

Bald Eagle Area School District

Financial Statements and
Supplementary Information

June 30, 2025

Bald Eagle Area School District

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Independent Auditors' Report

To the Board of Directors of
Bald Eagle Area School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Bald Eagle Area School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise 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 activity, each major fund and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, effective July 1, 2024. As discussed in Note 1 to the financial statements, net position of the District's governmental activities and fund balance of the business-type activity as of July 1, 2024 have been restated. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, 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 District's basic financial statements. The combining nonmajor governmental funds statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

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

State College, Pennsylvania
December 26, 2025

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2025

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Bald Eagle Area School District (the District) for the year ended June 30, 2025. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

This discussion and analysis 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 financial statements.

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. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position (deficit) presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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 soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2025

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short term. Fund financial statements are prepared using the modified accrual basis of accounting.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the District's major funds, which are the General Fund and the Capital Projects Fund. The District's nonmajor funds are the Capital Reserve Fund and Student Activity Fund.

Proprietary Funds

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as the business-type activity in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to Financial Statements

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

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2025

Government-Wide Financial Analysis Condensed Statements of Net Position (Deficit) June 30, 2025 and 2024

	Condensed Statements of Net Deficit					
	Governmental Activities		Business-Type Activity		Total	
	2025	2024	2025	2024	2025	2024
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 35,595,703	\$ 31,090,336	\$ 88,702	\$ 248,810	\$ 35,684,405	\$ 31,339,146
Noncurrent assets	33,067,110	31,245,868	114,217	126,209	33,181,327	31,372,077
Deferred outflows of resources	5,740,591	6,800,274	144,975	168,912	5,885,566	6,969,186
Total	<u>\$ 74,403,404</u>	<u>\$ 69,136,478</u>	<u>\$ 347,894</u>	<u>\$ 543,931</u>	<u>\$ 74,751,298</u>	<u>\$ 69,680,409</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)						
Current liabilities	\$ 4,809,079	\$ 4,068,139	\$ 77,002	\$ 63,504	\$ 4,886,081	\$ 4,131,643
Long-term liabilities:						
Due within one year	2,152,518	2,013,910	-	-	2,152,518	2,013,910
Due after one year	51,435,649	49,704,769	1,033,285	1,038,613	52,468,934	50,743,382
Total liabilities	<u>58,397,246</u>	<u>55,786,818</u>	<u>1,110,287</u>	<u>1,102,117</u>	<u>59,507,533</u>	<u>56,888,935</u>
Deferred inflows of resources	<u>1,545,033</u>	<u>1,538,086</u>	<u>38,967</u>	<u>38,914</u>	<u>1,584,000</u>	<u>1,577,000</u>
Net position (deficit):						
Net investment in capital assets	20,557,994	20,552,833	114,217	126,209	20,672,211	20,679,042
Restricted (for capital projects and debt service)	3,162,315	3,287,167	-	-	3,162,315	3,287,167
Unrestricted	<u>(9,259,184)</u>	<u>(12,028,426)</u>	<u>(915,577)</u>	<u>(723,309)</u>	<u>(10,174,761)</u>	<u>(12,751,735)</u>
Total net position (deficit)	<u>14,461,125</u>	<u>11,811,574</u>	<u>(801,360)</u>	<u>(597,100)</u>	<u>13,659,765</u>	<u>11,214,474</u>
Total	<u>\$ 74,403,404</u>	<u>\$ 69,136,478</u>	<u>\$ 347,894</u>	<u>\$ 543,931</u>	<u>\$ 74,751,298</u>	<u>\$ 69,680,409</u>

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2025

Condensed Statements of Activities Years Ended June 30, 2025 and 2024

	Condensed Statements of Activities					
	Governmental Activities		Business-Type Activity		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 299,045	\$ 345,947	\$ 368,245	\$ 380,856	\$ 667,290	\$ 726,803
Operating grants and contributions	10,803,958	11,084,209	814,635	930,769	11,618,593	12,014,978
General revenues:			-	-		
Taxes levied, net	17,727,196	17,833,189	-	-	17,727,196	17,833,189
Grants, subsidies and contributions not restricted	9,887,121	9,667,967	-	-	9,887,121	9,667,967
Other	1,418,616	1,196,288	1,136	3,142	1,419,752	1,199,430
Total revenues	40,135,936	40,127,600	1,184,016	1,314,767	41,319,952	41,442,367
Program Expenses						
Instruction	21,707,543	20,901,966	-	-	21,707,543	20,901,966
Instructional student support	3,267,005	3,522,407	-	-	3,267,005	3,522,407
Administration and financial support services	2,863,025	2,876,008	-	-	2,863,025	2,876,008
Operation and maintenance of plant services	3,098,122	2,367,287	-	-	3,098,122	2,367,287
Pupil transportation	2,672,026	2,695,733	-	-	2,672,026	2,695,733
Student activities	1,277,194	1,262,527	-	-	1,277,194	1,262,527
Community services	8,018	4,655	-	-	8,018	4,655
Interest on long-term debt	431,406	543,982	-	-	431,406	543,982
Food service	-	-	1,335,076	1,361,129	1,335,076	1,361,129
Total program expenses	35,324,339	34,174,565	1,335,076	1,361,129	36,659,415	35,535,694
Change in net position	4,811,597	5,953,035	(151,060)	(46,362)	4,660,537	5,906,673
Net Position (Deficit), Beginning, as Previously Reported	11,811,574	6,724,789	(597,100)	(550,738)	11,214,474	6,174,051
Accounting Changes (see Note 1)	(2,162,046)	(866,250)	(53,200)	-	(2,215,246)	(866,250)
Net Position (Deficit), Beginning, as Restated	9,649,528	5,858,539	(650,300)	(550,738)	8,999,228	5,307,801
Net Position (Deficit), Ending	\$ 14,461,125	\$ 11,811,574	\$ (801,360)	\$ (597,100)	\$ 13,659,765	\$ 11,214,474

Total net position of the District increased \$4,660,537 in 2025. Net position of governmental activities increased by \$4,811,597, while net position of the business-type activity decreased \$151,060. The District restated its net position as of July 1, 2024 as it adopted Governmental Accounting Standards Board (GASB) Statements No. 101, *Compensated Absences*, reducing net position \$2,215,246 of which \$2,162,046 reduced governmental activities net position and \$53,200 reduced business-type activity net position.

The District had \$35,324,339 in expenses related to governmental activities in 2025; only \$11,103,003 of these expenses were offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$29,032,933 are also provided for these programs. The \$4,811,597 increase in governmental activities net position represents the excess of revenues over expenses.

In the District's business-type activity, net position decreased by \$151,060 as a result of the net loss with the food service operation.

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2025

Financial Analysis of the Governmental Funds

General Fund

Revenues

Revenues for the 2024 - 2025 fiscal year were \$39,819,853 compared to \$39,819,688 for the previous fiscal year. The revenues are derived from three main sources, as follows:

	2024 - 2025	2023 - 2024	Change Increase (Decrease)	% Change
Local sources	\$ 19,487,742	\$ 19,417,876	\$ 69,866	0.4 %
State sources	19,824,332	18,719,778	1,104,554	5.9
Federal sources	507,779	1,682,034	(1,174,255)	(69.8)
Total	<u>\$ 39,819,853</u>	<u>\$ 39,819,688</u>	<u>\$ 165</u>	0.0

Local revenues are derived primarily from levying taxes such as real estate tax, earned income tax and real estate transfer tax. Local revenues increased \$69,866 compared to the prior year. Real estate taxes decreased \$517,580 due to a tax credit. Earned income tax increased \$258,654 due to increased collections. Payment in lieu of current real estate taxes also increased, \$171,605, due to an increase in the rates allocated by the state for the game commission and DCNR. Delinquent real estate tax collections increased \$13,340 due to timing of tax collections between the years. Investment income increased \$170,780.

State revenues are derived primarily from state subsidies for basic education and special education and an 50% reimbursement for social security and retirement costs. State revenues increased \$1,104,554 or 5.9%, primarily related to the state retirement subsidy increasing \$412,610 due to the increase in salaries, basic education subsidy increasing \$219,154 and transportation subsidy increasing \$281,828. Rental and sinking fund subsidy decreased \$193,766 due to a bond payment coming to an end. The special education subsidy increased \$114,999.

Federal revenues decreased \$1,174,255 primarily related to the COVID related grants coming to an end and spending related to COVID funds of \$1,132,296. The remaining decrease was due to a decrease in Title funds received.

Expenditures

Expenditures and other financing uses for the 2024 - 2025 fiscal year were \$37,074,603 compared to the 2023 - 2024 fiscal year of \$37,659,222 or 1.6% decrease. The following table shows the expenditures by object category:

	2024 - 2025	2023 - 2024	Increase (Decrease)	% Change
Salaries and benefits	\$ 23,617,005	\$ 22,898,464	\$ 718,541	3.1 %
Professional services	1,465,802	1,432,870	32,932	2.3
Purchased property services	373,309	396,111	(22,802)	(5.8)
Other purchased services	6,755,811	6,679,792	76,019	1.1
Supplies and property	2,504,958	2,308,685	196,273	8.5
Other objects	314,957	290,520	24,437	8.4
Other uses of funds	2,042,761	3,652,780	(1,610,019)	(44.1)
Total	<u>\$ 37,074,603</u>	<u>\$ 37,659,222</u>	<u>\$ (584,619)</u>	(1.6)

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2025

Salaries and benefits increased \$718,541. Salary expense increased due to pay rate increases as well as an increase in health insurance of 20.4% and retirement expense due to the increase in salaries.

