New Hope-Solebury
School District

# NEW HOPE-SOLEBURY SCHOOL DISTRICT
# NEW HOPE, PENNSYLVANIA

## AUDIT REPORT

## JUNE 30, 2025

NEW HOPE-SOLEBURY SCHOOL DISTRICT

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NEW HOPE-SOLEBURY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

December 10, 2025

Members of the Board
New Hope-Solebury School District
New Hope, Pennsylvania

Report on the Financial Statements

Opinions

We have audited financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hope-Solebury School District ("the School District"), New Hope, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hope-Solebury School District, New Hope, Pennsylvania, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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Members of the Board
New Hope-Solebury School District

Responsibilities of Management for the Financial Statements

The School District's 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of a Matter

As discussed in Notes 2 and 20 to the financial statements, the District has adopted the requirements of GASB Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As a result, the School District has restated its governmental activities, business-type activities, and food service fund net position as of July 1, 2023. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the School District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, and the schedule of the School District's proportionate share of the net pension liability - PSERS, schedule of School District pension contributions - PSERS, schedule of the School District's proportionate share of the net OPEB liability - PSERS, schedule of School District OPEB contributions - PSERS, and schedule of changes in the School District's net OPEB liability - single employer plan on pages 60 through 64 be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

## NEW HOPE-SOLEBURY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

### INTRODUCTION

This discussion and analysis of the New Hope-Solebury School District's ("School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2025. The purpose of this analysis is to review the financial performance as a whole.

### FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources of the School District by $3,491,944 on the basic financial statements. The prior year liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $2,154,495. This limited net position continues to be driven by the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, requiring all employers to report their respective portion of the Public School Employees' Retirement System ("PSERS") liability. The amount applicable to the School District was $58,471,000 as reported in the statement of net position.

The unassigned fund balance in the General Fund on June 30, 2025 was $3,622,112, or approximately 6.5% of expenditures and transfers. This balance is consistent with the previous fiscal year. This balance is used for emergencies, capital expenditures, or to offset local tax increases. The balance is also used to make bond issue payments that are due in the beginning of the fiscal year before most of the tax revenue starts to be received. In addition to this, $1,766,003 has been committed for an anticipated increase in rates for the employer share of retirement contributions, and $13,657,405 has been committed for future capital projects. The 2024 - 2025 budget was approved with a utilization of fund balance of $4,646,284, including a budgetary reserve of $500,000 but ended with a decrease in fund balance of $3,292,984, so the School District closed the year $1,353,300 better than planned. Closing the year better than planned resulted primarily from realizing savings in many areas of the budget, conservative spending district-wide, and only purchasing absolute needs to maintain the educational programs for our students. Revenue was also $1,937,116 better than budget due primarily to strong earned income tax and transfer tax revenue.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position, which is basically the same as retained earnings in private industry.

The statement of activities presents information showing how the government'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 vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include the general operations of public education.

**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 School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the funds of the School District can be divided into three categories:

*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 available at the end of the fiscal year. Such information may be useful in evaluating the government'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 government'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 School District maintains four individual governmental funds. These funds are the General Fund, Construction Fund (inactive), Capital Reserve Fund, and Debt Service Fund (inactive). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The Debt Service Fund was used to record the proceeds from new debt, as well as recording the cost of the debt issuance.

The School District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This comparison shows the original budget that was enacted as well as the current budget after transfers that were made during the year.

*Proprietary Fund* – The School District maintains one proprietary fund, which is Food Service.

Proprietary or enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary fund provides the same type of information in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Food Service function.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for the proprietary fund. The two funds held by the School District are the Memorial (Private-Purpose Trust) and Student Activity (Custodial) Funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,491,944 as of June 30, 2025. Net position increased by $1,337,449 from June 30, 2024. This net position continues to be impacted due to the application of the GASB 68 reporting item that requires all employers to report their respective portion of the PSERS liability. The amount applicable to the School District was $58,471,000 as reported in the statement of net position below. The other significant changes in the statement of net position are due to the campus revitalization project and the work that has been completed as of June 30, 2025.

## STATEMENT OF NET POSITION

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---|---|---|---|---|---|---|
| | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 |
| Current assets | $ 22,169,698 | $ 24,810,808 | $ (265,813) | $ (112,993) | $ 21,903,885 | $ 24,697,815 |
| Capital assets | 70,734,147 | 68,521,451 | 22,799 | 26,825 | 70,756,946 | 68,548,276 |
| Total Assets | 92,903,845 | 93,332,259 | (243,014) | (86,168) | 92,660,831 | 93,246,091 |
| Deferred outflows of resources | 10,519,249 | 12,001,295 | 115,610 | 131,532 | 10,634,859 | 12,132,827 |
| Total Assets and Deferred Outflows of Resources | 103,423,094 | 105,619,185 | (127,404) | 45,364 | 103,295,690 | 105,378,918 |
| Current liabilities | 2,790,099 | 2,084,641 | 153,939 | 114,464 | 2,944,038 | 2,199,105 |
| Long-term liabilities | 32,612,154 | 34,884,536 | - | - | 32,612,154 | 34,884,536 |
| Net OPEB liability | 3,467,558 | 3,445,159 | 37,464 | 37,206 | 3,505,022 | 3,482,365 |
| Net pension liability | 57,715,672 | 59,767,671 | 755,328 | 778,329 | 58,471,000 | 60,546,000 |
| Total Liabilities | 96,585,483 | 100,182,007 | 946,731 | 929,999 | 97,532,214 | 101,112,006 |
| Deferred inflows of resources | 2,235,160 | 2,077,755 | 36,372 | 34,662 | 2,271,532 | 2,112,417 |
| Total Liabilities and Deferred Inflows of Resources | 98,820,643 | 102,259,762 | 983,103 | 964,661 | 99,803,746 | 103,224,423 |
| Net Position (Deficit) | $ 4,602,451 | $ 3,073,792 | $ (1,110,507) | $ (919,297) | $ 3,491,944 | $ 2,154,495 |

## STATEMENT OF ACTIVITIES

The statement of activities shows what portion of School District expenses are directly offset by School District revenue. Revenues that do not directly offset expenses are referred to as general revenues. In the School District, those revenues include local taxes and interest earnings.

Of $51,648,976 in expenses, $6,738,946 was offset by related income. The balance, $44,910,030, was offset by $46,247,479 of general revenues. For this statement, principal on debt service is not considered an expense while depreciation is considered an expense.

The statement of activities is the School District's prepared statement that summarizes the changes from the net position at June 30, 2024 to June 30, 2025. This statement differs from the statement of revenues, expenditures, and changes in fund balances in that it contains the revenue and expense impacts of long-term asset and liability data, including pension liability, not included on that statement.

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---|---|---|---|---|---|---|
| | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 | 6/30/2025 | 6/30/2024 |
| Revenues | | | | | | |
| Charges for service | $ 61,783 | $ 58,282 | $ 491,883 | $ 403,403 | $ 553,666 | $ 461,685 |
| Operating grants | 5,884,890 | 6,235,105 | 300,390 | 314,562 | 6,185,280 | 6,549,667 |
| Property taxes, levied for general purposes | 34,276,243 | 33,534,445 | - | - | 34,276,243 | 33,534,445 |
| Taxes levied for a specific purpose | 7,315,036 | 6,223,217 | - | - | 7,315,036 | 6,223,217 |
| Grants and entitlements not restricted to specific programs | 2,393,526 | 2,556,592 | - | - | 2,393,526 | 2,556,592 |
| Investment earnings | 2,145,166 | 1,687,458 | 8,715 | 13,859 | 2,153,881 | 1,701,317 |
| Sale of fixed assets | - | 510 | - | - | - | 510 |
| Miscellaneous | 108,793 | 142,432 | - | - | 108,793 | 142,432 |
| Total Revenue | 52,185,437 | 50,438,041 | 800,988 | 731,824 | 52,986,425 | 51,169,865 |
| Expenditures | | | | | | |
| Instruction | 29,068,131 | 24,694,778 | - | - | 29,068,131 | 24,694,778 |
| Support services | 20,102,129 | 17,901,297 | - | - | 20,102,129 | 17,901,297 |
| Noninstructional services | 1,118,389 | 913,830 | 992,198 | 769,768 | 2,110,587 | 1,683,598 |
| Debt service - interest | 368,129 | 610,745 | - | - | 368,129 | 610,745 |
| Total Expenditures | 50,656,778 | 44,120,650 | 992,198 | 769,768 | 51,648,976 | 44,890,418 |
| Revenues less expenses | 1,528,659 | 6,317,391 | (191,210) | (37,944) | 1,337,449 | 6,279,447 |
| Net Position (Deficit) Beginning of Year | 3,073,792 | (3,243,599) | (919,297) | (881,353) | 2,154,495 | (4,124,952) |
| Net Position (Deficit) End of Year | $ 4,602,451 | $ 3,073,792 | $ (1,110,507) | $ (919,297) | $ 3,491,944 | $ 2,154,495 |

The main driver of the $1,337,449 increase in net position from June 30, 2024 is the increase in tax revenues and investment earnings.

