BORROWING

The District has pledged future delinquent real estate tax revenues to repay the collateralized borrowing, proceeds of which were deposited into the General Fund. The collateralized borrowing is repayable from the pledged revenues through January 1, 2024. Interest is payable monthly at a variable rate equal to the prime rate but in no event less than 5.00% nor greater than 8.00%. Principal is paid quarterly on July 1, October 1, January 1 and April 1 through the maturity date in an amount equal to collections of pledged revenues since the prior principal payment date less amounts paid as interest during the period. As additional security for its collateralized borrowing, the District is required to maintain a loan reserve with a bank which is adjusted annually.

Future pledged revenues collections are estimated to be adequate to redeem the collateralized borrowing. In the event that they are not, the District is obligated to pay the deficiency thirty days prior to the maturity date.

The District intends that additional funds will be drawn against the collateralized borrowing each year, at the lien date for unpaid real estate taxes.

10. SUBSCRIPTION PAYABLE

The District has entered into subscription agreements for educational software. Initial subscription liabilities were recorded in the amount of $621,620. As of December 31, 2024, the value of the subscription liabilities is $244,231. The subscriptions have 5.00% interest rates and estimated useful lives were 3 to 4 years as of their contract commencements. The value of the intangible right-to-use subscription assets as of December 31, 2024 is $621,620, net of accumulated amortization of $285,200, and is included with noncurrent assets on the statement of net position. Future minimum lease payments under these leases are as follows:

Year Ending December 31,	Principal	Interest	Total
2025	202,961	12,212	215,173
2026	41,270	2,063	43,333
	$ 244,231	$ 14,275	$ 258,506

11. OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at December 31, 2024:

Active plan members	1,157
Inactive plan members entitled to but not yet receiving benefits	-
Inactive plan members or beneficiaries currently receiving benefits	811
	1,968

Funding Policy

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

OPEB Liability

The District's OPEB liability has been measured as of December 31, 2024. The total OPEB liability was determined by an actuarial valuation as of January 1, 2024. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The total OPEB liability is $15,496,314, all of which is unfunded. As of December 31, 2024, the OPEB liability of $15,496,314 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The District's change in its OPEB liability for the year ended December 31, 2024 was as follows:

Balances as of January 1, 2024	$ 12,390,236
Changes for the year:	
Service cost	472,277
Interest on total OPEB liability	541,464
Changes of Benefit Terms	250,749
Differences between expected and actual experience	1,371,893
Changes in assumptions	1,022,665
Benefit payments	(552,970)
Net changes	3,106,078
Balances as of December 31, 2024	$ 15,496,314

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

For the year ended December 31, 2024, the District recognized net OPEB expense of $551,063. At December 31, 2024, the District had deferred inflows of resources and deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,200,406	$ 3,391,161
Changes of assumptions	2,691,723	4,657,870
Contributions subsequent to the measurement date	806,088	-
	$ 4,698,217	$ 8,049,031

$806,088 reported in deferred outflows of resources resulting from the District’s benefit payments subsequent to the measurement date will be recognized as a reduction in next year’s total OPEB liability. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for years ending December 31:

Year Ended December 31,	
2025	(713,427)
2026	(713,427)
2027	(713,427)
2028	(813,856)
2029	(1,187,757)
Thereafter	(15,008)
	$ (4,156,902)

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The following presents the OPEB liability for December 31, 2024, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
OPEB liability	$ 14,577,822	$ 15,496,314	$ 16,566,399

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the District calculated using the discount rate of 4.00%, as well as what the net OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (4.00%) or 1 percentage point higher (4.00%) than the current rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
OPEB liability	$ 17,242,564	$ 15,496,314	$ 14,003,788

Actuarial Methods and Significant Assumptions

The OPEB liability as of December 31, 2024, was determined by rolling forward the OPEB liability as of January 1, 2024 to December 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 4.00% – S&P Municipal Bond 20-Year High Grade Rate Index. The discount rate changed from 4.31% to 4.00%.
- Salary growth – salary increases are composed of 2.50% cost of living adjustment, 1.50% for real wage growth and for teachers and administration a merit increase which varies by age from 2.75% to 0.00%.
- Assumed healthcare cost trends – 7.00% in 2024 with 0.50% decrease per year until 5.50% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.0% in 2075 and later.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of December 31, 2024, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the period January 1, 2024 to June 30, 2024 was 0.75% and July 1, 2024 to December 31, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $453,635.

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

At December 31, 2024, the District reported a liability of $8,800,578 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.4954 percent, which was an increase of 0.0388 percent from its proportion measured as of June 30, 2023. As of December 31, 2024, the OPEB liability of $8,800,578 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

For the year ended December 31, 2024, the District recognized a net OPEB expense of $258,000. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	$ 33,000	$ 132,000
Changes of assumptions	536,000	1,344,000
Net difference between projected and actual investment earnings	10,000	-
Changes in proportions	1,140,000	493,000
Contributions subsequent to the measurement date	230,059	-
	$ 1,949,059	$ 1,969,000

$230,059 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for years ending December 31:

Year Ended December 31,	
2025	$ (202,000)
2026	(121,000)
2027	(132,000)
2028	103,000
2029	102,000
	$ (250,000)

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

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

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 4.21% - Standard & Poor's 20-year municipal bond rate
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale

Participation rate:

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for plan fiscal year 2024.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

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

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

Discount Rate

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

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

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

The following presents the net OPEB liability for December 31, 2024, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 8,799,800	$ 8,800,578	$ 8,801,207

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	$ 9,941,979	$ 8,800,578	$ 7,844,709

OPEB Plan Fiduciary Net Position

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

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

Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

12. PENSION PLAN (Continued)

Benefits are generally equal to 1.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member’s right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (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.

