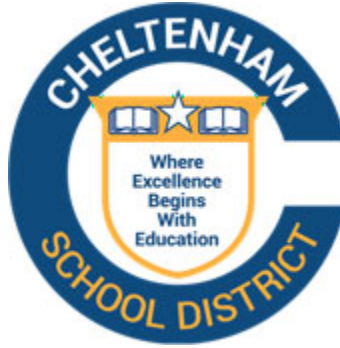




**CHELTENHAM SCHOOL DISTRICT
ELKINS PARK, PENNSYLVANIA
MONTGOMERY COUNTY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Cheltenham School District
Elkins Park, 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 Cheltenham School District, Elkins Park, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Cheltenham 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 Cheltenham School District, Elkins Park, Pennsylvania, 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 Cheltenham School District, Elkins Park, Pennsylvania, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cheltenham 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 Cheltenham 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cheltenham School District's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Report on Summarized Comparative Information

We have previously audited Cheltenham School District's financial statements as of and for the year ended June 30, 2024, and our report thereon, dated December 22, 2025, expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. 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 August 28, 2026, on our consideration of Cheltenham School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cheltenham 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 Cheltenham School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
August 28, 2026

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

Management's discussion and analysis ("MD&A") of the financial performance of the Cheltenham 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 seven schools – four elementary schools (grades K-5), one upper elementary school (grade 6), one middle school (grades 7-8) and one high school (grades 9-12) consisting of approximately 4,141 students. The District is located in Montgomery County, Pennsylvania, which sits on the northwest border of the City of Philadelphia, and is comprised of the communities of Glenside, Laverock, Edge Hill, Wyncote, Cedarbrook, Cheltenham Hills, La Mott, Elkins Park, Melrose Park and Cheltenham Village. The District covers 9.0 square miles and is approximately 60 miles east of Reading, Pennsylvania; 4 miles north of Center City Philadelphia, Pennsylvania; 30 miles east of West Chester, Pennsylvania; 5 miles east of Valley Forge, Pennsylvania; and 60 miles south of Allentown, Pennsylvania. There are approximately 662 employees in the District including full-time and part-time employees, consisting of teachers and administrators and support personnel including secretaries, maintenance and custodial staff and teacher aides.

Drawing on its cultural richness, creativity and tradition of scholastic excellence, the Cheltenham School District strives to nurture each child through a wealth of academic endeavors and community partnerships that provide the skills and vision needed to lead a productive and meaningful life beyond our classroom walls.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2024-2025 fiscal year of \$75,788,004. During the 2024-2025 fiscal year, the District had an increase in total net position of \$10,106,409. The net position of governmental activities increased by \$9,986,103 and net position of business-type activities increased by \$120,306.
- The General Fund reported an increase in fund balance of \$1,524,272, bringing the cumulative balance to \$29,728,478 at the conclusion of the 2024-2025 fiscal year.
- At June 30, 2025, the General Fund fund balance includes \$882,631 which is considered nonspendable, \$17,000,000 assigned for capital projects, \$650,000 assigned for strategic academic planning, and unassigned amounts of \$11,195,847 or 7.98% of the \$140,231,360 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% of the following year's expenditure budget.
- Total General Fund revenues were \$5,558,335 or 4.14% more than budgeted amounts and total General Fund expenditures and other financing uses were \$4,034,063 or 3.00% more than budgeted amounts resulting in a net positive variance of \$1,524,272.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

Governmental Activities

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

Business-Type Activities

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 18 and 19 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.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

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 20 through 23 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 has been 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 24 through 26 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of a trust for other postemployment benefits 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.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

The fiduciary fund financial statements can be found on Pages 27 and 28 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 29 through 67 of this report.

Other Information

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

The required supplementary information and additional analysis can be found on Pages 68 through 77 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 position. At the close of the 2024-2025 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$75,788,004. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2025 and ,2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	\$ 66,001,905	\$ 67,417,099	\$ 1,599,887	\$ 1,785,857	\$ 67,601,792	\$ 69,202,956
Capital assets, net	150,009,936	152,242,389	76,532	29,883	150,086,468	152,272,272
Total assets	<u>216,011,841</u>	<u>219,659,488</u>	<u>1,676,419</u>	<u>1,815,740</u>	<u>217,688,260</u>	<u>221,475,228</u>
Deferred outflows of resources	<u>21,933,245</u>	<u>25,714,522</u>	-	-	<u>21,933,245</u>	<u>25,714,522</u>
Liabilities						
Current liabilities	14,357,581	14,072,152	476,393	736,020	14,833,974	14,808,172
Noncurrent liabilities	291,032,149	305,302,284	-	-	291,032,149	305,302,284
Total liabilities	<u>305,389,730</u>	<u>319,374,436</u>	<u>476,393</u>	<u>736,020</u>	<u>305,866,123</u>	<u>320,110,456</u>
Deferred inflows of resources	<u>9,543,386</u>	<u>12,973,707</u>	-	-	<u>9,543,386</u>	<u>12,973,707</u>
Net position (deficit)						
Net investment in capital assets	16,644,423	11,960,814	76,532	29,883	16,720,955	11,990,697
Restricted	17,638,619	20,311,265	-	-	17,638,619	20,311,265
Unrestricted (deficit)	<u>(111,271,072)</u>	<u>(119,246,212)</u>	<u>1,123,494</u>	<u>1,049,837</u>	<u>(110,147,578)</u>	<u>(118,196,375)</u>
Total net position (deficit)	<u>\$ (76,988,030)</u>	<u>\$ (86,974,133)</u>	<u>\$ 1,200,026</u>	<u>\$ 1,079,720</u>	<u>\$ (75,788,004)</u>	<u>\$ (85,894,413)</u>

The District's total assets as of June 30, 2025 were \$217,688,260 of which \$58,155,991 or 26.72% consisted of cash and investments and \$150,086,468 or 68.95% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2025 were \$305,866,123 of which \$132,675,575 or 43.38% consisted of general obligation debt used to acquire and construct capital assets and \$142,557,936 or 46.61% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$107,955,169 as of June 30, 2025. The District's unrestricted net position increased by \$8,048,797 during 2024-2025 primarily due to the current results of operations and the current year change in the net pension liability and related deferred outflows and inflows or resources.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

A portion of the District's net position reflects its restricted net position which totaled \$17,638,619 as of June 30, 2025. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets, net of related debt, increased by \$4,730,258 because the debt used to acquire capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with sources other than long-term debt.

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

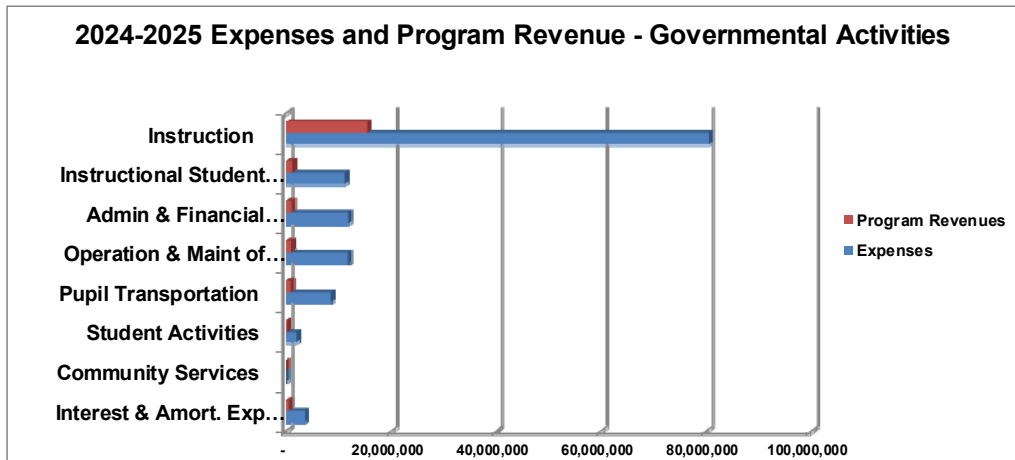
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 200,578	\$ 174,196	\$ 808,903	\$ 763,615	\$ 1,009,481	\$ 937,811
Operating grants and contributions	20,520,991	21,832,697	2,007,408	2,071,889	22,528,399	23,904,586
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	96,289,838	95,427,604	-	-	96,289,838	95,427,604
Earned income taxes levied for general purposes	5,022,747	4,856,298	-	-	5,022,747	4,856,298
Other taxes levied for general purposes	1,919,099	1,931,533	-	-	1,919,099	1,931,533
Grants and entitlements not restricted to specific programs	11,932,842	10,928,049	-	-	11,932,842	10,928,049
Investment earnings	<u>4,023,055</u>	<u>4,103,022</u>	<u>71,174</u>	<u>75,295</u>	<u>4,094,229</u>	<u>4,178,317</u>
Total revenues	<u>139,909,150</u>	<u>139,253,399</u>	<u>2,887,485</u>	<u>2,910,799</u>	<u>142,796,635</u>	<u>142,164,198</u>
Expenses						
Instruction	80,610,315	73,657,391	-	-	80,610,315	73,657,391
Instructional student support services	11,316,791	10,520,845	-	-	11,316,791	10,520,845
Administrative and financial support services	11,941,152	10,722,543	-	-	11,941,152	10,722,543
Operation and maintenance of plant services	11,906,441	9,031,073	-	-	11,906,441	9,031,073
Pupil transportation	8,520,954	8,663,524	-	-	8,520,954	8,663,524
Student activities	1,991,106	1,948,263	-	-	1,991,106	1,948,263
Community services	5,083	7,985	-	-	5,083	7,985
Interest and amortization expense related to noncurrent liabilities	3,631,205	3,805,033	-	-	3,631,205	3,805,033
Food service	-	-	<u>2,767,179</u>	<u>2,706,000</u>	<u>2,767,179</u>	<u>2,706,000</u>
Total expenses	<u>129,923,047</u>	<u>118,356,657</u>	<u>2,767,179</u>	<u>2,706,000</u>	<u>132,690,226</u>	<u>121,062,657</u>
Change in net position (deficit)	<u>\$ 9,986,103</u>	<u>\$ 20,896,742</u>	<u>\$ 120,306</u>	<u>\$ 204,799</u>	<u>\$ 10,106,409</u>	<u>\$ 21,101,541</u>

Overall, the District's financial position has been improving, but challenges such as increased medical costs and pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

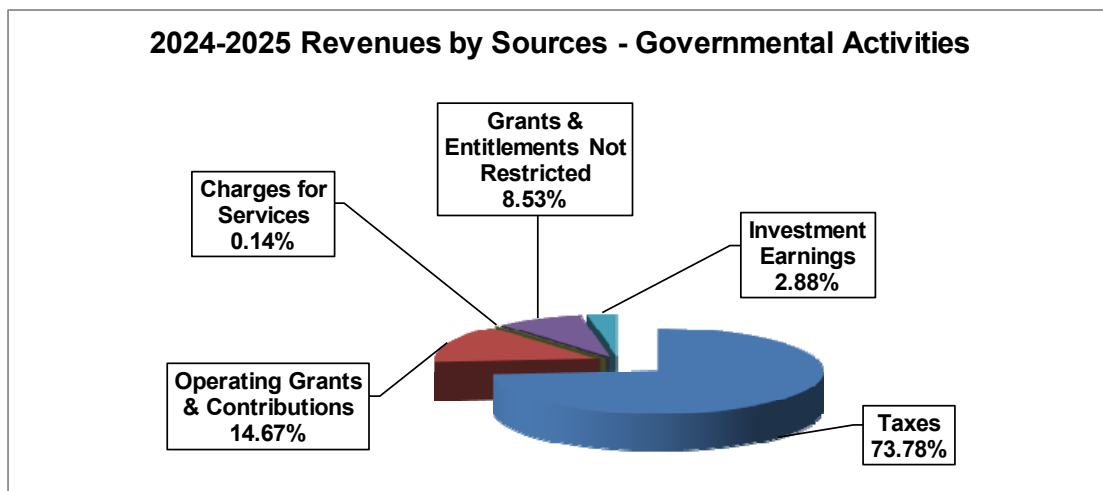
**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. The District is primarily residential in character with approximately 95% of the community consisting of private homes. There is a representative number of commercial establishments for a residential area and few manufacturing.