Purchased professional services increased \$32,932 due to increased training for staff, increase in sub-contracted administrative coverage, nursing coverage, and the additional state pass through expenditure for student teacher stipends.

The increases in other purchased services were related to an increase of \$136,773 to Central PA Institute of Science and technology tuition and \$48,850 in student transportation expenses. The District saw a decrease in student tuition to charter and other nonpublic schools of \$73,862. Natural gas and electricity expense increased \$172,673 in 2024-2025 compared to the previous year and accounted for most of the increase in supplies and property.

Other uses of funds decreased \$1,610,019 mostly due to the Capital Reserve Fund transfer that occurred in 2023-2024 of \$1,442,316 that did not occur in 2024-2025. The other decrease was \$167,700 in principle on debt in regard to one bond coming due in 2024-2025.

General Fund Budgetary Highlights

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors.

The General Fund's originally-approved budget for 2025 included \$36,733,873 of revenues and \$41,733,383 of expenditures and other financing uses.

The actual revenues for 2025 were \$3,085,980 greater than the final budget. Local revenues were \$1,604,671 greater than budget primarily due to favorable variances in real estate tax revenue, payment in lieu of real estate taxes, earned income tax and interest on investments. State revenues were \$1,344,100 greater than budget primarily related to higher than budgeted state share of retirement contributions and the transportation subsidy. Federal revenues were more than budgeted by \$137,209 due to more than budgeted COVID related grant expenditures (ESSER) of \$78,216 and a Federal Grant of \$62,564.

Actual expenditures and other financing uses were \$5,027,534 less than the budget due to the issuance of the bond for the new forestry building, weight room, and special education offices instead of utilizing the budgetary reserve. The roofing project was put on hold and these costs were estimated to be approximately \$5,000,000 to be transferred to the capital reserve out of budgetary reserve if needed. Regular education program costs increased and were \$142,106 over budget. The cost for substitute teachers was \$61,852 over budget, the district did not budget for the student teacher stipend that was put into place when the state passed the budget after June 30, 2024, thus was \$50,000 over budget, and the District had to replace the sound system in the auditorium, \$35,000 over budget. Support Services purchased professional and technical services were over budget due to the addition of an interim special education director, \$27,810 over budget along with support service admin for an interim principal, \$14,625. Overall, support services instructional and administrative were under budget, \$521,169. Business expenses were over budget \$40,754 due to the additional of analytical financial software; \$19,775, and GASB evaluation service; \$10,760. Operations and maintenance services were over budget by \$353,169. The majority of these expenses were due to an unforeseen increase in utility costs resulting in \$209,712 over budget. Building maintenance and repairs resulted in \$46,622 over budget. Lawn care and snow removal were \$34,582 over budget. Overall, the District was \$113,293 under budget for supplies and property expenses.

Bald Eagle Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2025

Capital Assets

The District's investment in capital assets for its governmental and business-type activity as of June 30, 2025 is summarized below (see details in Note 8 to the financial statements).

	Governmental Activities	Business-Type Activity	Total
Land, buildings and improvements	\$ 67,929,926	\$ -	\$ 67,929,926
Equipment and other capital assets	6,430,801	513,503	6,944,304
Construction in progress	2,825,340	-	2,825,340
Leased assets	366,012	-	366,012
Total	77,552,079	513,503	78,065,582
Accumulated depreciation	(44,484,969)	(399,286)	(44,884,255)
Net	\$ 33,067,110	\$ 114,217	\$ 33,181,327

Long-Term Debt

At June 30, 2025, the District's long-term debt outstanding was \$12,066,857, which includes \$187,733 of unamortized premium, and \$2,071,250 of this debt is scheduled for payment in 2026.

Factors Expected to Have an Effect on Future Operations

PSERS Rates

PSERS designates a percentage of an employees' salary the District must pay each year based on state law. This percentage currently is 33.90% (2024-2025). The estimated percentages over the next five years are 34.72%, 35.41%, 35.94%, 36.53% and 37.15%, respectively. At these rates, the District's retirement expense will grow from \$4.5 million in 2024-2025 to over \$6.0 million in 2029-2030.

Contact the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at (814) 355-5516.

Bald Eagle Area School DistrictStatement of Net Position (Deficit)
June 30, 2025

	Governmental Activities	Business-Type Activity	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 18,857,218	\$ 394,472	\$ 19,251,690
Investments	13,492,994	-	13,492,994
Taxes receivable, net	859,358	-	859,358
Internal balances	339,132	(339,132)	-
Due from other governments	1,813,268	-	1,813,268
Other receivables	15,727	13,487	29,214
Inventories	-	19,875	19,875
Other current assets	218,006	-	218,006
Total current assets	35,595,703	88,702	35,684,405
Noncurrent Assets			
Capital assets:			
Land	1,050,100	-	1,050,100
Construction in progress	2,825,340	-	2,825,340
Buildings and improvements	66,879,826	-	66,879,826
Equipment and other capital assets	6,430,801	513,503	6,944,304
Leased assets	366,012	-	366,012
Accumulated depreciation	(44,484,969)	(399,286)	(44,884,255)
Total noncurrent assets	33,067,110	114,217	33,181,327
Total assets	68,662,813	202,919	68,865,732
Deferred Outflows of Resources			
Pension	5,246,459	132,510	5,378,969
Other postemployment benefits (OPEB)	494,132	12,465	506,597
Total deferred outflows of resources	5,740,591	144,975	5,885,566
Total assets and deferred outflows of resources	\$ 74,403,404	\$ 347,894	\$ 74,751,298
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)			
Current Liabilities			
Accounts payable	\$ 997,631	\$ 410	\$ 998,041
Retainage payable	106,586	-	106,586
Current portion of notes and bonds payable	2,071,250	-	2,071,250
Current portion of lease liability	81,268	-	81,268
Accrued salaries and benefits	3,631,493	43,169	3,674,662
Unearned revenue	2,229	-	2,229
Accrued interest	71,140	-	71,140
Other current liabilities	-	33,423	33,423
Total current liabilities	6,961,597	77,002	7,038,599
Noncurrent Liabilities			
Notes and bonds payable	9,995,607	-	9,995,607
Lease liability	254,405	-	254,405
Other postemployment benefits liability (OPEB)	3,591,423	90,577	3,682,000
Net pension liability	34,782,764	877,236	35,660,000
Compensated absences	2,811,450	65,472	2,876,922
Total noncurrent liabilities	51,435,649	1,033,285	52,468,934
Total liabilities	58,397,246	1,110,287	59,507,533
Deferred Inflows of Resources			
Other postemployment benefits (OPEB)	823,238	20,762	844,000
Pension	721,795	18,205	740,000
Total deferred inflows of resources	1,545,033	38,967	1,584,000
Net Position (Deficit)			
Net investment in capital assets	20,557,994	114,217	20,672,211
Restricted	3,162,315	-	3,162,315
Unrestricted deficit	(9,259,184)	(915,577)	(10,174,761)
Total net position (deficit)	14,461,125	(801,360)	13,659,765
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 74,403,404	\$ 347,894	\$ 74,751,298

See notes to financial statements

Bald Eagle Area School District

Statement of Activities

Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenues and Changes in Net Deficit		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Functions/Programs						
Governmental activities:						
Instruction	\$ (21,707,543)	\$ -	\$ 5,656,175	\$ (16,051,368)		\$ (16,051,368)
Instructional student support	(3,267,005)	-	587,068	(2,679,937)		(2,679,937)
Administration and financial support services	(2,863,025)	-	642,186	(2,220,839)		(2,220,839)
Operation and maintenance of plant services	(3,098,122)	-	574,640	(2,523,482)		(2,523,482)
Pupil transportation	(2,672,026)	-	2,199,629	(472,397)		(472,397)
Student activities	(1,277,194)	299,045	229,507	(748,642)		(748,642)
Community services	(8,018)	-	-	(8,018)		(8,018)
Interest on long-term debt	(431,406)	-	914,753	483,347		483,347
Total governmental activities	(35,324,339)	299,045	10,803,958	(24,221,336)		(24,221,336)
Business-Type Activity						
Food service	(1,335,076)	368,245	814,635	-	\$ (152,196)	(152,196)
Total	<u>\$ (36,659,415)</u>	<u>\$ 667,290</u>	<u>\$ 11,618,593</u>	<u>(24,221,336)</u>	<u>(152,196)</u>	<u>(24,373,532)</u>
General Revenues						
Property taxes, levied for general purposes, net				10,546,160	-	10,546,160
Other taxes				7,181,036	-	7,181,036
Grants, subsidies and contributions not restricted				9,887,121	-	9,887,121
Investment income				1,383,369	1,136	1,384,505
Miscellaneous income				35,247	-	35,247
Total general revenues				29,032,933	1,136	29,034,069
Changes in net position				4,811,597	(151,060)	4,660,537
Net Position (Deficit), Beginning, as Previously Reported				11,811,574	(597,100)	11,214,474
Accounting Changes (see Note 1)				(2,162,046)	(53,200)	(2,215,246)
Net Position (Deficit), Beginning, as Restated				9,649,528	(650,300)	8,999,228
Net Position (Deficit), Ending				\$ 14,461,125	\$ (801,360)	\$ 13,659,765