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	**Continuous Employment Since**	**Defined Benefit (DB) Contribution Rate**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

12. PENSION PLAN (Continued)

Employer Contributions

The District's contractually required contribution rate for the period January 1, 2024 to June 30, 2024 was 33.09% and July 1, 2024 to December 31, 2024 was 32.96% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $23,789,768.

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

At December 31, 2024, the District reported a liability of $207,726,082 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.4963 percent, which was an increase of 0.0392 percent from its proportion measured as of June 30, 2023. As of December 31, 2024, the net pension liability of $207,726,082 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

For the year ended December 31, 2024, the District recognized net pension expense of $24,552,000. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	$ -	$ 3,266,000
Net difference between projected and actual investment earnings	3,439,000	-
Changes in proportions	18,458,000	-
Contributions subsequent to the measurement date	12,230,214	-
	$ 34,127,214	$ 3,266,000

$12,230,214 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. 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 December 31,	
2025	$ 3,857,000
2026	10,325,000
2027	5,146,000
2028	(697,000)
	$ 18,631,000

12. PENSION PLAN (Continued)

Actuarial Assumptions

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

- Valuation date – June 30, 2023
- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.75%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

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

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

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

12. PENSION PLAN (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.00%	4.80%
Private equity	12.00%	6.70%
Fixed income	33.50%	3.90%
Commodities	5.00%	2.50%
Infrastructure/MLPs	10.00%	6.40%
Real estate	9.50%	5.90%
	100.00%	

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 273,638,578	$ 207,726,082	$ 152,067,645

Pension Plan Fiduciary Net Position

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

13. RETIREMENT INCENTIVES

Eligible employees of the District are entitled to receive a retirement incentive in accordance with a collective bargaining agreement. The incentive for teachers with 20 years of service within PSERS is $10,000 per year for seven years to be paid beginning in March following the year of retirement. Teachers who have attained an age of 62 with 10 to 20 years of service within PSERS is $2,000 per year for five years. The same incentive is offered to District Administrators covered by an ACT 93 agreement. The incentive for paraprofessional with 15 years of service is a single lump sum payment of $6,000 to be paid beginning in March following the year of retirement. The incentive for maintenance and clerical employees is as follows, $6,500 per year for three years and co-pay health insurance with 30 years of service, $6,500 for three years no health insurance with 20 years of service and $2,000 for three years no health insurance with 10 years of service. At certain times beginning in 2015 the District had entered into Memorandum of Understanding enhancing the benefit to encourage retirements. The incentives varied depending on the bargaining unit however the largest incentive is $15,000 per year for 10 years for teachers and administrators. As of December 31, 2024, this liability is recorded in the accompanying governmental activities on the governmental-wide statement of net position and totaled $1,420,000.

14. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Career Technology Center of Lackawanna County
The District and seven other Lackawanna County school districts participate in the Career Technology Center of Lackawanna County (the "CTCLC"). The CTCLC provides vocational-technical training and education to students of the participating school districts. The CTCLC is controlled by a Joint Operating Committee (the "JOC") comprised of representative School Board members of the participating school districts. District oversight of the CTCLC operations is the responsibility of the JOC. The District’s share of operating costs for the CTCLC fluctuates based on the District’s percentage of enrollment. During 2024, the District's share of operating costs was $2,037,177. The CTCLC prepares financial statements that are available to the public from their administrative offices located at 3201 Rockwell Avenue, Scranton, PA 18508.

Scranton Single Tax Office
The District and the City of Scranton share the payroll and benefit costs of the Scranton Single Tax Office (the "Office") which collects current real estate, local services and business privilege/mercantile taxes for the District, the City of Scranton, and Lackawanna County. The Office’s management is appointed by the District and City and has decision making authority and the ability to significantly influence operations and primary accountability for fiscal matters. During 2024, the District’s share of payroll and benefit cost was $663,299. The Office prepares financial statements that are available to the public from their administrative offices located at 123 Wyoming Avenue, Scranton, PA 18503.

Northeastern Educational Intermediate Unit
The District and 19 other school districts from Lackawanna, Wayne and Susquehanna counties are participating members of the Northeastern Educational Intermediate Unit (the "NEIU"). The NEIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the NEIU but the participating districts have no ongoing fiduciary interest or responsibility to the NEIU. The NEIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and state and federal liaison services. During 2024, the District contracted with the NEIU for services which totaled $870,499.

15. CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

16. RISK MANAGEMENT

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

The District administers a self-insurance program to provide health insurance, workers compensation, unemployment and related expenses for eligible employees, spouses and their dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a liability for claims incurred through December 31, 2024 and are typically satisfied shortly after year end as a current liability and recorded as a liability on the modified accrual fund statements in the General Fund and Internal Service Fund.

