

**COATESVILLE AREA SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended June 30, 2025*

## **INTRODUCTORY SECTION**

# COATESVILLE AREA SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2025

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Coatesville Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Coatesville Area 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 Coatesville Area School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coatesville Area 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.

#### ***Emphasis of Matter***

As discussed in Note N to the basic financial statements, the District restated its June 30, 2025 financial statements for implementation of GASB 101 Compensated Absences. As a result, certain balances and disclosures have been revised. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Coatesville Area 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 Coatesville Area 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.

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coatesville Area 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 Coatesville Area School District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17, budgetary comparison information on pages 64 and 65, schedule of the school district's proportionate share of the PSERS net pension liability on page 67, schedule of the school district's PSERS pension contributions on page 68, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 69, schedule of the school district's PSERS other postemployment benefit plan contributions on page 70 and schedule of changes in the total other postemployment benefit plan liability and related ratios on page 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

**Supplementary Information**

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of Coatesville Area 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 Coatesville Area School District's internal control over financial reporting and compliance.



Limerick, Pennsylvania  
January 23, 2026

**COATESVILLE AREA SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2025

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Management's Discussion and Analysis ("MD&A") for the Coatesville Area School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of the MD&A is to look at financial performance as a whole. Readers should review the basic financial statements and corresponding notes to the financial statements to enhance their understanding of the District's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments." Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**SCHOOL DISTRICT**

The District is a public school district in Chester County, Pennsylvania organized under the Public School Code of Pennsylvania. The District provides educational programs from kindergarten through twelfth grade to students who are residents of the District and to non-residents on a tuition basis.

**MISSION STATEMENT**

The Mission of the Coatesville Area School District, rich in diversity and committed to excellence, is to create innovative educational experiences which are funded by the taxpayers, supported by the community, delivered by dedicated teachers and administrators, to ensure all students will become responsible, contributing global citizens.

**FINANCIAL HIGHLIGHTS**

Overall, the District ended the 2024-2025 fiscal year with a \$9,197,673 decrease in overall net position. The District's net deficit totaled \$111,521,467 on June 30, 2025. The Net Change in the Net Position for all Governmental Activities decreased by \$10,212,867 to \$(113,936,787).

The General Fund reported a positive total fund balance on June 30, 2025 of \$23,749,238, which represents a decrease of \$9,572,986 from the previous year. Expenses outpaced revenues resulting in a decrease to the fund balance.

The District's General Fund balance on June 30, 2025 totaled \$23,749,238. Of this balance, \$10,325,000 was assigned for future debt use and for costs related to the Master Facility Plan, and \$33,889 was non-spendable for prepaid expenses. This left a total of \$13,390,349 as unassigned which met the guidelines of Board Policy 620 – Fund Balance, which states the unassigned portion of the fund balance is not to be less than 5% of the General Fund budgeted expenditures nor more than 8% of budgeted expenditures for that fiscal year. If the unassigned portion of the fund balance exceeds 5% of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal shall be to use any excess fund balance for nonrecurring expenditures, not for normal operating costs.

The Capital Reserve Fund reported a positive total fund balance of \$860,751 and the Capital Projects Fund reported a positive total fund balance of \$132,970,982.

**COATESVILLE AREA SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2025

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Total Governmental Funds revenues were \$236,095,354 compared to expenditures of \$293,218,399. General Fund revenues were \$232,240,946 with other funds having total revenues of \$3,854,408. General Fund revenues consist of 65.42% local revenue, 31.17% state revenue, and 3.40% federal revenues including grant funds. Other revenue funds consist of the Food Service Fund with revenues of \$4,487,106 and expenditures of \$3,471,912 resulting in an increase in net position of \$1,015,194.

**FINANCIAL STATEMENTS**

The financial statements consist of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information ("RSI"). The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For the District, this is the Food Service Fund.
- Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