## BALANCE SHEET

The balance sheet summarizes the current assets, liabilities, deferred inflows of resources, and fund balance accounts of the School District. The fund balances are the excess of assets over liabilities and deferred inflows of resources. The fund balance for the General Fund at June 30, 2025 was $19,045,520. The General Fund fund balance is in two parts: unassigned and committed. Of the total fund balance

amount, the School District has committed $1,766,003 for anticipated increased retirement and $13,657,405 for future capital projects. The unassigned portion is $3,622,112 and can be used for other items. The combined fund balances for all governmental funds were $19,241,791. Of this amount, $196,271 is in the Capital Reserve Fund.

| | General Fund | Capital Reserve Fund | Totals |
|---|---|---|---|
| ASSETS | | | |
| Cash and investments | $ 19,085,934 | $ 480,058 | $ 19,565,992 |
| Receivables and due from other governments/funds | 2,603,706 | - | 2,603,706 |
| **TOTAL ASSETS** | **$ 21,689,640** | **$ 480,058** | **$ 22,169,698** |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | |
| Accounts payables, accrued expenditures, and compensated absences | 2,490,711 | 283,787 | 2,774,498 |
| Unavailable revenue | 153,409 | - | 153,409 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | 2,644,120 | 283,787 | 2,927,907 |
| FUND BALANCES | | | |
| Unassigned, assigned, committed, and restricted | 19,045,520 | 196,271 | 19,241,791 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | **$ 21,689,640** | **$ 480,058** | **$ 22,169,698** |

## RECONCILIATION OF FUND BALANCE TO NET POSITION

GASB Statement No. 34 requires the School District to report activity in current form (fund balance) and long-term (net position). The reconciliation statement points out the differences between these two figures; a summary follows:

| | | |
|---|---|---|
| Total Fund Balances of Governmental Funds | | $ 19,241,791 |
| Add: | Capital assets | 70,734,147 |
| Less: | Bonds payable in future years, net | (28,895,249) |
| | Lease payable | (129,815) |
| | Accumulated compensated absences | (3,444,935) |
| | Accrued interest | (157,756) |
| | Net OPEB liability | (3,467,558) |
| | Net pension liability | (57,715,672) |
| Add: | Unavailable revenue - delinquent taxes | 153,409 |
| Add: | Deferred outflows of resources related to pension and OPEB | 10,519,249 |
| Less: | Deferred inflows of resources related to pension and OPEB | (2,235,160) |
| Net Position of Governmental Activities | | $ 4,602,451 |

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

This statement shows the activity for the year and the change in fund balances. In the General Fund, expenditures and other financing uses exceeded revenues and other financing sources by $3,292,984. The Capital Reserve Fund includes all activity for the campus revitalization project, including bond proceeds and interest as revenues and all project expenditures.

| | Year Ended June 30, 2025 | | |
|---|---|---|---|
| | General Fund | Capital Reserve Fund | Totals |
| **REVENUE AND OTHER FINANCING SOURCES** | | | |
| Revenues | $ 52,100,702 | $ 629,217 | $ 52,729,919 |
| Other financing sources | - | 5,156,003 | 5,156,003 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 52,100,702 | 5,785,220 | 57,885,922 |
| **EXPENDITURES AND OTHER FINANCING USES** | | | |
| Expenditures | 50,393,686 | 5,292,901 | 55,686,587 |
| Other financing uses | 5,000,000 | - | 5,000,000 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | 55,393,686 | 5,292,901 | 60,686,587 |
| **CHANGES IN FUND BALANCES** | | | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES | (3,292,984) | 492,319 | (2,800,665) |
| FUND BALANCES - JULY 1, 2024 | 22,338,504 | (296,048) | 22,042,456 |
| FUND BALANCES - JUNE 30, 2025 | $ 19,045,520 | $ 196,271 | $ 19,241,791 |

## PROPRIETARY FUND

The proprietary fund of the School District shows the financial activity of the cafeteria operations. The primary sources of revenue for the proprietary fund are the sales of food and state/federal subsidies. The primary expenditures include costs of staff and food. The proprietary fund ended the year with a total deficit net position of $1,110,507, which was a decrease of $191,210 from the prior year. The cause of this significant negative net position is the net OPEB and pension liabilities.

## FIDUCIARY FUNDS

The School District operates two fiduciary funds for groups. This money is held for a specific use and may not be used towards School District operations. These groups are Student Activities and Memorial Funds set up for scholarship awards.

## GENERAL FUND BUDGET

The General Fund budget for the 2024 - 2025 fiscal year was enacted on June 27, 2024. Transfers followed School District policies and procedures.

The School District continues to utilize a needs-based budget methodology to address the growing gap between revenues and expenditures. In that process, the final budget was approved utilizing a $500,000 budgetary reserve of fund balance. The School District maintained a conservative approach on spending and was able to underspend the budget (expenditures) by approximately $331,184. This was accomplished across all areas of the budget. A schedule of the budget compared to actual is included on page 19.

## CAPITAL ASSET AND DEBT ADMINISTRATION

The School District, as of June 30, 2025, owned four buildings: one high school, one middle school, and two elementary schools.

**GOVERNMENTAL ACTIVITIES**

**Capital Assets - Net of Depreciation**

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Land and land improvements | $ 5,455,030 | $ 5,455,030 | $ 5,455,030 | $ 5,455,030 |
| Buildings and building improvements | 91,295,049 | 87,901,861 | 85,570,858 | 83,715,983 |
| Furniture and equipment | 5,146,353 | 4,936,367 | 4,108,993 | 3,927,041 |
| Right-to-use asset | 156,003 | 587,567 | 587,567 | 587,567 |
| Construction in progress | - | - | - | 1,854,875 |
| Total | 102,052,435 | 98,880,825 | 95,722,448 | 95,540,496 |
| Accumulated depreciation/amortization | (31,318,288) | (30,359,374) | (28,889,663) | (27,532,189) |
| Total Net of Depreciation/Amortization | $ 70,734,147 | $ 68,521,451 | $ 66,832,785 | $ 68,008,307 |

**Outstanding Bond Debt**

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| General Obligation Notes: | | | | |
| 2016 Issue | $ - | $ 430,000 | $ 875,000 | $ 1,310,000 |
| 2016 A Issue | 130,000 | 130,000 | 135,000 | 140,000 |
| 2017 Issue | 6,475,000 | 6,480,000 | 6,485,000 | 6,490,000 |
| 2019 A Issue | - | 1,830,000 | 2,590,000 | 3,320,000 |
| 2019 B Issue | 2,690,000 | 2,930,000 | 2,935,000 | 2,940,000 |
| 2020 A Issue | 9,595,000 | 9,620,000 | 9,625,000 | 9,635,000 |
| 2020 Note | - | - | 990,000 | 1,973,000 |
| 2021 Issue | 9,725,000 | 9,740,000 | 9,755,000 | 9,755,000 |
| Total | $ 28,615,000 | $ 31,160,000 | $ 33,390,000 | $ 35,563,000 |

Business-type activities capital assets totaled $22,799 and $26,825 for the years ended June 30, 2025 and 2024, respectively. Business-type activities had no long term debt at June 30, 2025 or 2024.

## LABOR RELATIONS

The professional staff of the School District is represented by the New Hope-Solebury Education Association (NHSEA), an affiliation of the Pennsylvania State Education Association. The current agreement covers the period from July 1, 2024 through June 30, 2027.

The support staff of the School District is represented by New Hope-Solebury Education Support Professionals, an affiliation of the Pennsylvania State Education Association. The current agreement, which was approved and ratified at the December 16, 2021 regularly scheduled School Board meeting, covers the period from July 1, 2022 through June 30, 2025.

The Administrative staff contract under Act 93 covers the period from July 1, 2022 through June 30, 2028. All contracts can be found on the School District web page under the business office.

## FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

**Public School Employees' Retirement System ("PSERS")** – All full-time and eligible part-time employees are covered by the PSERS. The PSERS employer retirement contribution rate for the year ended June 30, 2025 was 33.90%. The employer retirement contribution rate for 2025 - 2026 is increasing to 34.00% and will increase annually until plateauing at approximately 39.94% in 2034 - 2035 unless legislative relief is mandated by the Commonwealth of Pennsylvania.

**State Property Tax Reform** – The current state legislature continues to discuss property tax reform measures. As approximately 70% of the District's revenue is generated from property taxes, any change in methodology around how this tax is collected and distributed to school districts across the state has the potential to adversely affect the School District.

## CLOSING

The financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances to show the School Board's accountability for the money it receives. If you have any questions about this report or wish to request additional financial information, please contact Ms. Marcia Cajeira, Chief Financial Officer/School Board Treasurer, New Hope-Solebury School District, 180 West Bridge Street, New Hope, PA 18938; (215) 862-5372 or email at mcajeira@nhsd.org.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**JUNE 30, 2025**
**(With Summarized Comparative Information as of June 30, 2024)**

