WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
WALLINGFORD, PENNSYLVANIA
DELAWARE COUNTY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Wallingford-Swarthmore School District
Wallingford, 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 Wallingford-Swarthmore School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Wallingford-Swarthmore School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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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 Wallingford-Swarthmore School District's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wallingford-Swarthmore School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

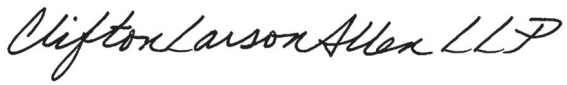
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wallingford-Swarthmore School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

Wallingford-Swarthmore School District's 2024 financial statements were previously audited by other auditors, and they expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in their report dated June 4, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026, on our consideration of Wallingford-Swarthmore School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is soley 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 Wallingford-Swarthmore School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wallingford-Swarthmore School District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Pruss, Pennsylvania
June 25, 2026

Management's discussion and analysis (MD&A) of the financial performance of the Wallingford-Swarthmore School District (the District) provides an overview of the District's financial performance for fiscal year ended June 30, 2025. 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 three elementary schools, one middle school and one high school consisting of approximately 3,750 students. The District which covers 6.9 square miles is located in Delaware County, west of Philadelphia, in southeastern Pennsylvania and is comprised of the boroughs of Swarthmore, Rutledge and Rose Valley and the Township of Nether Providence. During 2024-2025, there were 554 full and part-time employees in the District consisting of 338 teachers and professional staff, 30 administrators, including general administration, principals and supervisors, and 186 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff and classroom assistants.

DISTRICT MISSION STATEMENT

The District is committed to assuring the academic achievement and personal growth of all students within an environment that promotes: respect for self and others; active engagement in learning; leadership in the global community and the pursuit of excellence.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2024-2025 fiscal year of $32,679,963. During the 2024-2025 fiscal year, the District had an increase in total net position of $3,441,225. The net position of governmental activities increased by $3,262,884 and net position of business-type activities increased by $178,341.

- The General Fund reported an increase in fund balance of $743,336, bringing the cumulative balance to $13,587,565 at the conclusion of the 2024-2025 fiscal year.

- At June 30, 2025, the General Fund fund balance includes $1,576,114 committed to balance the 2025-2026 General Fund budget, $1,000,000 committed to self-insurance rate stabilization, $1,000,000 committed to retirement rate stabilization, $423,886 committed for real estate tax stabilization, $1,576,114 committed to balance the 2025-2026 budget, $1,159,356 committed for debt service and unassigned amounts of $8,428,209 or 8.00% of the $105,352,611 2025-2026 General Fund expenditure budget. Guidelines prescribed by the Pennsylvania Department of Education allow a district to maintain a maximum General Fund fund balance of 8.00% of the following year's expenditure budget.

- During 2024-2025, the Capital Projects Fund reported a decrease in fund balance of $2,334,514. The remaining fund balance of $4,676,381 as of June 30, 2025 is restricted for future capital project expenditures.

- Total General Fund revenues were $412,275 or 0.41% less than budgeted amounts, total General Fund expenditures were $454,172 or 2.09% less than budgeted amounts net of a positive other financing sources of $1,687,178 resulting in a net overall positive variance of $1,729,075.

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 supplemental 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 (Deficit) 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 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 charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on pages 17 and 18 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 two 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 two major funds.

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 19 through 22 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 is reported as an enterprise fund 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 an internal service fund to account for its participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription coverage. Because an internal service fund predominantly benefits governmental rather than business-type functions, it is included within governmental activities in the government-wide financial statements.

The Proprietary Fund financial statements provide separate financial information for the Food Service and Internal Service Funds.

The Proprietary Fund financial statements can be found on Pages 23 through 25 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 26 and 27 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 28 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 OPEB liability and OPEB plan contributions-PSERS.

The required supplementary information 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 2024-2025 fiscal year the District's liabilities and deferred inflows exceeded assets and deferred outflows by $32,679,963. The following table presents condensed information for the Statement of Net Position of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current Assets	$ 41,517,989	$ 41,535,814	$ 1,236,055	$ 1,262,463	$ 42,754,044	$ 42,798,277
Capital Assets	84,251,280	83,435,218	449,973	135,053	84,701,253	83,570,271
Total Assets	125,769,269	124,971,032	1,686,028	1,397,516	127,455,297	126,368,548
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amounts on Debt Refunding	130,478	153,889	-	-	130,478	153,889
Deferred Charges - OPEB	1,485,059	1,833,873	-	-	1,485,059	1,833,873
Deferred Charges - Pensions	22,557,724	29,880,246	-	-	22,557,724	29,880,246
Total Deferred Outflows of Resources	24,173,261	31,868,008	-	-	24,173,261	31,868,008
LIABILITIES						
Current Liabilities	13,372,603	11,797,654	251,973	141,802	13,624,576	11,939,456
Noncurrent Liabilities	162,418,036	173,456,466	-	-	162,418,036	173,456,466
Total Liabilities	175,790,639	185,254,120	251,973	141,802	176,042,612	185,395,922
DEFERRED INFLOWS						
Deferred Credits - OPEB	3,362,909	3,536,822	-	-	3,362,909	3,536,822
Deferred Credits - Pensions	4,903,000	5,425,000	-	-	4,903,000	5,425,000
Total Deferred Inflows of Resources	8,265,909	8,961,822	-	-	8,265,909	8,961,822
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	43,073,725	39,181,093	449,973	135,053	43,523,698	39,316,146
Restricted	13,793,868	16,363,817	-	-	13,793,868	16,363,817
Unrestricted (Deficit)	(90,981,611)	(92,921,812)	984,082	1,120,661	(89,997,529)	(91,801,151)
Total Net Position (Deficit)	$ (34,114,018)	$ (37,376,902)	$ 1,434,055	$ 1,255,714	$ (32,679,963)	$ (36,121,188)

The District's total assets as of June 30, 2025 were $127,455,297 of which $27,543,315 or 21.61% consisted of cash and $84,701,253 or 66.46% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2025 were $176,042,612 of which $111,334,148 or 63.24% consisted of the actuarially determined net pension liability and $38,740,446 or 22.01% consisted of general obligation debt used to acquire and construct capital assets.

The District had a deficit in unrestricted net position of $89,997,529 at June 30, 2025. The District's unrestricted net position increased by $1,803,622 during 2024-2025 primarily due to current results of operations net of the change in the District's actuarially determined net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled $13,793,868 as of June 30, 2025. Of the District's restricted net position, $4,676,381 is restricted for future capital expenditures and $9,027,103 is held in trust for healthcare claims.

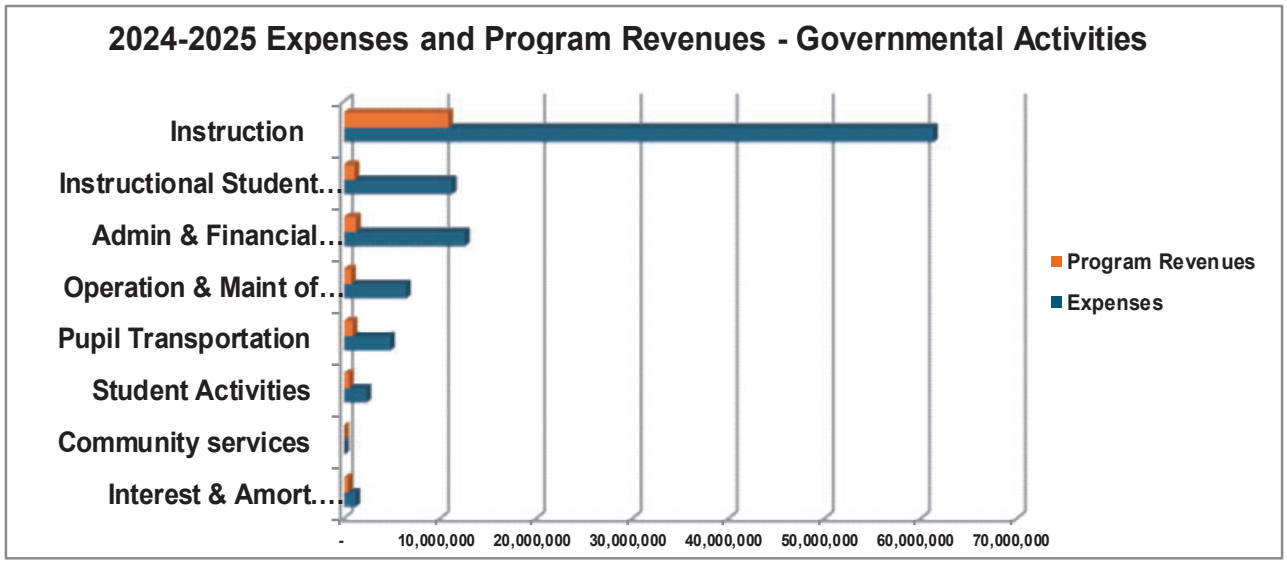
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are 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 June 30, 2025, the District's net investment in capital assets increased by $4,207,552 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were being acquired with funding sources other than long-term debt.