See notes to financial statements

Bald Eagle Area School District

Balance Sheet - Governmental Funds

June 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets				
Assets				
Cash and cash equivalents	\$ 14,281,384	\$ 1,481,021	\$ 3,094,813	\$ 18,857,218
Investments	13,492,994	-	-	13,492,994
Taxes receivable, net	859,358	-	-	859,358
Due from other funds	425,972	-	77,349	503,321
Due from other governments	1,813,268	-	-	1,813,268
Other receivables	15,727	-	-	15,727
Prepaid expenses	218,006	-	-	218,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 31,106,709</u>	<u>\$ 1,481,021</u>	<u>\$ 3,172,162</u>	<u>\$ 35,759,892</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Due to other funds	\$ 85,383	\$ 77,349	\$ 1,457	\$ 164,189
Accounts payable	540,359	448,882	8,390	997,631
Retainage payable	-	106,586	-	106,586
Accrued salaries and benefits	3,631,493	-	-	3,631,493
Unearned revenue	2,229	-	-	2,229
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>4,259,464</u>	<u>632,817</u>	<u>9,847</u>	<u>4,902,128</u>
Deferred Inflows of Resources				
Unavailable revenues, taxes	<u>413,436</u>	<u>-</u>	<u>-</u>	<u>413,436</u>
Fund Balances				
Nonspendable	218,006	-	-	218,006
Restricted	-	848,204	3,162,315	4,010,519
Committed	8,945,414	-	-	8,945,414
Assigned	14,168,482	-	-	14,168,482
Unassigned	3,101,907	-	-	3,101,907
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>26,433,809</u>	<u>848,204</u>	<u>3,162,315</u>	<u>30,444,328</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,106,709</u>	<u>\$ 1,481,021</u>	<u>\$ 3,172,162</u>	<u>\$ 35,759,892</u>

See notes to financial statements

Bald Eagle Area School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)

June 30, 2025

Total Fund Balances, Governmental Funds	\$ 30,444,328
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Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are long-term financial resources, and therefore, are not reported as assets in government funds. The cost of assets is \$77,552,079 and the accumulated depreciation is \$44,484,969.	33,067,110
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.	413,436
--	---------

Deferred outflows related to net OPEB liability are not reported in the governmental funds, however, are reported in the statement of net position (deficit).	494,132
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Deferred inflows related to net OPEB liability are not reported in the governmental funds, however, are reported in the statement of net position (deficit).	(823,238)
--	-----------

Deferred outflows related to net pension liability are not reported in the governmental funds, however, are reported in the statement of net position (deficit).	5,246,459
--	-----------

Deferred inflows related to net pension liability are not reported in the governmental funds, however, are reported in the statement of net position (deficit).	(721,795)
---	-----------

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Notes and bonds payable	(11,879,124)
Lease liability	(335,673)
Unamortized bond premium	(187,733)
Accrued interest on long-term debt	(71,140)
Net OPEB liability	(3,591,423)
Net pension liability	(34,782,764)
Compensated absences	(2,811,450)

Total Net Position, Governmental Activities	\$ 14,461,125
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Bald Eagle Area School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2025

	Major Funds		Nonmajor Funds	Total
	General	Capital Projects		
Revenues				
Local sources	\$ 19,487,742	\$ 83,517	\$ 273,796	\$ 19,845,055
State sources	19,824,332	-	-	19,824,332
Federal sources	507,779	-	-	507,779
Total revenues	39,819,853	83,517	273,796	40,177,166
Expenditures				
Instruction	21,304,509	-	-	21,304,509
Support services	12,526,000	-	8,365	12,534,365
Noninstructional services	964,740	-	269,137	1,233,877
Facilities acquisition, construction and improvement services	7,796	2,628,204	34,690	2,670,690
Debt service	2,271,558	113,116	-	2,384,674
Total expenditures	37,074,603	2,741,320	312,192	40,128,115
Changes in fund balances before other financing sources (uses)	2,745,250	(2,657,803)	(38,396)	49,051
Other Financing Sources (Uses)				
Proceeds from issuance of long-term debt	-	3,205,000	-	3,205,000
Proceeds from extended-term financing	366,012	-	-	366,012
Bond premium	-	214,551	-	214,551
Sale of fixed asset	2,250	-	-	2,250
Total other financing sources	368,262	3,419,551	-	3,787,813
Changes in fund balances	3,113,512	761,748	(38,396)	3,836,864
Fund Balances, Beginning, as Previously Reported	23,320,297	-	3,287,167	26,607,464
Accounting Changes (see Note 1)	-	86,456	(86,456)	-
Fund Balances, Beginning, as Adjusted	23,320,297	86,456	3,200,711	26,607,464
Fund Balances, Ending	\$ 26,433,809	\$ 848,204	\$ 3,162,315	\$ 30,444,328

See notes to financial statements

Bald Eagle Area School District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Statement of Activities
Year Ended June 30, 2025

Total Changes in Fund Balances - Governmental Funds**\$ 3,836,864**

Amounts reported for governmental activities in the statement of activities
are different because:

Some property taxes will not be collected for several months after the District's
fiscal year-end, they are not considered as "available" revenues in the
governmental funds. Unavailable tax revenues decreased by this
amount this year.

(43,480)

Capital outlays are reported in governmental funds as expenditures. However, in
the statements of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
capital outlays exceeded depreciation in this period:

Depreciation expense

(1,480,703)

Capital outlays

3,301,945

1,821,242

The issuance of long term debt provides current financial resources to
government funds, while the repayment of the principal of long-term debt
consumes the current financial resources of government funds. This transaction,
however, does not have an effect on net position. Also, governmental funds
report the effect of premiums and discounts, and other similar items when
debt is issued, whereas these amounts are deferred and amortized in the
statement of activities. Reconciling items related to long-term debt activity
for the year ended June 30, 2025 are as follows:

Scheduled principal payments on long-term debt

1,969,751

New lease arrangements

(366,012)

Proceeds from issuance of long-term debt

(3,205,000)

Bond premium

(214,551)

Amortization of refunding charges

(118,834)

Scheduled principal payments on leases

79,499

(1,855,147)

Interest on long-term debt in the statement of activities differs from the amount
reported in the governmental funds because interest is recognized as an
expenditure in the funds when it is due, and thus requires the use of
current financial resources. In the statement of activities, interest expense
is recognized as the interest accrues, regardless of when it is due.

This would include amortization of bond premiums and deferred
interest from advanced refunding bonds. The net additional interest
accrued in the statement of activities over the amount due is shown here.

(2,139)

Net OPEB liability is considered long-term in nature, and is not reported as a
liability within the funds. Such a liability is, however, reported within the
statement of net position (deficit), and changes in the liability is reflected within
the statement of net position (deficit). This represents the change in OPEB
liability and the deferred outflows and inflows related to the OPEB.

(57,119)

Net pension liability is considered long-term in nature, and is not reported as a
liability within the funds. Such a liability is, however, reported within the
statement of net position (deficit), and changes in the liability are reflected within
the statement of net position (deficit). This represents the change in pension
liability and the deferred outflows and inflows related to the pension.

1,213,776

In the statement of activities, certain operating expenses, compensated
absences (vacations and sick days) are measured by the amounts
earned during the year. In the governmental funds, however,
expenditures for these items are measured by the amount of financial
resources used. This amount represents the difference between the
amount earned versus the amount used.

(102,400)

Changes in Net Position (Deficit) of Governmental Activities**\$ 4,811,597**

See notes to financial statements

Bald Eagle Area School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amount Original	Budgeted Amount Final	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Local sources	\$ 17,883,071	\$ 17,883,071	\$ 19,487,742	\$ 1,604,671
State sources	18,480,232	18,480,232	19,824,332	1,344,100
Federal sources	370,570	370,570	507,779	137,209
Total revenues	36,733,873	36,733,873	39,819,853	3,085,980
Expenditures				
Instruction:				
Regular programs	13,378,398	13,523,096	13,665,202	(142,106)
Special programs	4,471,316	5,049,236	5,048,859	377
Vocational education programs	2,126,255	2,131,405	2,191,582	(60,177)
Other instructional programs	316,736	376,926	391,415	(14,489)
Nonpublic school programs	4,942	7,451	7,451	-
Total instruction	20,297,647	21,088,114	21,304,509	(216,395)
Support services:				
Students services	1,439,684	1,439,684	1,442,547	(2,863)
Instructional staff	2,176,294	2,327,294	1,822,059	505,235
Administration	1,805,238	1,805,238	2,155,315	(350,077)
Pupil health	470,731	470,731	476,042	(5,311)
Business	528,179	528,179	568,933	(40,754)
Operation and maintenance of plant services	3,012,521	3,012,521	3,365,690	(353,169)
Student transportation services	2,655,513	2,655,513	2,564,630	90,883
Central	36,575	40,378	67,024	(26,646)
Other support services	63,877	64,377	63,760	617
Total support services	12,188,612	12,343,915	12,526,000	(182,085)
Noninstructional services:				
Student activities	827,179	827,179	956,722	(129,543)
Community services	9,500	9,992	8,018	1,974
Total noninstructional services	836,679	837,171	964,740	(127,569)
Facilities acquisition, construction and improvement services	-	-	7,796	(7,796)
Debt service	2,404,824	2,404,824	2,271,558	133,266
Total expenditures	35,727,762	36,674,024	37,074,603	(400,579)
Excess of revenues over expenditures before other financing sources (uses)	1,006,111	59,849	2,745,250	2,685,401
Other Financing Sources (Uses)				
Budgetary reserve	(6,006,111)	(5,059,851)	-	5,059,851
Proceeds from leases	-	-	366,012	366,012
Sale of fixed assets	-	-	2,250	2,250
Total other financing sources (uses), net	(6,006,111)	(5,059,851)	368,262	5,428,113
Changes in fund balances	\$ (5,000,000)	\$ (5,000,002)	3,113,512	\$ 8,113,514
Fund Balances, Beginning			23,320,297	
Fund Balances, Ending			\$ 26,433,809	