| | Governmental Activities | Business-type Activities | Totals 2025 | Totals 2024 |
|---|---|---|---|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| ASSETS: | | | | |
| Cash and cash equivalents | $ 4,415,270 | $ 109,018 | $ 4,524,288 | $ 5,243,652 |
| Investments | 15,150,722 | - | 15,150,722 | 16,528,684 |
| Taxes receivable | 432,062 | - | 432,062 | 778,193 |
| Due from other governments | 1,718,385 | - | 1,718,385 | 2,125,942 |
| Internal balance | 434,284 | (434,284) | - | - |
| Other receivables | 18,975 | 49,208 | 68,183 | 11,099 |
| Inventories | - | 10,245 | 10,245 | 10,245 |
| Land | 1,710,672 | - | 1,710,672 | 1,710,672 |
| Land improvements | 3,744,358 | - | 3,744,358 | 3,744,358 |
| Buildings and building improvements | 91,295,049 | - | 91,295,049 | 87,901,861 |
| Furniture and equipment | 5,146,353 | 261,460 | 5,407,813 | 5,197,827 |
| Right-to-use lease assets | 156,003 | - | 156,003 | 587,567 |
| Accumulated depreciation/amortization | (31,318,288) | (238,661) | (31,556,949) | (30,594,009) |
| TOTAL ASSETS | 92,903,845 | (243,014) | 92,660,831 | 93,246,091 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Deferred amounts related to OPEB | 717,325 | 10,155 | 727,480 | 795,681 |
| Deferred amounts related to pension | 9,801,924 | 105,455 | 9,907,379 | 11,337,146 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 10,519,249 | 115,610 | 10,634,859 | 12,132,827 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | $ 103,423,094 | $ (127,404) | $ 103,295,690 | $ 105,378,918 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT) | | | | |
| LIABILITIES: | | | | |
| Accounts payable | $ 827,903 | $ 77,175 | $ 905,078 | $ 610,277 |
| Accrued salaries and benefits | 1,804,440 | - | 1,804,440 | 1,351,774 |
| Accrued interest | 157,756 | - | 157,756 | 162,604 |
| Other current liabilities | - | 76,764 | 76,764 | 74,450 |
| Noncurrent liabilities: | | | | |
| Portion due or payable within one year: | | | | |
| Bonds and notes payable in future years, net | 2,355,764 | - | 2,355,764 | 2,298,764 |
| Lease liability | 29,743 | - | 29,743 | 11,011 |
| Accumulated compensated absences | 142,155 | - | 142,155 | 148,423 |
| Early retirement incentive | - | - | - | 2,516 |
| Portion due or payable after one year: | | | | |
| Bonds and notes payable in future years, net | 26,539,485 | - | 26,539,485 | 29,211,246 |
| Lease liability | 100,072 | - | 100,072 | - |
| Accumulated compensated absences | 3,444,935 | - | 3,444,935 | 3,212,576 |
| Net OPEB liability | 3,467,558 | 37,464 | 3,505,022 | 3,482,365 |
| Net pension liability | 57,715,672 | 755,328 | 58,471,000 | 60,546,000 |
| TOTAL LIABILITIES | 96,585,483 | 946,731 | 97,532,214 | 101,112,006 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Deferred amounts related to OPEB | 742,745 | 11,696 | 754,441 | 882,717 |
| Deferred amounts related to pension | 1,492,415 | 24,676 | 1,517,091 | 1,229,700 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 2,235,160 | 36,372 | 2,271,532 | 2,112,417 |
| NET POSITION (DEFICIT): | | | | |
| Net investment in capital assets | 41,709,083 | 22,799 | 41,731,882 | 37,027,255 |
| Restricted - capital projects | 196,271 | - | 196,271 | - |
| Unrestricted (deficit) | (37,302,903) | (1,133,306) | (38,436,209) | (34,872,760) |
| TOTAL NET POSITION (DEFICIT) | 4,602,451 | (1,110,507) | 3,491,944 | 2,154,495 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT) | $ 103,423,094 | $ (127,404) | $ 103,295,690 | $ 105,378,918 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2025**
**(With Summarized Comparative Data for the Year Ended June 30, 2024)**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position (Deficit) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Totals | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | 2025 | 2024 |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| Instruction | $29,068,131 | $ - | $ 3,632,853 | $ - | $(25,435,278) | $ - | $(25,435,278) | $(20,706,507) |
| Instructional student support | 6,710,979 | - | 620,207 | - | (6,090,772) | - | (6,090,772) | (5,795,410) |
| Administrative and financial support services | 6,136,955 | - | 561,105 | - | (5,575,850) | - | (5,575,850) | (4,370,431) |
| Operation and maintenance of plant services | 5,296,137 | - | 474,888 | - | (4,821,249) | - | (4,821,249) | (4,284,683) |
| Pupil transportation | 1,958,058 | - | 310,903 | - | (1,647,155) | - | (1,647,155) | (1,485,930) |
| Student activities | 1,118,389 | 61,783 | 102,233 | - | (954,373) | - | (954,373) | (754,149) |
| Interest on long-term debt | 368,129 | - | 182,701 | - | (185,428) | - | (185,428) | (430,153) |
| TOTAL GOVERNMENTAL ACTIVITIES | 50,656,778 | 61,783 | 5,884,890 | - | (44,710,105) | - | (44,710,105) | (37,827,263) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| Food service | 992,198 | 491,883 | 300,390 | - | - | (199,925) | (199,925) | (51,803) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 992,198 | 491,883 | 300,390 | - | - | (199,925) | (199,925) | (51,803) |
| TOTAL PRIMARY GOVERNMENT | $51,648,976 | $ 553,666 | $ 6,185,280 | $ - | (44,710,105) | (199,925) | (44,910,030) | (37,879,066) |
| GENERAL REVENUES | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 34,276,243 | - | 34,276,243 | 33,534,445 |
| Taxes levied for specific purposes | | | | | 7,315,036 | - | 7,315,036 | 6,223,217 |
| Grants and entitlements not restricted to specific programs | | | | | 2,393,526 | - | 2,393,526 | 2,556,592 |
| Investment earnings | | | | | 2,145,166 | 8,715 | 2,153,881 | 1,701,317 |
| Gain on sale of capital assets | | | | | - | - | - | 510 |
| Miscellaneous | | | | | 108,793 | - | 108,793 | 142,432 |
| TOTAL GENERAL REVENUES | | | | | 46,238,764 | 8,715 | 46,247,479 | 44,158,513 |
| CHANGE IN NET POSITION (DEFICIT) | | | | | 1,528,659 | (191,210) | 1,337,449 | 6,279,447 |
| NET DEFICIT, BEGINNING OF YEAR | | | | | 3,073,792 | (919,297) | 2,154,495 | (4,124,952) |
| NET POSITION (DEFICIT), END OF YEAR | | | | | $ 4,602,451 | $ (1,110,507) | $ 3,491,944 | $ 2,154,495 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**JUNE 30, 2025**
**(With Summarized Comparative Information as of June 30, 2024)**

| | General Fund | Capital Reserve Fund | Totals 2025 | Totals 2024 |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | $ 3,935,212 | $ 480,058 | $ 4,415,270 | $ 5,032,520 |
| Investments | 15,150,722 | - | 15,150,722 | 16,528,684 |
| Taxes receivable | 432,062 | - | 432,062 | 778,193 |
| Due from other funds | 434,284 | - | 434,284 | 342,389 |
| Due from other governments | 1,718,385 | - | 1,718,385 | 2,125,942 |
| Other receivables | 18,975 | - | 18,975 | 3,080 |
| TOTAL ASSETS | $21,689,640 | $ 480,058 | $22,169,698 | $24,810,808 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES: | | | | |
| Accounts payable | $ 544,116 | $ 283,787 | $ 827,903 | $ 570,263 |
| Accrued salaries and benefits | 1,804,440 | - | 1,804,440 | 1,351,774 |
| Accumulated compensated absences | 142,155 | - | 142,155 | 148,423 |
| TOTAL LIABILITIES | 2,490,711 | 283,787 | 2,774,498 | 2,070,460 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenues - delinquent taxes | 153,409 | - | 153,409 | 697,892 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 153,409 | - | 153,409 | 697,892 |
| FUND BALANCES: | | | | |
| Restricted - capital projects | - | 196,271 | 196,271 | - |
| Committed | 15,423,408 | - | 15,423,408 | 19,069,692 |
| Unassigned (deficit) | 3,622,112 | - | 3,622,112 | 2,972,764 |
| TOTAL FUND BALANCES | 19,045,520 | 196,271 | 19,241,791 | 22,042,456 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | $21,689,640 | $ 480,058 | $22,169,698 | $24,810,808 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS**
**TO STATEMENT OF NET POSITION**
**JUNE 30, 2025**

| | | |
|---|---|---|
| TOTAL GOVERNMENTAL FUND BALANCES | | $ 19,241,791 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of: | | |
| Land | $ 1,710,672 | |
| Land improvements | 3,744,358 | |
| Buildings and building improvements | 91,295,049 | |
| Furniture and equipment | 5,146,353 | |
| Lease asset | 156,003 | |
| Accumulated depreciation/amortization | (31,318,288) | 70,734,147 |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of: | | |
| Bonds payable in future years, net | (28,895,249) | |
| Lease liability | (129,815) | |
| Accumulated compensated absences | (3,444,935) | |
| Accrued interest | (157,756) | |
| Net OPEB liability | (3,467,558) | |
| Net pension liability | (57,715,672) | (93,810,985) |
| Some of the School District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. | | 153,409 |
| Deferred inflows and outflows related to the School District's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School District's amount of the net OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees. | | |
| Deferred outflows of resources: | | |
| Deferred amounts related to OPEB | 717,325 | |
| Deferred inflows of resources: | | |
| Deferred amounts related to OPEB | (742,745) | (25,420) |
| Deferred inflows and outflows related to the School District's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School District's amount of the total pension liability, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees. | | |
| Deferred outflows of resources: | | |
| Deferred amounts related to pension | 9,801,924 | |
| Deferred inflows of resources: | | |
| Deferred amounts related to pension | (1,492,415) | 8,309,509 |
| NET DEFICIT OF GOVERNMENTAL ACTIVITIES | | $ 4,602,451 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES, AND**
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**
**(With Summarized Comparative Data for the Year Ended June 30, 2024)**