The following table present the components of the self-insurance benefit obligation and the related changes in the benefit obligation at December 31, 2024 and 2023:

	2024		
	Health Insurance	Workers' Compensation	Total
Insurance claims liability - beginning of year	$ 1,945,394	$ 22,415	$ 1,967,809
Current year insurance claims and changes in estimates	23,837,770	957,251	24,795,021
Insurance claims paid	(24,928,855)	(799,704)	(25,728,559)
Insurance claims liability - end of year	$ 854,309	$ 179,962	$ 1,034,271

16. RISK MANAGEMENT (Continued)

	2023		
	Health Insurance	Workers' Compensation	Total
Insurance claims liability - beginning of year	$ 2,329,769	$ 13,803	$ 2,343,572
Current year insurance claims and changes in estimates	23,462,664	641,004	24,103,668
Insurance claims paid	(23,847,039)	(632,392)	(24,479,431)
Insurance claims liability - end of year	$ 1,945,394	$ 22,415	$ 1,967,809

17. RESTATEMENT OF BEGINNING NET POSITION

Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of January 1, 2024 was understated by $2,279,770 in the governmental activities. The effect of the implementation of this standard is shown in column A of the table below.

Correction of an Error on Previously Issued Financial Statements

During fiscal year 2024, it was noted that two bond premium amounts were not recorded and further that all bond premiums were being amortized under a straight-line method instead of the effective interest rate method which neither was in accordance with U.S. GAAP. As a result noncurrent liabilities as of January 1, 2024 was understated by $4,670,906. It was also noted that compensated absences for sick leave was recorded at employees' current pay rates despite payouts being at prescribed rates that were less than employees' current pay rates. As a result noncurrent liabilities as of January 1, 2024 were overstated by $15,856,473. It was also noted the accounts payable related to the Capital Outlay major fund was not reconciled and beginning balance as of January 1, 2024 was overstated by $1,317,688. The effects of these errors is shown in column B of the table below.

	January 1, 2024 As previously Reported	(A) Change in Accounting Principle	(B) Correction of an Error on Previously Issued Financial Statements	January 1, 2024 As Adjusted or Restated
Government-Wide				
Governmental Activities	$ (259,273,407)	$ (2,279,770)	$ 12,503,255	$ (249,049,922)
Governmental Funds				
Capital Outlay Fund	$ 33,773,330	$ -	$ 1,317,688	$ 35,091,018

18. SUBSEQUENT EVENTS

On March 20, 2025, the District issued general obligation bonds, Series 2025, in the amount of $17,580,000. Proceeds were used to fund various capital projects of the District and to pay the costs of issuing the bonds. The bonds were issued with interest rates between 3.375% and 4.25% and mature beginning in June 1, 2025 with a final maturity of June 1, 2050.

On November 13, 2025, the District issued general obligation bonds, Series A of 2025, in the amounts of $21,360,000. Proceeds were used to currently refund general obligation bonds, Series of 2017C, general obligation notes, Series of 2017D, and to pay the costs of issuing the bonds. The bonds were issued with interest rates of 5.0% and mature beginning in December 1, 2025 with a final maturity of June 1, 2037.

REQUIRED SUPPLEMENTARY INFORMATION

The School District of the City of Scranton
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	$ 75,453,566	$ 73,273,566	$ 77,033,277	$ 3,759,711
State sources	120,230,320	120,230,320	132,427,911	12,197,591
Federal sources	15,451,604	17,631,604	28,346,681	10,715,077
Total revenues	211,135,490	211,135,490	237,807,869	26,672,379
Expenditures				
Instruction				
Regular programs	96,953,300	96,953,299	98,995,890	(2,042,591)
Special programs	32,108,115	32,058,115	41,360,869	(9,302,754)
Vocational education	2,185,205	2,185,205	2,047,675	137,530
Other instructional programs	452,681	452,681	627,128	(174,447)
Nonpublic school programs	437,673	437,673	407,011	30,662
Pre-kindergarten programs	-	-	4,556	(4,556)
Total instruction	132,136,974	132,086,973	143,443,129	(11,356,156)
Support services				
Pupil personnel services	5,611,995	5,611,995	6,013,249	(401,254)
Instructional staff services	2,265,675	2,315,674	2,594,320	(278,646)
Administrative services	8,888,765	9,023,765	9,455,275	(431,510)
Pupil health	2,478,740	2,478,740	2,561,530	(82,790)
Business services	1,484,774	1,484,774	1,776,933	(292,159)
Operation and maintenance of plant services	17,420,087	18,095,307	19,921,435	(1,826,128)
Student transportation services	7,265,663	7,265,663	7,125,688	139,975
Support services - central	6,257,586	6,257,589	4,134,970	2,122,619
Other support services	62,966	62,966	67,593	(4,627)
Total support services	51,736,251	52,596,473	53,650,993	(1,054,520)
Operation of noninstructional services				
Student activities	1,639,125	1,639,123	1,536,649	102,474
Community services	228,668	228,668	115,367	113,301
Total operation of noninstructional services	1,867,793	1,867,791	1,652,016	215,775
Facilities acquisition, construction and improvement services	3,200,000	3,200,000	3,525,424	(325,424)
Debt service	19,009,157	18,874,157	18,912,700	(38,543)
Total expenditures	207,950,175	208,625,394	221,184,262	(12,558,868)
Excess (deficiency) of revenues over expenditures	3,185,315	2,510,096	16,623,607	14,113,511
Other financing sources (uses)				
Transfers in	435,000	435,000	-	(435,000)
Transfers out	-	-	(3,563,680)	(3,563,680)
Budgetary reserve	(3,620,315)	(2,945,096)	-	2,945,096
Total other financing sources (uses)	(3,185,315)	(2,510,096)	(3,563,680)	(1,053,584)
Net change in fund balance	$ -	$ -	$ 13,059,927	$ 13,059,927
Fund balance				
Beginning of year			21,234,791	
End of year			$ 34,294,718	