The following table presents condensed information for the Statement of Activities of the District for 2025 and 2024:

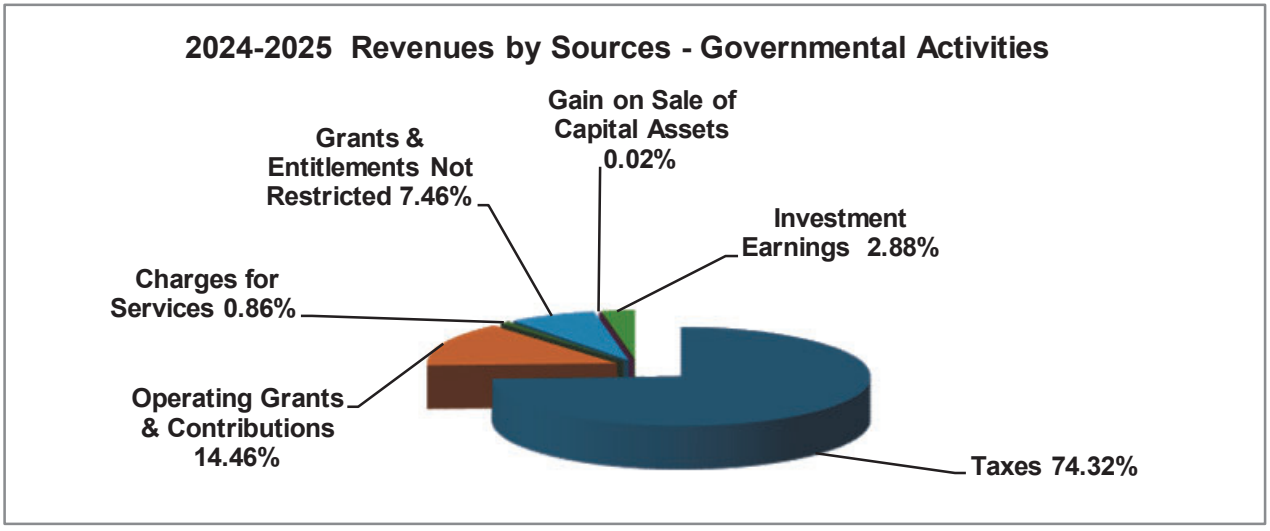
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for Services	$ 872,172	$ 1,580,138	$ 1,226,852	$ 1,220,897	$ 2,099,024	$ 2,801,035
Operating Grants and Contributions	14,729,875	14,036,353	699,167	760,846	15,429,042	14,797,199
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes Levied for General Purposes	74,660,311	72,270,477	-	-	74,660,311	72,270,477
Other Taxes Levied for General Purposes	1,044,664	958,357	-	-	1,044,664	958,357
Grants and Entitlements not Restricted to Specific Programs	7,598,473	6,925,891	-	-	7,598,473	6,925,891
Gain (Loss) on Sale of Capital Assets	19,294	28,501	(23,182)	-	(3,888)	28,501
Investment Earnings	2,933,597	3,250,546	41,952	40,045	2,975,549	3,290,591
Total Revenues	101,858,386	99,050,263	1,944,789	2,021,788	103,803,175	101,072,051
EXPENSES						
Instruction	61,429,802	58,152,920	-	-	61,429,802	58,152,920
Instructional Student Support Services	11,229,283	10,015,560	-	-	11,229,283	10,015,560
Administrative and Financial Support Services	11,197,930	10,873,290	-	-	11,197,930	10,873,290
Operation and Maintenance of Plant Services	6,446,040	6,981,572	-	-	6,446,040	6,981,572
Pupil Transportation	4,801,925	4,347,998	-	-	4,801,925	4,347,998
Student Activities	2,320,753	2,227,218	-	-	2,320,753	2,227,218
Community Services	587	1,353	-	-	587	1,353
Interest and Amortization Expense Related to Noncurrent Liabilities	1,169,182	1,349,882	-	-	1,169,182	1,349,882
Food Service	-	-	1,766,448	1,643,350	1,766,448	1,643,350
Total Expenses	98,595,502	93,949,793	1,766,448	1,643,350	100,361,950	95,593,143
CHANGE IN NET POSITION (DEFICIT)	$ 3,262,884	$ 5,100,470	$ 178,341	$ 378,438	$ 3,441,225	$ 5,478,908

The District has been challenged with meeting its obligations without using its accumulated net position. Increased medical costs, pension contributions, state-mandated programs and negotiated contracts are all future aspects of this challenge. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A significant portion of the District's property tax base is in the form of residential housing.

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.



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 tax revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

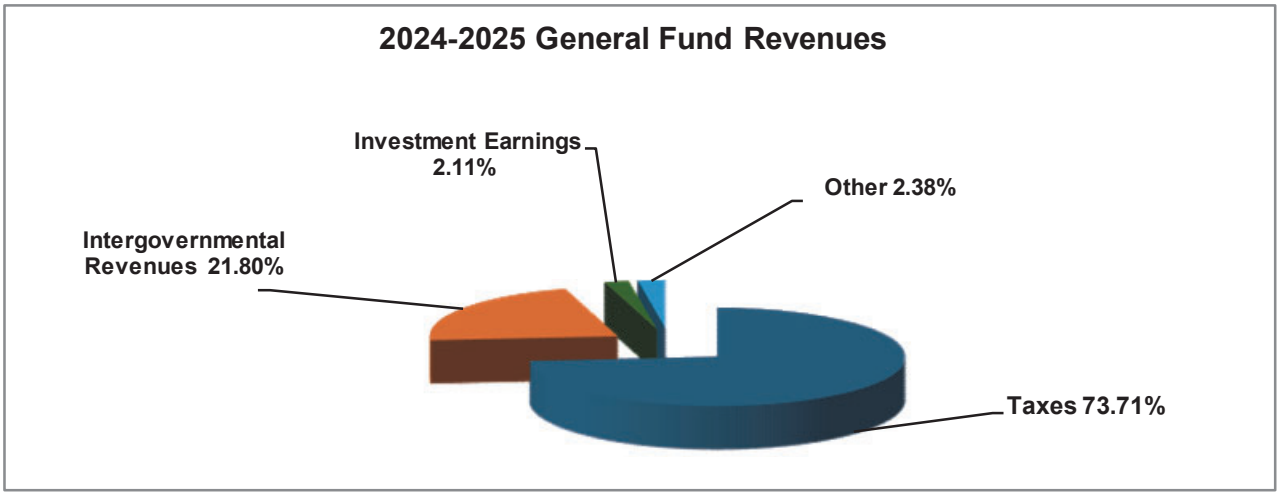
The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by state statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $18,263,946 which is a decrease of $1,591,178 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024 and the total 2025 change in governmental fund balances.

	2025	2024	$ Change
General Fund	$ 13,587,565	$ 12,844,229	$ 743,336
Capital Projects Fund	4,676,381	7,010,895	(2,334,514)
Total	$ 18,263,946	$ 19,855,124	$ (1,591,178)

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the General Fund fund balance was $13,587,565 representing an increase of $743,336 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 2024-2025 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 73.71% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2025	2024	$ Change	Percent Change
Tax Revenues	$ 75,494,485	$ 73,181,855	$ 2,312,630	3.16 %
Intergovernmental Revenues	22,325,485	20,960,245	1,365,240	6.51
Investment Earnings	2,166,646	2,414,462	(247,816)	(10.26)
Other	2,439,308	2,705,290	(265,982)	(9.83)
Total	$ 102,425,924	$ 99,261,852	$ 3,164,072	3.19

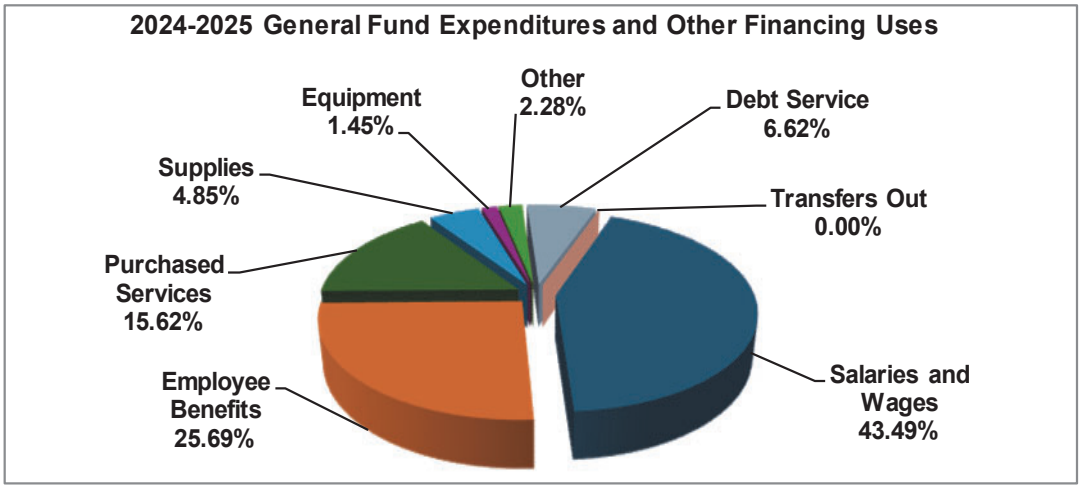
Net tax revenues increased by $2,312,630 or 3.16% due to several factors. A millage increase of 3.51% in 2024-2025 compared to 2023-2024 accounted for most of the change. The following table summarizes changes in the District's tax revenues for 2025 compared to 2024:

	2025	2024	$ Change	Percent Change
Real Estate Tax	$ 73,476,408	$ 71,368,787	$ 2,107,621	2.95 %
Interim Real Estate Tax	42,742	28,508	14,234	49.93
PURTA Tax	67,772	-	67,772	100.00
Per Capita Tax	136,135	164,637	(28,502)	(17.31)
Transfer Tax	840,757	793,720	47,037	5.93
Delinquent Real Estate Tax	930,671	826,203	104,468	12.64
Total	$ 75,494,485	$ 73,181,855	$ 2,312,630	3.16

Investment earnings decreased consistent with funds available for investing during 2024-2025 compared to 2023-2024 and a decrease in the interest rates.