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



To the degree that the District's functions or programs cost more than they raise, the Statement of Activities shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues and grants and entitlements not restricted for specific programs to finance its governmental activities.



**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of 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 \$50,107,622 which is a decrease of \$1,027,698 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.

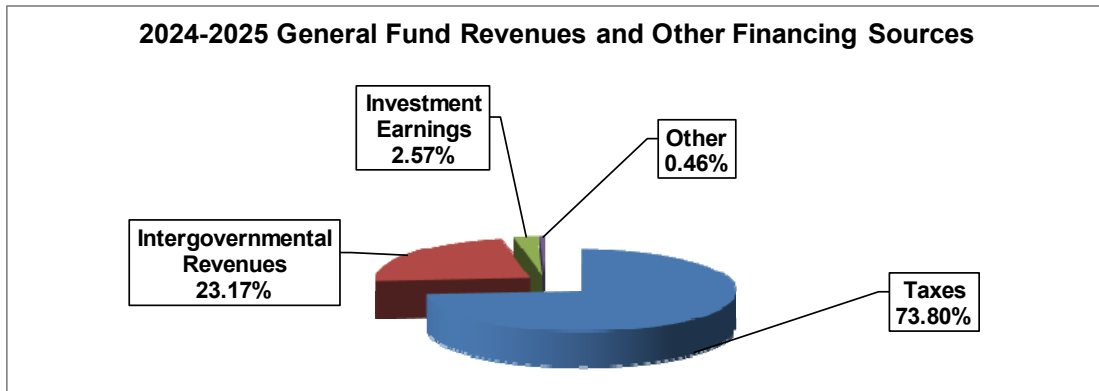
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>
General fund	\$ 29,746,638	\$ 28,204,206	\$ 1,542,432
Capital projects fund	20,360,984	22,931,114	(2,570,130)
	<u>\$ 50,107,622</u>	<u>\$ 51,135,320</u>	<u>\$ (1,027,698)</u>

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 \$29,746,638 representing an increase of \$1,542,432 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 73.80% of General Fund revenues are derived from local taxes.

General Fund Revenues and Other Financing Sources



	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$ 103,225,107	\$ 101,323,901	\$ 1,901,206	1.88%
Intergovernmental revenues	32,413,808	32,728,317	(314,509)	-0.96%
Investment earnings	3,594,085	3,654,842	(60,757)	-1.66%
Other	637,196	443,364	193,832	43.72%
	<u>\$ 139,870,196</u>	<u>\$ 138,150,424</u>	<u>\$ 1,719,772</u>	<u>1.24%</u>

Net tax revenues increased by \$1,901,206 or 1.88% primarily due to a millage increase of 1.47%.

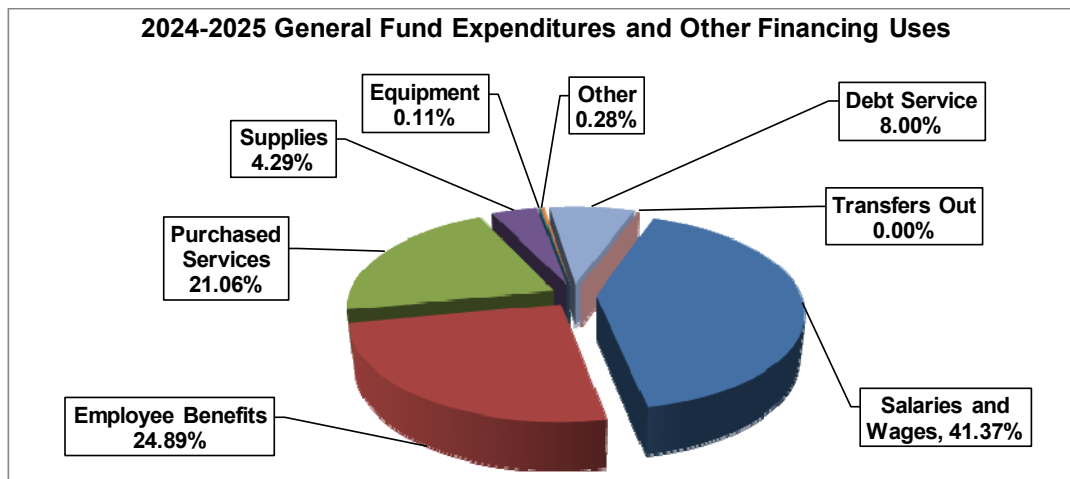
**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

The following table summarizes changes in the District's tax revenues for 2025 compared to 2024:

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$ 93,925,754	\$ 92,172,036	\$ 1,753,718	1.90%
Interim tax	244,366	465,791	(221,425)	-47.54%
PURTA tax	95,974	89,808	6,166	6.87%
Earned income tax	5,022,747	4,875,873	146,874	3.01%
Local services tax	77,022	73,000	4,022	5.51%
Realty transfer tax	1,226,173	1,087,754	138,419	12.73%
Mercantile tax	519,930	661,396	(141,466)	-21.39%
Delinquent real estate tax	2,113,141	1,898,243	214,898	11.32%
	<u>\$ 103,225,107</u>	<u>\$ 101,323,901</u>	<u>\$ 1,901,206</u>	<u>1.88%</u>

Intergovernmental revenues decreased by \$314,509 directly correlated to a decrease in available funding through the Elementary and Secondary School Emergency Relief Fund (ESSER) which was offset by increases in the state subsidy appropriations.

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



General Fund Expenditures and Other Financing Uses

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 57,220,644	\$ 54,755,961	\$ 2,464,683	4.50%
Employee benefits	34,425,749	32,475,943	1,949,806	6.00%
Purchased services	29,136,610	26,393,365	2,743,245	10.39%
Supplies	5,927,733	5,970,716	(42,983)	-0.72%
Equipment	156,465	476,223	(319,758)	-67.14%
Other	397,085	532,429	(135,344)	-25.42%
Debt service	11,063,478	11,377,765	(314,287)	-2.76%
Transfers out	-	4,575,000	(4,575,000)	-100.00%
	<u>\$ 138,327,764</u>	<u>\$ 136,557,402</u>	<u>\$ 1,770,362</u>	<u>1.30%</u>

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

Salaries and wages increased by \$2,455,683 or 4.48% in 2024-2025 compared to 2023-2024 primarily as a result of scheduled salary increases within the District's collective bargaining agreements negotiated with various employee groups.

Employee benefits increased by \$1,949,806 or 6.00% in 2024-2025 compared to 2023-2024 due to an increase in self-insurance for both medical and prescription.

Purchased services increased by \$2,743,245 or 10.50% in 2024-2025 compared to 2023-2024 as a direct result of increases in the the cost of professional and contracted services to provide regular and special programs including substitutes, tuition for special education and contracted services for repairs and maintenance.

Transfers out in 2023-2024 consisted of a transfer to the Capital Projects Fund to subsidize 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 long-term debt and transfers from the General Fund. During 2024-2025, the Capital Projects Fund reported a decrease in fund balance of \$2,570,130 primarily due to capital expenditures in excess of earning n investments. The remaining fund balance of \$20,360,984 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 \$5,558,335 or 4.14% more than budgeted amounts and total General Fund expenditures and other financing uses were \$4,034,063 or 3.00% more than budgeted amounts resulting in a net positive variance of \$1,524,272.

Major budgetary highlights for 2024-2025 were as follows:

- Local source revenues were \$3,885,055 more than budget primarily due to more than budget earnings on investments coupled with better than anticipated collections for tax revenues in particular earned income taxes.
- State source revenues were \$1,256,703 more than budget due to more than anticipated appropriations for state subsidies.
- Total special programs expenditures were \$2,560,312 more than budgeted primarily due to more than anticipated spending on related contracted and professional services and tuition.
- Total operation and maintenance expenditures were \$1,116,863 more than budgeted primarily due to more than anticipated spending on contracted services for repairs and maintenance.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of the business-type activities and Food Service Fund increased by \$120,306 and the business-type activities and Food Service Fund had net position of \$1,200,026 as of June 30, 2025.

CAPITAL ASSETS

The District's net investment in capital asset for its governmental and business-type activities as of June 30, 2025 amounted to \$150,086,468 net of accumulated depreciation/amortization. This investment in capital assets includes land, buildings and improvements, furniture and equipment and right-to-use lease and subscription assets. The total decrease in the District's investment in capital assets for the current fiscal year was \$2,185,804 or 1.44%.

The decrease was the result of current year depreciation expense in excess of current year capital additions. Current year capital additions were \$4,759,648 and depreciation/amortization expense was \$6,945,452.

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

High School Athletic Stadium – Construction in Progress	\$1,118,041
Cedarbrook Middle School 6 th Grade Addition	
– Construction in Progress	\$ 603,568
Glenside Elementary Addition – Construction in Progress	\$ 415,996

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$132,672,575 consisting of \$131,230,000 in bonds payable and net deferred credits of \$1,442,575. 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 \$6,626,159 or 4.76% 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 \$132,672,575 is within the current debt limitation of the District which was \$307,685,555 as of June 30, 2025.

The District maintains an AA ("Stable Outlook") rating from Standard and Poor's.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("PSERS"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$142,557,936 as of June 30, 2025. The District's net pension liability decreased by \$9,807,916 or 6.44% 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 \$8,123,447 as of June 30, 2025. The District's OPEB liability decreased by \$116,592 or 1.46% during the fiscal year.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

Other noncurrent liabilities consist of the District's liabilities for compensated absences, leases and subscriptions payable and other long-term liabilities, which totaled \$5,508,828 as of June 30, 2025. Other noncurrent liabilities increased by \$116,592 or 1.46% during the fiscal year primarily due to an increase in lease liabilities.