The School District of the City of Scranton
Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS
Last Ten Years

	Measurement Date*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.4963%	0.4571%	0.4514%	0.4123%	0.4478%	0.4558%	0.4958%	0.5238%	0.5316%	0.5245%
District's proportionate share of the net pension liability	$ 207,726,082	$ 203,347,243	$ 200,686,671	$ 169,276,898	$ 220,492,314	$ 213,235,127	$ 238,009,000	$ 258,696,000	$ 263,444,000	$ 227,189,000
District's covered payroll	$ 72,039,910	$ 67,959,317	$ 66,366,747	$ 58,354,311	$ 62,807,048	$ 62,860,310	$ 66,772,877	$ 69,731,951	$ 68,843,258	$ 67,489,351
District's proportionate share of the net pension liability as a percentage of its covered payroll	288.35%	299.22%	302.39%	290.08%	351.06%	339.22%	356.45%	370.99%	382.67%	336.63%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

* Measured as of June 30

The School District of the City of Scranton
Schedule of the District's Pension Plan Contributions - PSERS
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 23,789,768	$ 22,956,702	$ 22,501,022	$ 19,593,814	$ 20,791,044	$ 20,411,800	$ 21,038,000	$ 20,035,000	$ 16,913,000	$ 13,543,000
Contributions in relation to the contractually required contribution	$ 23,789,768	$ 22,956,702	$ 22,501,022	$ 19,593,814	$ 20,791,044	$ 20,411,800	$ 21,038,000	$ 20,035,000	$ 16,913,000	$ 13,543,000
Contribution deficiency (excess)		-	-	-	-	-	-	-	-	-
District's covered payroll	$ 72,039,910	$ 67,959,317	$ 66,366,747	$ 58,354,311	$ 62,807,048	$ 62,860,310	$ 66,772,877	$ 69,731,951	$ 68,843,258	$ 67,489,351
Contributions as a percentage of covered payroll	33.02%	33.78%	33.90%	33.58%	33.10%	32.47%	31.51%	28.73%	24.57%	20.07%

The School District of the City of Scranton
Schedule of Changes in OPEB Liability – Single Employer Plan
Last Ten Years

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	$ 472,277	$ 759,719	$ 1,028,079	$ 759,491	$ 665,948
Interest on total OPEB liability	541,464	387,033	460,501	664,713	703,425
Changes of Benefit Terms	250,749	-	-	-	-
Differences between expected and actual experience	1,371,893	-	(5,425,857)	-	-
Change of assumptions	1,022,665	(4,909,175)	(1,561,583)	2,991,229	803,408
Benefit payments	(552,970)	(630,748)	(1,199,657)	(1,230,625)	(1,166,470)
Net change in total OPEB liability	3,106,078	(4,393,171)	(6,698,517)	3,184,808	1,006,311
Total OPEB liability, beginning	12,390,236	16,783,407	23,481,924	20,297,116	19,290,805
Total OPEB liability, ending	$ 15,496,314	$ 12,390,236	$ 16,783,407	$ 23,481,924	$ 20,297,116
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 74,847,987	$ 63,297,321	$ 63,297,321	$ 54,666,758	$ 54,666,768
Net OPEB liability as a % of covered payroll	20.70%	19.57%	26.52%	42.95%	37.13%

No assets are accumulated in a trust to pay benefits related to this plan.

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

The School District of the City of Scranton
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS
Last Ten Years

	Measurement Date*							
	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.4954%	0.4566%	0.4513%	0.4116%	0.4475%	0.4558%	0.4958%	0.5238%
District's proportionate share of the net OPEB liability	$ 8,800,578	$ 8,260,926	$ 8,307,400	$ 9,755,262	$ 9,669,119	$ 9,694,146	$ 10,337,000	$ 10,672,000
District's covered payroll	$ 72,039,910	$ 67,959,317	$ 66,366,747	$ 58,345,311	$ 62,807,048	$ 62,860,310	$ 66,772,877	$ 69,731,951
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.22%	12.16%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

* Measured as of June 30

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

The School District of the City of Scranton
Schedule of the District's OPEB Plan Contributions - PSERS
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 453,635	$ 471,268	$ 526,997	$ 478,958	$ 526,810	$ 552,215	$ 554,000	$ 579,000
Contributions in relation to the contractually required contribution	$ 453,635	$ 471,268	$ 526,997	$ 478,958	$ 526,810	$ 552,215	$ 554,000	$ 579,000
Contribution deficiency (excess)		-	-	-	-	-	-	-
District's covered payroll	$ 72,039,910	$ 67,959,317	$ 66,366,747	$ 58,345,311	$ 62,807,048	$ 62,860,310	$ 66,772,877	$ 69,731,951
Contributions as a percentage of covered payroll	0.63%	0.69%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%