Intergovernmental revenues increased by $1,365,240 or 6.51% during 2024-2025 compared to 2023-2024 due to an increase in the appropriations for basic and special education subsidies, the property tax relief allocation and the Elementary and Secondary School Emergency Relief Fund (ESSER).

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



General Fund Expenditures and Other Financing Uses

	2025	2024	$ Change	Percent Change
Salaries and Wages	$ 44,216,899	$ 41,418,320	$ 2,798,579	6.76 %
Employee Benefits	26,126,003	26,331,992	(205,989)	(0.78)
Purchased Services	15,881,876	15,104,365	777,511	5.15
Supplies	4,930,314	4,074,637	855,677	21.00
Equipment	1,476,808	99,119	1,377,689	1389.93
Other	2,315,231	2,693,796	(378,565)	(14.05)
Debt Service	6,735,457	5,672,232	1,063,225	18.74
Transfers Out	-	2,500,000	(2,500,000)	(100.00)
Total	$ 101,682,588	$ 97,894,461	$ 3,788,127	3.87

Salaries and wages increased $2,798,579 or 6.76% primarily due to contractual employment obligations.

Supplies increased $855,677 or 21.00% related to increase in technology fees and supplies and books and periodicals in part funded with one-time ESSER appropriations.

Equipment increased $1,377,689 or 1,389.93% related to the recognition of subscription-based information technology arrangements (SBITAs).

Debt service increased by $1,063,225 or 18.74% related to an increase in the principal and interest associated with leases and SBITAs.

Transfers out represent one-time revenues over expenditures to subsidize future capital projects.

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 2024-2025, the Capital Projects Fund reported a decrease in fund balance of $2,334,514 due current year capital expenditures in excess of investment income and other financing sources. The fund balance as of June 30, 2025 of $4,676,381 is restricted for future capital 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 School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Total General Fund revenues were $412,275 or 0.41% less than budgeted amounts, total General Fund expenditures were $454,172 or 2.09% less than budgeted amounts net of a positive other financing sources of $1,687,178 resulting in an overall net positive variance of $1,729,075.

Major budgetary highlights for 2024-2025 were as follows:

- Actual local revenues received were $1,261,000 more than budgeted amounts primarily due to more than anticipated earnings on investments.
- Actual state source revenues were $1,147,242 less than budgeted amounts due to less than anticipated appropriations through the state budget.
- Actual federal source revenues were $526,033 less than budgeted due to less than expected ESSER appropriations.
- Actual regular program expenditures had a positive variance of $1,378,954 primarily due to less than expected salaries and wages and employee benefits.
- Actual special program expenditures were $930,812 more than expected due to more than budgeted salaries and wages, employee benefits and purchased services.
- Instructional staff services were $736,797 less than budgeted amounts primarily due to less than expected salaries and wages and employee benefits.
- Operation and maintenance of plant services were $1,222,170 less than budgeted amounts due to primarily due to less than expected salaries and wages, employee benefits and purchased services.
- Support services – central were $801,873 more than budget and proceeds from right-to-use arrangements were $1,386,433 more than budget as a result of recording the current year SBITAs.
- Debt service was $1,070,888 more than budget due to current year principal and interest on SBITAs.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of business-type activities and Food Service Fund increased by $178,341. As of June 30, 2025, the business-type activities and Food Service Fund had net position of $1,434,055.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounted to $84,701,253 net of accumulated depreciation and amortization. This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, right-to-use subscription assets and right-to-use lease equipment. The total net increase in the District's investment in capital assets for the current fiscal year was $1,130,982 or 1.35%.

Current year capital additions were $5,850,765 and depreciation and amortization expense and loss on disposals was $4,719,783.

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

• Strath Haven Middle School and Swarthmore-Rutledge renovations	$1,576,608
• Nether Providence Elementary roof replacement	$ 601,631
• Information technology leases	$1,112,952
• Subscription-based information technology arrangements	$1,386,433

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $38,740,446 consisting of $19,075,000 in bonds payable, $19,573,000 in notes payable, and unamortized bond premiums of $92,446. 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 $4,663,272 or 10.74% during the 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 District's outstanding general obligation debt of $38,740,446 is within the current debt limitation of the District which was $220,174,953 as of June 30, 2025.

The District's general obligation debt rating is a Standard & Poor's AA-/Stable underlying rating. Standard and Poor's notes that the AA-/Stable rating reflects the District's stable financial performance, limited tax base and manageable debt position.

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 net pension plan liability which totaled $111,334,148 as of June 30, 2025. The District's net pension liability decreased by $8,734,592 or 7.27% 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 $7,611,841 as of June 30, 2025. The District's OPEB liability decreased by $319,252 or 4.03% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for leases, subscriptions, financing note payable and compensated absences, which totaled $4,731,601 as of June 30, 2025. These liabilities increased by $2,678,686 or 130.48% during the fiscal year primarily due to the implementation of a new accounting standard for compensated absences and the net addition of current year SBITAs.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- The District adopted a balanced 2025-2026 budget totaling $105,352,611 which used $1,726,114 of General Fund balance as of June 30, 2025 and the real estate tax millage rate was increased by 2.85%.

- The District expects the historical trend for greater local tax effort to fund instructional programs and services to continue as state and federal funding for public education is expected to remain stagnant. The Commonwealth of Pennsylvania only accounted for approximately 20.54% of total revenue sources to fund costs supporting the District's educational programs during fiscal 2024-2025. Local sources of revenue, primarily property taxes, now provide approximately 77.90% of total revenue sources.

- 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 was to provide a mechanism to relieve the burden of funding public education from property owners. This legislation 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 seek 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:

    - In the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (4.00% for Wallingford-Swarthmore School District for 2025-2025), 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) over which the school district has no control.

    - Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders.

- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to PSERS. The 2017 law took effect in July of 2019. The law changed the pension plans for all new hires effective July 1, 2019. It 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. The employer contribution rate for 2025-2026 is projected at 34.00%. Currently, the employer contribution rate for 2024-2025 is 33.90%.

- The District has adopted a 10-year long-range capital plan tied to facilities, capacity and program needs. The focus of the capital plan is "warm, safe, dry" building improvements, right-sizing capacity and addressing programmatic needs across all schools. Currently, the District has developed a detailed scoping and prioritization by school project lists and commenced priority projects in 2025-2026.

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 Business Administrator, Wallingford-Swarthmore School District, 200 South Providence Road, Wallingford, Pennsylvania 19086.

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
ASSETS				
Current Assets:				
Cash	$ 26,404,778	$ 1,138,537	$ 27,543,315	$ 27,656,264
Taxes Receivable	1,242,052	-	1,242,052	991,145
Due from Other Governments	4,277,392	96,848	4,374,240	4,183,822
Internal Balances	(670)	670	-	-
Other Receivables	567,334	-	567,334	549,188
Assets Held in Trust for Healthcare Claims	9,027,103	-	9,027,103	9,417,858
Total Current Assets	41,517,989	1,236,055	42,754,044	42,798,277
Noncurrent Assets:				
Nondepreciable Capital Assets	128,010	-	128,010	128,010
Depreciable Capital Assets, Net	84,123,270	449,973	84,573,243	83,442,261
Total Noncurrent Assets	84,251,280	449,973	84,701,253	83,570,271
Total Assets	125,769,269	1,686,028	127,455,297	126,368,548
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts on Debt Refunding	130,478	-	130,478	153,889
Deferred Charges - OPEB	1,485,059	-	1,485,059	1,833,873
Deferred Charges - Pension	22,557,724	-	22,557,724	29,880,246
Total Deferred Outflows of Resources	24,173,261	-	24,173,261	31,868,008
LIABILITIES				
Current Liabilities:				
Accounts Payable	4,586,281	194,687	4,780,968	4,128,500
Accrued Salaries, Payroll Withholdings and Benefits	8,176,794	-	8,176,794	7,418,215
Unearned Revenue	466,434	57,286	523,720	242,813
Other Liabilities	2,400	-	2,400	2,400
Accrued Interest Payable	140,694	-	140,694	147,528
Total Current Liabilities	13,372,603	251,973	13,624,576	11,939,456
Noncurrent Liabilities:				
Due Within One Year	7,152,823	-	7,152,823	5,068,812
Due in More than One Year	155,265,213	-	155,265,213	168,387,654
Total Noncurrent Liabilities	162,418,036	-	162,418,036	173,456,466
Total Liabilities	175,790,639	251,973	176,042,612	185,395,922
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits - OPEB	3,362,909	-	3,362,909	3,536,822
Deferred Credits - Pension	4,903,000	-	4,903,000	5,425,000
Total Deferred Inflows of Resources	8,265,909	-	8,265,909	8,961,822
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	43,073,725	449,973	43,523,698	39,316,146
Restricted	13,793,868	-	13,793,868	16,363,817
Unrestricted	(90,981,611)	984,082	(89,997,529)	(91,801,151)
Total Net Position (Deficit)	$ (34,114,018)	$ 1,434,055	$ (32,679,963)	$ (36,121,188)

See accompanying Notes to Financial Statements.