| | General Fund | Capital Reserve Fund | Totals 2025 | Totals 2024 |
|---|---|---|---|---|
| REVENUES | | | | |
| Local sources | $43,822,285 | $ 629,217 | $44,451,502 | $41,624,826 |
| State sources | 7,817,024 | - | 7,817,024 | 8,309,413 |
| Federal sources | 461,393 | - | 461,393 | 482,284 |
| TOTAL REVENUES | 52,100,702 | 629,217 | 52,729,919 | 50,416,523 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 27,560,409 | - | 27,560,409 | 25,699,513 |
| Support services | 18,724,196 | 72,853 | 18,797,049 | 17,273,941 |
| Operation of noninstructional services | 1,121,343 | - | 1,121,343 | 947,660 |
| Capital outlays | - | 5,220,048 | 5,220,048 | 3,158,377 |
| Debt service | 2,987,738 | - | 2,987,738 | 2,970,857 |
| TOTAL EXPENDITURES | 50,393,686 | 5,292,901 | 55,686,587 | 50,050,348 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,707,016 | (4,663,684) | (2,956,668) | 366,175 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from extended term financing | - | 156,003 | 156,003 | - |
| Refund of prior year expenditures | - | - | - | 5,733 |
| Sale of capital assets | - | - | - | 510 |
| Interfund transfers | (5,000,000) | 5,000,000 | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (5,000,000) | 5,156,003 | 156,003 | 6,243 |
| NET CHANGE IN FUND BALANCES | (3,292,984) | 492,319 | (2,800,665) | 372,418 |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | 22,338,504 | (296,048) | 22,042,456 | 21,670,038 |
| FUND BALANCES, END OF YEAR | $19,045,520 | $ 196,271 | $19,241,791 | $22,042,456 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | | |
|---|---|---|
| NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS | | $ (2,800,665) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the effect of these activities: | | |
| Purchases of capital assets | $ 3,759,177 | |
| Depreciation/amortization expense | (1,546,481) | 2,212,696 |
| Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues decreased by this amount this year. | | (544,483) |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. | | 2,614,761 |
| In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) and special termination benefits (early retirement) - 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 (essentially, the amounts actually paid). | | (226,091) |
| Governmental funds report bond premiums and bond discounts as other financing uses and sources, respectively. However these amounts are reported netted against the outstanding bond liability on the statement of net position and amortized over the life of the debt. This is is the amount of current net amortization. | | (69,761) |
| 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, however, interest expense is recognized as the interest accrues, regardless of when it is due. | | (4,848) |
| OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the School District's estimated future benefit payments and related deferred inflows and deferred outflows, whereas OPEB expenses are recognized in the governmental funds when a requirement to pay the benefits exists. | | 36,274 |
| Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the School District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. | | 310,776 |
| CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES | | $ 1,528,659 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**BUDGETARY COMPARISON STATEMENT - GENERAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | (GAAP Basis) | (Negative) |
| REVENUES | | | | |
| Local sources | $41,608,759 | $41,608,759 | $43,822,285 | $ 2,213,526 |
| State sources | 8,130,368 | 8,130,368 | 7,817,024 | (313,344) |
| Federal sources | 424,459 | 424,459 | 461,393 | 36,934 |
| TOTAL REVENUES | 50,163,586 | 50,163,586 | 52,100,702 | 1,937,116 |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular programs | 19,357,050 | 19,357,050 | 18,387,596 | 969,454 |
| Special programs | 6,978,362 | 6,978,362 | 7,963,488 | (985,126) |
| Vocational programs | 1,057,368 | 1,057,368 | 1,203,350 | (145,982) |
| Other instructional programs | 9,486 | 9,486 | 5,975 | 3,511 |
| Total Instruction | 27,402,266 | 27,402,266 | 27,560,409 | (158,143) |
| Support Services: | | | | |
| Pupil services | 2,831,959 | 2,831,959 | 2,833,110 | (1,151) |
| Instructional support | 3,081,744 | 3,081,744 | 3,340,254 | (258,510) |
| Administrative support | 3,690,311 | 3,690,311 | 3,952,902 | (262,591) |
| Pupil health | 534,860 | 534,860 | 562,018 | (27,158) |
| Business support | 1,224,794 | 1,224,794 | 1,435,886 | (211,092) |
| Operation and maintenance of plant services | 4,238,558 | 4,238,558 | 4,272,047 | (33,489) |
| Student transportation | 1,865,700 | 1,865,700 | 1,928,088 | (62,388) |
| Central support | 516,772 | 516,772 | 399,891 | 116,881 |
| Other support services | 12,000 | 12,000 | - | 12,000 |
| Total Support Services | 17,996,698 | 17,996,698 | 18,724,196 | (727,498) |
| Operation of noninstructional services | 998,693 | 998,693 | 1,121,343 | (122,650) |
| Capital outlay | 340,000 | 340,000 | - | 340,000 |
| Debt service | 2,987,213 | 2,987,213 | 2,987,738 | (525) |
| TOTAL EXPENDITURES | 49,724,870 | 49,724,870 | 50,393,686 | (668,816) |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | 438,716 | 438,716 | 1,707,016 | 1,268,300 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Budgetary reserve | (500,000) | (500,000) | - | 500,000 |
| Transfers out | (3,585,000) | (3,585,000) | (5,000,000) | (1,415,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,085,000) | (4,085,000) | (5,000,000) | (915,000) |
| NET CHANGE IN FUND BALANCE | (3,646,284) | (3,646,284) | (3,292,984) | 353,300 |
| FUND BALANCE, BEGINNING OF YEAR | 22,338,504 | 22,338,504 | 22,338,504 | - |
| FUND BALANCE, END OF YEAR | $18,692,220 | $18,692,220 | $19,045,520 | $ 353,300 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENTS OF NET POSITION - PROPRIETARY FUND**
**JUNE 30, 2025 AND 2024**

| | Food Service Fund | |
|---|---|---|
| | 2025 | 2024 |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 109,018 | $ 211,132 |
| Other receivables | 49,208 | 8,019 |
| Inventories | 10,245 | 10,245 |
| Total Current Assets | 168,471 | 229,396 |
| FURNITURE AND EQUIPMENT: | | |
| Net furniture and equipment | 22,799 | 26,825 |
| TOTAL ASSETS | 191,270 | 256,221 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred amounts related to OPEB | 10,155 | 10,229 |
| Deferred amounts related to pension | 105,455 | 121,303 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 115,610 | 131,532 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | $ 306,880 | $ 387,753 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT) | | |
| LIABILITIES: | | |
| Accounts payable and other accrued liabilities | $ 77,175 | $ 40,014 |
| Other current liabilities | 76,764 | 74,450 |
| Due to other funds | 434,284 | 342,389 |
| Long-term liabilities: | | |
| Portion due or payable after one year: | | |
| Net OPEB liability | 37,464 | 37,206 |
| Net pension liability | 755,328 | 778,329 |
| TOTAL LIABILITIES | 1,381,015 | 1,272,388 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred amounts related to OPEB | 11,696 | 13,172 |
| Deferred amounts related to pension | 24,676 | 21,490 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 36,372 | 34,662 |
| NET POSITION (DEFICIT): | | |
| Investment in capital assets | 22,799 | 26,825 |
| Unrestricted (deficit) | (1,133,306) | (946,122) |
| TOTAL NET POSITION (DEFICIT) | (1,110,507) | (919,297) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT) | $ 306,880 | $ 387,753 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND**
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | Food Service Fund | |
|---|---|---|
| | 2025 | 2024 |
| OPERATING REVENUES | | |
| Food service revenues | $ 491,883 | $ 403,403 |
| TOTAL OPERATING REVENUES | 491,883 | 403,403 |
| | | |
| OPERATING EXPENSES | | |
| Salaries | 368,990 | 297,033 |
| Employee benefits | 246,937 | 128,683 |
| Other purchased services | 8,928 | 8,510 |
| Food and supplies | 356,585 | 328,925 |
| Dues and fees | 6,732 | 2,590 |
| Depreciation | 4,026 | 4,027 |
| TOTAL OPERATING EXPENSES | 992,198 | 769,768 |
| | | |
| OPERATING LOSS | (500,315) | (366,365) |
| | | |
| NONOPERATING REVENUES | | |
| Earnings on investments | 8,715 | 13,859 |
| State sources | 131,806 | 111,650 |
| Federal sources | 168,584 | 202,912 |
| TOTAL NONOPERATING REVENUES | 309,105 | 328,421 |
| | | |
| CHANGE IN NET DEFICIT | (191,210) | (37,944) |
| | | |
| NET DEFICIT, BEGINNING OF YEAR | (919,297) | (881,353) |
| | | |
| NET DEFICIT, END OF YEAR | $ (1,110,507) | $ (919,297) |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENTS OF CASH FLOWS - PROPRIETARY FUND**
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | Food Service Fund | |
|---|---|---|
| | 2025 | 2024 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from users | $ 450,694 | $ 425,723 |
| Payments to suppliers | (286,690) | (280,177) |
| Payments to employees | (526,829) | (503,037) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (362,825) | (357,491) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| State sources | 131,806 | 111,650 |
| Federal sources | 120,190 | 152,383 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 251,996 | 264,033 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Earnings on investments | 8,715 | 13,859 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 8,715 | 13,859 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (102,114) | (79,599) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 211,132 | 290,731 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 109,018 | $ 211,132 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Operating loss | $ (500,315) | $ (366,365) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | |
| Depreciation | 4,026 | 4,027 |
| Donated commodities | 48,394 | 50,529 |
| (Increase) Decrease in: | | |
| Other receivables | (41,189) | 22,320 |
| Deferred outflows of resources - pension and OPEB | 15,922 | (16,280) |
| Increase (Decrease) in: | | |
| Accounts payable | 37,161 | 9,319 |
| Due to other funds | 91,895 | (76,691) |
| Other current liabilities | 2,314 | 15,191 |
| Net pension and OPEB liabilities | (22,743) | 11,224 |
| Deferred inflows of resources - pension and OPEB | 1,710 | (10,765) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ (362,825) | $ (357,491) |
| SUPPLEMENTAL DISCLOSURE | | |
| NONCASH NONCAPITAL FINANCING ACTIVITY: | | |
| USDA donated commodities | $ 48,394 | $ 50,529 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENTS OF NET POSITION - FIDUCIARY FUNDS**
**JUNE 30, 2025 AND 2024**

| | Private-Purpose Trust | | Custodial Fund | |
|---|---|---|---|---|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| ASSETS | | | | |
| Cash | $ 24,488 | $ 26,609 | $ 117,717 | $ 130,221 |
| TOTAL ASSETS | $ 24,488 | $ 26,609 | $ 117,717 | $ 130,221 |
| LIABILITIES AND NET POSITION | | | | |
| LIABILITIES: | | | | |
| Other current liabilties | $ - | $ - | $ - | $ - |
| NET POSITION: | | | | |
| Reserved | 24,488 | 26,609 | 117,717 | 130,221 |
| TOTAL LIABILITIES AND NET POSITION | $ 24,488 | $ 26,609 | $ 117,717 | $ 130,221 |

The accompanying notes are an integral part of these financial statements.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | Private-Purpose Trust | | Custodial Fund | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| ADDITIONS | | | | |
| Earnings on investments | $ 29 | $ 25 | $ - | $ - |
| Student activities contributions | - | - | 103,101 | 156,135 |
| TOTAL ADDITIONS | 29 | 25 | 103,101 | 156,135 |
| DEDUCTIONS | | | | |
| Student activities distributions | - | - | 115,605 | 141,925 |
| Fees paid and scholarships awarded | 2,150 | 2,150 | - | - |
| TOTAL DEDUCTIONS | 2,150 | 2,150 | 115,605 | 141,925 |
| CHANGE IN NET POSITION | (2,121) | (2,125) | (12,504) | 14,210 |
| NET POSITION, BEGINNING OF YEAR | 26,609 | 28,734 | 130,221 | 116,011 |
| NET POSITION, END OF YEAR | $ 24,488 | $ 26,609 | $ 117,717 | $ 130,221 |

The accompanying notes are an integral part of these financial statements.

## NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The New Hope-Solebury School District ("the School District") operates two elementary schools, one middle school, and one high school in New Hope Borough and Solebury Township, Pennsylvania. The School District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The School District is governed by a locally elected nine-member Board form of government.

### Reporting Entity

The GASB *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification") establishes the criteria for determining the activities, organizations, and functions of government to be included in the basic financial statements of the reporting entity. In evaluating the School District as a reporting entity, management has addressed all potential component units which may or may not fall within the School District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the School District's reporting entity are financial accountability and the nature and significance of the relationship. The School District does not have any component units.

This report includes all of the funds of the School District based on the above criteria.

The Middle Bucks Area Vocational - Technical School Authority ("the VoTech Authority") is a separate legal entity which is not a component unit of the School District and is not included in the School District's reporting entity. The School District is a member of the VoTech Authority. In 1998, the VoTech Authority entered into an agreement with the member school districts and the VoTech Authority Board to provide for the acquisition and/or to construct alterations, renovations, additions, and improvements to the VoTech School and grounds.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

The School District classified funds into three categories: governmental, proprietary, and fiduciary.

Governmental funds include the following:

- **General Fund (major fund)** – the principal operating fund of the School District used to account for all financial resources, except those required to be in another fund.

- **Capital Reserve Fund (major fund)** – used to account for maintenance projects under Section 1432 of the Municipal Code.

The proprietary fund accounts for the operations of the School District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is:

- **Food Service** – used to account for the operation of the cafeterias.

Fiduciary funds account for the assets held by the School District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the School District's own programs. The funds included in this category are:

- **Private-Purpose Trust Fund** – used to account for assets held by the School District in a trustee capacity. This fund accounts for various scholarship programs for students.

- **Custodial Fund** – used to account for assets held by the School District as custodian. This fund accounts for various student activities.

Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, the proprietary fund, and fiduciary funds of the School District. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are food service charges. Operating expenses for the School District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific School

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension liabilities, and claims and judgments, are recorded only when payment is due.

Budgetary Information

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

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

- The School District, before levying annual school taxes, is required to adopt an operating budget by June 30 for the succeeding fiscal year.

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

- The School Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.

- Fund balances in budgetary funds may be appropriated based on resolutions passed by the School Board of Directors, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.

- The general fund budget includes program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.

- Capital budgets are not implemented for capital improvements and capital projects in the construction fund. An adopted budget is not presently required due to the fund's recent inception and the limited amount of transactions. Additionally, all transactions

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

of the construction fund are approved by the School Board of Directors prior to commitment, thereby constructively achieving budgetary control.

- Proprietary fund budgets are not adopted; however, formal budgets are prepared and approved by management; and expenditures are controlled on the basis of these budgets.

- Trust funds are not formally budgeted; however, each individual expenditure/expense request is reviewed for compliance with trust provisions and for availability of funding.

- There were no supplemental budgetary appropriations or amendments proposed or approved during the year.

Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Cash and Cash Equivalents and Investments

The School District's cash and cash equivalents are considered to be cash on hand, certificates of deposit, and liquid asset funds.

Cash equivalents in the basic financial statements include all highly liquid investments with an original maturity of three months or less.

The School District's investments are carried at amortized cost, which approximates fair value.

Inventories

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the consistent policy of the School District to charge these items to expense upon acquisition.

Inventories of the food service fund consisting of food and paper supplies are carried at cost using the first-in, first-out method. The inventories on hand at June 30, 2025 consist of the purchased food/supplies for use in the food program in the amount of $10,245.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Land improvements | 15 - 45 |
| Buildings | 45 - 50 |
| Building improvements | 10 - 20 |
| Furniture | 10 - 25 |
| Equipment | 5 - 50 |
| Right-to-use lease assets | Lease life |

Compensated Absences

The School District accounts for compensated absences in accordance with the GASB Codification, which requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid.

The School District allows employees to accumulate vacation days and sick leave subject to limits which are paid prior to retirement or termination. At the end of the fiscal year, the amount expected to be paid for compensated absences from current resources is accrued in the general fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds. Bond issuance costs are expensed when incurred. All amortization is calculated using the straight-line method.

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense) until that time. The School District currently has two items that qualify for reporting in this category. Certain changes to the net pension liability, including pension contributions made subsequent to the measurement date and, therefore, not reflected in the net pension liability under full accrual basis reporting, are required to be amortized over a period of years. Additionally, certain changes to the net OPEB liability, including OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net OPEB liability under full accrual basis reporting, are required to be recognized in a future year. The unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position. Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The School District has one type of item that qualifies for reporting in this category. Delinquent taxes not collected within 60 days of year end and, therefore, are not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet.

Fund Balances

The School District complies with the GASB Codification, which provides clearly defined fund balance categories to make the nature and extent of the constraints placed on the School District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- *Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- *Committed fund balance* – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority (the School Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint.

- *Assigned fund balance* – amounts the School District intends to use for a specific purpose. Intent can be expressed by the School Board of Directors or by an official or body to which the School Board of Directors delegates the authority.

- *Unassigned fund balance* – amounts available for any purpose. Positive amounts are reported only in the general fund. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The School Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the School Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

The School District will typically use restricted fund balances first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

In the general fund, the School District strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 8% of the actual GAAP basis expenditures and other financing sources and uses.

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds in the following types of investments:

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

- Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore, shall be pledged by the depository.

- Commercial paper, bankers' acceptances, and negotiable certificates of deposit receiving top ratings from at least two nationally recognized statistical ratings organizations.

The deposit and investment policy of the School District adheres to state statutes. The administration is not aware of any deposits or investment transactions during the year that were in violation of either state statues or the policy of the School District.

The breakdown of total cash and investments at June 30, 2025 is as follows:

| | |
|---|---|
| Cash | $ 4,666,493 |
| Investments | 15,150,722 |
| | $ 19,817,215 |

Deposits

At year end, the carrying amount of the School District's deposits was $4,666,493, and the bank balance was $6,023,868. Of the bank balance, $24,488 was covered by federal depository

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (cont'd)

insurance, and the remaining $5,999,380 was cash equivalents held as certificates of deposit with the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), Pennsylvania INVEST, and the Pennsylvania Local Government Investment Trust ("PLGIT"), which enable governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

Investments

In general, all of the School District's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agency, but not in the government's name.

As of June 30, 2025, the School District had the following investments:

| Investment | Fair Value |
|---|---|
| Pennsylvania School District Liquid Asset Fund (PSDLAF) | $ 15,150,722 |
| Total Investments | $ 15,150,722 |

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent audit.

Of these investments, $1,876,000 is invested in certificates of deposit, and $13,274,722 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm.

Interest Rate Risk

The School District has a formal investment policy that limits maturities to 13 months or less in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (cont'd)

Credit Risk

The School District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2025, the School District's investments were rated as:

| Investment | Standard & Poor's |
|---|---|
| Pennsylvania School District Liquid Asset Fund (PSDLAF) | AAAm |

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. As of June 30, 2025, all of the School District's investments are in PSDLAF.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The School District has no investments subject to custodial credit risk.

NOTE 4 REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Based upon assessments provided by the County, the School District has two independently elected tax collectors who bill and collect the School District's property taxes. The School District's tax rate for the year ended June 30, 2025, was 115.8754 mills (115.8754 per $1,000 of assessed valuation) as levied by the Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

| | | |
|---|---|---|
| July 1 | - | Levy date |
| July 1 - August 31 | - | 2% discount period |
| September 1 - October 31 | - | Face payment period |
| November 1 - December 15 | - | 10% penalty period |
| December 15 | - | Lien date |

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration.

The administration believes the full amount of unpaid taxes is collectible. A portion of this amount, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

NOTE 4 REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE (cont'd)

The deferred inflow of resources balance in the general fund of $153,409 consists of unavailable real estate taxes.

The School District has abated property taxes under Pennsylvania Conservation and Land Development Act ("Act 153") of $5,543. In accordance with Act 153, real properties located within the School District that are registered as open space properties are exempt from future millage increases once said properties are accepted into the Open Space Program.

The School District also has abated property taxes under The Taxpayer Relief Act, Act 1 of Special Session 1 of 2006 ("Act 1") of $1,143,503. Act 1 provides for property tax reduction allocations to be distributed by the Commonwealth to each school district, and the state funds must then be used to reduce local residential school property tax bills. Property tax reduction will be through a "homestead exclusion." Under homestead property tax exclusion, the assessed value of each homestead or farmstead is reduced by the amount of the exclusion before the property tax is computed.

NOTE 5 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

| Due To | Amount | Due From | Amount |
|---|---|---|---|
| General Fund | $ 434,284 | Food Service Fund | $ 434,284 |
| | $ 434,284 | | $ 434,284 |

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end.