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:

- Real estate taxes, the primary source of revenue for the District, are governed by the Taxpayer Relief Act ("Act 1") enacted in June 2006. In accordance with Act 1, property taxes increases are limited each year by an index established by the Pennsylvania Department of Education ("PDE"). For the 2025-2026 fiscal year the District adopted a balanced budget totaling \$140,231,360 which increased the real estate tax millage rate by 3.01%. The increase in the real estate tax millage was less than the 4.70% index for 2025-2026 for the District under Act 1.
- Real estate taxes are billed off of property assessments. Due to an unfavorable housing and lending market, the District saw a slight decrease in assessment for the 2025-2026. The District, like many older suburban communities in close proximity to a major city, has very little land for future development. This means no significant changes in assessment are expected. Current planned infrastructure and development changes heighten the expectation that the District's assessment will trend upward.
- For the 2026-2027 fiscal year the District adopted a balanced budget totaling \$144,636,832 which increased the real estate tax millage rate by 3.50%. The increase in the real estate tax millage matched the 3.50% index for 2026-2027 for the District under Act 1.
- Growth in expenditures and costs of services continue to keep pace or outpace state and federal funding. In addition, the Commonwealth of Pennsylvania's financial model continues to push more of the taxing burden onto local governments, such as the District. Approximately twenty percent of the District's funding comes from State sources meaning the District is partially reliant on increases in state subsidies and support. The impact of future education equitable funding lawsuits and administrative changes at the State level currently have an unknown impact on school funding. Although the District's State appropriation for basic education subsidy did increase for both 2025-2026 and 2026-2027.
- Salaries and benefits make up approximately 66% of the District's expenditures. In recent years, benefits have been the primary driver of increases in expenditures. Benefits primarily consist of health insurance and employer retirement contributions. Health insurance premiums increased by approximately 1.0% during 2025-20256. PSERS is the defined benefit pension plan for Pennsylvania school district employees. The employers' share of retirement contributions has traditionally been funded half by the Commonwealth and half by the District. Over the past 10 years, the employer contribution rate has increased approximately 300% from 8.65% in 2011-2012 to 34.00% in 2025-2026. The employer contribution rate decreased for the first time in two decades by going from 34.00% to 33.90% for the 2025-2026 school year and will increase to 34.00% for the 2026-2027 school year.
- Costs for special education related services continues to rise in the Greater Delaware Valley. The District experienced a 37% increase in special education costs from 2023-2024 to 2024-2025. This trend of large increases will continue to impact the District's overall expenditures in future years.

**CHELTENHAM SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2025**

- As mentioned previously, the District's open space and land is mostly developed. This means that the likelihood of a significant change in enrollment is low. Past and future enrollment trends for a five year period are summarized in the table below:

<u>Fiscal Year</u>	<u>Enrollment</u>
2022-2023	4,132
2023-2024	4,268
2024-2025	4,141
2025-2026	4,079
2026-2027	4,387 (projected)

- The District may consider issuing additional general obligation debt for capital projects in the next 2-3 years but at this time the amount is uncertain. The District is in the midst of a long-term program to modernize educational facilities and is evaluating a series of repair, renovation and new construction concepts which will be funded through a combination of the Capital Reserve Fund, assigned General Fund fund balance and new general obligation debt.
- If market conditions are favorable, the District may refund portions of its existing general obligation debt.
- The District remains committed to providing a high quality education to its students and financial stability to the residents of Cheltenham Township.

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 Director of Business Services, Cheltenham School District, Administration Building, 2000 Ashbourne Road, Elkins Park, PA 19027, 215-881-6342.

BASIC FINANCIAL STATEMENTS

CHELTENHAM SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities	Business-Type Activities	Totals	
			2025	2024
ASSETS				
Current Assets:				
Cash	\$ 41,049,218	\$ 1,245,208	\$ 42,294,426	\$ 38,568,876
Investments	15,611,565	250,000	15,861,565	15,077,150
Taxes Receivable	3,706,258	-	3,706,258	3,699,681
Internal Balances	317,576	(317,576)	-	-
Due from Other Governments	4,097,036	356,415	4,453,451	7,664,062
Other Receivables	337,461	12,228	349,689	373,327
Inventories	99,941	53,612	153,553	153,592
Assets Held in Trust for Healthcare Claims	-	-	-	516,597
Prepaid Expenses	782,850	-	782,850	470,099
Total Current Assets	66,001,905	1,599,887	67,601,792	66,523,384
Noncurrent Assets:				
Nondepreciable/Nonamortizable Capital Assets	2,554,257	-	2,554,257	431,463
Depreciable/Amortizable Capital Assets, Net	147,455,679	76,532	147,532,211	151,840,809
Total Noncurrent Assets	150,009,936	76,532	150,086,468	152,272,272
Total Assets	216,011,841	1,676,419	217,688,260	218,795,656
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges OPEB - Single Employer	372,284	-	372,284	266,793
Deferred Charges on Proportionate Share of OPEB - PSERS	751,081	-	751,081	936,027
Deferred Charges on Proportionate Share of Pension - PSERS	20,809,880	-	20,809,880	24,511,702
Total Deferred Outflows of Resources	21,933,245	-	21,933,245	25,714,522
LIABILITIES				
Current Liabilities:				
Accounts Payable	4,284,829	419,305	4,704,134	3,960,185
Accrued Salaries, Payroll Withholdings, and Benefits	7,211,038	-	7,211,038	6,429,210
Due to Trust for Healthcare Claims	244,038	-	244,038	-
Accrued Interest Payable	1,429,612	-	1,429,612	1,501,123
Unearned Revenue	1,188,064	57,088	1,245,152	238,082
Total Current Liabilities	14,357,581	476,393	14,833,974	12,128,600
Noncurrent Liabilities:				
Due Within One Year	7,047,195	-	7,047,195	7,138,365
Due in More Than One Year	283,984,954	-	283,984,954	298,163,919
Total Noncurrent Liabilities	291,032,149	-	291,032,149	305,302,284
Total Liabilities	305,389,730	476,393	305,866,123	317,430,884
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits on Refunding	2,671,934	-	2,671,934	2,982,014
Deferred Credits OPEB - Single Employer	1,739,452	-	1,739,452	1,907,693
Deferred Credits on Proportionate Share of OPEB - PSERS	1,343,000	-	1,343,000	1,653,000
Deferred Credits on Proportionate Share of Pension - PSERS	3,789,000	-	3,789,000	6,431,000
Total Deferred Inflows of Resources	9,543,386	-	9,543,386	12,973,707
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	16,644,423	76,532	16,720,955	11,990,697
Restricted	17,638,619	-	17,638,619	20,311,265
Unrestricted (Deficit)	(111,271,072)	1,123,494	(110,147,578)	(118,196,375)
Total Net Position (Deficit)	\$ (76,988,030)	\$ 1,200,026	\$ (75,788,004)	\$ (85,894,413)

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2025	2024
Primary Government								
Governmental Activities:								
Instruction	\$ 80,610,315	\$ 5,438	\$ 15,442,024	\$ -	\$ (65,162,853)	\$ -	\$ (65,162,853)	\$ (56,715,270)
Instructional Student Support Services	11,316,791	-	1,241,080	-	(10,075,711)	-	(10,075,711)	(9,369,903)
Administrative and Financial Support Services	11,941,152	-	1,148,615	-	(10,792,537)	-	(10,792,537)	(10,563,031)
Operation and Maintenance of Plant Services	11,906,441	136,038	903,483	-	(10,866,920)	-	(10,866,920)	(6,985,462)
Pupil Transportation	8,520,954	-	934,319	-	(7,586,635)	-	(7,586,635)	(7,818,042)
Student Activities	1,991,106	59,102	237,512	-	(1,694,492)	-	(1,694,492)	(1,671,307)
Community Services	5,083	-	-	-	(5,083)	-	(5,083)	(7,985)
Interest and Amortization Expense Related to Noncurrent Liabilities	3,631,205	-	613,958	-	(3,017,247)	-	(3,017,247)	(3,218,764)
Total Governmental Activities	129,923,047	200,578	20,520,991	-	(109,201,478)	-	(109,201,478)	(96,349,764)
Business-Type Activities:								
Food Service	2,767,179	808,903	2,007,408	-	-	49,132	49,132	129,504
Total Business-Type Activities	2,767,179	808,903	2,007,408	-	-	49,132	49,132	129,504
Total Primary Government	<u>\$ 132,690,226</u>	<u>\$ 1,009,481</u>	<u>\$ 22,528,399</u>	<u>\$ -</u>	(109,201,478)	49,132	(109,152,346)	(96,220,260)
General Revenues								
Property Taxes Levied for General Purposes					96,289,838	-	96,289,838	95,427,604
Earned Income Taxes Levied for General Purposes					5,022,747	-	5,022,747	4,856,298
Other Taxes Levied for General Purposes					1,919,099	-	1,919,099	1,931,533
Grants and Entitlements Not Restricted to Specific Programs					11,932,842	-	11,932,842	10,928,049
Investment Earnings					4,023,055	71,174	4,094,229	4,178,317
Total General Revenues					119,187,581	71,174	119,258,755	117,321,801
CHANGE IN NET POSITION (DEFICIT)					9,986,103	120,306	10,106,409	21,101,541
Net Position - Beginning of Year					(86,974,133)	1,079,720	(85,894,413)	(106,995,954)
NET POSITION - END OF YEAR					<u>\$ (76,988,030)</u>	<u>\$ 1,200,026</u>	<u>\$ (75,788,004)</u>	<u>\$ (85,894,413)</u>

See accompanying Notes to Basic Financial Statements.

**CHELTENHAM SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)**

	Major Funds		Totals	
	General	Capital		
	Fund	Projects Fund	2025	2024
ASSETS				
Cash	\$ 33,894,453	\$ 6,996,733	\$ 40,891,186	\$ 36,392,833
Investments	15,611,565	-	15,611,565	15,077,150
Taxes Receivable	3,706,258	-	3,706,258	3,699,681
Due from Other Funds	971,514	14,272,125	15,243,639	15,331,703
Due from Other Governments	4,097,036	-	4,097,036	7,664,062
Other Receivables	337,461	-	337,461	363,274
Inventories	99,941	-	99,941	99,781
Prepaid Items	782,850	-	782,850	470,099
Total Assets	<u>\$ 59,501,078</u>	<u>\$ 21,268,858</u>	<u>\$ 80,769,936</u>	<u>\$ 79,098,583</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,376,955	\$ 907,874	\$ 4,284,829	\$ 3,308,234
Due to Other Funds	14,272,125	-	14,272,125	14,372,125
Unearned Revenue	1,188,064	-	1,188,064	154,013
Accrued Salaries, Payroll Withholdings, and Benefits	7,211,038	-	7,211,038	6,429,210
Total Liabilities	<u>26,048,182</u>	<u>907,874</u>	<u>26,956,056</u>	<u>24,263,582</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Property Taxes	3,706,258	-	3,706,258	3,699,681
FUND BALANCES				
Nonspendable:				
Inventories	99,941	-	99,941	99,781
Prepaid Items	782,850	-	782,850	470,099
Restricted for Capital Projects	-	20,360,984	20,360,984	22,931,114
Assigned for:				
Capital Projects	17,000,000	-	17,000,000	15,000,000
Strategic Academic Planning	650,000	-	650,000	1,925,000
Unassigned	11,213,847	-	11,213,847	10,709,326
Total Fund Balances	<u>29,746,638</u>	<u>20,360,984</u>	<u>50,107,622</u>	<u>51,135,320</u>
Total Liabilities, Deferred Inflows Of Resources and Fund Balances	<u>\$ 59,501,078</u>	<u>\$ 21,268,858</u>	<u>\$ 80,769,936</u>	<u>\$ 79,098,583</u>

See accompanying Notes to Basic Financial Statements.