See notes to financial statements

Bald Eagle Area School District

Statement of Net Deficit - Proprietary Fund

June 30, 2025

Assets and Deferred Outflows of Resources**Current Assets**

Cash	\$	394,472
Due from other funds		85,383
Other receivables		13,487
Inventories		19,875
Total current assets		<u>513,217</u>

Noncurrent Assets

Equipment		513,503
Accumulated depreciation		<u>(399,286)</u>
Total noncurrent assets		<u>114,217</u>

Deferred Outflows of Resources

OPEB		12,465
Pension		<u>132,510</u>
Total deferred outflows of resources		<u>144,975</u>
Total assets and deferred outflows of resources	\$	<u><u>772,409</u></u>

Liabilities, Deferred Inflows of Resources and Net Deficit**Current Liabilities**

Accounts payable	\$	410
Accrued salaries and benefits		43,169
Due to other funds		424,515
Other current liabilities		<u>33,423</u>
Total current liabilities		<u>501,517</u>

Noncurrent Liabilities

Net pension liability		877,236
Net OPEB liability		90,577
Compensated absences		<u>65,472</u>
Total noncurrent liabilities		<u>1,033,285</u>
Total liabilities		<u>1,534,802</u>

Deferred Inflows of Resources

OPEB		20,762
Pension		<u>18,205</u>
Total deferred inflows of resources		<u>38,967</u>

Net Deficit

Net investment in capital assets		114,217
Unrestricted deficit		<u>(915,577)</u>
Total net deficit		<u>(801,360)</u>
Total liabilities, deferred inflows of resources and net deficit	\$	<u><u>772,409</u></u>

See notes to financial statements

Bald Eagle Area School District

Statement of Revenues, Expenses and Changes in Net Deficit - Proprietary Fund
Year Ended June 30, 2025

Operating Revenues

Food service revenue	\$ 368,245
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Operating Expenses

Salaries and employee benefits	639,460
Food, milk and supplies	611,690
Depreciation	22,289
Professional and technical services	5,294
Repairs and maintenance	4,333
Other purchased services	52,010

Total operating expenses	1,335,076
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Operating loss	(966,831)
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Nonoperating Revenues

Interest income	1,136
State sources	216,730
Federal sources	597,905

Total nonoperating revenues	815,771
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Change in net deficit	(151,060)
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Net Deficit, Beginning, as Previously Reported	(597,100)
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Accounting Changes (see Note 1)	(53,200)
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Net Deficit, Beginning, as Adjusted	(650,300)
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Net Deficit, Ending	\$ (801,360)
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Bald Eagle Area School District

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2025

Cash Flows From Operating Activities

Cash received from customers	\$ 294,144
Cash paid to employees	(256,876)
Cash paid to vendors	(577,857)

Net cash used in operating activities (540,589)

Cash Flows From Investing Activities

Purchase of equipment	(10,297)
Interest income	1,136

Net cash used in investing activities (9,161)

Cash Flows From Noncapital Financing Activities

State sources	217,319
Federal sources	513,861

Net cash provided by noncapital financing activities 731,180

Change in cash 181,430

Cash, Beginning 213,042

Cash, Ending \$ 394,472

Reconciliation of Operating Loss to Net Cash**Used in Operating Activities**

Operating loss \$ (966,831)

Adjustments to reconcile operating loss to net

cash used in operating activities:

Depreciation	22,289
Pension changes	(32,584)
OPEB changes	1,027
Donated commodities used	81,529

Changes in assets and liabilities resulting in the
provision (use) of cash:

Inventories	13,924
Other receivables	(1,064)
Due to/from other funds	328,678
Accounts payable	16
Accrued salaries and benefits	6,700
Other liabilities	8,708
Compensated absences	(2,982)

Net cash used in operating activities \$ (540,590)

Noncash, Operating, Investing and Noncapital Financing Activities

USDA donated commodities \$ 81,529

See notes to financial statements

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

1. Nature of Operations and Summary of Significant Accounting Policies

The financial statements of Bald Eagle Area School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Nature of Operations

The District provides education from kindergarten through the twelfth grade in Centre County, Pennsylvania. The District operates with an elected nine-member Board of Directors that is responsible for the District's activities. The financial statements include all of the District's operations controlled by the Board.

The District operates in the Townships of Boggs, Burnside, Howard, Huston, Snow Shoe, Union and Worth and the Boroughs of Howard, Milesburg, Port Matilda, Snow Shoe and Unionville. The District operates a junior-senior high school located in Wingate, Pennsylvania and four elementary schools located in Wingate, Port Matilda, Howard and Snow Shoe, Pennsylvania.

Reporting Entity

The reporting entity has been defined in accordance with the criteria established in GASB Statement No. 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

Joint Venture

The District is a participating member of the Central Pennsylvania Institute of Science and Technology (CPI). See Note 12 for additional details.

Jointly Governed Organization

The District is a participating member of Central Intermediate Unit No. 10 (the CIU). The CIU is governed by a joint committee consisting of members appointed by each participating school district. No participating school district appoints a voting majority to the CIU's joint committee. The CIU is a self-sustaining organization that provides services for fees to participating school districts. Accordingly, the District has no financial benefit/burden-type relationship with the CIU beyond these fee-for-services arrangements. See Note 12 for additional details.

Basic Financial Statements, Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major and nonmajor funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's General, Capital Reserve, Capital Projects and Student Activity Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

In the government-wide statement of net deficit, both the governmental activities and business-type activity columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources, as well as long-term debt and obligations and deferred inflows of resources. The District's net position (deficit) is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position (deficit).

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

The government-wide statement of activities reports both the gross and net cost of each of the District's functions and business-type activity. The functions/programs are also supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function/program, or business-type activity) are normally covered by general revenue.

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position (deficit) resulting from the current year's activities.

Basic Financial Statements, Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property, earned income and local service taxes and state and federal appropriations. Many of the more significant activities of the District, including instruction, administration of the District and certain noninstructional services (including athletics) are accounted for in this fund. The General Fund is reported as a major fund.

Capital Reserve Fund

The Capital Reserve Fund was established under the Pennsylvania Municipal Code to account for (1) moneys transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the District at the end of a fiscal year and (3) interest earnings of the fund itself. Bond proceeds and other local, state and federal revenues may not be deposited in this fund. No transfers out of this fund are allowable for any purpose. Expenditures from this fund are limited to: capital improvements, replacement and additions to public works and improvements, for deferred maintenance, for the purchase or replacement of school buses, or to make debt service payments and for no other purpose. The Capital Reserve Fund is a nonmajor fund.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

Capital Projects Fund

The Capital Project Fund accounts for the financial resources to be used the acquisition or construction of capital facilities and other capital assets and debt service payments. The Capital Projects Fund is reported as a major fund.

Student Activity Fund

The Student Activity Fund accounts for the monies authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. The Student Activity Fund accounts for the collections and disbursements of assets of various student activities and clubs. The Student Activity Fund is a nonmajor fund.

Proprietary Fund

The focus of proprietary fund measurement is upon determination of operating income, changes in net position (deficit), financial position and cash flows. The applicable GAAP are those similar to businesses in the private sector.

Food Service Fund

The Food Service Fund accounts for all revenues and expenditures pertaining to cafeteria operations since such operations are financed and operated in a manner similar to private business enterprises. It is the intent of the government body that the cost of providing such goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans. The Food Service Fund is reported as a major fund.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the District are included on the statement of net position (deficit). The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net position (deficit).

Fund Financial Statements

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

Accrual Basis

Both governmental activities and the business-type activity in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. For exchange transactions, revenues are recognized when earned and expenses are recognized when incurred. Nonexchange transactions, in which the District receives value without directly giving equal value in return, requires tax revenues to be recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

Modified Accrual Basis

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period (next fiscal year) or, for real estate taxes, within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Expenditures, other than principal and interest on bonds payable, compensated absences, postemployment obligations and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds and notes payable, compensated absences, postemployment obligations and claims and judgments are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue on its fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund in accordance with law.

The budget is maintained on a modified accrual basis by fund, function and object, with expenditures controlled by line item. Appropriations lapse at the end of each year and must be reappropriated.

The School Board approves budget transfers between departments within District funds. Budgeted amounts are reported as most recently adopted by the School Board.

Capital Assets

Capital assets purchased or acquired with an original cost of \$4,000 or more are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is calculated for business-type activities and estimated for governmental activities over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15-40
Equipment and other capital assets (including lease assets)	5-20

The District does not have any infrastructure capital assets.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

Inventories

Inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used. Food commodities donated by the federal government are valued at an estimated market value.

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. Compensated absences amounted to \$2,811,450 for governmental activities restated, and \$65,472 for business-type activity restated at June 30, 2025, respectively. See below for net change of compensated absence liability:

	Governmental Activities	Business-Type Activity	Total
Balance, July 1, 2024 (restated)	\$ 2,709,049	\$ 68,454	\$ 2,777,503
Change, net	102,401	(2,982)	99,419
Balance, June 30, 2025	<u>\$ 2,811,450</u>	<u>\$ 65,472</u>	<u>\$ 2,876,922</u>

Governmental Fund Balances

The District classifies its governmental fund balances as follows:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the School Board which do not lapse at year-end
 - The School Board of the District is its highest level of decision-making authority, and
 - The School Board commits funds through a formal board motion.
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District, but not through a formal action of the School Board
 - The School Board of the District authorized the District Business Manager to assign funds to specific purposes, and
 - The School Board passed a board motion authorizing assignments for activities as contemplated by the Board.
- *Unassigned* - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

Restricted Net Position/Fund Balances

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications-committed, assigned and then unassigned fund balances.