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

		Program Revenues			Net Revenue (Expense) and Changes in Net Position (Deficit)			
		Charges for	Operating Grants and	Capital Grants and	Governmental	Business-Type	Totals	
	Expenses	Services	Contributions	Contributions	Activities	Activities	2025	2024
GOVERNMENTAL ACTIVITIES								
Instruction	$ 61,429,802	$ 578,925	$ 10,248,678	$ -	$ (50,602,199)	$ -	$ (50,602,199)	$ (48,075,586)
Instructional Student Support	11,229,283	-	1,078,116	-	(10,151,167)	-	(10,151,167)	(9,011,450)
Administrative and Financial Support Services	11,197,930	107,678	1,115,468	-	(9,974,784)	-	(9,974,784)	(9,269,790)
Operation and Maintenance of Plant Services	6,446,040	115,570	604,723	-	(5,725,747)	-	(5,725,747)	(6,076,149)
Pupil Transportation	4,801,925	-	863,064	-	(3,938,861)	-	(3,938,861)	(3,501,689)
Student Activities	2,320,753	69,999	427,992	-	(1,822,762)	-	(1,822,762)	(1,768,148)
Community Services	587	-	-	-	(587)	-	(587)	(1,353)
Interest and Amortization Expense Related to Noncurrent Liabilities	1,169,182	-	391,834	-	(777,348)	-	(777,348)	(629,137)
Total Governmental Activities	98,595,502	872,172	14,729,875	-	(82,993,455)	-	(82,993,455)	(78,333,302)
BUSINESS-TYPE ACTIVITIES								
Food Service	1,766,448	1,226,852	699,167	-	-	159,571	159,571	338,393
Total Primary Government	$ 100,361,950	$ 2,099,024	$ 15,429,042	$ -	(82,993,455)	159,571	(82,833,884)	(77,994,909)
GENERAL REVENUES								
Property Taxes Levied for General Purposes					74,660,311	-	74,660,311	72,270,477
Other Taxes Levied for General Purposes					1,044,664	-	1,044,664	958,357
Grants and Entitlements not Restricted to Specific Programs					7,598,473	-	7,598,473	6,925,891
Investment Earnings					2,933,597	41,952	2,975,549	3,290,591
Gain (Loss) on Sale of Capital Assets					19,294	(23,182)	(3,888)	28,501
Total General Revenues					86,256,339	18,770	86,275,109	83,473,817
CHANGE IN NET POSITION (DEFICIT)					3,262,884	178,341	3,441,225	5,478,908
Net Position (Deficit) - Beginning of Year					(37,376,902)	1,255,714	(36,121,188)	(41,600,096)
NET POSITION (DEFICIT) - END OF YEAR					$ (34,114,018)	$ 1,434,055	$ (32,679,963)	$ (36,121,188)

See accompanying Notes to Financial Statements.

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	General Fund	Capital Projects Fund	Totals 2025	Totals 2024
ASSETS				
Cash	$ 21,590,892	$ 4,813,886	$ 26,404,778	$ 26,680,640
Investments	-	-	-	-
Taxes Receivable	1,242,052	-	1,242,052	991,145
Due from Other Funds	-		-	177,708
Due from Other Governments	4,277,392	-	4,277,392	4,088,820
Other Receivables	567,334	-	567,334	549,188
Prepaid Items	-	-	-	171,834
Total Assets	$ 27,677,670	$ 4,813,886	$ 32,491,556	$ 32,659,335
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 4,448,776	$ 137,505	$ 4,586,281	$ 4,043,883
Due to Other Funds	670	-	670	369,545
Accrued Salaries, Payroll Withholdings and Benefits	8,176,794	-	8,176,794	7,418,215
Unearned Revenue	466,434	-	466,434	185,628
Other Liabilities	2,400	-	2,400	2,400
Total Liabilities	13,095,074	137,505	13,232,579	12,019,671
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Property Taxes	995,031	-	995,031	784,540
FUND BALANCES				
Nonspendable:				
Prepaid Items	-	-	-	171,834
Restricted for:				
Capital Projects	-	4,676,381	4,676,381	7,010,895
Committed to:				
Employer Retirement Rate Stabilization	1,000,000	-	1,000,000	1,000,000
Self-Insurance Rate Stabilization	1,000,000	-	1,000,000	1,500,000
Balance 2025-2026 Budget	1,576,114	-	1,576,114	-
Real Estate Rate Stabilization	423,886	-	423,886	1,500,000
Debt Service	1,159,356	-	1,159,356	477,395
Unassigned	8,428,209	-	8,428,209	8,195,000
Total Fund Balances	13,587,565	4,676,381	18,263,946	19,855,124
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 27,677,670	$ 4,813,886	$ 32,491,556	$ 32,659,335

See accompanying Notes to Financial Statements.

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT)
OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Governmental Fund Balances	$ 18,263,946
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	84,251,280
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	995,031
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(162,418,036)
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	130,478
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	15,776,874
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(140,694)
The Internal Service Fund is used by management to charge the cost of health and prescription insurance premiums and claims to the General Fund. The assets and liabilities of the Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	9,027,103
Net Position (Deficit) of Governmental Activities	$ (34,114,018)

See accompanying Notes to Financial Statements.

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

	General Fund	Capital Projects Fund	Totals 2025	Totals 2024
REVENUES				
Local Sources	$ 78,714,006	$ 246,326	$ 78,960,332	$ 78,594,326
State Sources	20,751,950	-	20,751,950	19,892,281
Federal Sources	1,573,535	-	1,573,535	1,067,964
Total Revenues	101,039,491	246,326	101,285,817	99,554,571
EXPENDITURES				
Current				
Instruction	58,845,678	1,112,952	59,958,630	57,361,547
Support Services	33,785,341	-	33,785,341	30,717,521
Operation of Noninstructional Services	2,216,857	-	2,216,857	2,135,604
Facilities Acquisition, Construction, and Improvement Services	-	2,580,840	2,580,840	2,305,659
Debt Service	6,735,457	-	6,735,457	5,672,232
Total Expenditures	101,583,333	3,693,792	105,277,125	98,192,563
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(543,842)	(3,447,466)	(3,991,308)	1,362,008
OTHER FINANCING SOURCES (USES)				
Issuance of Right-to-Use Arrangements	1,386,433	235,338	1,621,771	913,998
Issuance of Note Payable Related to Finance Purchase	-	877,614	877,614	-
Refund of Prior Year Receipts	(99,255)	-	(99,255)	(421,555)
Total Other Financing Sources (Uses)	1,287,178	1,112,952	2,400,130	492,443
NET CHANGE IN FUND BALANCES	743,336	(2,334,514)	(1,591,178)	1,854,451
Fund Balances - Beginning of Year	12,844,229	7,010,895	19,855,124	18,000,673
FUND BALANCES - END OF YEAR	$ 13,587,565	$ 4,676,381	$ 18,263,946	$ 19,855,124

See accompanying Notes to Financial Statements.

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

Net Change in Fund Balances - Governmental Funds		$ (1,591,178)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense.		
Capital Outlay Expenditures	$ 5,477,909	
Depreciation and Amortization Expense	(4,661,847)	816,062
Because some tax will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds.		
Deferred Inflows of Resources June 30, 2024	(784,540)	
Deferred Inflows of Resources June 30, 2025	995,031	210,491
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of Bonds and Notes Payable	4,653,000	
Proceeds from Note Payable Related to Finance Purchase	(877,614)	
Issuance of Right-to-Use Lease Arrangements	(235,338)	
Issuance of Right-to-Use Subscriptions Payable	(1,386,433)	
Repayment of Note Payable Related to Finance Purchase	592,847	
Repayment of Right-to-Use Lease Arrangements	78,939	
Repayment of Right-to-Use Subscriptions Payable	247,794	
Amortization of Premiums and Deferred Amounts on Refunding	(13,139)	3,060,056
Some expenses 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.		
Change in Net Pension Liability and Related Deferred Inflows and Outflows	1,934,070	
Current Year Change in Accrued Interest Payable	6,834	
Current Year Change in Compensated Absences	(1,098,881)	
Change in Net Post-Employment Benefit (OPEB) Liability and Related Deferred Inflows and Outflows	144,351	986,374
The Internal Service Fund is used by management to charge the cost of health and prescription insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported within the governmental activities.		(218,921)
Change in Net Position (Deficit) of Governmental Activities		$ 3,262,884

See accompanying Notes to Financial Statements.