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

OTHER INFORMATION

The School District of the City of Scranton
Budgetary Comparison Schedule – Revenues – General Fund
Year Ended December 31, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Current real estate taxes	$ 44,748,566	$ 45,157,475	$ 408,909
Public utility realty tax	65,000	58,537	(6,463)
Payment in lieu of current taxes	65,000	71,595	6,595
Occupational taxes	165,000	171,674	6,674
Earned income taxes	14,000,000	14,663,146	663,146
Real estate transfer taxes	1,000,000	1,343,020	343,020
Payroll preparation tax	6,000,000	8,487,058	2,487,058
Delinquent payroll preparation tax	600,000	513,314	(86,686)
Delinquent business privilege and mercantile taxes	225,000	-	(225,000)
Delinquent real estate taxes	4,600,000	3,701,538	(898,462)
Earnings on investments	600,000	1,372,298	772,298
Rentals	80,000	155,220	75,220
Summer school tuition	25,000	36,490	11,490
Receipts other LEAs	600,000	753,674	153,674
Other miscellaneous revenue	500,000	548,238	48,238
Total local sources	73,273,566	77,033,277	3,759,711
State sources			
Basic instructional subsidy	70,853,909	71,621,905	767,996
Tuition for orphans and children placed in private homes	30,000	56,375	26,375
Special education funding for school aged pupils	9,336,866	9,777,933	441,067
Pupil transportation subsidy	1,350,000	1,701,827	351,827
Nonpublic and charter school pupil transportation subsidy	125,000	240,817	115,817
Rental and sinking fund payments	1,155,636	1,156,188	552
Health services	200,000	198,778	(1,222)
State property tax reduction allocation	5,522,850	5,522,850	-
Ready to learn block grant	7,836,814	5,918,407	(1,918,407)
Ready to Learn - Foundation	-	3,918,407	3,918,407
Ready to Learn - Adequacy Supplement	-	4,213,546	4,213,546
School Facility Improvements and Environmental	-	413,318	413,318.00
School Mental Health & Safety and Security Grants	-	449,571	449,571.00
RACP Grant	-	2,427,719	2,427,719.00
Other state revenue	206,043	72,498	(133,545)
State share of social security and medicare taxes	3,921,553	3,686,541	(235,012)
State share of retirement contributions	19,691,649	21,051,231	1,359,582
Total state sources	120,230,320	132,427,911	12,197,591
Federal sources			
Federal IDEA revenue received as passthrough	2,180,000	2,487,035	307,035
Title I	5,947,905	5,785,301	(162,604)
Title II	570,138	550,020	(20,118)
Title III	183,221	139,508	(43,713)
Title IV	406,857	247,986	(158,871)
Education stabilization fund (ESSER)	7,326,483	18,912,482	11,585,999
Other restricted federal grants-in-aid	167,000	-	(167,000)
School based access medicaid reimbursement program reimbursements (ACCESS)	850,000	224,349	(625,651)
Total federal sources	17,631,604	28,346,681	10,715,077
Total revenues	$ 211,135,490	$ 237,807,869	$ 26,672,379

The School District of the City of Scranton
Budgetary Comparison Schedule – Expenditures – General Fund
Year Ended December 31, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures			
Instruction			
Regular programs			
Salaries	$ 46,096,729	$ 44,843,775	$ 1,252,954
Employee benefits	32,667,714	31,481,817	1,185,897
Purchased professional and technical services	1,175,103	1,250,817	(75,714)
Purchased property services	229,322	243,223	(13,901)
Other purchased services	9,777,965	9,698,502	79,463
Supplies	6,822,468	9,938,287	(3,115,819)
Equipment	110,636	1,515,068	(1,404,432)
Other	73,362	24,401	48,961
Total regular programs	96,953,299	98,995,890	(2,042,591)
Special programs			
Salaries	12,844,473	14,631,105	(1,786,632)
Employee benefits	8,882,993	9,691,303	(808,310)
Purchased professional and technical services	3,284,769	5,634,880	(2,350,111)
Other purchased services	6,730,124	11,202,910	(4,472,786)
Supplies	190,746	181,325	9,421
Equipment	121,886	17,773	104,113
Other	3,124	1,573	1,551
Total special programs	32,058,115	41,360,869	(9,302,754)
Vocational education			
Other purchased services	2,164,628	2,037,177	127,451
Supplies	18,162	10,498	7,664
Equipment	2,415	-	2,415
Total vocational education	2,185,205	2,047,675	137,530
Other instructional programs			
Salaries	311,500	372,498	(60,998)
Employee benefits	121,365	254,630	(133,265)
Other purchased services	19,816	-	19,816
Total other instructional programs	452,681	627,128	(174,447)
Nonpublic school programs			
Purchased professional and technical services	361,391	350,465	10,926
Purchased property services	-	26,971	(26,971)
Other purchased services	-	8,751	(8,751)
Supplies	76,282	20,824	55,458
Total nonpublic school programs	437,673	407,011	30,662
Pre-kindergarten programs			
Supplies	-	4,556	(4,556)
Total pre-kindergarten programs	-	4,556	(4,556)