The general fund transferred $5,000,000 to the capital reserve fund during the year ended June 30, 2025 to support the long term capital needs of the District.

NOTE 6 UNEARNED REVENUES

The School District records unearned revenue for resources that have been received but not yet earned. At the end of the current fiscal year, the School District had no unearned revenues.

## NOTE 7 CAPITAL ASSETS

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

| | Balance | Increase | Decrease | Balance |
|---|---|---|---|---|
| *Governmental Activities* | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 1,710,672 | $ - | $ - | $ 1,710,672 |
| Total Capital Assets Not Being Depreciated | 1,710,672 | - | - | 1,710,672 |
| Capital assets being depreciated: | | | | |
| Land improvements | 3,744,358 | - | - | 3,744,358 |
| Buildings and building improvements | 87,901,861 | 3,393,188 | - | 91,295,049 |
| Furniture and equipment | 4,936,337 | 209,986 | - | 5,146,353 |
| Right-to-use lease asset | 587,567 | 156,003 | (587,567) | 156,003 |
| Total Capital Assets Being Depreciated | 97,170,153 | 3,759,177 | (587,567) | 100,341,763 |
| Less accumulated depreciation/ amortization for: | | | | |
| Land improvements | 2,248,875 | 58,114 | - | 2,306,989 |
| Buildings and building improvements | 24,279,716 | 1,270,554 | - | 25,550,270 |
| Furniture and equipment | 3,253,010 | 179,418 | - | 3,432,428 |
| Right-to-use lease asset | 577,773 | 38,395 | (587,567) | 28,601 |
| Total Accumulated Depreciation/Amortization | 30,359,374 | 1,546,481 | (587,567) | 31,318,288 |
| Total Capital Assets Being Depreciated/ Amortized, Net | 66,810,779 | 2,212,696 | - | 49,023,475 |
| Governmental Activities Assets, Net | $ 68,521,451 | $ 2,212,696 | $ - | $ 70,734,147 |
| *Business-type Activities* | | | | |
| Capital assets being depreciated: | | | | |
| Equipment | $ 261,460 | $ - | $ - | $ 261,460 |
| Less accumulated depreciation for: | | | | |
| Equipment | 234,635 | 4,026 | - | 238,661 |
| Business-type Activities Capital Assets, Net | $ 26,825 | $ (4,026) | $ - | $ 22,799 |

Depreciation/amortization expense was charged to functions/program of primary government as follows:

| | |
|---|---|
| Governmental Activities: | |
| Instruction | $ 168,299 |
| Administrative and financial support services | 293,054 |
| Operation and maintenance of plant services | 1,076,065 |
| Pupil transportation | 9,063 |
| Total Depreciation/Amortization Expense - Governmental Activities | $ 1,546,481 |

NOTE 7 CAPITAL ASSETS (cont'd)

Depreciation expense was charged to the functions of the business-type activities as follows:

| | |
|---|---|
| Business-type Activities: | |
| Food service | $ 4,026 |
| Total Depreciation Expense - Business-type Activities | $ 4,026 |

NOTE 8 LONG-TERM LIABILITIES

**General Obligation Notes - Series of 2016 A**
On December 1, 2016, General Obligation Notes, Series of 2016 A, were sold. The aggregate principal amount of this issue was $9,860,000. The bonds bear interest rates ranging from 1.5% to 2.6%. Interest will be paid to the registered owners of the bonds semi-annually on August 15 and February 15 of each year with final maturity on February 15, 2036. The proceeds of the bonds were used to pay the costs of: (a) funding the design, acquisition, and construction of capital improvements and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. $ 130,000

**General Obligation Bonds - Series of 2017**
On September 12, 2017, General Obligation Bonds, Series of 2017, were sold. The aggregate principal amount of this issue was $6,600,000. The bonds bear interest rates ranging from 2.0% to 3.0%. Interest will be paid to the registered owners of the bonds semi-annually on August 15 and February 15 of each year with final maturity on February 15, 2036. The proceeds of the bonds were used to pay the costs of: (a) funding the design, acquisition, and construction of capital improvements and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 6,475,000

**General Obligation Bonds - Series of 2019 B**
On December 11, 2019, General Obligation Bonds, Series of 2019 B, were sold. The aggregate principal amount of this issue was $6,600,000. The bonds bear interest rates ranging from 2.0% to 3.0%. Interest will be paid to the registered owners of the bonds semi-annually on March 1 and September 1 of each year with final maturity on February 15, 2035. The proceeds of the bonds were used to pay the costs of: (a) funding the design, acquisition, and construction of capital improvements and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 2,690,000

NOTE 8 LONG-TERM LIABILITIES (cont'd)

**General Obligation Bonds - Series of 2020 A**

On November 18, 2020, General Obligation Bonds, Series of 2020 A, were sold. The aggregate principal amount of this issue was $9,645,000. The bonds bear interest at 2.0%. Interest will be paid to the registered owners of the bonds semi-annually on February 15 and August 15 of each year with final maturity on February 15, 2035. The proceeds of the bonds were used to pay the costs of: (a) currently refunding the School District's Series of 2015 A bonds and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 9,595,000

**General Obligation Bonds - Series of 2021 A**

On November 22, 2021, General Obligation Bonds, Series of 2021 A, were sold. The aggregate principal amount of this issue was $9,755,000. The bonds bear interest at 2.0%. Interest will be paid to the registered owners of the bonds semi-annually on February 15 and August 15 of each year with final maturity on February 15, 2036. The proceeds of the bonds were used to pay the costs of: (a) currently refunding the School District's Series of 2016 A bonds and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 9,725,000

Total Bonds/Notes Payable $ 28,615,000

Annual debt service requirements to maturity for general obligation bonds and notes, including interest, are as follows:

| Year Ending June 30, | Principal Maturities | Interest Maturities | Total Maturities |
|---|---|---|---|
| 2026 | $ 2,235,000 | $ 902,013 | $ 3,137,013 |
| 2027 | 2,415,000 | 839,697 | 3,254,697 |
| 2028 | 2,460,000 | 779,869 | 3,239,869 |
| 2029 | 2,505,000 | 707,530 | 3,212,530 |
| 2030 | 2,560,000 | 630,480 | 3,190,480 |
| 2031 - 2035 | 13,585,000 | 1,835,988 | 15,420,988 |
| 2036 | 2,855,000 | 75,270 | 2,930,270 |
| | $ 28,615,000 | $ 5,770,847 | $ 34,385,847 |

Changes in Long-term Liabilities

Long-term liability balance and activity for the year ended June 30, 2025 was as follows:

NOTE 8 LONG-TERM LIABILITIES (cont'd)

| | Balance July 1, 2024 | Additions | Reductions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Bonds and notes payable | $ 31,160,000 | $ - | $ 2,545,000 | $ 28,615,000 | $ 2,235,000 |
| Bond discounts | (36,142) | - | (3,098) | (33,044) | (3,098) |
| Bond premiums | 386,152 | - | 72,859 | 313,293 | 123,862 |
| Net bonds and notes payable | 31,510,010 | - | 2,614,761 | 28,895,249 | 2,355,764 |
| Other long-term liabilities: | | | | | |
| Early retirement incentive | 2,516 | - | 2,516 | - | - |
| Compensated absences | 3,360,999 | 226,091 | - | 3,587,090 | 142,155 |
| Lease liability | 11,011 | 156,003 | 37,199 | 129,815 | 29,743 |
| Net pension liability | 59,767,671 | - | 1,960,999 | 57,715,672 | - |
| Net OPEB Liability | 3,445,159 | 22,399 | - | 3,467,558 | - |
| Total Governmental Long-term Liabilities | $ 98,097,366 | $ 404,493 | $ 4,615,475 | $ 93,795,384 | $ 2,837,662 |

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2025:

| | Balance June 30, 2024 | Additions | Reductions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Net pension liability | $ 778,329 | $ - | $ 23,001 | $ 755,328 | $ - |
| Net OPEB liability | 37,206 | 258 | - | 37,464 | - |
| TOTALS | $ 815,535 | $ 258 | $ 23,001 | $ 792,792 | $ - |

Long-term liabilities of governmental activities are anticipated to be liquidated by the general fund. Long-term liabilities of business-type activities are anticipated to be liquidated by the food service fund. Additions in compensated absences are reported net of reductions. Total interest expense during the year ended June 30, 2025 was $368,129.

NOTE 9 EMPLOYEE RETIREMENT PLAN

Plan Description

The School District contributes to the Public School Employees' Retirement System ("PSERS"), 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 the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

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. Benefit terms and contribution rates may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.pa.gov

Benefits Provided

The 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 became 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 and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the code, multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50%, and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The School District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2025, the rate of the employer contribution was 33.90% of covered payroll, which was comprised of 32.92% for pension contributions, 0.35% for the PSERS defined contribution plan, and 0.63% for healthcare contributions. The School District's contribution to PSERS for pension contributions for the year ended June 30, 2025 was $7,287,379.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the School District reported a liability of $58,471,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.1397%, which was an increase of 0.0036% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of $6,984,420. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual investment earnings | $ 968,000 | $ - |
| Difference between expected and actual experience | - | 919,000 |
| Change in proportionate share of the net pension liability | 1,652,000 | 12,000 |
| Difference between employer contributions and proportionate share of total contributions | - | 586,091 |
| Contributions subsequent to the date of measurement | 7,287,379 | - |
| | $ 9,907,379 | $ 1,517,091 |

An amount of $7,287,379 is reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

| Year Ending June 30, | |
|---|---|
| 2026 | $ (1,080,574) |
| 2027 | 1,997,502 |
| 2028 | 491,112 |
| 2029 | (305,131) |
| | $ 1,102,909 |

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the system's total pension liability as of the June 30, 2023 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 percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – 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% 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.