CHELTENHAM 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

Total Fund Balance - Governmental Fund	\$ 50,107,622
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.	150,009,936
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).	(2,671,934)
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds balance sheet.	15,061,793
Some of the District's 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.	3,706,258
The Internal Service Fund is used by management to charge the cost of medical and prescription insurance to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position.	(739,944)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(291,032,149)
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.	<u>(1,429,612)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (76,988,030)</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Major Funds		Totals	
	General Fund	Capital Projects Fund	2025	2024
REVENUES				
Local Sources	\$ 107,448,627	\$ 419,348	\$ 107,867,975	\$ 105,860,742
State Sources	29,911,136	-	29,911,136	27,953,940
Federal Sources	2,510,433	-	2,510,433	4,774,377
Total Revenues	139,870,196	419,348	140,289,544	138,589,059
EXPENDITURES				
Current:				
Instruction	80,715,234	-	80,715,234	75,429,539
Support Services	44,404,880	542,437	44,947,317	42,730,196
Operation of Noninstructional Services	2,122,301	-	2,122,301	2,115,486
Facilities Acquisition, Construction, and Improvement Services		2,989,478	2,989,478	4,302,834
Debt Service				
Principal	6,978,676	-	6,978,676	6,961,758
Interest	4,084,802	-	4,084,802	4,416,007
Total Expenditures	138,305,893	3,531,915	141,837,808	135,955,820
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,564,303	(3,112,567)	(1,548,264)	2,633,239
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Revenue	(21,871)	-	(21,871)	(329,416)
Issuance of Right-to-Use Arrangements		542,437	542,437	
Transfers In	-	-	-	4,575,000
Transfers Out	-	-	-	(4,575,000)
Total Other Financing Sources (Uses)	(21,871)	542,437	520,566	(329,416)
NET CHANGE IN FUND BALANCES	1,542,432	(2,570,130)	(1,027,698)	2,303,823
Fund Balances - Beginning of Year	28,204,206	22,931,114	51,135,320	48,831,497
FUND BALANCES - END OF YEAR	<u>\$ 29,746,638</u>	<u>\$ 20,360,984</u>	<u>\$ 50,107,622</u>	<u>\$ 51,135,320</u>

See accompanying Notes to Basic Financial Statements.

CHELTENHAM 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 \$ (1,027,698)

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. This is the amount by which depreciation/amortization
expense exceeded capital outlays in the current period.

Capital Outlay Expenditures	\$ 4,697,863	
Depreciation/Amortization Expense	<u>(6,930,316)</u>	(2,232,453)

Because some property taxes will not be collected for several months
after the District's fiscal year ends, they are not considered as
available revenues in the governmental funds. Deferred inflows of
resources increased by this amount this year.

Deferred Inflows of Resources June 30, 2024	(3,699,681)	
Deferred Inflows of Resources June 30, 2025	<u>3,706,258</u>	6,577

The Internal Service Fund is used by management to charge the cost
of medical and prescription insurance to the General Fund. The
change in net position of the Internal Service Fund is reported with
the governmental activities.

(751,013)

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 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 Payable	6,455,000	
Issuance of Right-to-Use Leases Payable	(542,437)	
Repayment of Right-to-Use Leases Payable	339,960	
Repayment of Right-to-Use Subscriptions Payable	183,716	
Amortization of Bond Premiums, Bond Discounts and Deferred Amounts on Debt Refunding	<u>481,239</u>	6,917,478

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 the governmental funds.

Current Year Change in Accrued Interest Payable	71,511	
Current Year Change in Compensated Absences	(1,628,587)	
Current Year Change in Other Long-Term Liabilities	(400,000)	
Current Year Change in Net Pension Liability - PSERS and Deferred Outflows and Inflows	8,748,094	
Current Year Change in OPEB Liability - Single Employer and Deferred Outflows and Inflows	27,378	
Current Year Change in Net OPEB Liability - PSERS and Deferred Outflows and Inflows	<u>254,816</u>	<u>7,073,212</u>

Change in Net Position (Deficit) of Governmental Activities	<u>\$ 9,986,103</u>	
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See accompanying Notes to Basic Financial Statements.

**CHELTENHAM SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

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
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,245,208	\$ 2,027,633	\$ 158,032	\$ 148,410
Investments	250,000	-	-	-
Due from Other Governments	356,415	-	-	-
Other Receivables	12,228	10,053	-	-
Inventories	53,612	53,811	-	-
Assets Held in Trust for Healthcare Claims	-	-	-	516,597
Total Current Assets	1,917,463	2,091,497	158,032	665,007
NONCURRENT ASSETS				
Depreciable Capital Assets, Net	76,532	29,883	-	-
Total Noncurrent Assets	76,532	29,883	-	-
Total Assets	1,993,995	2,121,380	158,032	665,007
LIABILITIES AND NET POSITION (DEFICIT)				
LIABILITIES				
Accounts Payable	419,305	651,951	-	-
Due to Trust for Healthcare Claims	-	-	244,038	-
Due to Other Funds	317,576	305,640	653,938	653,938
Unearned Revenues	57,088	84,069	-	-
Total Liabilities	793,969	1,041,660	897,976	653,938
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	76,532	29,883	-	-
Restricted	-	-	-	516,597
Unrestricted (Deficit)	1,123,494	1,049,837	(739,944)	(505,528)
Total Net Position (Deficit)	\$ 1,200,026	\$ 1,079,720	\$ (739,944)	\$ 11,069

See accompanying Notes to Basic Financial Statements.

CHELTENHAM SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Fund		Internal Service Fund	
	Food Service Fund			
	2025	2024	2025	2024
OPERATING REVENUES				
Charges for Services	\$ 808,903	\$ 763,615	\$ 11,127,034	\$ 10,718,288
Total Operating Revenues	808,903	763,615	11,127,034	10,718,288
OPERATING EXPENSES				
Employee Benefits	-	-	11,887,669	9,689,318
Purchased Services	2,730,158	2,687,544	-	-
Supplies	21,885	12,296	-	-
Depreciation	15,136	6,160	-	-
Total Operating Expenses	2,767,179	2,706,000	11,887,669	9,689,318
OPERATING INCOME (LOSS)	(1,958,276)	(1,942,385)	(760,635)	1,028,970
NONOPERATING REVENUES				
Earnings on Investments	71,174	75,295	9,622	9,544
State Sources	386,377	362,054	-	-
Federal Sources	1,621,031	1,709,835	-	-
Total Nonoperating Revenues	2,078,582	2,147,184	9,622	9,544
CHANGE IN NET POSITION (DEFICIT)	120,306	204,799	(751,013)	1,038,514
Net Position - Beginning of Year	1,079,720	874,921	11,069	(1,027,445)
NET POSITION - END OF YEAR	<u>\$ 1,200,026</u>	<u>\$ 1,079,720</u>	<u>\$ (739,944)</u>	<u>\$ 11,069</u>

See accompanying Notes to Basic Financial Statements.

**CHELTENHAM SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)**

	Major Fund		Internal Service Fund	
	Food Service Fund			
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 806,728	\$ 753,562	\$ -	\$ -
Premiums Transferred from General Fund	-	-	11,127,034	10,718,288
Cash Payments to Suppliers for Goods or Services	(2,745,587)	(1,894,658)	-	-
Cash Payments for Insurance Claims	-	-	(11,127,034)	(10,718,288)
Net Cash Provided (Used) in Operating Activities	(1,938,859)	(1,141,096)	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal Sources	1,108,915	1,504,341	-	-
State Sources	288,130	362,054	-	-
Net Cash Provided by Noncapital Financing Activities	1,397,045	1,866,395	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(61,785)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on Investments	71,174	75,295	9,622	9,544
NET CHANGE IN CASH	(532,425)	800,594	9,622	9,544
Cash - Beginning of Year	2,027,633	1,227,039	148,410	138,866
CASH - END OF YEAR	<u>\$ 1,495,208</u>	<u>\$ 2,027,633</u>	<u>\$ 158,032</u>	<u>\$ 148,410</u>
RECONCILIATION OF OPERATING INCOME (LOSS) PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating (Loss) Income	\$ (1,958,276)	\$ (1,942,385)	\$ (760,635)	\$ 1,028,970
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:				
Depreciation	15,136	6,160	-	-
Donated Commodities Used	253,948	205,494	-	-
(Increase) Decrease in:				
Inventories	199	(16,922)	-	-
Assets Held in Trust for Healthcare Claims	-	-	516,597	(1,028,970)
Other Receivables	(2,175)	(10,053)	-	-
Increase (Decrease) in:				
Accounts Payable	(232,646)	533,551	-	-
Due to Trust for Healthcare Claims	-	-	244,038	-
Unearned Revenue	(26,981)	82,429	-	-
Due to Other Funds	11,936	630	-	-
Net Cash Provided (Used) In Operating Activities	<u>\$ (1,938,859)</u>	<u>\$ (1,141,096)</u>	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Noncash Noncapital Financing Activity:				
USDA Donated Commodities	<u>\$ 253,948</u>	<u>\$ 205,494</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

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

	OPEB Trust Fund		Custodial Fund	
	2025	2024	2025	2024
ASSETS				
Cash	\$ -	\$ -	\$ 260,083	\$ 185,546
Investments	1,388,834	1,263,194	-	-
Total Assets	1,388,834	1,263,194	260,083	185,546
LIABILITIES				
Accounts Payable	-	-	141,874	84,619
FIDUCIARY NET POSITION				
Restricted for:				
Restricted for Other Postemployment Benefits	1,388,834	1,263,194	-	-
Restricted for Student Activities	-	-	118,209	100,927
Total Fiduciary Net Position	\$ 1,388,834	\$ 1,263,194	\$ 118,209	\$ 100,927

See accompanying Notes to Basic Financial Statements.