The School District of the City of Scranton
Budgetary Comparison Schedule – Expenditures – General Fund
Year Ended December 31, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support services			
Pupil personnel services			
Salaries	3,292,645	3,117,378	175,267
Employee benefits	2,228,452	2,858,386	(629,934)
Purchased professional and technical services	76,000	31,144	44,856
Purchased property services	2,240	-	2,240
Other purchased services	3,336	753	2,583
Supplies	9,322	5,588	3,734
Total pupil personnel services	5,611,995	6,013,249	(401,254)
Instructional staff services			
Salaries	1,132,273	1,412,155	(279,882)
Employee benefits	766,319	897,860	(131,541)
Purchased professional and technical services	237,250	249,424	(12,174)
Purchased property services	5,521	-	5,521
Other purchased services	10,847	5,238	5,609
Supplies	130,864	29,643	101,221
Equipment	29,032	-	29,032
Other	3,568	-	3,568
Total instructional staff services	2,315,674	2,594,320	(278,646)
Administrative services			
Salaries	4,847,368	4,789,372	57,996
Employee benefits	3,248,077	3,464,804	(216,727)
Purchased professional and technical services	632,875	344,040	288,835
Purchased property services	10,036	878	9,158
Other purchased services	56,951	42,913	14,038
Supplies	26,909	6,967	19,942
Equipment	851	-	851
Other	200,698	806,301	(605,603)
Total administrative services	9,023,765	9,455,275	(431,510)
Pupil health			
Salaries	1,406,349	1,434,262	(27,913)
Employee benefits	951,813	993,698	(41,885)
Purchased professional and technical services	27,659	46,180	(18,521)
Purchased property services	51,875	60,423	(8,548)
Other purchased services	1,684	-	1,684
Supplies	39,360	26,967	12,393
Total pupil health	2,478,740	2,561,530	(82,790)

The School District of the City of Scranton
Budgetary Comparison Schedule – Expenditures – General Fund
Year Ended December 31, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Business services			
Salaries	644,303	615,877	28,426
Employee benefits	436,062	474,208	(38,146)
Purchased professional and technical services	290,698	507,112	(216,414)
Purchased property services	34,030	18,977	15,053
Other purchased services	13,825	437	13,388
Supplies	63,806	142,050	(78,244)
Other	2,050	18,272	(16,222)
Total business services	1,484,774	1,776,933	(292,159)
Operation and maintenance of plant services			
Salaries	6,216,237	5,908,911	307,326
Employee benefits	3,997,324	4,533,165	(535,841)
Purchased professional and technical services	1,600,863	1,700,592	(99,729)
Purchased property services	2,933,699	4,490,790	(1,557,091)
Other purchased services	874,671	1,157,666	(282,995)
Supplies	1,953,764	1,856,220	97,544
Equipment	518,749	274,091	244,658
Total operation and maintenance of plant services	18,095,307	19,921,435	(1,826,128)
Student transportation services			
Salaries	60,290	121,870	(61,580)
Employee benefits	40,804	89,862	(49,058)
Purchased professional and technical services		1,200	(1,200)
Other purchased services	7,164,569	6,912,756	251,813
Total student transportation services	7,265,663	7,125,688	139,975
Support services - central			
Salaries	1,675,449	1,544,928	130,521
Employee benefits	1,062,873	1,306,790	(243,917)
Purchased professional and technical services	1,160,117	848,115	312,002
Other purchased services	20,750	4,547	16,203
Supplies	141,983	83,901	58,082
Equipment	2,195,359	344,735	1,850,624
Other	1,058	1,954	(896)
Total support services - central	6,257,589	4,134,970	2,122,619
Other support services			
Other purchased services	62,966	67,593	(4,627)

The School District of the City of Scranton
Budgetary Comparison Schedule – Expenditures – General Fund
Year Ended December 31, 2024

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation of noninstructional services			
Student activities			
Salaries	618,125	681,107	(62,982)
Employee benefits	258,241	238,241	20,000
Purchased professional and technical services	80,821	75,388	5,433
Purchased property services	30,106	34,393	(4,287)
Other purchased services	209,926	217,970	(8,044)
Supplies	204,244	85,028	119,216
Equipment	82,240	18,407	63,833
Other	155,420	186,115	(30,695)
Total student activities	1,639,123	1,536,649	102,474
Community services			
Salaries	115,000	79,375	35,625
Employee benefits	48,045	11,684	36,361
Purchased professional and technical services	-	8,184	(8,184)
Purchased property services	-	774	(774)
Supplies	65,623	15,350	50,273
Total community services	228,668	115,367	113,301
Facilities acquisition construction and Improvement			
Purchased property services	3,200,000	3,525,424	(325,424)
Debt service			
Principal	9,675,000	9,685,000	(10,000)
Interest	9,199,157	9,227,700	(28,543)
Total debt service	18,874,157	18,912,700	(38,543)
Total expenditures	$ 208,625,394	$ 221,184,262	$ (12,558,868)