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

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

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

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

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Global public equity (hedged) | 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% |
| | 100.0% | |

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

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 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 which are 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $ 77,025,000 | $ 58,471,000 | $ 42,804,000 |

Pension Plan Fiduciary Net Position

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

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The School District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The School

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. In accordance with the GASB Codification, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the School District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The School District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2025, the School District paid $117,430 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2024, utilizing an actuarial valuation as of that date.

Discount Rate

The discount used to measure the total OPEB liability was 4.29% and 4.13% for the measurement dates of July 1, 2024 and July 1, 2023, respectively, based on S&P Municipal Bond 20-year High Grade Rate Index.

Salary Increases

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

| Age | Male Rate | Female Rate |
|---|---|---|
| 25 | 4.55% | 3.90% |
| 30 | 4.55% | 3.90% |
| 35 | 1.68% | 2.83% |
| 40 | 1.42% | 1.67% |
| 45 | 1.41% | 1.60% |
| 50 | 1.89% | 2.08% |
| 55 | 3.63% | 3.66% |
| 60 | 5.49% | 5.94% |

Mortality Rates

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Scale MP-2021 to reflect mortality improvement.

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

| | Age 55 and 25 Years of Service | | Superannuation TC and TD | | Superannuation TE, TF, TG, and TH | |
|---|---|---|---|---|---|---|
| Age | Male | Female | Male | Female | Male | Female |
| 55 | 14.5% | 14.5% | 25.0% | 16.0% | 16.3% | 19.5% |
| 56 | 14.5% | 14.5% | 25.0% | 20.0% | 16.3% | 19.5% |
| 57 | 14.5% | 15.0% | 28.0% | 28.0% | 16.3% | 19.5% |
| 58 | 14.5% | 15.0% | 28.0% | 30.0% | 16.3% | 19.5% |
| 59 | 21.6% | 20.7% | 28.0% | 30.0% | 16.3% | 19.5% |
| 60 | 14.5% | 15.0% | 29.0% | 31.0% | 16.3% | 19.5% |
| 61 | 29.0% | 29.0% | 29.0% | 31.0% | 16.3% | 19.5% |
| 62 | 29.0% | 29.0% | 36.0% | 31.0% | 16.3% | 19.5% |
| 63 | 29.0% | 29.0% | 21.0% | 20.0% | 16.3% | 19.5% |
| 64 | 29.0% | 29.0% | 22.0% | 25.0% | 16.3% | 19.5% |

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

| | Age 55 and 25 Years of Service | | Superannuation TC and TD | | Superannuation TE, TF, TG, and TH | |
|---|---|---|---|---|---|---|
| Age | Male | Female | Male | Female | Male | Female |
| 65 | 29.0% | 29.0% | 23.0% | 28.0% | 16.3% | 19.5% |
| 66 | 29.0% | 29.0% | 23.0% | 27.0% | 16.3% | 19.5% |
| 67 | 29.0% | 29.0% | 20.0% | 23.0% | 16.3% | 19.5% |
| 68 | 29.0% | 29.0% | 20.0% | 22.0% | 16.3% | 19.5% |
| 69 | 29.0% | 29.0% | 20.0% | 23.0% | 16.3% | 19.5% |
| 70 | 29.0% | 29.0% | 20.0% | 23.0% | 16.3% | 19.5% |
| 71-73 | 29.0% | 29.0% | 20.0% | 20.0% | 16.3% | 19.5% |
| 74-79 | 29.0% | 29.0% | 25.0% | 25.0% | 16.3% | 19.5% |
| 80+ | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Percent of Eligible Retirees Electing Coverage in Plan

Forty percent of all employees are assumed to elect coverage.

Percent Married at Retirement

Twenty percent of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

| | Medical and Prescription Drug Combined | |
|---|---|---|
| Age | Male | Female |
| 45 - 49 | $ 7,893 | $ 11,399 |
| 50 - 54 | $ 10,454 | $ 12,883 |
| 55 - 59 | $ 12,732 | $ 13,480 |
| 60 - 64 | $ 16,615 | $ 15,486 |
| 65+ | $ 11,394 | $ 11,394 |

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

Healthcare Cost Trend

The healthcare cost trend was 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

The actuarial value of assets is equal to the market value of assets.

Actuarial Cost Method – Entry Age Normal

Under the entry age normal cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Participant Data

Participant data is based on census information as of July 2024. The plan consisted of 243 participants, of which 234 were active and 9 were retired and receiving benefits.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

| | 1% Decrease 3.29% | Current Discount Rate 4.29% | 1% Increase 5.29% |
|---|---|---|---|
| Total OPEB liability | $ 1,091,720 | $ 1,025,022 | $ 961,445 |
| Fiduciary net position | - | - | - |
| Net OPEB liability | $ 1,091,720 | $ 1,025,022 | $ 961,445 |

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 933,200 | $ 1,025,022 | $ 1,131,149 |
| Fiduciary net position | - | - | - |
| Net OPEB liability | $ 933,200 | $ 1,025,022 | $ 1,131,149 |

Changes in Total OPEB Liability:

| | |
|---|---|
| Total OPEB liability as of June 30, 2023 | $ 1,031,365 |
| Service cost | 57,619 |
| Interest on OPEB obligation | 42,348 |
| Effect of assumption changes or inputs | 11,120 |
| Benefit payments | (117,430) |
| Total OPEB liability as of June 30, 2024 | $ 1,025,022 |

The amount of OPEB expense for the single employer plan recognized by the School District was $77,105 for the year ended June 30, 2025. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Change in assumptions | $ 107,196 | $ 247,334 |
| Net difference between expected and actual experience | 21,535 | 87,107 |
| Benefits paid subsequent to the date of measurement | 139,649 | - |
| | $ 268,380 | $ 334,441 |

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

An amount of $139,649 is reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

| Year Ending June 30, | |
|---|---|
| 2026 | $ (22,862) |
| 2027 | (22,862) |
| 2028 | (22,862) |
| 2029 | (22,862) |
| 2030 | (22,862) |
| Thereafter | (91,400) |
| | $ (205,710) |

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

PSERS provides premium assistance, which is a governmental cost-sharing, multiple-employer other postemployment benefits ("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. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Description

The School District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan 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. Benefit terms and contribution rates may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.pa.gov.

Benefits Provided

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School District's OPEB contribution to PSERS for the year ended June 30, 2025 was $139,461.

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

At June 30, 2024, the School District reported a liability of $2,480,000 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 the system's total OPEB liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.1396%, which was an increase of 0.0041% from its proportion measured as of June 30, 2023.

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2025, the School District recognized OPEB expense of $6,698. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual investment earnings | $ 2,000 | $ - |
| Change in proportionate share of the net pension liability | 149,000 | 4,000 |
| Change in assumptions | 151,000 | 379,000 |
| Difference between expected and actual experience | 9,000 | 37,000 |
| Difference between actual and proportionate share share of contributions | 8,639 | - |
| Contributions subsequent to the date of measurement | 139,461 | - |
| | $ 459,100 | $ 420,000 |

An amount of $139,461 is reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

| Years Ending June 30, | |
|---|---|
| 2026 | $ (28,050) |
| 2027 | (24,050) |
| 2028 | (26,050) |
| 2029 | (28,879) |
| 2030 | (6,668) |
| | $ (100,361) |

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percentage of pay
- Investment return – 4.21% – S&P 20-year Municipal Bond Rate

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- 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 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.
- Participation rate:
  - Eligible retirees will elect to participate pre-age 65 at 50%.
  - Eligible retirees will elect to participate post-age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 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 – 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were 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.

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

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Cash | 100.0% | 1.7% |
| | 100.0% | |

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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%, an increase from 4.13% as of June 30, 2023. 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.

Sensitivity of the System's 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, 2024, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2024, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | $ 2,480,000 | $ 2,480,000 | $ 2,480,000 |

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

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

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

| | 1% Decrease 3.21% | Current Discount Rate 4.21% | 1% Increase 5.21% |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | $ 2,802,000 | $ 2,480,000 | $ 2,211,000 |

OPEB Plan Fiduciary Net Position

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

NOTE 12 NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

The School District's aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:

| | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| School District Plan (See Note 10) | $ 1,025,022 | $ 268,380 | $ 334,441 |
| PSERS Plan (See Note 11) | 2,480,000 | 459,100 | 420,000 |
| Total | $ 3,505,022 | $ 727,480 | $ 754,441 |

NOTE 13 FUND BALANCES

As of June 30, 2025, fund balances are composed of the following:

| | General Fund | Capital Reserve Fund | Total Governmental Fund |
|---|---|---|---|
| Restricted: | | | |
| Capital projects | $ - | $ 196,271 | $ 196,271 |
| Committed: | | | |
| PSERS increases | 1,766,003 | - | 1,766,003 |
| Capital projects | 13,657,405 | - | 13,657,405 |
| Unassigned | 3,622,112 | - | 3,622,112 |
| Total Fund Balances | $ 19,045,520 | $ 196,271 | $ 19,241,791 |

## NOTE 14 CONTINGENCIES AND COMMITMENTS

### Government Grants and Awards

The School District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

## NOTE 15 JOINT VENTURES

On March 6, 1998, four public school districts in Bucks County signed lease agreements with the Middle Bucks Area Vocational - Technical School Authority ("the VoTech Authority"). The VoTech Authority issued $3,980,000 of bonds that year, and each school district agreed to make payments of their prorated share of the VoTech Authority's debt service. Each school district's prorated share is calculated annually based on assessed market value. On June 1, 2003, the above bonds were refinanced with the VoTech Authority, issuing $3,525,000 of bonds. On April 1, 2006, four public school districts in the County signed lease agreements with the VoTech Authority. The VoTech Authority issued $16,500,000 of bonds that year, and each school district agreed to make payments of their prorated share of the VoTech Authority's debt service. Each school district's prorated share is calculated annually based on assessed market value. The VoTech Authority prepares financial statements, which can be obtained from the Middle Bucks Area Vocational - Technical School Authority, Administrative Office, 2740 Old York Road, Jamison, PA 18929.