Deferred Outflows/Inflows of Resources

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position (deficit) that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position (deficit) that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

The District provides eligible employees with retirement benefits through the Commonwealth of Pennsylvania, Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343.

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

Other Postemployment Benefits (OPEB)

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 Health Insurance Premium Assistance Program and the Bald Eagle Area School District Postemployment Benefits Plan (the Bald Eagle OPEB Plan) and additions to/deductions from PSERS and the Bald Eagle OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by PSERS and the Bald Eagle OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

The District is a lessee because it leases capital assets from other entities. As a lessee, the District reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements. In the governmental fund financial statements, the District recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

New Accounting Principles

The District adopted GASB Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. GASB Statement No. 101 aims to better align the recognition and measurement of compensated absence obligations. The adoption of this statement resulted in adjustments, decreasing net position \$2,162,046 for Governmental Activities and \$53,200 for Business-Type Activity at July 1, 2024.

The District adopted GASB Statement No. 102, *Certain Risk Disclosures* for the year ended June 30, 2025. GASB Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to risk of substantial impact. The adoption of this Statement had no impacts on the 2025 financial statements.

Adjustments to Beginning Balances

During fiscal year 2025, changes from adopting new accounting standards resulted in adjustments to beginning net position as follows:

	June 30, 2024, as Previously Reported	GASB 101 Adoption	June 30, 2024, as Adjusted
Governmental activities	\$ 11,811,574	\$ (2,162,046)	\$ 9,649,528
Business-Type activity	(597,100)	(53,200)	(650,300)
Total	<u>\$ 11,214,474</u>	<u>\$ (2,215,246)</u>	<u>\$ 8,999,228</u>

Changes to or Within the Financial Reporting Entity (See Adjustments Below)

The Capital Projects Fund, previously reported as a nonmajor fund, is reported as a major fund for 2025.

Adjustments to Beginning Balances

During fiscal year 2025, changes to or within the financial reporting entity resulted in adjustments to beginning fund balance as follows:

	June 30, 2024, as Previously Reported	Change to or Within the Financial Reporting Entity	June 30, 2024, as Adjusted
Governmental funds:			
Major Funds:			
General	\$ 23,320,297	\$ -	\$ 23,320,297
Capital Projects	-	86,456	86,456
Nonmajor	<u>3,287,167</u>	<u>(86,456)</u>	<u>3,200,711</u>
Total	<u>\$ 26,607,464</u>	<u>\$ -</u>	<u>\$ 26,607,464</u>

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

2. Cash and Cash Equivalents

The District's cash and cash equivalents include deposits with local financial institutions and the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits (INVEST).

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes. Pennsylvania Act 72 requires all governmental (public funds) deposits not insured by the Federal Deposit Insurance Corporation to be collateralized by the financial institution.

INVEST is a program of two investment pools designed specifically for local government and nonprofit groups. INVEST functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in INVEST, which invests the proceeds in: obligations of the United States government; repurchase agreements with bank and nonbank financial institutions; and other debt instruments of banks, financial institutions and nonfinancial institutions authorized for the shareholder by Commonwealth of Pennsylvania statute (this would include certificates of deposit and money market funds). Deposits held by INVEST are not insured by the FDIC; however, deposits are collateralized with securities held by the pledging institution, but not in the District's name. Shares may be withdrawn at any time. INVEST has received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. The District considers its deposits with INVEST to be cash equivalents for financial reporting purposes. At June 30, 2025, the carrying value was \$581,653 and bank balance of the District's deposits with INVEST was \$581,653.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosures related to the following deposit and investment risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The following is a description of the District's deposit and investment risks:

Deposits With Local Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. Custodial credit risk is addressed in the District's Policy Number 608, *Bank Accounts*. At June 30, 2025, \$18,632,902 of the District's bank deposits were exposed to custodial credit risk, as these deposits were not covered by depository insurance, but rather were collateralized with securities held by the pledging financial institution, but not in the District's name.

3. Investments and Fair Value Measurements

The District measures its investments at fair value on a recurring basis in accordance with GAAP. Fair value is defined 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. The framework that the authoritative guidance established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the District for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The valuation methods for recurring fair value measurements are as follows at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				
held for investment purposes	\$ 560,677	\$ -	\$ -	\$ 560,677
U.S. treasury government and				
agency obligations	-	4,044,341	-	4,044,341
Certificates of deposit	-	8,887,976	-	8,887,976
Total	\$ 560,677	\$ 12,932,317	\$ -	\$ 13,492,994

Valuation Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies at June 30, 2025.

Investments: The cash and cash equivalents held for investment purposes carrying amounts approximate fair value because of the short maturity of those financial instruments (Level 1). The certificates of deposit were measured using Level 2 inputs in which cost approximates fair value. The U.S. government and agency obligations are valued based on quoted prices of similar assets, with similar terms, in actively traded markets and are measured using Level 2 inputs.

The District is required to disclose deposit and investment risks: custodial credit risk, credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The following is a description of the District's deposit and investments risks.

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 securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. The District investments are held with FNB Wealth Management in accounts separate and apart from the assets of the financial institution. Under the U.S. Securities and Exchange Commission's customer protection rule, customers' securities must be segregated from a financial institution's proprietary securities. The securities are held in central depositories with the record of ownership reflected on a book entry basis. The account is held in the name of the District.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2025, no investment in one issuer exceeds 5% of the District's total investments.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a change in interest rates. The District does not have an investment policy that is specific to maximum maturities by instrument type.

Information about the sensitivity of the fair values of the investments to market interest rate fluctuation is provided by the following table that shows distribution of the investments by maturity as of June 30, 2025:

Maturity	Amount
None	\$ -
Less than one year	3,759,522
One to two years	5,967,749
Two to five years	3,205,046
Total	<u>\$ 12,932,317</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The District does not have a formal policy for foreign currency risk.

4. Property Taxes

Property taxes are normally levied on July 1. Taxes are collected at a 2% discount if paid within two months of the bill date and a 10% penalty is assessed for taxes paid more than four months after the bill date. The tax rolls are maintained by Centre County, Pennsylvania, (tax millage of 61.98 mills) and are collected by elected tax collectors. Centre County also collects delinquent real estate taxes for the District.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

5. Interfund Receivables, Payables and Transfers

At June 30, 2025, the following interfund balances were unpaid:

Amounts due from other funds:	
General Fund	\$ 425,972
Food Service Fund	85,383
Capital Reserve Fund	<u>77,349</u>
Total	<u>\$ 588,704</u>
Amounts due to other funds:	
General Fund	\$ 85,383
Capital Projects Fund	77,349
Student Activity Fund	1,457
Food Service Fund	<u>424,515</u>
Total	<u>\$ 588,704</u>

Interfund balances primarily arise between the General Fund and other funds due to operating expenses being paid out of the General Fund and then reimbursed by the applicable fund subsequently. The General Fund also collects subsidy for the Food Service Fund and then transfers these funds to the Food Service Fund subsequently. In addition, at June 30, 2025, the Capital Projects Fund approved a transfer of \$77,349 into the Capital Reserve Fund; however, the cash was not transferred until after year end. As of June 30, 2025, the General Fund owed the Food Service Fund \$85,383 from the payroll account for employee withholdings for health insurance. The Food Service Fund owed the General Fund \$424,515 for substitute cafeteria workers and payroll related expenses that were paid by the General Fund.

6. Due From Other Governments

The amount reported in the funds at June 30, 2025 as due from other governments is summarized below:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ 102,134	\$ 1,372,749	\$ 338,385	\$ 1,813,268

Amounts due from the federal and state governments are primarily federal grants and state subsidies receivable from the Commonwealth of Pennsylvania, Department of Education at June 30, 2025. The amount due from local governments represents receivables earned by the District for special education, but not yet remitted to the District as of June 30, 2025.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

7. Taxes Receivable, Net

A summary of the taxes receivable and related accounts at June 30, 2025 is as follows:

Delinquent real estate taxes receivable	\$ 605,732
Earned income taxes receivable	253,015
Real estate transfer tax receivable	12,196
Local service	82
Total	871,025
Estimated uncollectible taxes at June 30, 2025	(11,667)
Total	<u>\$ 859,358</u>

8. Capital Assets

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

	Balance June 30, 2024	Increases	Transfers/ Decreases	Balance, June 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,050,100	\$ -	\$ -	\$ 1,050,100
Construction in progress	197,136	2,628,204	-	2,825,340
Total capital assets, not being depreciated	1,247,236	2,628,204	-	3,875,440
Capital assets, being depreciated:				
Site Improvements	4,201,857	15,225	-	4,217,082
Buildings and improvements	62,631,423	31,321	-	62,662,744
Lease assets	351,592	366,012	(351,592)	366,012
Equipment and other capital assets	6,169,618	261,183	-	6,430,801
Total capital assets, being depreciated	73,354,490	673,741	(351,592)	73,676,639
Accumulated depreciation for:				
Site improvements	(1,881,734)	(181,402)	-	(2,063,136)
Buildings and improvements	(35,715,098)	(1,054,390)	-	(36,769,488)
Lease assets	(302,432)	(122,083)	351,592	(72,923)
Equipment and other capital assets	(5,456,594)	(122,828)	-	(5,579,422)
Total accumulated depreciation	(43,355,858)	(1,480,703)	351,592	(44,484,969)
Total capital assets, being depreciated, net	29,998,632	(806,962)	-	29,191,670
Governmental activities capital assets, net	<u>\$ 31,245,868</u>	<u>\$ 1,821,242</u>	<u>\$ -</u>	<u>\$ 33,067,110</u>
Business-type activity:				
Capital assets, being depreciated:				
Equipment and other capital assets	\$ 503,206	\$ 10,297	\$ -	\$ 513,503
Accumulated depreciation for:				
Equipment and other capital assets	(376,997)	(22,289)	-	(399,286)
Business-type activity capital assets, net	<u>\$ 126,209</u>	<u>\$ (11,992)</u>	<u>\$ -</u>	<u>\$ 114,217</u>