SINGLE AUDIT

The School District of the City of Scranton
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Total Received for Year	Accrued (Deferred) Revenue January 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue December 31, 2024	Passed Through to Subrecipients
U.S. Department of Education										
Passed-Through the Pennsylvania Department of Education										
Title I - Improving Basic Programs	I	84.010	013-230376	07/01/2023 - 09/30/2025	$ 5,684,974	$ -	$ 5,754,747	$ 5,754,747	$ 69,773	$ -
Title I - Delinquent	I	84.010	107-220376	07/01/2022 - 09/30/2024	15,033	(6,880)	21,913	21,913	-	-
Title I - Delinquent	I	84.010	107-230376	07/01/2023 - 09/30/2025	9,704	-	8,641	8,641	(1,063)	-
Total ALN #84.010					5,709,711	(6,880)	5,785,301	5,785,301	68,710	-
Title II - Improving Teacher Quality	I	84.367	020-220376	07/01/2022 - 09/30/2024	73,282	(3,440)	76,722	76,722	-	-
Title II - Improving Teacher Quality	I	84.367	020-230376	07/01/2023 - 09/30/2025	528,721	-	473,298	473,298	(55,423)	-
Total ALN #84.367					602,003	(3,440)	550,020	550,020	(55,423)	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-220376	07/01/2022 - 09/30/2024	9,978	-	9,978	9,978	-	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-230376	07/01/2023 - 09/30/2025	187,691	-	129,530	129,530	(58,161)	-
Total ALN #84.365					197,669	-	139,508	139,508	(58,161)	-
Title IV - Student Support and Academic Achievement	I	84.424	144-220376	07/01/2022 - 09/30/2024	19,909	-	19,909	19,909	-	-
Title IV - Student Support and Academic Achievement	I	84.424	144-230376	07/01/2023 - 09/30/2025	413,489	-	228,077	228,077	(185,412)	-
Total ALN #84.424					433,398	-	247,986	247,986	(185,412)	-
COVID-19 ARP Act - ESSER III Fund Local	I	84.425U	223-210376	03/13/2020 - 09/30/2024	13,666,391	2,726,803	17,447,393	17,447,393	6,507,805	-
COVID-19 ARP ESSER 7% Set Aside	I	84.425U	225-210376	03/13/2020 - 09/30/2024	144,515	(277,314)	706,466	706,466	284,637	-
COVID-19 ARP ESSER 7% Set Aside	I	84.425U	225-210376	03/13/2020 - 09/30/2024	28,903	187,731	101,299	101,299	260,127	-
COVID-19 ARP ESSER 7% Set Aside	I	84.425U	225-210376	03/13/2020 - 09/30/2024	28,903	61,311	227,718	227,718	260,126	-
COVID-19 ARP ESSER Homeless Children & Youth	I	84.425W	181-212385	03/13/2020 - 09/30/2024	11,549	(26,825)	141,937	141,937	103,563	-
COVID-19 ARP ESSER 2.5%	I	84.425U	224-210376	03/13/2020 - 09/30/2024	7,935	(26,267)	287,669	287,669	253,467	-
Total ALN #84.425					13,888,196	2,645,439	18,912,482	18,912,482	7,669,725	-

See Independent Auditors' Report
See accompanying Notes to Schedule of Expenditures of Federal Awards.

The School District of the City of Scranton
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Total Received for Year	Accrued (Deferred) Revenue January 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue December 31, 2024	Passed Through to Subrecipients
Passed-Through the Northeastern Educational Intermediate Unit 19										
I.D.E.A. - Part B, Section 619	I	84.173	131-230019	07/01/2023 - 09/30/2024	14,154	-	14,154	14,154	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-220019	07/01/2022 - 09/30/2023	2,178,245	2,178,245	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-230019	07/01/2023 - 09/30/2024	-	-	2,472,881	2,472,881	2,472,881	-
Total ALN #84.027					2,178,245	2,178,245	2,472,881	2,472,881	2,472,881	-
Total U.S. Department of Education					23,023,376	4,813,364	28,122,332	28,122,332	9,912,320	-
U.S. Department of Health and Human Services										
Passed-Through Pennsylvania Department of Human Services										
Medical assistance program reimbursement for administration	I	93.778	N/A	01/01/2024 - 12/31/2024	224,349	-	224,349	224,349	-	-
Total U.S. Department of Health and Human Services					224,349	-	224,349	224,349	-	-
U.S. Department of Agriculture										
Passed-Through the Pennsylvania Department of Education										
Fresh Fruit and Vegetable Program	I	10.582	N/A	01/01/2023 - 12/31/2023	20,330	20,330	-	-	-	-
Fresh Fruit and Vegetable Program	I	10.582	N/A	01/01/2024 - 12/31/2024	207,150	-	256,246	256,246	49,096	-
Total ALN #10.582					227,480	20,330	256,246	256,246	49,096	-
Breakfast Program	I	10.553	N/A	01/01/2023 - 12/31/2023	374,996	374,996	-	-	-	-
Breakfast Program	I	10.553	N/A	01/01/2024 - 12/31/2024	1,671,914	-	2,032,415	2,032,415	360,501	-
Total ALN #10.553					2,046,910	374,996	2,032,415	2,032,415	360,501	-
Summer Food Service Program	I	10.559	N/A	01/01/2024 - 12/31/2024	72,416	-	72,416	72,416	-	-

See Independent Auditors' Report
See accompanying Notes to Schedule of Expenditures of Federal Awards.