CHELTENHAM SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	OPEB Trust Fund		Custodial Fund	
	2025	2024	2025	2024
ADDITIONS:				
Investment Earnings	\$ 136,270	\$ 132,147	\$ 10,627	\$ 10,007
Receipts from Student Groups	-	-	200,439	169,266
Total Additions	136,270	132,147	211,066	179,273
DEDUCTIONS:				
Dues and Fees	10,630	10,287	-	-
Student Activity Disbursements	-	-	193,784	175,444
Total Deductions	10,630	10,287	193,784	175,444
CHANGE IN FIDUCIARY NET POSITION	125,640	121,860	17,282	3,829
Total Fiduciary Net Position - Beginning of Year	1,263,194	1,141,334	100,927	97,098
TOTAL FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 1,388,834</u></u>	<u><u>\$ 1,263,194</u></u>	<u><u>\$ 118,209</u></u>	<u><u>\$ 100,927</u></u>

See accompanying Notes to Basic Financial Statements.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 ORGANIZATION AND PURPOSE

The Cheltenham School District (the District) operates four elementary schools (grades K-4), one upper elementary school (grades 5-6), one middle school (grades 7-8), and one high school (grades 9-12) to provide education and related services to the residents in the communities of Glenside, Laverock, Edge Hill, Wyncote, Cedarbrook, Cheltenham Hills, La Mott, Elkins Park, Melrose Park, and Cheltenham Village. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the School Board).

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. This report presents the activities of the Cheltenham School District. The District is not a component unit of another reporting entity nor does it have any 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.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Government-Wide Financial Statements

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/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 (deficit) 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.

Basis of Presentation – 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.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

General Fund

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.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources that are 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/amortization, are not recognized in the governmental funds.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

Food Service Fund

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

Internal Service Fund

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

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: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Pension trust funds account for resources for pension plans, other post-employment plans (OPEB) or other benefit plans where the government acts as a trustee. The District has one pension trust fund, consistent of an OPEB trust fund. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District's own programs. The District has one custodial fund consisting of funds held on behalf of the students.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and external investment pools which are recorded at amortized cost, both of which approximate fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Property Taxes

Taxes are levied on 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
December 31	Lien Date

The County Board of Assessments determines assessed valuations of property, and the District’s taxes are billed and collected by local elected tax collectors. The tax on real estate for public school purposes for fiscal 2024-2025 was 53.17 mills (\$53.17 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

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

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 \$1,500 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	15 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 asset in the government-wide financial statements.

At the commencement of a lease and subscription, 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 payments made. The lease and subscription asset is initially measured as the initial amount of the lease or subscription liability, adjusted for payments made at or before the commencement date, plus certain initial costs. Subsequently, the lease or subscription asset is amortized on a straight-line basis over 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.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscriptions (Continued)

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.

Impairment of Long-Lived Assets

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

CHELtenham SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

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

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

Other Postemployment Benefits (OPEB)

The District's OPEB plans are accounted for under the provisions of GASB establishing 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.

CHELtenham SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of 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.

Deferred Outflows for Pension and OPEB

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed five-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.

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 five-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.

CHELtenham SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows for Pension and OPEB

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 outflow.

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 outflow.

Fund Equity

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

Nonspendable Fund Balance – Consists of 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 Fund Balance – Consists of amounts that 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 Fund Balance – Consists of 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).

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Assigned Fund Balance – Consists of 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 Director of Business Services, 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 Fund Balance – The residual classification for the General Fund. This classification represents General 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.

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 has 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.

CHELtenham SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 government-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.

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.

CHELtenham SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

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 House 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 School Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and include the effect of approved budget amendments.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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	\$ 2,560,312
Vocational Programs	\$ 61,964
Other Instructional Programs	\$ 82,980
Pupil Support Services	\$ 833,548
Administrative Services	\$ 113,029
Pupil Health	\$ 61,998
Business Services	\$ 288,468
Operation and Maintenance of Plant Services	\$ 1,116,863
Support Services - Central	\$ 991,176
Student Activities	\$ 145,337
Debt Service	\$ 431,125
Refund of Prior Year Revenues	\$ 21,871

NOTE 4 DEPOSITS AND INVESTMENTS

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 \$42,554,509 and the bank balance was \$45,736,753. 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, the Commonwealth of Pennsylvania, or any other 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, \$250,000 was covered by federal depository insurance and \$50,000 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF), Pennsylvania Local Government Investment Trust (PLGIT), and the Pennsylvania Treasurer's Program for Local Governments (INVEST). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF, PLGIT, and INVEST act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to independent annual audit. As of June 30, 2025, PSDLAF, PLGIT, and INVEST were rated as AAA by a nationally recognized statistical rating agency.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

At June 30, 2025, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 to 5
Certificates of Deposit	\$ 7,831,565	\$ 7,601,965	\$ 229,600
PSDLAF Collateralized Investment Pools	8,030,000	8,030,000	-
Pennsylvania OPEB Trust	1,388,834	1,388,834	-
Total Investments	<u>\$ 17,250,399</u>	<u>\$ 17,020,799</u>	<u>\$ 229,600</u>

The District holds investments in the PSDLAF external investment pool, which is a qualifying external investment pool under GASB Statement No. 79. All investments in the pool are measured at amortized cost for financial reporting purposes. The pool invests exclusively in high-quality, highly liquid debt securities and monetary investments, commingled from multiple participants. The pool seeks to maintain a stable net asset value (NAV) of \$1 per share. As of June 30, 2025, PSDLAF was rated AAAM by S&P Global Ratings.

The District's OPEB investments are held in the Pennsylvania OPEB trust, a series of pooled investments that invests in a diversified portfolio in shares of underlying third-party mutual funds and exchange-traded funds. Because units of the Pennsylvania OPEB Trust are not traded in an active market and do not have a readily determinable fair value, the District measures its investment in the Trust at the net asset value (NAV) per unit (or its equivalent) as a practical expedient to estimate fair value.

Certificates of deposit are recorded at cost.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral that is in the possession of an outside party. The collateral for all of the District's investments are held by the pledging bank's agent in the District's name. The District had no investments subject to custodial credit risk as of June 30, 2025.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal or state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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	\$ 209,837	\$ -	\$ -	\$ 209,837
Construction in Progress	221,626	2,122,794	-	2,344,420
Total Capital Assets, Not Being Depreciated/Amortized	431,463	2,122,794	-	2,554,257
Capital Assets, Being Depreciated/Amortized:				
Buildings and Improvements	219,033,165	128,977	-	219,162,142
Right-to-Use Lease Assets	2,255,365	542,437	2,255,365	542,437
Right-to-Use Subscription Assets	837,554	-	-	837,554
Furniture and Equipment	13,919,717	1,903,655	-	15,823,372
Total Capital Assets, Being Depreciated/Amortized	236,045,801	2,575,069	2,255,365	236,365,505
Less: Accumulated Depreciation/Amortization:				
Buildings and Improvements	(71,190,288)	(4,864,334)	-	(76,054,622)
Right-to-Use Lease Assets	(2,009,369)	(354,483)	(2,255,365)	(108,487)
Right-to-Use Subscription Assets	(448,839)	(196,385)	-	(645,224)
Furniture and Equipment	(10,586,379)	(1,515,114)	-	(12,101,493)
Total Accumulated Depreciation/ Amortization	(84,234,875)	(6,930,316)	(2,255,365)	(88,909,826)
Total Capital Assets, Being Depreciated/Amortized, Net	151,810,926	(4,355,247)	-	147,455,679
Total Governmental Activities, Net	<u>\$ 152,242,389</u>	<u>\$ (2,232,453)</u>	<u>\$ -</u>	<u>\$ 150,009,936</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 228,750	\$ -	\$ -	\$ 228,750
Furniture and Equipment	578,398	61,785	-	640,183
Total Capital Assets, Being Depreciated	807,148	61,785	-	868,933
Less: Accumulated Depreciation:				
Buildings and Improvements	(228,750)	-	-	(228,750)
Furniture and Equipment	(548,515)	(15,136)	-	(563,651)
Total Accumulated Depreciation	(777,265)	(15,136)	-	(792,401)
Total Capital Assets, Being Depreciated, Net	29,883	46,649	-	76,532
Business-Type Activities, Net	<u>\$ 29,883</u>	<u>\$ 46,649</u>	<u>\$ -</u>	<u>\$ 76,532</u>

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

Instruction	\$ 4,664,843
Instructional Student Support	658,504
Administrative and Financial Support Services	749,057
Operation and Maintenance of Plant Services	<u>857,913</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 6,930,317</u></u>

Business-Type Activities:

Food Service	\$ 15,136
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 15,136</u></u>

As of June 30, 2025, the District had outstanding construction commitments to be completed totaling \$37,262,548.

NOTE 6 INTERNAL RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable To	Amount	Payable From	Amount
Capital Projects Fund	\$ 14,272,125	General Fund	\$ 14,272,125
General Fund	653,938	Self-Insurance Fund	653,938
General Fund	317,576	Food Service Fund	317,576
Total	<u><u>\$ 15,243,639</u></u>	Total	<u><u>\$ 15,243,639</u></u>

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

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 CHANGE IN 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					
Bonds Payable	\$ 137,685,000	\$ -	\$ 6,455,000	\$ 131,230,000	\$ 6,675,000
Bond Premiums	1,853,152	-	185,852	1,667,300	185,852
Bond Discounts	(239,418)	-	(14,693)	(224,725)	(14,693)
Total General Obligation Debt	139,298,734	-	6,626,159	132,672,575	6,846,159
Other Noncurrent Liabilities:					
Compensated Absences	1,410,167	1,628,587	-	3,038,754	-
Right-to-Use Leases Payable	240,807	542,437	339,960	443,284	103,615
Right-to-Use Subscriptions Payable	379,869	-	183,716	196,153	97,421
Other Long-Term Liabilities	3,600,000	400,000	-	4,000,000	-
Net OPEB Liability	1,822,921	246,354	-	2,069,275	-
Net OPEB Liability - PSERS	6,183,934	-	129,762	6,054,172	-
Net Pension Liability - PSERS	152,365,852	-	9,807,916	142,557,936	-
Total Other Noncurrent Liabilities	166,003,550	2,817,378	10,461,354	158,359,574	201,036
Total Governmental Activities	<u>\$ 305,302,284</u>	<u>\$ 2,817,378</u>	<u>\$ 17,087,513</u>	<u>\$ 291,032,149</u>	<u>\$ 7,047,195</u>

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

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

NOTE 8 GENERAL OBLIGATION DEBT

General Obligation Debt

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and are 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.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 GENERAL OBLIGATION DEBT (CONTINUED)

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:				
Series of 2014	0.55% - 4.00%	\$ 25,000,000	02/15/2034	\$ 8,155,000
Series of 2016A	0.80% - 4.00%	\$ 12,850,000	02/15/2029	3,155,000
Series of 2016B	0.80% - 4.00%	\$ 17,400,000	02/15/2031	1,210,000
Series of 2016C	1.25% - 5.00%	\$ 28,050,000	03/15/2029	1,750,000
Series of 2018	1.75% - 3.625%	\$ 7,610,000	02/15/2040	7,490,000
Series of 2019	1.80% - 4.00%	\$ 9,925,000	02/15/2040	8,620,000
Series of 2019A	1.35% - 4.00%	\$ 9,490,000	02/15/2035	7,620,000
Series of 2020	1.363% - 3.316%	\$ 26,315,000	02/15/2040	25,260,000
Series of 2020A	0.35% - 3.00%	\$ 9,480,000	09/15/2034	9,135,000
Series of 2021	1.00% - 4.00%	\$ 8,700,000	09/15/2034	6,990,000
Series of 2021A	0.28% - 4.00%	\$ 9,295,000	09/15/2029	2,560,000
Series of 2021B	1.00% - 4.00%	\$ 9,000,000	02/15/2035	7,170,000
Series of 2022A	1.88% - 3.64%	\$ 39,670,000	02/15/2041	38,535,000
Series of 2022B	4.000%	\$ 4,230,000	02/15/2035	3,580,000
Total General Obligation Debt				<u>\$ 131,230,000</u>