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
ASSETS				
Current Assets:				
Cash	$ 1,138,537	$ 975,624	$ -	$ -
Due From Other Funds	670	191,837	-	-
Due From Other Governments	96,848	95,002	-	-
Other Receivables	-	-	-	-
Assets Held in Trust for Healthcare Claims	-	-	9,027,103	9,246,024
Total Current Assets	1,236,055	1,262,463	9,027,103	9,246,024
Noncurrent Assets:				
Depreciable Capital Assets, Net	449,973	135,053	-	-
Total Assets	1,686,028	1,397,516	9,027,103	9,246,024
LIABILITIES				
Accounts Payable	194,687	84,617	-	-
Unearned Revenue	57,286	57,185	-	-
Total Liabilities	251,973	141,802	-	-
NET POSITION				
Net Investment in Capital Assets	449,973	135,053	-	-
Restricted	-	-	9,027,103	9,246,024
Unrestricted	984,082	1,120,661	-	-
Total Net Position	$ 1,434,055	$ 1,255,714	$ 9,027,103	$ 9,246,024

See accompanying Notes to Financial Statements.

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

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
OPERATING REVENUES				
Charges for Services	$ 1,226,852	$ 1,220,897	$ 10,574,721	$ 9,719,870
OPERATING EXPENSES				
Employee Benefits	-	-	10,491,747	9,585,492
Purchased Professional and Technical Services	-	-	822,520	822,693
Purchased Property Services	36,122	6,303	-	-
Other Purchased Services	942,673	931,024	-	-
Supplies	752,900	696,127	-	-
Depreciation	34,753	9,896	-	-
Total Operating Expenses	1,766,448	1,643,350	11,314,267	10,408,185
OPERATING LOSS	(539,596)	(422,453)	(739,546)	(688,315)
NONOPERATING REVENUES (EXPENSES)				
Earnings on Investments	41,952	40,045	520,625	543,365
State Sources	141,441	118,329	-	-
Federal Sources	557,726	642,517	-	-
Loss on Sale of Capital Assets	(23,182)	-	-	-
Total Nonoperating Revenues (Expenses)	717,937	800,891	520,625	543,365
CHANGE IN NET POSITION	178,341	378,438	(218,921)	(144,950)
Net Position - Beginning of Year	1,255,714	877,276	9,246,024	9,390,974
NET POSITION - END OF YEAR	$ 1,434,055	$ 1,255,714	$ 9,027,103	$ 9,246,024

See accompanying Notes to Financial Statements.

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

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	$ 1,226,952	$ 1,231,638	$ -	$ -
Cash Received for Assessments Made to Other Fund	-	-	10,574,721	9,719,870
Cash Payments to Suppliers for Goods and Services	(1,322,987)	(1,653,611)	-	-
Cash Payments for Insurance Claims	-	-	(10,272,826)	(9,440,542)
Cash Payments for Other Operating Expenses	-	-	(822,520)	(822,693)
Net Cash Used by Operating Activities	(96,035)	(421,973)	(520,625)	(543,365)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	137,845	124,003	-	-
Federal Sources	452,007	580,315	-	-
Net Cash Provided (Used) by Noncapital Financing Activit	589,852	704,318	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(372,856)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on Investments	41,952	40,046	520,625	543,365
NET CHANGE IN CASH	162,913	322,391	-	-
Cash - Beginning of Year	975,624	653,234	-	-
CASH - END OF YEAR	$ 1,138,537	$ 975,625	$ -	$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	$ (539,596)	$ (422,453)	$ (739,546)	$ (688,315)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation	34,753	9,896	-	-
Donated Commodities Used	107,471	119,653	-	-
(Increase) Decrease In:				
Due from Other Funds	191,167	(99,865)	-	-
Assets eh	-	-	218,921	144,950
Increase (Decrease) In:				
Accounts Payable	110,070	(39,945)	-	-
Unearned Revenue	100	10,741	-	-
Net Cash Used by Operating Activities	$ (96,035)	$ (421,973)	$ (520,625)	$ (543,365)
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL FINANCING ACTIVITY				
USDA Donated Commodities	$ 107,471	$ 119,653	$ 227,124	$ 119,653

See accompanying Notes to Financial Statements.

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Custodial Funds	
	2025	2024
ASSETS		
Cash	$ 370,188	$ 366,782
Other Receivables	1,600	38,446
Total Assets	371,788	405,228
LIABILITIES		
Accounts Payable	2,205	9,461
NET POSITION		
Restricted for Student Activities	188,027	211,894
Restricted for Scholarships	181,556	183,873
Total Net Position	$ 369,583	$ 395,767

See accompanying Notes to Financial Statements.

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

	Custodial Funds	
	2025	2024
ADDITION		
Receipts from Student Groups	$ 253,181	$ 243,746
Local Contributions	17,919	11,062
Total Additions	271,100	254,808
DEDUCTIONS		
Student Activity Disbursements	277,048	214,655
Scholarships Awarded and Fees Paid	20,236	-
Total Deductions	297,284	214,655
CHANGE IN NET POSITION	(26,184)	40,153
Net Position - Beginning of Year	395,767	355,614
NET POSITION - END OF YEAR	$ 369,583	$ 395,767

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATIONS PURPOSE

The Wallingford-Swarthmore School District (the District) operates three elementary schools, a middle school and a high school to provide education and related services to the residents in the Boroughs of Swarthmore, Rutledge and Rose Valley and the Township of Nether Providence. 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 third class. The District operates under a locally elected nine-member board form of government (the School Board).

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and 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 (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. The District considers federal, state and other grant revenues to be available if they can be used to finance expenditures of the current fiscal period or one year. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

The Internal Service Fund is used to account for the District's participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription coverage.

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 Fund are charges for services. Operating expenses for the District's Proprietary Fund include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: post employment benefit trust funds, investment trust funds, private-purpose trust funds and custodial funds. Custodial funds are used to account for assets held on behalf of individuals and/or government units and are, therefore, not available to support the District's own programs. The District has two custodial funds consisting of funds held on behalf of the students and funds held as pass-through to provide annual scholarships to students as described by donor stipulations.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Property Taxes

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

July 1 – August 31	Discount period, 2% of gross levy
September 1 – October 31	Face period
November 1 to collection	Penalty period, 10% of gross levy
February 28	Lien date

The County Board of Assessments determines assessed valuations of property, and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2024-2025 was 30.0615 mills ($30.06 for $1,000 of assessed valuation) for Rose Valley Borough and Nether Providence Township and 30.3144 mills ($30.31 for $1,000 of assessed valuation) for the Boroughs of Swarthmore and Rutledge (includes additional levy for the sponsorship of the Delaware County Community College). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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

Installment One	August 31
Installment Two	September 30
Installment Three	October 31

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

Prepaid Items and Inventories

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

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

Unearned Revenues

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful 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	10 to 40 Years
Furniture and Equipment	5 to 20 Years

Leases and Subscriptions

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

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

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

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

The lease or subscription term includes the noncancellable period of the lease or subscription. Lease and subscription payments included in the measurement of the lease or subscription liability is comprised of fixed payments.

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

NOTE 2 SUMMARY OF SIGNIFICANT 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 for the year ended June 30, 2025.

Compensated Absences

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

Long-Term Obligations

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

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

Pension

The District contributes to the Pennsylvania State Employee 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension (Continued)

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, which 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 of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources (Continued)

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. 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:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

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.

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 Business Administrator 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.

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year’s expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data

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

Use of Estimates

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

Implementation of New Accounting Pronouncements

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

The objective of GASB Statement No. 101 is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB Statement No. 101 increased liabilities and expenses in the entity-wide financial statements of the District for the year ended June 30, 2025.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

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

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The District is required to publish notice by advertisement at least once in 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.

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Expenditures in Excess of Appropriations

The following General Fund functions and uses incurred expenditures and other financing uses in excess of appropriations in the following amounts for the year ended June 30, 2025:

Special Programs	$ 930,812
Vocational Programs	$ 40,927
Other Instructional Programs	$ 172,365
Pupil Support Services	$ 347,173
Student Transportation Services	$ 132,879
Support Services - Central	$ 801,873
Community Services	$ 587
Debt Service	$ 1,070,888
Refund of Prior Year Receipts	$ 99,255