The School District of the City of Scranton
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Total Received for Year	Accrued (Deferred) Revenue January 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue December 31, 2024	Passed Through to Subrecipients
National School Lunch Program	I	10.555	N/A	01/01/2023 - 12/31/2023	811,890	811,890	-	-	-	-
National School Lunch Program	I	10.555	N/A	01/01/2024 - 12/31/2024	3,767,549	-	4,583,241	4,583,241	815,692	-
					4,579,439	811,890	4,583,241	4,583,241	815,692	-
Passed-Through the Pennsylvania Department of Agriculture										
National School Lunch Program	I	10.555	N/A	01/01/2024 - 12/31/2024	457,231	(8,406)	451,739	451,739	(13,898)	-
Total ALN #10.555					5,036,670	803,484	5,034,980	5,034,980	801,794	-
Total U.S. Department of Agriculture					7,383,476	1,198,810	7,396,057	7,396,057	1,211,391	-
Total Federal awards					$ 30,631,201	$ 6,012,174	$ 35,742,738	$ 35,742,738	$ 11,123,711	$ -
Child Nutrition Cluster (ALN's #10.553, #10.555, #10.582 and #10.559)					$ 7,363,146	$ 1,178,480	$ 7,396,057	$ 7,396,057	$ 1,211,391	$ -
Special Education Cluster (ALN's #84.027 and #84.173)					$ 2,192,399	$ 2,178,245	$ 2,487,035	$ 2,487,035	$ 2,472,881	$ -

Source Codes
D - Direct Funding
I - Indirect Funding
ALN - Assistance Listing Number

See Independent Auditors' Report
See accompanying Notes to Schedule of Expenditures of Federal Awards.

1. FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

2. BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

3. NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under ALN #10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent federal surplus food consumed by the District during the 2024 fiscal year.

4. ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended December 31, 2024 was $222,681.

5. INDIRECT COSTS

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

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

Board of School Directors
The School District of the City of Scranton

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of the City of Scranton (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 15, 2026

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

Board of School Directors
The School District of the City of Scranton

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the School District of the City of Scranton's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 15, 2026

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? __x__ yes ____ no

   - Significant deficiency(ies) identified? ____ yes __x__ none reported

3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ____ yes __x__ no

   - Significant deficiency(ies) identified? ____ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027	Special Education
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,072,282

Auditee qualified as low-risk auditee? ____ yes __x__ no

Section II – Financial Statement Findings

2024-001 - Material Weakness in Internal Control over Financial Reporting

Criteria: Financial accounts should be reviewed and reconciled as part of the year-end closing process to ensure amounts are accurate and recorded in the proper accounting period in accordance with generally accepted accounting principles (GAAP).

Condition: During our audit, we identified multiple instances where account balances were not properly reconciled, accurately recorded or recognized in the appropriate accounting period. This included the following:

- **Compensated absences liability –** The liability was recorded at full value using employees' current pay rates. However, only the portion expected to be paid should be recognized, and many leave types are paid at rates lower than current pay. This resulted in a restatement of $15,856,473 to the beginning balance.
- **Bond premiums on general obligation bonds –** Bond premiums were not fully recorded or reconciled to outstanding bond issuances. Only two of four bond premiums were recorded as liabilities. This resulted in a restatement of $4,670,906 to the beginning balance.
- **Capital projects fund accounts payable –** The accounts payable balance was not reconciled at year-end, resulting in liabilities remaining on the books after payment. This resulted in a restatement of $1,317,688 to the beginning balance and a current year adjustment of $1,686,031.
- **Internal service fund accounts payable –** The accounts payable balance was not reconciled at year-end, resulting in liabilities not recorded in the proper period. This resulted in a current year adjustment of $170,000.
- **Federal revenues –** Revenues were not reconciled to related federal expenditures, resulting in a current year adjustment of $893,790 to accounts receivable and $952,179 to unearned revenue.

Effect: As a result, revenues, expenditures, assets, liabilities and fund balance/net position were misstated and not consistently recognized in the appropriate fiscal period. Multiple material adjustments and restatements were required.

Cause: The District had staffing shortages and turnover that caused a lack of effective controls over the year-end financial reporting process, including insufficient review and reconciliation procedures for significant accounts and accruals.

Repeat Finding: No

Recommendation: We recommend the District implement and document a comprehensive year-end closing and review process that includes timely reconciliation of all significant accounts and a formal review of accruals to ensure compliance with GAAP. This process should include supervisory review and verification prior to finalizing the financial statements

Section II – Financial Statement Findings (Continued)

2024-001 - Material Weakness in Internal Control over Financial Reporting (Continued)

Views of Responsible Officials and Corrective Action Plan: The District will implement a comprehensive year-end financial reporting and closing process to ensure all significant accounts are properly reconciled, reviewed, and recorded in accordance with GAAP, including the development of a standardized closing checklist, monthly and year-end reconciliations for key accounts (e.g., compensated absences, bond premiums, accounts payable, and federal revenues), and formal accrual review procedures. In addition, the District will engage a qualified third-party accountant to assist with audit preparation, provide technical accounting guidance, and perform a pre-audit review of significant reconciliations and estimates. Management will establish a documented supervisory review process requiring approval of all reconciliations and journal entries, strengthen segregation of duties, and implement standardized templates and a defined closing calendar to ensure timely completion. Responsibility for implementation will reside with the Assistant to the Superintendent for Finance & Operations, or designee, in coordination with the third-party accountant and accounting staff, with oversight by senior administration. These actions are expected to improve the accuracy and completeness of financial reporting, ensure compliance with GAAP, and remediate the identified material weakness by reducing the risk of material misstatement and audit adjustments.

Section III – Findings and Questioned Costs – Major Federal Programs

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