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	\$ 6,675,000	\$ 3,955,501	\$ 10,630,501
2027	6,830,000	3,786,637	10,616,637
2028	6,990,000	3,620,919	10,610,919
2029	7,180,000	3,435,224	10,615,224
2030	7,360,000	3,237,825	10,597,825
2031-2035	39,905,000	13,053,840	52,958,840
2036-2040	46,160,000	6,678,369	52,838,369
2041	10,130,000	368,631	10,498,631
Total	<u>\$ 131,230,000</u>	<u>\$ 38,136,946</u>	<u>\$ 169,366,946</u>

NOTE 9 RIGHT-TO-USE LEASES PAYABLE

The District has entered into long-term lease agreements for multi-functional devices. Initial lease liabilities were recorded in the amount of \$542,437. As of June 30, 2025, the value of the lease liabilities is \$443,284. The leases have an imputed interest rate of 4.50% and useful lives of five years. The value of the capital assets as of June 30, 2025, is \$433,950, net of accumulated depreciation of \$108,487, 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	\$ 103,615	\$ 19,947	\$ 123,562
2027	108,277	15,285	123,562
2028	113,150	10,413	123,563
2029	118,242	5,321	123,563
Total	<u>\$ 443,284</u>	<u>\$ 50,966</u>	<u>\$ 494,250</u>

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 RIGHT-TO-USE SUBSCRIPTIONS PAYABLE

The District has entered into long-term agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of \$837,554. As of June 30, 2025, the value of the subscription liabilities is \$196,153. The subscriptions have interest rates ranging from 0.07% and 3.08% and have estimated useful lives ranging from three to six years as of their contract commencements. The value of the right-to-use subscription assets as of June 30, 2025, is \$192,330, net of accumulated amortization of \$645,224 and is included with Noncurrent Assets on the statement of net position (deficit).

Future minimum lease payments under these subscriptions are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 97,421	\$ 2,661	\$ 100,082
2027	98,732	1,350	100,082
Total	<u>\$ 196,153</u>	<u>\$ 4,011</u>	<u>\$ 200,164</u>

NOTE 11 PENSION PLAN

Pennsylvania State Employee Retirement System

The Pennsylvania State Employee Retirement System (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 pa.gov/agencies/psers.

Benefits Provided

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

CHELtenham SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 PENSION PLAN (CONTINUED)

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 ten years of service.

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

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

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (CONTINUED)

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				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%
				7.50%
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 7/1/2021: 7.50%
				After 7/1/2021: 8.00%
T-F	On or After July 1, 2011	10.30% Base Rate with Shared Risk Provision	N/A	Prior to 7/1/2021: 10.30%
				After 7/1/2021: 10.80%
T-G	On or After July 1, 2019	5.50% Base Rate with Shared Risk Provision	2.75%	Prior to 7/1/2021: 8.25%
				After 7/1/2021: 9.00%
T-H	On or After July 1, 2019	4.50% Base Rate with Shared Risk Provision	3.00%	Prior to 7/1/2021: 7.50%
				After 7/1/2021: 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 \$18,449,880 for the year ended June 30, 2025.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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 \$142,557,936 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 0.3406%, which was a decrease of 0.1900% from its proportion measured as of June 30, 2024. As of June 30, 2025, all of the net pension liability 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 \$9,735,000. 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	\$ -	\$ 2,241,000
Changes in Assumptions	-	-
Net Difference Between Projected and Actual		
Investment Earnings	2,360,000	-
Changes in Proportions		1,548,000
Contributions Subsequent to the Measurement Date	18,449,880	-
Total	<u>\$ 20,809,880</u>	<u>\$ 3,789,000</u>

Contributions of \$18,449,880 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:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (4,776,000)
2027	3,401,000
2028	423,000
2029	(477,000)
Total	<u>\$ (1,429,000)</u>

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 PENSION PLAN (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/MLPs	10.00%	6.40%
Real estate	9.50%	5.90%
Total	100.00%	

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 one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
District's Proportionate Share of the Net Pension Liability	<u>\$ 187,792,262</u>	<u>\$ 142,557,936</u>	<u>\$ 104,360,749</u>

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 pa.gov/agencies/psers.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT 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, prescription drug and dental insurance to all retirees and their spouse. 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, 2024.

Active Employees	622
Vested Former Employees	-
Retired Participants	14
Total	<u>636</u>

Funding Policy

The District's contributions are funded on a pay-as-you-go basis, with any additional amount to prefund as determined annually by the School Board. The contribution requirements of retirees are established and may be amended by the School Board. The costs of administering the OPEB plan are paid by the District.

Basis of Accounting

The OPEB Plan's financial statements are prepared using the accrual basis of accounting. OPEB plan member contributions by retired officers toward their postretirement benefits reduce the employer cost and the resulting liability. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions, including the implicit rate subsidy. Benefits and refunds are recognized when due and payable in accordance with terms of the OPEB plan, including the implicit rate subsidy.

Method Used to Value Investments

Investments in the OPEB Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Discount Rate

The discount rate used to measure the total net OPEB liability is 6.01%. The long-term expected rate of return on OPEB plan investments is 7.00%, and the municipal bond rate is 4.81% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Rate of Return

The long-term expected rate of return on OPEB Plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. The long-term expected rate of return on OPEB Plan investments is 7.00%.

The annual money-weighted rate of return on OPEB Plan investments, net of investment expenses, was 10.97%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

Investment Policy

The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the School Board. It is the policy of the School Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB Plan's investment policy discourages the use of cash equivalent, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. A schedule of plan investments by asset class and target allocation as of June 30, 2025, is as follows:

Asset Class	Target Allocation
Domestic Equity	32.80%
International Equity	16.50%
Fixed Income	50.70%
Cash Equivalent	0.00%
Total	100.00%

Net OPEB Liability

The District's net OPEB liability has been measured as of June 30, 2025. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, and by rolling forward the liabilities from the July 1, 2024, actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. At June 30, 2025, the net OPEB liability is \$2,069,275 and is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District's change in total OPEB liability, plan fiduciary net position, and net OPEB liability for the year ended June 30, 2025, were as follows:

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances as of July 1, 2024	\$ 3,086,115	\$ 1,263,194	\$ 1,822,921
Changes for the Year:			
Service Cost	157,774	-	157,774
Interest	190,595	-	190,595
Differences Between Expected and Actual Experience	76,140	-	76,140
Changes in Assumptions	71,748	-	71,748
Employer Contributions	-	124,263	(124,263)
Net Investment Income	-	136,270	(136,270)
Benefit Payments	(124,263)	(124,263)	-
Administrative Expense	-	(10,630)	10,630
Net Changes	371,994	125,640	246,354
Balances as of June 30, 2025	<u>\$ 3,458,109</u>	<u>\$ 1,388,834</u>	<u>\$ 2,069,275</u>

OPEB Expense, and 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 \$96,886. At June 30, 2025, the District had deferred inflows or resources and deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 93,548	\$ 974,528
Changes of Assumptions	230,019	693,262
Net Difference Between Projected and Actual Investment Earnings	48,717	71,662
Total	<u>\$ 372,284</u>	<u>\$ 1,739,452</u>

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>OPEB Expense Amount</u>
2026	\$ (143,065)
2027	(191,783)
2028	(191,024)
2029	(228,143)
2030	(224,511)
Thereafter	(388,642)
Total	<u><u>\$ (1,367,168)</u></u>

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

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

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
Net OPEB Liability	<u><u>\$ 1,699,429</u></u>	<u><u>\$ 2,069,275</u></u>	<u><u>\$ 2,479,107</u></u>

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

The following presents the net OPEB liability of the District calculated using the discount rate of 6.01%, as well as what the net OPEB liability would be if it were calculated using the discount rate that is one-percentage point lower (5.01%) or one-percentage point higher (7.01%) than the current rate:

	1% Decrease in Discount Rate 5.01%	Current Discount Rate 6.01%	1% Increase in Discount Rate 7.01%
Net OPEB Liability	<u><u>\$ 2,335,524</u></u>	<u><u>\$ 2,069,275</u></u>	<u><u>\$ 1,819,790</u></u>

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 – 6.01% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 6.00% to 6.01%.
- 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 2025 with 0.50% decrease per year until 5.50% in 2028. Rates gradually decrease from 5.40% in 2029 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. 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.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the 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 \$353,081 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$6,054,172 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 0.3408%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2024. As of June 30, 2025, all of the net pension liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2025, the District recognized OPEB expense of \$99,000. 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	\$ 23,000	\$ 91,000
Changes in Assumptions	369,000	924,000
Net Difference Between Projected and Actual		
Investment Earnings	6,000	-
Changes in Proportions	-	328,000
Contributions Subsequent to the Measurement Date	353,081	-
Total	<u>\$ 751,081</u>	<u>\$ 1,343,000</u>

Contributions of \$353,081 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:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (278,000)
2027	(302,000)
2028	(306,000)
2029	(38,000)
2030	(21,000)
Total	<u>\$ (945,000)</u>

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.

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

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

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

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

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 & Poor's 20 Year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the Standard & Poor's 20 Year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (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 one-percentage point lower or one-percentage point higher than the current rate:

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
Net OPEB Liability	<u>\$ 6,053,637</u>	<u>\$ 6,054,172</u>	<u>\$ 6,054,605</u>

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

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

	1% Decrease in Discount Rate 3.21%	Current Discount Rate 4.21%	1% Increase in Discount Rate 5.21%
Net OPEB Liability	<u>\$ 6,839,375</u>	<u>\$ 6,054,172</u>	<u>\$ 5,396,602</u>

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 pa.gov/agencies/psers.

NOTE 13 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

Eastern Center for Arts and Technology

The District is a participating member of the Eastern Center for Arts and Technology (the ECAT). The ECAT provides vocational-technical training and education to students of participating school districts. The ECAT is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the ECAT operations is the responsibility of the joint board. The District's share of operating costs for the ECAT fluctuates based on the District's percentage of enrollment. The District share of operating costs for 2024-2025 was \$1,332,897. The ECAT prepares financial statements that are available to the public from its administrative offices located at 3075 Terwood Road, Willow Grove, PA 19090.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Montgomery County Intermediate Unit

The District and the other Montgomery County school districts are participating members of the Montgomery County Intermediate Unit (the MCIU). The MCIU 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 MCIU but the participating districts have no ongoing fiduciary interest or responsibility to the MCIU. The MCIU 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.