NOTE 4 DEPOSITS

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

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 June 30, 2025, the carrying amount of the District's deposits was $27,913,502 and the bank balance was $28,316,968. 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, $6,597 was covered by federal depository insurance, and the remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund 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 June 30, 2025, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated/Amortized:				
Land	$ 128,010	$ -	$ -	$ 128,010
Capital Assets Being Depreciated/Amortized:				
Buildings and Improvements	141,860,304	2,647,364	-	144,507,668
Furniture and Equipment	17,071,556	331,160	-	17,402,716
Right-to-Use Subscription Assets	-	1,386,433	-	1,386,433
Right-to-Use Leased Equipment	198,680	235,338		434,018
Financed Purchase Equipment	3,680,059	877,614	-	4,557,673
Total Capital Assets Being Depreciated/Amortized	162,810,599	5,477,909	-	168,288,508
Less Accumulated Depreciation/ Amortization For:				
Buildings and Improvements	(59,884,204)	(3,581,991)	-	(63,466,195)
Furniture and Equipment	(16,738,533)	(122,046)	-	(16,860,579)
Right-to-Use Subscription Assets	-	(307,423)	-	(307,423)
Right-to-Use Leased Equipment	(161,008)	(86,046)	-	(247,054)
Financed Purchase Equipment	(2,719,646)	(564,341)	-	(3,283,987)
Total Accumulated Depreciation/ Amortization	(79,503,391)	(4,661,847)	-	(84,165,238)
Total Capital Assets Being Depreciation/Amortization, Net	83,307,208	816,062	-	84,123,270
Governmental Activities, Net	$ 83,435,218	$ 816,062	$ -	$ 84,251,280
Business-Type Activities:				
Machinery and Equipment	$ 665,900	$ 372,856	$ 35,129	$ 1,003,627
Less: Accumulated Depreciation/Amortization	(530,847)	(34,753)	(11,946)	(553,654)
Business-Type Activities, Net	$ 135,053	$ 338,103	$ 23,183	$ 449,973

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

Governmental Activities:	
Instruction	$ 2,911,771
Instructional Student Support	522,970
Administrative and Financial Support Services	581,246
Operation and Maintenance of Plan Services	315,108
Pupil Transportation	223,017
Student Activities	107,735
Total Depreciation/Amortization Expense - Governmental Activities	$ 4,661,847
Business-Type Activities:	
Food Service	$ 34,753

NOTE 6 NONCURRENT LIABILITIES

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

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Amount Due Within One Year
Governmental Activities					
General Obligation Debt:					
Notes Payable	$ 23,701,000	$ -	$ 4,128,000	$ 19,573,000	$ 4,187,000
Bonds Payable	19,600,000	-	525,000	19,075,000	535,000
Bond Premiums	102,718	-	10,272	92,446	10,272
Total General Obligation Debt	43,403,718	-	4,663,272	38,740,446	4,732,272
Other Noncurrent Liabilities:					
Note Payable (Finance Purchase)	862,088	877,614	592,847	1,146,855	447,002
Subscriptions Payable	-	1,386,433	247,794	1,138,639	305,918
Leases Payable	35,310	235,338	78,939	191,709	45,964
Compensated Absences	1,155,517	1,098,881	-	2,254,398	1,503,441
OPEB Liability	3,062,466	357,748	531,977	2,888,237	118,226
Net OPEB Liability - PSERS	4,868,627	-	145,023	4,723,604	-
Net Pension Liability - PSERS	120,068,740	-	8,734,592	111,334,148	-
Total Other Noncurrent Liabilities	130,052,748	3,956,014	10,331,172	123,677,590	2,420,551
Total Governmental Activities	$ 173,456,466	$ 3,956,014	$ 14,994,444	$ 162,418,036	$ 7,152,823

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

Noncurrent liabilities are generally liquidated by the General Fund.

NOTE 7 GENERAL OBLIGATION DEBT

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

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

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds				
GOB Series of 2019	2.00% - 4.00%	$ 7,860,000	05/01/2034	$ 5,015,000
GOB Series of 2022	3.330%	$ 14,075,000	05/01/2036	14,060,000
Total General Obligation Bonds				19,075,000
General Obligation Notes				
GON Series of 2017	2.573%	$ 19,845,000	05/01/2025	-
GON Series of 2017A	2.550%	$ 17,140,000	05/01/2029	2,505,000
GON Series of 2017B	2.840%	$ 8,505,000	05/01/2031	1,640,000
GON Series of 2020	0.887%	$ 10,165,000	04/25/2027	6,685,000
GON Series of 2020A	0.887%	$ 10,119,000	04/25/2028	5,943,000
GON Series of 2022	3.980%	$ 3,010,000	05/01/2036	2,800,000
Total General Obligation Notes				19,573,000
Total General Obligation Debt				$ 38,648,000

NOTE 7 GENERAL OBLIGATION DEBT (CONTINUED)

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 4,722,000	$ 944,250	$ 5,666,250
2027	4,778,000	887,175	5,665,175
2028	4,828,000	838,146	5,666,146
2029	3,365,000	786,119	4,151,119
2030	3,260,000	695,456	3,955,456
2031-2035	15,080,000	1,962,977	17,042,977
2036	2,615,000	89,712	2,704,712
Total	$ 38,648,000	$ 6,203,835	$ 44,851,835

Interest Rate Management Plan

The General Obligation Notes, Series of 2020 and 2020A, of the District have been issued to the Delaware Valley Regional Finance Authority (DVRFA). The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units (participants) for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the District, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans.

In order to provide this option to participants, DVRFA has entered into interest rate swap agreements with financial institutions. In the event that the swap agreements between DVRFA and the financial institutions are terminated and the value of the swaps to DVRFA at the time of termination is a liability, the participants are required to pay their proportionate share of the liability. The value of the swap agreements relative to the General Obligation Notes, Series of 2020 and Series of 2020A, at June 30, 2025 was an asset of $806,751. The value of the swap agreements relative to the District's General Obligation Notes, Series of 2020 and Series of 2020A, are not reflected on the District's statement of net position (deficit).

NOTE 8 RIGHT-TO-USE SUBSCRIPTION PAYABLE

The District has entered into long-term lease agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of $1,386,433. As of June 30, 2025, the value of the subscription liabilities is $1,138,639. The subscriptions have imputed interest rates of 5.35% and estimated useful lives were three to five years as of their contract commencements. The net book value of the intangible right-to-use subscription assets as of June 30, 2025, is $1,079,010, net of accumulated amortization of $307,423, and is included with noncurrent assets on the statement of net position (deficit).

NOTE 8 RIGHT TO USE SUBSCRIPTION PAYABLE (CONTINUED)

Future minimum payments under these subscriptions are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 305,918	$ 60,917	$ 366,835
2027	306,882	44,551	351,433
2028	266,825	28,132	294,957
2029	259,014	13,857	272,871
Total	$ 1,138,639	$ 147,457	$ 1,286,096

NOTE 9 RIGHT-TO-USE LEASES PAYABLE

The District has entered into long-term right-to-use lease agreements copier equipment. Initial lease liabilities were recorded in the amount of $434,018. As of June 30, 2025, the value of the lease liabilities is $191,709. The leases have imputed interest rates ranging from 3.57% to 5.56% and the estimated useful lives of the equipment was four to five years as of their contract commencements. The net book value of the capital assets as of June 30, 2025 is $186,964, net of accumulated amortization of $247,054, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum lease payments under these leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 45,964	$ 10,256	$ 56,220
2027	48,422	7,797	56,219
2028	51,013	5,207	56,220
2029	46,310	2,478	48,788
Total	$ 191,709	$ 25,738	$ 217,447

NOTE 10 FINANCE PURCHASE NOTE PAYABLE

The District has entered into long-term note payable for computer equipment. Initial liabilities were recorded in the amount of $4,557,673. As of June 30, 2025, the value of the note payable liabilities is $1,146,855. The note payables have interest rates ranging from 4.00% to 5.35% and estimated useful lives of the equipment was four to five years as of their contract commencements. The net book value of the capital assets as of June 30, 2025 is $1,273,686, net of accumulated depreciation of $3,283,987, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum payments under these notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 447,002	$ 55,261	$ 502,263
2027	421,413	43,526	464,939
2028	196,735	16,132	212,867
2029	81,705	4,583	86,288
Total	$ 1,146,855	$ 119,502	$ 1,266,357

NOTE 11 PENSION PLAN

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

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 10 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.

NOTE 11 PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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%

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $14,209,724 for the year ended June 30, 2025.

NOTE 11 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of $111,334,148 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2660%, which was a decrease of 0.0039% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of $111,334,148 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized net pension expense of $12,018,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 1,750,000
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings	1,843,000	-
Changes in Proportions	6,505,000	3,153,000
Contributions Subsequent to the Measurement Date	14,209,724	-
Total	$ 22,557,724	$ 4,903,000

Contributions of $14,209,724 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$ (2,012,000)
2027	5,760,000
2028	70,000
2029	(373,000)
Total	$ 3,445,000

NOTE 11 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 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial 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.

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.00%	4.80%
Private Equity	12.00%	6.70%
Fixed Income	33.50%	3.90%
Commodities	5.00%	2.50%
Infrastructure	10.00%	6.40%
Real Estate	9.50%	5.90%
Total	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	$ 146,661,015	$ 111,334,148	$ 81,503,110

NOTE 11 PENSION PLAN (CONTINUED)

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 PSERS' website at www.psers.state.pa.us.

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2023:

Active Participants	528
Vested Former Participants	-
Retired Participants	86
Total	614

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 July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and by rolling forward the liabilities from the July 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $2,888,237, all of which is unfunded.