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

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

Governmental activities:	
Instruction	\$ 846,910
Instructional support services	127,461
Administrative and financial support services	231,383
Operation and maintenance of plant services	120,872
Pupil transportation	104,248
Student activities	<u>49,829</u>
Total depreciation expenses for governmental activities	<u>\$ 1,480,703</u>
Business-type activities:	
Food service	<u>\$ 22,289</u>

9. Accrued Salaries and Benefits

Accrued salaries and benefits in the General Fund totaling \$3,631,493 represent salaries of \$1,710,059, the District's share of Social Security taxes of \$127,883 employees' services during the 2024-2025 school term, which are paid during July and August 2025, retirement plan expense unpaid of \$1,775,103 applicable to the accrued salaries at June 30, 2025 and accrued workman's compensation of \$18,448.

10. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2025 are as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025	Amounts Due Within One Year
Note Series, 2017	\$ 9,356,295	\$ -	\$ 677,171	\$ 8,679,124	\$ 2,066,250
Note Series, 2019	1,287,580	-	1,287,580	-	-
Bond Series, 2024	<u>-</u>	<u>3,205,000</u>	<u>5,000</u>	<u>3,200,000</u>	<u>5,000</u>
Total notes payable	10,643,875	3,205,000	1,969,751	11,879,124	<u>\$ 2,071,250</u>
Bond Premium	<u>-</u>	<u>214,551</u>	<u>26,818</u>	<u>187,733</u>	
Total	<u>\$ 10,643,875</u>	<u>\$ 3,419,551</u>	<u>\$ 1,996,569</u>	<u>\$ 12,066,857</u>	

Long-term debt at June 30, 2025 consists of the following:

\$10,000,000 General Obligation Note, Series of 2017, due in varying annual installments through October 2028, interest rate of 1.68%	\$ 8,679,124
\$3,205,000 General Obligation Bonds, Series of 2024, due in varying annual installments through April 2032, interest rate ranging from 3.00% - 5.00%	<u>3,200,000</u>
Total	11,879,124
Current portion	2,071,250
Unamortized premium	<u>187,733</u>
Long-term debt	<u>\$ 9,995,607</u>

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

The District's outstanding note from direct borrowing of \$8,679,124 is secured by the local government unit's irrevocable pledge of its full faith, credit and taxing power. The outstanding note from direct borrowings contain provisions that if the District is unable to make payment, outstanding amounts are due immediately.

Debt service requirements at June 30, 2025 are as follows:

	General Obligation Bonds		Direct Borrowing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Years ending June 30:						
2026	\$ 5,000	\$ 138,750	\$ 2,066,250	\$ 128,453	\$ 2,071,250	\$ 267,203
2027	25,000	138,600	2,119,240	93,295	2,144,240	231,895
2028	5,000	137,350	2,219,760	56,847	2,224,760	194,197
2029	65,000	137,100	2,273,874	19,101	2,338,874	156,201
2030	985,000	133,850	-	-	985,000	133,850
2031-2035	2,115,000	127,800	-	-	2,115,000	127,800
Total	<u>\$ 3,200,000</u>	<u>\$ 813,450</u>	<u>\$ 8,679,124</u>	<u>\$ 297,696</u>	<u>\$ 11,879,124</u>	<u>\$ 1,111,146</u>

11. Fund Balance Classifications

The District presents its governmental fund balances by level of constraint in the aggregate on its balance sheet - governmental funds. The individual specific purposes of each constraint are presented below:

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
Restricted for:				
Capital projects	\$ -	\$ 848,204	\$ 3,013,020	\$ 3,861,224
Student activity	-	-	149,295	149,295
Total restricted	<u>\$ -</u>	<u>\$ 848,204</u>	<u>\$ 3,162,315</u>	<u>\$ 4,010,519</u>
Assigned for:				
Capital assets	\$ 4,218,482	\$ -	\$ -	\$ 4,218,482
Technology costs	1,000,000	-	-	1,000,000
Replenish Capital Reserve	8,950,000	-	-	8,950,000
Total assigned	<u>\$ 14,168,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,168,482</u>
Committed for:				
Future healthcare increases	\$ 1,760,139	\$ -	\$ -	\$ 1,760,139
Future OPEB increases	4,895,275	-	-	4,895,275
Future pension increases	2,290,000	-	-	2,290,000
Total committed	<u>\$ 8,945,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,945,414</u>

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

12. Other Related Local Educational Units

Jointly Governed Organization

The District is a member of Central Intermediate Unit 10, a jointly governed organization. Through the membership, the District is able to secure various special services, including special education, curriculum development and certain internal service functions.

Joint Venture

The District, along with two other school districts in the region, participates in the Central Pennsylvania Institute of Science and Technology (CPI). CPI was created for the purpose of offering vocational and technical training programs for the benefit of secondary school pupils and post-secondary adults in the Centre County, Pennsylvania attendance area. CPI is a joint venture of its three member school districts. CPI is governed by a joint operating committee consisting of members from each participating district. Each participating school district must approve CPI's annual operating budget.

The District is obligated to pay a pro-rata share of CPI's operating expense based on the number of students attending CPI. The District's contribution for the year ended June 30, 2025 was \$1,424,318.

The District is obligated to pay a pro-rata share of CPI's debt service in the form of semi-annual lease rental payments. The District made debt service payments to CPI totaling \$194,467 during the year ended June 30, 2025.

Complete financial statements for CPI can be obtained from CPI's administrative office.

13. Contingencies

Litigation

The District is involved in various litigation matters arising in the normal course of business which are still pending. The ultimate outcome of these cases or the District's exposure to liability, if any, cannot be determined at this time. Consequently, no provision has been made in these financial statements for this uncertainty. It is the opinion of management that the amount of potential claims not covered by insurance resulting from claims against the District would not materially affect the financial position of the District at June 30, 2025.

Federal and State Grant Programs

The District's grant funding is subject to various risks, including changes in government policy and potential executive orders issued by the federal, state or local authorities. These executive orders may result in modifications, delays or cancellations of grant funding programs that could adversely affect the District's ability to fulfill its commitments under existing grants. The District has assessed these risks and believes that any potential impact from such executive orders is uncertain. The ultimate effect on the District's financial position and results of operations will depend on future governmental actions and the timing of their implementation. The District will continue to monitor developments related to federal funding and will take appropriate actions as necessary.

14. Retirement Plan**Plan Description**

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

Benefits Provided

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

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% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times 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% or 2.5%, depending upon membership class, of the member's final 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.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25 %	N/A	5.25 - 6.25 %
T-C	On or after July 22, 1983	6.25	N/A	6.25
T-D	Prior to July 22, 1983	6.50	N/A	6.50
T-D	On or after July 22, 1983	7.50	N/A	7.50
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50; After 7/1/21: 8.00
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30; After 7/1/21: 10.80
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75 %	Prior to 7/1/21: 8.25; After 7/1/21: 9.00
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00	Prior to 7/1/21: 7.50; After 7/1/21: 8.25
DC	On or after July 1, 2019	N/A	7.50	7.50

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

Employer Contributions

The District's contractually required contribution rate for the 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 PSERS from the School were \$4,508,933 for the year ended June 30, 2025.

*This includes the defined contribution rate of .35% which is an estimated rate.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

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

At June 30, 2025, the District reported a liability of \$35,660,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was .0852%, which was an increase of .0005% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$3,340,000. 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
Differences between expected and actual experience	\$ -	\$ 561,000
Net difference between projected and actual earnings on pension plan investments	591,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	162,000	179,000
District contributions subsequent to the measurement date	4,625,969	-
Total	<u>\$ 5,378,969</u>	<u>\$ 740,000</u>

\$4,625,969 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:

Years ending June 30:

2026	\$ (1,005,000)
2027	926,000
2028	211,000
2029	(119,000)
Total	<u>\$ 13,000</u>

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2024 (the 2025 measurement date) was determined by rolling forward the PSERS' total pension liability as of the June 30, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent 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 PSERS Board for use effective with the June 30, 2022 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.

Bald Eagle Area School District

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

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

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 46,976,000	\$ 35,660,000	\$ 26,106,000

Pension Plan Fiduciary Net Position

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

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

15. Nonmonetary Transactions

The District receives USDA donated commodities in the Food Service Fund. These donated commodities are valued at an estimated market value and recognized as federal revenue, with unused commodities recorded as inventory. The total food commodities donated by the federal government and used by the District for fiscal year 2025 totaled \$84,043.

16. Other Postemployment Benefits (OPEB)

Bald Eagle Area School District Postemployment Benefits Plan

General Information About the OPEB Plan

Plan Description and Benefits Provided

The District's defined benefit OPEB plan provides postemployment benefits and health insurance benefits upon retirement with 30 years of PSERS service or age 55 with 30 years of service. Retired employees are allowed to continue coverage for themselves and their dependents in the group health care plan until the retired employee reaches Medicare age, generally 65.