The District is involved in litigation in which property owners are seeking to reduce their property assessments for purposes of assessing real estate taxes on those properties, which could result in significant reduction in property assessments, including substantial refunds and/or credits totaling \$4,000,000. The District has recorded this liability in the governmental activities on the statement of net position (deficit) as of June 30, 2025.

CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 RISK MANAGEMENT

Medical

The District participates in a consortium with other participating school districts and educational agencies from Montgomery 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 an internal service fund in the accompanying financial statements.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2024, which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Insurance Claims Surplus (Liability) - Beginning of Year	\$ 516,597	\$ (512,373)
Current Year Insurance Claims and Changes in Estimates	11,127,034	10,718,288
Insurance Claims Paid	<u>(11,887,669)</u>	<u>(9,689,318)</u>
Insurance Claims Surplus (Liability) - End of Year	<u>\$ (244,038)</u>	<u>\$ 516,597</u>

Workers' Compensation

The District and other participating Pennsylvania school districts and educational agencies participate in the School District Insurance Consortium (SDIC), which is a voluntary trust. The District and the other participating members pay premiums to SDIC for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of SDIC that the SDIC will utilize funds contributed by the participating members, which shall be held in trust by SDIC, to provide self-insurance and reimbursements to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2025, the District is not aware of any additional assessments relating to SDIC.

Other Risks

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District has purchased a commercial insurance policy to safeguard its assets and there were no significant reductions in insurance coverage during 2024-2025. Settlement amounts have not exceeded insurance coverage for the current or the three prior years

**CHELTENHAM SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 SUBSEQUENT EVENTS

On March 12, 2026, the District issued general obligation bonds, Series of 2026, in the amount of \$15,000,000 the proceed from which will be used (1) for renovations, improvements and/or additions to Glenside Elementary School, the Cedarbrook Middle School and other District facilities and (2) to pay for the costs of issuance.

REQUIRED SUPPLEMENTARY INFORMATION

**CHELTENHAM SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local Sources	\$ 103,563,572	\$ 103,563,572	\$ 107,448,627	\$ 3,885,055
State Sources	28,654,433	28,654,433	29,911,136	1,256,703
Federal Sources	2,093,856	2,093,856	2,510,433	416,577
Total Revenues	134,311,861	134,311,861	139,870,196	5,558,335
EXPENDITURES				
Instruction:				
Regular Programs	53,523,109	53,246,290	52,257,217	989,073
Special Programs	22,973,051	23,157,581	25,717,893	(2,560,312)
Vocational Programs	2,235,064	2,234,064	2,296,028	(61,964)
Other Instructional Programs	369,781	347,901	430,881	(82,980)
Nonpublic School Programs	45,461	27,437	13,215	14,222
Total Instruction	79,146,466	79,013,273	80,715,234	(1,701,961)
Support Services:				
Pupil Support Services	4,766,369	4,889,623	5,723,171	(833,548)
Instructional Staff Services	4,491,426	4,560,694	3,892,323	668,371
Administrative Services	7,539,085	7,349,391	7,462,420	(113,029)
Pupil Health	1,178,169	1,181,418	1,243,416	(61,998)
Business Services	1,482,135	1,482,135	1,770,603	(288,468)
Operation and Maintenance of Plant Services	10,803,683	10,809,298	11,926,161	(1,116,863)
Student Transportation Services	9,441,939	9,553,999	8,542,641	1,011,358
Support Services - Central	2,811,366	2,803,957	3,795,133	(991,176)
Other Support Services	51,250	51,250	49,012	2,238
Total Support Services	42,565,422	42,681,765	44,404,880	(1,723,115)
Operation of Noninstructional Services:				
Student Activities	1,960,031	1,976,964	2,122,301	(145,337)
Community Services	7,589	7,506	-	7,506
Total Noninstructional Services	1,967,620	1,984,470	2,122,301	(137,831)
Debt Service	10,632,353	10,632,353	11,063,478	(431,125)
Total Expenditures	134,311,861	134,311,861	138,305,893	(3,994,032)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,564,303	1,564,303
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Revenues	-	-	(21,871)	(21,871)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	1,542,432	<u>\$ 1,542,432</u>
Fund Balance - Beginning of Year			28,204,206	
FUND BALANCE - END OF YEAR			<u>\$ 29,746,638</u>	

CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PSERS
LAST TEN YEARS

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.3406 %	0.3425 %	0.3438 %	0.3494 %	0.3697 %	0.3768 %	0.3777 %	0.3775 %	0.3598 %	0.3568 %
District's Proportionate Share of the Net Pension Liability	\$ 142,557,936	\$ 152,365,852	\$ 152,849,086	\$ 143,452,215	\$ 182,775,000	\$ 176,277,000	\$ 181,315,000	\$ 186,441,000	\$ 183,261,000	\$ 154,549,000
District's Covered-Employee Payroll	\$ 54,097,521	\$ 52,520,277	\$ 50,426,072	\$ 49,544,285	\$ 49,415,468	\$ 52,180,982	\$ 53,317,580	\$ 51,273,973	\$ 54,916,000	\$ 59,068,293
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	263.52 %	290.11 %	303.12 %	289.54 %	369.87 %	337.82 %	340.07 %	363.62 %	333.71 %	261.64 %
Plan Fiduciary Net Position as a Percentage of the Total of the Total Pension Liability	64.63 %	61.85 %	61.34 %	63.67 %	54.32 %	55.66 %	54.00 %	51.84 %	50.14 %	45.64 %

**CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
PSERS
LAST TEN YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 18,449,880	\$ 17,879,503	\$ 18,019,707	\$ 17,139,822	\$ 16,602,290	\$ 16,485,000	\$ 17,011,000	\$ 16,923,000	\$ 14,972,000	\$ 13,729,000
Contributions in Relation to the Contractually Required Contribution	<u>18,449,880</u>	<u>17,879,503</u>	<u>18,019,707</u>	<u>17,139,822</u>	<u>16,602,290</u>	<u>16,485,000</u>	<u>17,011,000</u>	<u>16,923,000</u>	<u>14,972,000</u>	<u>13,729,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 56,044,593	\$ 54,097,521	\$ 52,520,277	\$ 50,426,072	\$ 49,544,285	\$ 49,415,468	\$ 52,180,982	\$ 53,317,580	\$ 51,273,973	\$ 54,916,000
Contributions as a Percentage of Covered-Employee Payroll	32.92%	33.36 %	34.31 %	33.99 %	33.51 %	33.36 %	32.60 %	31.74 %	29.20 %	25.00 %

**CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY
SINGLE EMPLOYER PLAN
LAST NINE YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 157,774	\$ 170,994	\$ 227,896	\$ 263,555	\$ 361,495	\$ 336,185	\$ 299,271	\$ 232,861	\$ 220,358
Interest on Total OPEB Liability	190,595	161,163	189,033	148,920	163,683	158,580	152,725	143,778	135,123
Differences Between Projected and Actual Experience	76,140	-	(452,495)	-	(1,183,311)	-	63,984	-	-
Changes of Assumptions	71,748	(162,503)	(402,379)	(314,852)	(123,391)	44,216	2,084	524,084	-
Benefit Payments	(124,263)	(131,468)	(179,091)	(169,663)	(240,713)	(205,063)	(182,190)	(148,735)	(168,750)
Net Change in Total OPEB Liability	371,994	38,186	(617,036)	(72,040)	(1,022,237)	333,918	335,874	751,988	186,731
Total OPEB Liability - Beginning	3,086,115	3,047,929	3,664,965	3,737,005	4,759,242	4,425,324	4,089,450	3,337,462	3,150,731
Total OPEB Liability - Ending	<u>\$ 3,458,109</u>	<u>\$ 3,086,115</u>	<u>\$ 3,047,929</u>	<u>\$ 3,664,965</u>	<u>\$ 3,737,005</u>	<u>\$ 4,759,242</u>	<u>\$ 4,425,324</u>	<u>\$ 4,089,450</u>	<u>\$ 3,337,462</u>
Plan Fiduciary Net Position:									
Contributions	\$ 124,263	\$ 131,468	\$ 179,091	\$ 169,663	\$ 240,713	\$ 205,063	\$ 182,190	\$ -	\$ 168,750
Net Investment Income	136,270	132,148	78,525	(157,141)	226,312	63,069	63,452	58,158	71,401
Benefit Payments	(124,263)	(131,468)	(179,091)	(169,663)	(240,713)	(205,063)	(182,190)	-	(168,750)
Administrative Expense	(10,630)	(10,288)	(9,641)	(10,640)	(9,926)	(8,833)	(8,325)	(8,242)	(7,558)
Net Change in Plan Fiduciary Net Position	125,640	121,860	68,884	(167,781)	216,386	54,236	55,127	49,916	63,843
Plan Fiduciary Net Position - Beginning	1,263,194	1,141,334	1,072,450	1,240,231	1,023,845	969,609	914,482	864,566	800,723
Plan Fiduciary Net Position - Ending	<u>\$ 1,388,834</u>	<u>\$ 1,263,194</u>	<u>\$ 1,141,334</u>	<u>\$ 1,072,450</u>	<u>\$ 1,240,231</u>	<u>\$ 1,023,845</u>	<u>\$ 969,609</u>	<u>\$ 914,482</u>	<u>\$ 864,566</u>
Net OPEB Liability - Ending	\$ 2,069,275	\$ 1,822,921	\$ 1,906,595	\$ 2,592,515	\$ 2,496,774	\$ 3,735,397	\$ 3,455,715	\$ 3,174,968	\$ 2,472,896
Fiduciary Net Position as a Percentage of Total OPEB Liability	40.16 %	40.93 %	37.45 %	29.26 %	33.19 %	21.51 %	21.91 %	22.36 %	25.90 %
Covered Payroll	\$ 50,360,878	\$ 46,504,318	\$ 46,504,318	\$ 47,783,292	\$ 47,783,292	\$ 50,120,654	\$ 50,120,654	\$ 46,926,837	\$ 46,926,837
Net OPEB Liability as a Percentage of Covered Payroll	4.11 %	3.92 %	4.10 %	5.43 %	5.23 %	7.45 %	6.89 %	6.77 %	5.27 %

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 10-year trend is available.

CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PSERS
LAST EIGHT YEARS

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.3408%	0.3418%	0.3429%	0.3489%	0.3697%	0.3768%	0.3777%	0.3775%
District's Proportionate Share of the Net OPEB Liability	\$ 6,054,172	\$ 6,183,934	\$ 6,312,004	\$ 8,269,220	\$ 7,988,000	\$ 8,014,000	\$ 7,875,000	\$ 7,691,000
District's Covered-Employee Payroll	\$ 54,097,521	\$ 52,520,277	\$ 50,426,072	\$ 49,544,285	\$ 49,415,468	\$ 52,180,982	\$ 53,317,580	\$ 51,273,973
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	0.11 %	0.12 %	0.13 %	0.17 %	0.16 %	0.15 %	0.15 %	0.15 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13 %	7.22 %	6.86 %	5.30 %	5.69 %	5.56 %	5.56 %	5.73 %

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

**CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS
PSERS
LAST NINE YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 353,081	\$ 346,027	\$ 391,619	\$ 40,340,858	\$ 40,626,314	\$ 41,508,993	\$ 43,310,215	\$ 44,253,591	\$ 42,557,398
Contributions in Relation to the Contractually Required Contribution	<u>353,081</u>	<u>346,027</u>	<u>391,619</u>	<u>40,340,858</u>	<u>40,626,314</u>	<u>41,508,993</u>	<u>43,310,215</u>	<u>44,253,591</u>	<u>42,557,398</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 56,044,593	\$ 54,097,521	\$ 52,520,277	\$ 50,426,072	\$ 49,544,285	\$ 49,415,468	\$ 52,180,982	\$ 53,317,580	\$ 51,273,973
Contributions as a Percentage of Covered-Employee Payroll	0.63 %	0.64 %	0.01 %	0.80 %	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 10-year trend is available.