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

Balances as of July 1, 2023	$ 3,062,466
Changes for the Year:	
Service Cost	224,396
Interest on Total OPEB Liability	133,352
Differences Between Expected and Actual Experience	(422,086)
Changes in Assumptions	(2,840)
Benefit Payments	(107,051)
Net Changes	(174,229)
Balances as of July 1, 2024	$ 2,888,237

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2025, the District recognized OPEB expense of $23,314. At June 30, 2025, the District had deferred inflows and 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	$ -	$ 1,256,668
Changes of Assumptions	298,897	1,075,241
Contributions Subsequent to the Measurement Date	118,226	-
Total	$ 417,123	$ 2,331,909

Contributions $118,226 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$ (334,434)
2027	(334,433)
2028	(224,963)
2029	(213,530)
2030	(213,527)
Thereafter	(712,125)
Total	$ (2,033,012)

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

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

	1% Decrease	Trend Rate	1% Increase
OPEB Liability	$ 2,633,741	$ 2,888,237	$ 3,181,510

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
OPEB Liability	$ 3,106,192	$ 2,888,237	$ 2,682,227

Actuarial Methods and Significant Assumptions

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

- Actuarial cost method - entry age normal
- Discount rate – 4.29% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.13% to 4.29%.
- Salary growth – salary increases are composed of inflation of 2.50%, 1.50% for real wage growth and 0.00% to 2.75% for merit or seniority increases.
- 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 4.00% in 2075 and later.
- PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-20210 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

Plan Description

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.

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

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

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

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.

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $271,936 for the year ended June 30, 2025.

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2025, the District reported a liability of $4,723,604 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2659%, which was a decrease of 0.0032% from its proportion measured as of June 30, 2024. As of June 30, 2025, the OPEB liability of $4,723,604 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized OPEB expense of $220,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 18,000	$ 71,000
Changes of Assumptions	288,000	721,000
Net Difference Between Projected and Actual Investment Earnings	5,000	-
Changes in Proportions	485,000	239,000
Contributions Subsequent to the Measurement Date	271,936	-
Total	$ 1,067,936	$ 1,031,000

Contributions of $271,936 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	$ (72,000)
2027	(85,000)
2028	(119,000)
2029	66,000
2030	(25,000)
Total	$ (235,000)

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level % 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 actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

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

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (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%	1.20%

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

Discount Rate

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

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

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

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the net OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what net OPEB liability would be if 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	$ 4,723,187	$ 4,723,604	$ 4,723,942

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	$ 5,336,238	$ 4,723,604	$ 4,210,553

OPEB Plan Fiduciary Net Position

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

NOTE 13 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Delaware County Vocational Technical School and Delaware Vocational Technical School Authority

The District and the other fourteen Delaware County school districts participate in the Delaware County Vocational Technical School (the DCVTS). The DCVTS provides vocational-technical training and education to students of the participating school districts. The DCVTS is controlled by a joint Board comprised of representative School Board members of the participating school districts. District oversight of the DCVTS operations is the responsibility of the joint Board. The District's share of operating costs for the DCVTS fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2024-2025 was $530,330.

NOTE 13 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Delaware County Vocational Technical School and Delaware Vocational Technical School Authority (Continued)

The District and the other fourteen Delaware County school districts also participate in a joint venture for the operation of the Delaware County Vocational-Technical School Authority (the DCVTSA). The DCVTSA oversees acquiring holding, constructing, improving and maintaining the DCVTSA school buildings. The DCVTSA is controlled by a joint Board comprised of representative School Board members of the participating school districts in the DCVTS. During 2024-2025, the District did not have any financial transactions with the DCVTSA.

Both the DCVTS and the DCVTSA prepare financial statements that are available to the public from their administrative offices located at 200 Yale Avenue Morton, Pennsylvania 19070.

Delaware County Community College

The District and twelve other Delaware County schools sponsor the Delaware County Community College (the DCCC). Only residents of the Boroughs of Swarthmore and Rutledge participate in this joint venture within the District. The DCCC provides higher education programs to the residents of southeastern Pennsylvania. Sponsoring school districts pay a share of the DCCC's operating and debt service costs which fluctuate based on each District's certified market values and in return residents of each of the sponsoring school districts pay a reduced cost to participate in DCCC higher education programs. The sponsoring school districts have entered into a long-term lease agreement with the DCCC to provide rental payments sufficient to retire the DCCC's outstanding debt obligations. The lease agreement expires in 2034-2035 unless the debt is retired earlier. The District's share of operating costs and rent expense for 2024-2025 was $176,290.

The DCCC prepares financial statements that are available to the public from their administrative offices located at 901 South Media Line Road, Media, Pennsylvania 19063.

The District's future estimated annual lease payments to the DCCC are as follows:

Year Ending June 30,	Amount
2026	$ 53,321
2027	53,272
2028	53,281
2029	53,289
2030	53,226
2031-2035	222,183
2036-2040	118,490
2041-2045	105,536
2046-2049	45,865
Total	$ 758,463

NOTE 13 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Delaware County Intermediate Unit

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit (the DCIU). The DCIU is a regional 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 DCIU but the participating districts have no ongoing fiduciary interest or responsibility to the DCIU. The DCIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services; and state and federal liaison services.

NOTE 14 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.

NOTE 15 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; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs including workers compensation. For insured programs, there were no significant reductions in insurance coverages during the 2024-2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 15 RISK MANAGEMENT (CONTINUED)

The District participates in a consortium with other participating school districts and educational agencies from Delaware County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. Since the District has not transferred its risk to the other participants in the consortium, GASB requires that it recognize and measure its claims, liabilities and related expenses. The District accounts for its participation in the consortium in the Internal Service Fund in the accompanying financial statements. The following table presents the components of the self-insurance claims surplus (liability) and the related changes claims surplus (liability) for the year ended June 30, 2025 and 2024:

	2025	2024
Insurance Claims Surplus (Liability) - Beginning of Year	$ 9,246,024	$ 9,390,974
Current Year Insurance Claims and Changes in Estimates	(1,643,350)	(10,408,185)
Insurance Claims Paid	2,021,788	10,263,235
Insurance Claims Surplus (Liability) - End of Year	$ 9,624,462	$ 9,246,024

Because estimates are used in the process of computing self-insurance claims (liabilities), it is reasonably possible that there may be claims incurred but not yet recorded and related receivables for stop loss insurance. This would affect the District's net position in its Internal Service Fund. Adjustments resulting from these claim settlements are recorded in the year in which they become known.

REQUIRED SUPPLEMENTARY INFORMATION

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources	$ 77,453,006	$ 77,453,006	$ 78,714,006	$ 1,261,000
State Sources	21,899,192	21,899,192	20,751,950	(1,147,242)
Federal Sources	2,099,568	2,099,568	1,573,535	(526,033)
Total Revenues	101,451,766	101,451,766	101,039,491	(412,275)
EXPENDITURES				
Instruction:				
Regular Programs	43,331,366	43,331,366	41,952,412	1,378,954
Special Programs	15,004,157	15,004,157	15,934,969	(930,812)
Vocational Programs	489,403	489,403	530,330	(40,927)
Other Instructional Programs	74,785	74,785	247,150	(172,365)
Nonpublic School Programs	4,753	4,753	4,527	226
Adult Education Programs	184,505	184,505	176,290	8,215
Total Instruction	59,088,969	59,088,969	58,845,678	243,291
Support Services:				
Pupil Support Services	5,153,207	5,153,207	5,500,380	(347,173)
Instructional Staff Services	3,909,126	3,909,126	3,172,329	736,797
Administrative Services	8,213,586	8,213,586	7,948,919	264,667
Pupil Health	2,138,488	2,138,488	2,085,543	52,945
Business Services	1,137,076	1,137,076	1,013,972	123,104
Operation and Maintenance of Plant Services	7,704,401	7,704,401	6,482,231	1,222,170
Student Transportation Services	4,454,909	4,454,909	4,587,788	(132,879)
Support Services - Central	2,145,563	2,145,563	2,947,436	(801,873)
Other Support Services	48,900	48,900	46,743	2,157
Total Support Services	34,905,256	34,905,256	33,785,341	1,119,915
Operation of Noninstructional Services:				
Student Activities	2,378,711	2,378,711	2,216,270	162,441
Community Services	-	-	587	(587)
Total Operation of Noninstructional Services	2,378,711	2,378,711	2,216,857	161,854
Facilities Acquisition, Construction, and Improvement Services	-	-	-	-
Debt Service	5,664,569	5,664,569	6,735,457	(1,070,888)
Total Expenditures	102,037,505	102,037,505	101,583,333	454,172
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(585,739)	(585,739)	(543,842)	41,897
OTHER FINANCING (SOURCES) USES				
Refund of Prior Year Receipts	-	-	(99,255)	(99,255)
Proceeds from Right-to-Use Arrangements	-	-	1,386,433	1,386,433
Transfers Out	(400,000)	(400,000)	-	400,000
Total Other Financing (Sources) Uses	(400,000)	(400,000)	1,287,178	1,687,178
NET CHANGE IN FUND BALANCE	$ (985,739)	$ (985,739)	743,336	$ 1,729,075
Fund Balance - Beginning of Year			12,844,229	
FUND BALANCE - END OF YEAR			$ 13,587,565	