The minimum requirements of the Bald Eagle OPEB Plan are established by Pennsylvania Act 110 of 1988 and Act 43 of 1989. The School Board could choose to improve upon the minimum requirements in the future. The Bald Eagle OPEB Plan is unfunded and no financial report is prepared. The Bald Eagle OPEB Plan is a single employer defined benefit OPEB plan administered by the District.

Employees Covered by Benefit Terms

At July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>235</u>
Total	<u><u>240</u></u>

Total OPEB Liability

The District's total OPEB liability as of June 30, 2025 was \$2,170,000, and was determined by an actuarial valuation as of July 1, 2024 that was rolled forward to June 30, 2025.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.20%
Salary increases	Based on rates utilized in the actuarial valuation for the PSERS and vary by age from 2.75% to 8.65%
Healthcare cost trend rates	6.5% in 2025. Rates gradually decrease from 6.5% in 2025 to 3.70% in 2074 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term rate caps

The discount rate was based on S&P Municipal Bond 20-Year Bond GO Index at June 30, 2025.

For mortality rates, PubG-H2010 Mortality Tables were adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee). As a generational table, it reflects mortality improvements both before and after the measurement date.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study (census information) as of July 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, July 1, 2024	<u>\$ 2,290,000</u>
Changes for the year:	
Service cost	109,000
Interest	89,000
Changes in assumptions or other inputs	(255,000)
Benefit payments	<u>(63,000)</u>
Net changes	<u>(120,000)</u>
Balance, June 30, 2025	<u><u>\$ 2,170,000</u></u>

Changes in assumptions or other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

Bald Eagle Area School District

Notes to Financial Statements

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.20%) or 1-percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability	\$ 2,372,000	\$ 2,170,000	\$ 1,982,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 1,910,000	\$ 2,170,000	\$ 2,475,000

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 \$140,000.

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
Changes in assumptions	\$ 298,000	\$ 465,000
Differences between expected and actual experience	7,000	108,000
	<u>\$ 305,000</u>	<u>\$ 573,000</u>

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

Years ending June 30:

2026	\$ (67,000)
2027	(74,000)
2028	(74,000)
2029	1,000
2030	(3,000)
Thereafter	<u>(51,000)</u>
Total	<u>\$ (268,000)</u>

Bald Eagle Area School District

Notes to Financial Statements
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PSERS Health Insurance Premium Assistance Program

General Information About the PSERS Health Insurance Premium Assistance Program

PSERS provides 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 premium assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of PSERS can participate in the 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
Employer Contributions

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

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

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$87,597 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 \$1,512,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2024 to June 30, 2025. 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 .0851%, which was an increase of .0004% from its proportion measured as of June 30, 2024.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

For the year ended June 30, 2025, the District recognized OPEB expense of \$54,000. 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
Changes in assumptions	\$ 92,000	\$ 231,000
Net differences between projected and actual investment earnings	2,000	-
Changes in proportion	14,000	17,000
Differences between expected and actual experience	6,000	23,000
Contributions subsequent to the measurement date	87,597	-
	<u>\$ 201,597</u>	<u>\$ 271,000</u>

\$87,597 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:

Years ending June 30:	
2026	\$ (45,000)
2027	(46,000)
2028	(54,000)
2029	(8,000)
2030	(4,000)
	<u>(157,000)</u>
Total	<u>\$ (157,000)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2024 (the measurement date), was determined by rolling forward PSERS's Total OPEB Liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return - 4.21% - S&P 20 Year Municipal Bond Rate;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Premium Assistance reimbursement is capped at \$1,200 per year;
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year;
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale;
- Participation rate;
 - Eligible retirees will elect to participate Pre age 65 at 50;
 - Eligible retirees will elect to participate Post age 65 at 70%.

Bald Eagle Area School District

Notes to Financial Statements

June 30, 2025

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2021.

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 Plan as of June 30, 2022 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 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 PSERS Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

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

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

Discount Rate

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

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2025, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

	1% Decrease	Healthcare Trends Cost Rate	1% Increase
PSERS Net OPEB Liability	\$ 1,512,000	\$ 1,512,000	\$ 1,512,000

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

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

	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
District's proportionate share of the net OPEB liability	\$ 1,708,000	\$ 1,512,000	\$ 1,348,000

OPEB Plan Fiduciary Net Position

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

17. Pending Changes in Accounting Principles

GASB has approved the following:

Statement No. 103, *Financial Reporting Model Improvements*

Statement No. 104, *Disclosure of Certain Capital Assets*

District management is in the process of evaluating these standards. When they become effective, application of these standards may restate portions of these financial statements.

Bald Eagle Area School District

Notes to Financial Statements
June 30, 2025

18. Lessee, Lease Liability

Governmental Activities

<u>Lease Liability Description</u>	<u>Term of Lease</u>	<u>Final Maturity Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance</u>
Seven copiers	July 2024 - July 2029	2.0 %	\$ 366,012	\$ 335,673

Debt service requirements to maturity for governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2026	\$ 81,268	\$ 7,067	\$ 88,335
2027	83,035	5,300	88,335
2028	84,802	3,533	88,335
2029	86,568	1,767	88,335
Total	<u>\$ 335,673</u>	<u>\$ 17,667</u>	<u>\$ 353,340</u>

Bald Eagle Area School District

Schedule of the District's Proportionate Share of the PSERS Net Pension Liability (Unaudited)

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0852%	0.0847%	0.0853%	0.0857%	0.0851%	0.0846%	0.0863%	0.0848%	0.0859%	0.0870%
District's proportionate share of the net pension liability	\$ 35,660,000	\$ 37,680,000	\$ 37,923,000	\$ 35,186,000	\$ 41,902,000	\$ 39,578,000	\$ 41,428,000	\$ 41,881,000	\$ 42,569,000	\$ 37,685,000
District's covered-employee payroll	\$ 13,502,161	\$ 12,969,471	\$ 12,543,380	\$ 12,135,552	\$ 11,938,437	\$ 11,664,318	\$ 11,625,320	\$ 11,296,759	\$ 11,130,911	\$ 11,192,010
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.1%	290.5%	302.3%	289.9%	351.0%	339.3%	356.4%	370.7%	382.4%	336.7%
PSERS Plan fiduciary net position as a percentage of the PSERS total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

Note: Covered-employee payroll above represents the amount for the year coinciding with the measurement date.

Bald Eagle Area School District

Schedule of District's PSERS Pension Contributions (Unaudited)

Years Ended June 30

	<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>	<u>2016</u>
Contractually required contribution	\$ 4,625,969	\$ 4,510,609	\$ 4,494,908	\$ 4,316,984	\$ 4,091,547	\$ 4,013,022	\$ 3,808,870	\$ 3,701,177	\$ 3,303,641	\$ 2,797,975
Contributions in relation to the contractually required contribution	<u>(4,625,969)</u>	<u>(4,510,609)</u>	<u>(4,494,908)</u>	<u>(4,316,984)</u>	<u>(4,091,547)</u>	<u>(4,013,022)</u>	<u>(3,808,870)</u>	<u>(3,701,177)</u>	<u>(3,303,641)</u>	<u>(2,797,975)</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	\$ 13,502,161	\$ 12,969,471	\$ 12,543,380	\$ 12,135,552	\$ 12,135,552	\$ 11,938,437	\$ 11,666,812	\$ 11,628,098	\$ 11,298,227	\$ 11,130,911
Contributions as a percentage of covered-employee payroll	34.26%	34.78%	35.83%	35.57%	33.72%	33.61%	32.65%	31.83%	29.24%	25.14%

Bald Eagle Area School District

Schedule of the District's Proportionate Share of the PSERS Net OPEB Liability (Unaudited)

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.0851%	0.0847%	0.0853%	0.0856%	0.0851%	0.0846%	0.0863%	0.0848%
District's proportionate share of the net OPEB liability	\$ 1,512,000	\$ 1,532,000	\$ 1,570,000	\$ 2,029,000	\$ 1,839,000	\$ 1,799,000	\$ 1,799,000	\$ 1,728,000
District's covered-employee payroll	\$ 13,502,161	\$ 12,969,471	\$ 12,543,380	\$ 12,135,552	\$ 11,938,437	\$ 11,664,318	\$ 11,625,320	\$ 11,296,759
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.2%	11.8%	12.5%	16.7%	15.4%	15.4%	15.5%	15.3%
PSERS Plan fiduciary net position as a percentage of the PSERS total OPEB liability	7.22%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

Note: Data is not available for years prior to June 30, 2018

Note: Covered-employee payroll above represents the amount for the year coinciding with the measurement date.

Bald Eagle Area School District

Schedule of District's PSERS OPEB Contributions (Unaudited)

Years Ended June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 87,000	\$ 101,743	\$ 97,687	\$ 101,160	\$ 99,587	\$ 100,776	\$ 96,974	\$ 96,974
Contributions in relation to the contractually required contribution	<u>(87,000)</u>	<u>(101,743)</u>	<u>(97,687)</u>	<u>(101,160)</u>	<u>(99,587)</u>	<u>(100,776)</u>	<u>(96,974)</u>	<u>(96,974)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,502,161	\$ 12,969,471	\$ 12,543,380	\$ 12,135,552	\$ 12,135,552	\$ 11,938,437	\$ 11,666,812	\$ 11,628,098
Contributions as a percentage of covered-employee payroll	0.64%	0.78%	0.78%	0.83%	0.82%	0.84%	0.83%	0.83%

Note: Data is not available for years prior to June 30, 2018

The District implemented GASB Statement No. 75 during its year ended June 30, 2018.