During the year ended June 30, 2025, the School District paid $115,352 in operating lease payments for its prorated share of the VoTech Authority's debt service.

## NOTE 16 COMMITMENTS

The School District has office equipment leases expiring through August 2025. The annual minimum lease payments related to these leases are included in the future annual minimum obligation under the above service contract and leases below.

Future annual minimum obligations under the above service contract and leases are as follows:

| Years Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 29,743 | $ 4,944 | $ 34,687 |
| 2027 | 31,032 | 3,655 | 34,687 |
| 2028 | 32,370 | 2,317 | 34,687 |
| 2029 | 33,779 | 908 | 34,687 |
| 2030 | 2,891 | - | 2,891 |
| Totals | $ 129,815 | $ 11,824 | $ 141,639 |

## NOTE 17 RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the School District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2024 - 2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTE 18 DEFICIT NET POSITION/FUND BALANCE

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of $37,302,903, $1,133,306, and $1,133,306, respectively, include the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the School District's share of its proportionate contributions to its pension and OPEB plans, and the deferred outflows resulting from the change in the School District's share of the net pension and OPEB liabilities. This is offset by the School District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings and changes in assumptions.

## NOTE 19 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

| | | |
|---|---|---|
| Special programs | $ | 985,126 |
| Vocational programs | $ | 145,982 |
| Pupil services | $ | 1,151 |
| Instructional support | $ | 258,510 |
| Administrative support | $ | 262,591 |
| Pupil health | $ | 27,158 |
| Business support | $ | 211,092 |
| Operation and maintenance of plant services | $ | 33,489 |
| Student transportation | $ | 62,388 |
| Operation of noninstructional services | $ | 122,650 |

The excess of expenditures over appropriations was financed with positive budget variances in other functions.

## NOTE 20 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, "Compensated Absences." The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance

NOTE 20 CHANGE IN ACCOUNTING PRINCIPLE (cont'd)

for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The net result of this change is a decrease of $2,848,401 in net position in its governmental activities. The effect of that change to the financial reporting resulted in adjustments to and restatements of beginning net position, as follows:

| | 7/1/2023 as Previously Reported | Change in Accounting Principle | 7/1/2023 as Restated |
|---|---|---|---|
| Governmental Activities | $ (395,198) | $ (2,848,401) | $ (3,243,599) |

NOTE 21 SUBSEQUENT EVENTS

The School District has evaluated all subsequent events through December 10, 2025, the date the financial statements were available to be issued.

# REQUIRED SUPPLEMENTARY INFORMATION

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
**Pennsylvania Public School Employees' Retirement System (PSERS)**

| | MEASUREMENT DATE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30,2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| School District's proportion of the net pension liability | 0.1397% | 0.1361% | 0.1339% | 0.1340% | 0.1285% | 0.1282% | 0.1279% | 0.1329% | 0.1389% | 0.1357% |
| School District's proportion of the net pension liability - dollar value | $ 58,471,000 | $ 60,546,000 | $ 59,530,000 | $ 55,016,000 | $ 63,272,000 | $ 59,975,000 | $ 61,398,000 | $ 65,637,000 | $ 68,834,000 | $ 58,778,000 |
| School District's covered employee payroll | $ 22,103,794 | $ 19,100,041 | $ 19,371,768 | $ 18,239,275 | $ 17,597,458 | $ 17,383,914 | $ 17,179,067 | $ 17,679,436 | $ 17,969,799 | $ 17,466,378 |
| School District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 264.53% | 316.99% | 307.30% | 301.63% | 359.55% | 345.00% | 357.40% | 371.26% | 383.05% | 327.09% |
| Plan fiduciary net position as a percentage of the total pension liability | 64.63% | 61.85% | 61.74% | 63.67% | 54.32% | 55.66% | 54.00% | 51.84% | 50.14% | 54.36% |

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS**
**Pennsylvania Public School Employees' Retirement System (PSERS)**

| | June 30,2025 | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 7,287,379 | $ 7,314,146 | $ 6,553,224 | $ 6,584,464 | $ 6,111,981 | $ 5,870,512 | $ 5,667,156 | $ 5,452,636 | $ 5,298,700 | $ 4,647,780 |
| Contributions in relation to the contractually required contribution | 7,287,379 | 7,314,146 | 6,553,224 | 6,584,464 | 6,111,981 | 5,870,512 | 5,667,156 | 5,452,636 | 5,298,700 | 4,647,780 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School District's covered employee payroll | $ 22,136,628 | $ 22,103,794 | $ 19,100,041 | $ 19,371,768 | $ 18,239,275 | $ 17,597,458 | $ 17,383,914 | $ 17,179,067 | $ 17,679,436 | $ 17,969,799 |
| Contributions as a percentage of covered employee payroll | 32.92% | 33.09% | 34.31% | 33.99% | 33.51% | 33.36% | 32.60% | 31.74% | 29.97% | 25.86% |

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE**
**OF THE NET OPEB LIABILITY**
**Pennsylvania Public School Employees' Retirement System (PSERS)**

| | MEASUREMENT DATE | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30,2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| School District's proportion of the net OPEB liability | 0.1396% | 0.1355% | 0.1335% | 0.1338% | 0.1280% | 0.1282% | 0.1279% | 0.1329% |
| School District's proportion of the net OPEB liability - dollar value | $ 2,480,000 | $ 2,451,000 | $ 2,457,000 | $ 3,172,000 | $ 2,766,000 | $ 2,727,000 | $ 2,667,000 | $ 2,708,000 |
| School District's covered employee payroll | $ 22,103,794 | $ 19,371,768 | $ 18,239,275 | $ 18,239,275 | $ 17,597,458 | $ 17,383,914 | $ 17,179,067 | $ 17,679,436 |
| School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll | 11.22% | 12.65% | 13.47% | 17.39% | 15.72% | 15.69% | 15.52% | 15.32% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 7.13% | 6.86% | 6.86% | 5.69% | 5.69% | 5.56% | 5.56% | 5.73% |

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS**
**Pennsylvania Public School Employees' Retirement System (PSERS)**

| | June 30, 2025 | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 139,461 | $ 143,062 | $ 143,250 | $ 154,974 | $ 149,562 | $ 147,819 | $ 144,286 | $ 142,586 |
| Contributions in relation to the contractually required contribution | 139,461 | 143,062 | 143,250 | 154,974 | 149,562 | 147,819 | 144,286 | 142,586 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School District's covered employee payroll | $ 22,136,628 | $ 22,103,794 | $ 19,100,041 | $ 19,371,768 | $ 18,239,275 | $ 17,597,458 | $ 17,383,914 | $ 17,179,067 |
| Contributions as a percentage of covered employee payroll | 0.63% | 0.65% | 0.75% | 0.80% | 0.82% | 0.84% | 0.83% | 0.83% |

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**NEW HOPE-SOLEBURY SCHOOL DISTRICT**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S NET OPEB LIABILITY**
**Single Employer OPEB Plan**

| | MEASUREMENT DATE | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | July 1,2024 | July 1, 2023 | July 1, 2022 | July 1, 2021 | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2017 |
| TOTAL OPEB LIABILITY | | | | | | | | |
| Service cost | $ 57,619 | $ 53,733 | $ 90,925 | $ 78,542 | $ 59,992 | $ 60,347 | $ 76,909 | $ 70,910 |
| Interest on OPEB liability | 42,348 | 41,615 | 29,282 | 19,322 | 32,995 | 30,883 | 35,854 | 28,086 |
| Changes in benefit terms | - | - | - | 234,020 | - | - | - | - |
| Difference between expected and actual results | 10,289 | - | 16,138 | - | (81,323) | - | (74,129) | - |
| Effect of assumption changes or inputs | 831 | 13,241 | (277,526) | (34,395) | 112,651 | (26,916) | 13 | 60,827 |
| Benefit payments | (117,430) | (105,830) | (51,500) | (79,539) | (93,809) | (147,218) | (112,359) | (190,776) |
| NET CHANGE IN TOTAL OPEB LIABILITY | (6,343) | 2,759 | (192,681) | 217,950 | 30,506 | (82,904) | (73,712) | (30,953) |
| TOTAL OPEB LIABILITY, BEGINNING OF YEAR | 1,031,365 | 1,028,606 | 1,221,287 | 1,003,337 | 972,831 | 1,055,735 | 1,129,447 | 1,160,400 |
| TOTAL OPEB LIABILITY, END OF YEAR | $ 1,025,022 | $ 1,031,365 | $ 1,028,606 | $ 1,221,287 | $ 1,003,337 | $ 972,831 | $ 1,055,735 | $ 1,129,447 |
| PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| PLAN FIDUCIARY NET POSITION, END OF YEAR | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| SCHOOL DISTRICT'S NET OPEB LIABILITY | $ 1,025,022 | $ 1,031,365 | $ 1,028,606 | $ 1,221,287 | $ 1,003,337 | $ 972,831 | $ 1,055,735 | $ 1,129,447 |
| Plan fiduciary net position as a percentage of total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered employee payroll | $ 21,986,809 | $ 18,463,787 | $ 17,276,807 | $ 17,276,807 | $ 17,276,807 | $ 16,143,571 | $ 16,143,571 | $ 16,794,431 |
| School District's net OPEB liability as a percentage of covered payroll | 4.66% | 5.59% | 5.95% | 7.07% | 5.81% | 6.03% | 6.54% | 6.73% |
| Expected average remaining service years of all participants | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**OTHER REPORT**

BTCPA
BARBACANE
THORNTON
& COMPANY

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

December 10, 2025

Members of the Board
New Hope-Solebury School District
New Hope, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hope-Solebury School District ("the School District"), New Hope, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and



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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

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