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
LAST TEN YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2660%	0.2699%	0.2405%	0.2569%	0.2515%	0.2457%	0.2484%	0.2489%	0.2461%	0.2522%
District's Proportionate Share of the Net Pension Liability	$ 111,334,148	$ 120,068,740	$ 106,923,226	$ 105,474,739	$ 123,836,125	$ 114,944,868	$ 119,244,333	$ 122,928,000	$ 121,959,000	$ 109,241,000
District's Covered-Employee Payroll	$ 42,216,654	$ 41,226,261	$ 35,256,782	$ 36,365,201	$ 35,155,814	$ 33,883,596	$ 33,447,621	$ 33,133,436	$ 31,875,110	$ 32,444,136
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	263.72%	291.24%	303.27%	290.04%	352.25%	339.23%	356.51%	371.01%	382.62%	336.70%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
LAST TEN YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 14,209,724	$ 13,964,103	$ 14,133,567	$ 11,987,663	$ 12,210,202	$ 11,749,645	$ 11,003,026	$ 10,540,427	$ 9,520,000	$ 7,830,000
Contributions in Relation to the Contractually Required Contribution	14,209,724	13,964,103	14,133,567	11,987,663	12,210,202	11,749,645	11,048,538	10,606,548	9,674,020	7,969,108
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (45,512)	$ (66,121)	$ (154,020)	$ (139,108)
District's Covered-Employee Payroll	$ 43,164,411	$ 42,216,654	$ 41,226,261	$ 35,256,782	$ 36,365,201	$ 35,155,814	$ 33,883,596	$ 33,447,621	$ 33,133,436	$ 31,875,110
Contributions as a Percentage of Covered-Employee Payroll	32.92%	33.36%	34.28%	34.00%	33.58%	33.42%	32.61%	31.71%	29.20%	25.00%

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
LAST EIGHT YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 224,396	$ 209,570	$ 350,621	$ 350,906	$ 243,353	$ 242,640	$ 294,472	$ 275,684
Interest on Total OPEB Liability	133,352	119,406	105,508	81,892	131,503	110,845	144,556	100,862
Differences Between Expected and Actual Experience	(422,086)	-	(647,288)	-	(351,420)	-	(1,019,195)	-
Changes of Assumptions	(2,840)	40,449	(1,263,777)	(124,838)	427,813	(102,929)	(199,530)	259,470
Benefit Payments	(107,051)	(83,859)	(98,344)	(64,737)	(75,742)	(35,123)	(105,211)	(65,624)
Net Change in Total OPEB Liability	(174,229)	285,566	(1,553,280)	243,223	375,507	215,433	(884,908)	570,392
Total OPEB Liability - Beginning	3,062,466	2,776,900	4,330,180	4,086,957	3,711,450	3,496,017	4,380,925	3,810,533
Total OPEB Liability - Ending	$ 2,888,237	$ 3,062,466	$ 2,776,900	$ 4,330,180	$ 4,086,957	$ 3,711,450	$ 3,496,017	$ 4,380,925
Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	$ 41,038,438	$ 39,343,784	$ 39,343,784	$ 34,074,992	$ 34,074,992	$ 30,887,904	$ 30,887,904	$ 30,295,952
Net OPEB Liability as a % of Covered Payroll	7.04%	7.78%	7.06%	12.71%	11.99%	12.02%	11.32%	14.46%

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

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

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
LAST EIGHT YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.2659%	0.2691%	0.2398%	0.2565%	0.2505%	0.2457%	0.2484%	0.2489%
District's Proportionate Share of the Net OPEB Liability	$ 4,723,604	$ 4,868,627	$ 4,414,169	$ 6,079,263	$ 5,412,546	$ 5,225,651	$ 5,179,013	$ 5,071,000
District's Covered-Employee Payroll	$ 42,216,654	$ 41,226,261	$ 35,256,782	$ 36,365,201	$ 35,155,814	$ 33,883,596	$ 33,447,621	$ 33,133,436
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	11.19%	11.81%	12.52%	16.72%	15.00%	15.00%	15.00%	15.00%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

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

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS
LAST NINE YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 271,936	$ 270,896	$ 314,236	$ 280,022	$ 298,476	$ 294,896	$ 281,501	$ 277,522	$ 275,000
Contributions in Relation to the Contractually Required Contribution	271,936	270,896	314,236	280,022	298,476	294,896	281,297	277,361	274,981
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 204	$ 161	$ 19
District's Covered-Employee Payroll	$ 43,164,411	$ 42,216,654	$ 41,226,261	$ 35,256,782	$ 36,365,201	$ 35,155,814	$ 33,883,596	$ 33,447,621	$ 33,133,436
Contributions as a Percentage of Covered-Employee Payroll	0.63%	0.64%	0.76%	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.

SINGLE AUDIT

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education:											
Title I - Improving Basic Programs	I	84.010	013-230458	09/22/22 - 09/30/23	$ 140,092	$ -	$ 140,092	$ -	$ -	$ 140,092	$ -
Title I - Improving Basic Programs	I	84.010	013-240458	09/22/23 - 09/30/24	138,948	138,948	138,948	-	-	-	-
Title I - Improving Basic Programs	I	84.010	013-250458	09/22/24 - 09/30/25	130,936	30,502	-	129,936	129,936	99,434	-
Total ALN 84.010						169,450	279,040	129,936	129,936	239,526	-
Title II - Improving Teacher Quality	I	84.367	020-230458	09/30/22 - 09/30/23	48,680	48,680	48,680	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-240458	09/22/23 - 09/30/24	57,958	17,833	57,958	-	-	40,125	-
Title II - Improving Teacher Quality	I	84.367	020-250458	09/22/24 - 09/30/25	53,768	12,351	-	53,768	53,768	41,417	-
Total ALN 84.367						78,864	106,638	53,768	53,768	81,542	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240458	07/01/23 - 09/30/24	10,967	2,925	10,967	-	-	8,042	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-250458	07/01/24 - 09/30/25	10,464	2,415	-	10,464	10,464	8,049	-
Total ALN 84.424						5,339	10,967	10,464	10,464	16,092	-
COVID-19 ARP ESSER	I	84.425U	223-210458	03/13/20 - 09/30/24	1,448,278	725,541	(19,220)	744,761	744,761	-	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210458	03/13/20 - 09/30/24	112,564	2,047	(4,385)	-	-	(6,432)	-
COVID-19 ARP ESSER - Homeless Children and Youth	I	84.425W	181-212463	03/13/20 - 09/30/24	11,049	5,949	5,949	-	-	-	-
Total ALN 84.425						733,537	(17,656)	744,761	744,761	(6,432)	-
Passed-Through Delaware County I.U.											
I.D.E.A. - Part B, Section 611	I	84.027	062-240013	07/01/23 - 06/30/24	652,127	648,127	648,127		-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-250013	07/01/24 - 06/30/25	632,626	4,000		632,626	632,626	628,626	-
Total ALN 84.027						652,127	648,127	632,626	632,626	628,626	-
I.D.E.A. - Part B, Section 619	I	84.173	131-250013	07/01/24 - 06/30/25	1,980	1,980	-	1,980	1,980	-	-
Total ALN 84.173						1,980	-	1,980	1,980	-	-
Total U.S. Department of Education						1,641,298	1,027,116	1,573,535	1,573,535	959,353	-

See accompanying Notes to Schedule of Expenditures of Federal Awards .

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education:											
Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	62,168	62,168	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	325,332	-	385,941	385,941	60,609	-
Total ALN 10.553						387,500	62,168	385,941	385,941	60,609	-
Special Milk	I	10.556	N/A	07/01/23 - 06/30/24	N/A	539	539	-	-	-	-
Special Milk	I	10.556	N/A	07/01/24 - 06/30/25	N/A	166	-	197	197	31	-
Total ALN 10.556						705	539	197	197	31	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	11,090	11,090	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	52,712	-	64,117	64,117	11,405	-
Passed-Through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	107,471	-	107,471	107,471	-	-
Total ALN 10.555						171,273	11,090	171,588	171,588	11,405	-
Total U.S. Department of Agriculture						559,478	73,797	557,726	557,726	72,045	-
Total Federal Awards						$ 2,200,776	$ 1,100,913	$ 2,131,261	$ 2,131,261	$ 1,031,398	$ -
Special Education Cluster (IDEA) (ALN's 84.027 and 84.173)						$ 654,107	$ 648,127	$ 634,606	$ 634,606	$ 628,626	$ -
Child Nutrition Cluster (ALN's 10.553, 10.555 and 10.556)						$ 559,478	$ 73,797	$ 557,726	$ 557,726	$ 72,045	$ -

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

See accompanying Notes to Schedule of Expenditures of Federal Awards .

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 FEDERAL EXPENDITURES

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule 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 2024-2025 fiscal year.

NOTE 4 ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was $-0-.

NOTE 5 INDIRECT COSTS

The District has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District’s Federal awards for the year ended June 30, 2025.

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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 of
Wallingford-Swarthmore School District
Wallingford, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wallingford-Swarthmore School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Wallingford-Swarthmore School District's basic financial statements, and have issued our report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 25, 2026

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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 of
Wallingford-Swarthmore School District
Wallingford, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Wallingford-Swarthmore School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wallingford-Swarthmore School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 25, 2026

WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? _____ yes ____X____ no
   - Significant deficiency(ies) identified? _____ yes ____X____ none reported

3. Noncompliance material to basic 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**
84.425	Education Stabilization Fund – Elementary and Secondary Education
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? _____ yes ____X____ no

Section II – Financial Statement Findings

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

Section III – Major Federal Award Programs Audit

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

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