Information prior to 2018 year is not available.

Bald Eagle Area School District

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios - District Plan (Unaudited)

Years Ended June 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 109,000	\$ 105,000	\$ 101,000	\$ 117,000	\$ 113,000	\$ 89,000	\$ 86,000	\$ 86,000
Interest cost	89,000	73,000	68,000	37,000	35,000	73,000	73,000	64,000
Differences between expected and actual experience	-	(140,000)	-	-	-	19,000	-	-
Changes of assumptions	(255,000)	281,000	(15,000)	121,000	10,000	(685,000)	84,000	26,000
Benefit payments, including refunds of member contributions	<u>(63,000)</u>	<u>(79,000)</u>	<u>(64,000)</u>	<u>(33,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>(60,000)</u>	<u>(89,000)</u>
Net change in total OPEB liability	(120,000)	240,000	90,000	242,000	133,000	(524,000)	183,000	87,000
Total OPEB Liability, Beginning	<u>2,290,000</u>	<u>2,050,000</u>	<u>1,960,000</u>	<u>1,718,000</u>	<u>1,585,000</u>	<u>2,109,000</u>	<u>1,926,000</u>	<u>1,839,000</u>
Total OPEB Liability, Ending	<u>\$ 2,170,000</u>	<u>\$ 2,290,000</u>	<u>\$ 2,050,000</u>	<u>\$ 1,960,000</u>	<u>\$ 1,718,000</u>	<u>\$ 1,585,000</u>	<u>\$ 2,109,000</u>	<u>\$ 1,926,000</u>
Covered-Employee Payroll	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>	<u>not available</u>

The District implemented GASB Statement No. 75 during its year ended June 30, 2018.

Information prior to 2018 year is not available.

**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***

Independent Auditors' Report

To the Board of Directors of
Bald Eagle Area School District

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Bald Eagle Area School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 26, 2025. Our report disclosed that the District implemented GASB Statement No. 101, as related to compensated absences. Our reports were not modified with respect to these matters.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

State College, Pennsylvania
December 26, 2025

**Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
Bald Eagle Area School District

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Bald Eagle Area School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

State College, Pennsylvania
December 26, 2025

Bald Eagle Area School District

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2025

	Capital Reserve	Student Activity	Total
Assets			
Assets			
Cash and cash equivalents	\$ 2,943,361	\$ 151,452	\$ 3,094,813
Due from other funds	77,349	-	77,349
Total assets	<u>\$ 3,020,710</u>	<u>\$ 151,452</u>	<u>\$ 3,172,162</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 7,690	\$ 700	\$ 8,390
Due to other funds	-	1,457	1,457
Total liabilities	7,690	2,157	9,847
Fund Balances			
Restricted	<u>3,013,020</u>	<u>149,295</u>	<u>3,162,315</u>
Total liabilities and fund balances	<u>\$ 3,020,710</u>	<u>\$ 151,452</u>	<u>\$ 3,172,162</u>

Bald Eagle Area School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor

Governmental Funds

Year Ended June 30, 2025

	Previous Year Nonmajor Fund Capital Projects	Capital Reserve	Student Activity	Total
Revenues				
Local sources	\$ -	\$ 39,929	\$ 233,867	\$ 273,796
Expenditures				
Support services	-	8,365	-	8,365
Noninstructional services	-	-	269,137	269,137
Facilities acquisition	-	34,690	-	34,690
Total expenditures	-	43,055	269,137	312,192
Changes in fund balances	-	(3,126)	(35,270)	(38,396)
Fund Balances, Beginning, as Previously Reported	86,456	3,016,146	184,565	3,287,167
Accounting Changes (see Note 1)	(86,456)	-	-	(86,456)
Fund Balances, Beginning, as Adjusted	-	3,016,146	184,565	3,200,711
Fund Balances, Ending	\$ -	\$ 3,013,020	\$ 149,295	\$ 3,162,315

Bald Eagle Area School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Assistance Listing Number	Passed Through Grantor's Number	Grant Period Code	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2025	Expenditures to Subrecipients
U.S. Department of Treasury											
Passed Through the Pennsylvania Commission on Crime and Delinquency:											
School Mental Health Grants	I	21.027	2023-CM-01-43582	D	\$ 119,131	\$ 28,050	-	\$ 62,564	\$ 62,564	\$ 34,514	\$ -
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I, Part A:											
Title I Grants to Local Educational Agencies	I	84.010	013-250019	D	304,030	234,190	-	297,714	297,714	63,524	-
Title I Grants to Local Educational Agencies	I	84.010	013-240019	C	301,547	21,546	21,546	-	-	-	-
Total Title I, Part A						255,736	21,546	297,714	297,714	63,524	-
Supporting Effective Instruction State Grants	I	84.367	020-250019	D	47,492	41,210	-	44,633	44,633	3,423	-
Supporting Effective Instruction State Grants	I	84.367	020-230019	B	53,133	-	(359)	359	359	-	-
Supporting Effective Instruction State Grants	I	84.367	020-240019	C	46,258	227	227	-	-	-	-
Total Improving Teacher Quality State Grants						41,437	(132)	44,992	44,992	3,423	-
Student Support and Academic Enrichment Program	I	84.424	144-250019	D	22,709	21,087	-	21,760	21,760	673	-
Student Support and Academic Enrichment Program	I	84.424	144-240019	C	23,801	17,001	17,001	-	-	-	-
Total Student Support and Academic Enrichment Program						38,088	17,001	21,760	21,760	673	-
Education Stabilization Funds:											
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	I	84.425U	225-210019	A	2,312,623	126,143	47,928	78,215	78,215	-	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	I	84.425W	181-212021	A	14,756	-	(1,628)	1,628	1,628	-	-
Total Education Stabilization Funds						126,143	46,300	79,843	79,843	-	-
Total Pennsylvania Department of Education						461,404	84,715	444,309	444,309	67,620	-
Passed Through Central Intermediate Unit #10:											
Special Education Cluster (IDEA):											
Special Education - Grants to States	I	84.027	062-25-0010	D	322,212	-	-	322,212	322,212	322,212	-
Special Education - Grants to States	I	84.027	062-24-0010	C	319,497	319,497	319,497	-	-	-	-
Special Education Preschool Grants	I	84.173	131-25-0010	D	2,664	-	-	2,664	2,664	2,664	-
Total Special Education Cluster (IDEA)						319,497	319,497	324,876	324,876	324,876	-
Total U.S. Department of Education						780,901	404,212	769,185	769,185	392,496	-

See notes to schedule of expenditures of federal awards

Bald Eagle Area School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Assistance Listing Number	Passed Through Grantor's Number	Grant Period Code	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2025	Expenditures to Subrecipients
U.S. Department of Agriculture											
Passed Through Pennsylvania Department of Education:											
Child Nutrition Cluster:											
Passed Through Pennsylvania Department of Education:											
COVID-19 - National School Lunch Program	I (F)	10.555	362-0000	D	Note 4	\$ 373,437	\$ -	\$ 373,437	\$ 373,437	\$ -	\$ -
COVID-19 - School Breakfast Program	I (F)	10.553	365-0000	D	Note 4	140,424	-	140,424	140,424	-	-
Passed Through the Pennsylvania Department of Agriculture:											
COVID-19 - National School Lunch Program	I	10.555	N/A	D	Note 4	81,529	(3,111)	84,043	84,043	(597)	-
Total Child Nutrition Cluster						595,390	(3,111)	597,904	597,904	(597)	-
Total						<u>\$ 1,404,341</u>	<u>\$ 401,101</u>	<u>\$ 1,429,653</u>	<u>\$ 1,429,653</u>	<u>\$ 426,413</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards

Bald Eagle Area School District

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal award activity of Bald Eagle Area 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position (deficit) or cash flows of the District.

2. Summary of Significant Accounting Policies

The underlying accounting records for some grant programs, primarily those involving governmental activities (i.e., General Fund), are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs, including those involving business-type activities (i.e., Food Service Fund), are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports.

4. National School Lunch Program

The program amount for the National School Lunch Program is based on a set per meal reimbursement rate.

5. Source Codes and Grant Period Codes

Source codes used in the Schedule are as follows:

I = Indirect funding
F = Federal share

Grant period codes used in the Schedule are as follows:

A = 07/01/21 - 06/30/22
B = 07/01/22 - 06/30/23
C = 07/01/23 - 06/30/24
D = 07/01/24 - 06/30/25

Bald Eagle Area School District

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

6. Indirect Cost Rate

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

Bald Eagle Area School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Type of auditors' report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?

 yes X no

Auditee qualified as low-risk auditee?

 X yes no

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

 \$750,000

Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Bald Eagle Area School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Year Audit Findings

2024-001: Internal Control Over Financial Reporting - Nonattest Services - Significant Deficiency

Condition/Context: In connection with our audit of your financial statements, you have also engaged us to perform certain nonattest services, subject to District oversight, review and approval, which included technical assistance with the following:

- Adjustment of various receivable/payable and associated revenue and expense accounts;
- Conversion of financial statements from fund basis to government-wide basis and from cash to accrual basis;
- Adjustment of Proprietary Fund capital assets, net pension and OPEB liabilities and related deferred outflows of resources and deferred inflows of resources;
- Reconciliation of interfund balances;
- Student Activity Fund revenue and expenditures;
- Adjustment of beginning fund balances

Resolution: Management is now performing these tasks internally.