SUPPLEMENTARY INFORMATION

**CHELTENHAM SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2025**

	Capital Reserve Fund	Capital Projects Fund	Total
ASSETS			
Cash	\$ 4,571,493	\$ 2,425,240	\$ 6,996,733
Due from Other Funds	<u>13,975,000</u>	<u>297,125</u>	<u>14,272,125</u>
Total Assets	<u>\$ 18,546,493</u>	<u>\$ 2,722,365</u>	<u>\$ 21,268,858</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	<u>\$ 907,874</u>	<u>\$ -</u>	<u>\$ 907,874</u>
FUND BALANCES			
Restricted for:			
Capital Projects	<u>17,638,619</u>	<u>2,722,365</u>	<u>20,360,984</u>
Total Fund Balances	<u>17,638,619</u>	<u>2,722,365</u>	<u>20,360,984</u>
Total Liabilities and Fund Balances	<u>\$ 18,546,493</u>	<u>\$ 2,722,365</u>	<u>\$ 21,268,858</u>

**CHELTENHAM SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025**

	Capital Reserve Fund	Capital Projects Fund	Total
REVENUES			
Local Sources	\$ 316,832	\$ 102,516	\$ 419,348
EXPENDITURES			
Current:			
Support Services	542,437	-	542,437
Facilities Acquisition, Construction, and Improvement Services	2,989,478	-	2,989,478
Total Expenditures	<u>3,531,915</u>	<u>-</u>	<u>3,531,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,215,083)	102,516	(3,112,567)
OTHER FINANCING SOURCES (USES)			
Issuance of Right-to-Use Arrangements	<u>542,437</u>	<u>-</u>	<u>542,437</u>
NET CHANGE IN FUND BALANCES	(2,672,646)	102,516	(2,570,130)
Fund Balances - Beginning of Year	<u>20,311,265</u>	<u>2,619,849</u>	<u>22,931,114</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 17,638,619</u></u>	<u><u>\$ 2,722,365</u></u>	<u><u>\$ 20,360,984</u></u>

SINGLE AUDIT

CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN 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 Sub- Recipients
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I - Improving Basic Programs	I	84.010	013-240080	07/01/23 - 09/30/24	\$ 759,371	\$ 759,371	\$ 759,371	\$ -	\$ -	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-250080	07/01/24 - 09/30/25	749,719	750,590	-	749,719	749,719	(871)	-
Total ALN #84.010						1,509,961	759,371	749,719	749,719	(871)	-
Title II - Improving Teacher Quality	I	84.367	020-240080	07/01/23 - 09/30/24	124,747	124,747	124,747	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-250080	07/01/24 - 09/30/25	126,186	124,197	-	126,186	126,186	1,989	-
Total ALN #84.367						248,944	124,747	126,186	126,186	1,989	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240080	07/01/23 - 09/30/24	42,212	42,212	42,212	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-250080	07/01/24 - 09/30/25	57,187	45,750	-	57,187	57,187	11,437	-
Total ALN #84.424						87,962	42,212	57,187	57,187	11,437	-
COVID-19 - ARP ESSER	I	84.425U	223-210080	03/13/20 - 09/30/24	3,930,515	1,786,598	1,622,763	163,835	163,835	-	-
COVID-19 - ARP ESSER 2.5%	I	84.425U	224-210080	03/13/20 - 09/30/24	63,086	20,646	20,646	-	-	-	-
COVID-19 - ARP ESSER 7%	I	84.425U	225-210080	03/13/20 - 09/30/24	305,489	283,271	283,271	-	-	-	-
COVID-19 - ARP ESSER Homeless Children and Youth	I	84.425W	181-212078	07/01/21 - 09/30/24	25,242	2,589	2,589	-	-	-	-
Total ALN #84.425						2,093,104	1,929,269	163,835	163,835	-	-
Passed Through the Montgomery County I.U.:											
Title III - Language Instruction LEP/Immigrant Students	I	84.365	N/A	07/01/23 - 09/30/24	8,631	-	8,631	-	-	8,631	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	N/A	07/01/24 - 09/30/25	7,763	-	-	7,763	7,763	7,763	-
Total ALN #84.365						-	8,631	7,763	7,763	16,394	-
I.D.E.A. - Part B, Section 611	I	84.027	062-240023	07/01/23 - 09/30/24	918,838	918,838	918,838	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-250023	07/01/24 - 09/30/25	906,295	906,295	-	906,295	906,295	-	-
Total ALN #84.027						1,825,133	918,838	906,295	906,295	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-220023	07/01/22 - 06/30/23	2,472	2,472	2,472	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230023	07/01/23 - 06/30/24	3,264	3,264	3,264	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-240023	07/01/24 - 06/30/25	3,801	3,801	-	3,801	3,801	-	-
Total ALN #84.173						9,537	5,736	3,801	3,801	-	-
Total U.S. Department of Education						5,774,641	3,788,804	2,014,786	2,014,786	28,949	-
U.S. Department of Treasury											
Passed Through Montgomery County:											
COVID-19 Youth Behavioral Health Program Start Up	I	21.027	H5BBX6CB52K3	03/03/21 - 12/31/26	230,273	-	(95,273)	95,273	95,273	-	-
Passed Through Pennsylvania Commission on Crime and Delinquency											
COVID-19 School Mental Health Grants	I	21.027	2023-CM-01 42020	01/01/24 - 12/31/25	152,000	123,333	-	123,333	123,333	-	-
Total U.S. Department of Treasury						123,333	(95,273)	218,606	218,606	-	-

See Notes to Schedule of Expenditures of Federal Awards

**CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN 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 Sub- Recipients
U.S. Department of Health and Human Services											
Passed Through the Pennsylvania Department of Human Services:											
Medical Assistance - Administration	I	93.778	N/A	07/01/22 - 06/30/23	N/A	4,091	4,091	-	-	-	-
Medical Assistance - Administration	I	93.778	N/A	07/01/23 - 06/30/24	N/A	1,529	1,529	-	-	-	-
Medical Assistance - Administration	I	93.778	N/A	07/01/24 - 06/30/25	N/A	25,093	-	25,093	25,093	-	-
Total U.S. Department of Health and Human Services						30,713	5,620	25,093	25,093	-	-
U.S. Department of Agriculture											
Passed Through the Pennsylvania Department of Education:											
School Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	302,625	-	376,649	376,649	74,024	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	806,290	-	990,434	990,434	184,144	-
Passed Through the Pennsylvania Department of Agriculture:											
National School Lunch Program - Donated Commodities	I	10.555	N/A	07/01/24 - 06/30/25	N/A	253,948	-	253,948	253,948	-	-
Total ALN #10.555						1,362,863	-	1,621,031	1,621,031	258,168	-
Total U.S. Department of Agriculture						1,362,863	-	1,621,031	1,621,031	258,168	-
Total Federal Awards						<u>\$ 7,291,550</u>	<u>\$ 3,699,151</u>	<u>\$ 3,879,516</u>	<u>\$ 3,879,516</u>	<u>\$ 287,117</u>	<u>\$ -</u>
Special Education Cluster (ALN's #84.027 and #84.173)						<u>\$ 1,834,670</u>	<u>\$ 924,574</u>	<u>\$ 910,096</u>	<u>\$ 910,096</u>	<u>\$ -</u>	<u>\$ -</u>
Child Nutrition Cluster (ALN's #10.553 and #10.555)						<u>\$ 1,362,863</u>	<u>\$ -</u>	<u>\$ 1,621,031</u>	<u>\$ 1,621,031</u>	<u>\$ 258,168</u>	<u>\$ -</u>
Medicaid Cluster (ALN's #93.778)						<u>\$ 30,713</u>	<u>\$ 5,620</u>	<u>\$ 25,093</u>	<u>\$ 25,093</u>	<u>\$ -</u>	<u>\$ -</u>

Source Codes

D - Direct Funding

I - Indirect Funding

ALN - Assistance Listing Number

See Notes to Schedule of Expenditures of Federal Awards

**CHELTENHAM SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE 1 FEDERAL EXPENDITURES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cheltenham School District (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting for governmental activities. Expenditures are recorded when the liability is incurred or measurable. The related revenue is reported net of unexpended amounts returned to grantors. Proprietary fund expenses have been prepared using the accrual basis of accounting and are reported in accordance with generally accepted accounting principles (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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 under Assistance Listing #10.555 USDA Commodities 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 \$251,948.

NOTE 5 INDIRECT COSTS

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



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

Board of School Directors
Cheltenham School District
Elkins Park, 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 Cheltenham School District, Elkins Park, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Cheltenham School District's basic financial statements, and have issued our report thereon dated August 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cheltenham 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 Cheltenham School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cheltenham 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.

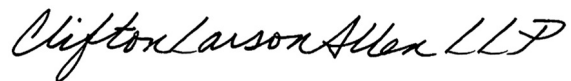
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cheltenham 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
August 28, 2026



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

Board of School Directors
Cheltenham School District
Elkins Park, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cheltenham 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 Cheltenham School District's major federal programs for the year ended June 30, 2025. Cheltenham 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, Cheltenham School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Cheltenham 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 Cheltenham 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 Cheltenham School District's federal programs

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cheltenham 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 Cheltenham School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cheltenham 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 Cheltenham 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 Cheltenham 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.

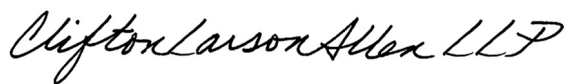
Report on Internal Control over Compliance

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
August 28, 2026

**CHELTENHAM 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 | _____ <u>x</u> _____ | no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>x</u> _____ | none reported |
| 3. Noncompliance material to basic financial statements noted? | _____ yes | _____ <u>x</u> _____ | no |

Federal Awards

- | | | | |
|---|------------|----------------------|---------------|
| 1. Internal control over major federal programs: | | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> _____ | no |
| • Significant deficiency(ies) identified? | _____ yes | _____ <u>x</u> _____ | 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 | _____ <u>x</u> _____ | no |

Identification of Major Federal Programs

Assistance Listing Number(s)

10.553; 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes _____ x _____ no

**CHELTENHAM SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

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

Section III – State Award Findings and Questioned Costs

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