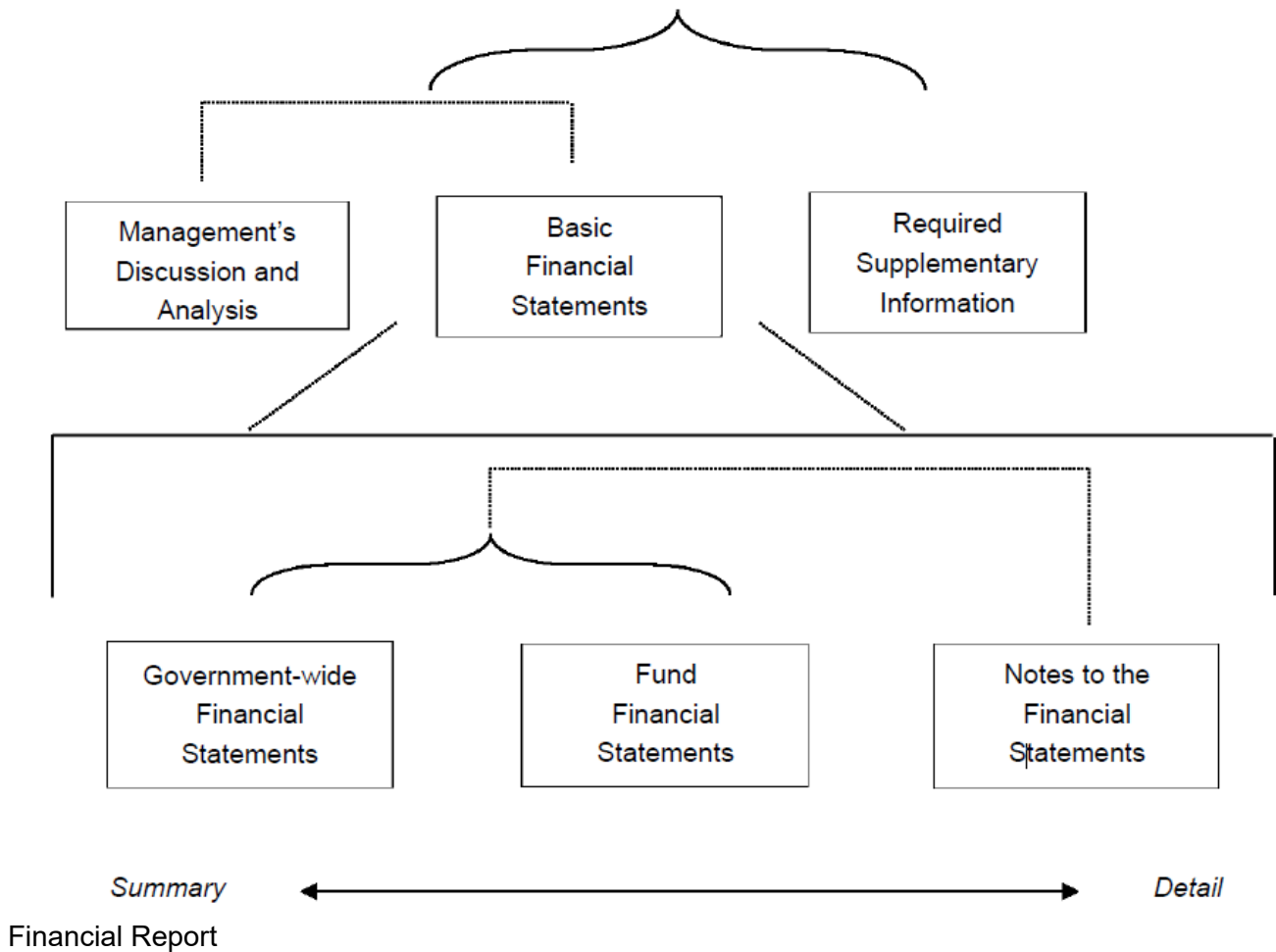
The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements.

**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

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Figure A-1 shows how the required parts of the Financial Sections are arranged and relate to one another:

Figure A-1  
 Required Components of  
 Coatesville Area School District's



**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

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Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2  
Major Features of Coatesville Area School District’s  
Government-wide and Fund Financial Statements

	Fund Statements			
	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	An activity the District operates similar to private business – Food Service and Internal Service	Instances in which the District is the trustee or agent to someone else’s resources – Student Activities Fund
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Net Position Statement of Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset/deferred outflow of resources/liability/deferred inflow of resources/information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**COATESVILLE AREA SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2025

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**OVERVIEW OF FINANCIAL STATEMENTS**

**Impact of GASB Statements No. 68, 71 and 75**

During the 2014-2015 year, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68." During the 2017-2018 fiscal year, the District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension and other postemployment benefit information reported by state and local governments (e.g., school districts).

The adoption of these statements has had, and will continue to have, a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension and OPEB plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the workforce.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments. Similarly, the net OPEB liability is the difference between the market value of OPEB fund assets and the actuarial present value of the projected retiree healthcare benefits as a specified measurement date.

While both the net pension liability and the net OPEB liability are significant to the District's financial statements, they are liabilities the District has limited control over. Over the last ten years, the PSERS employer contribution rate has risen significantly, from 8.65% in 2011-2012 to 33.90% in 2024-2025. These increases are expected to improve the plan's funding level, which will reduce the net pension liability in future years. This rate is anticipated to continue to increase to a level of over 36% in future years. In addition, the benefits paid by the District to eligible retirees for retiree healthcare benefits are governed by the collective bargaining agreements and contract in effect at the time of a given retiree's retirement; until these individuals receive their full benefits and future bargaining agreements and contracts are modified, the District will have very limited control over the value of its net OPEB liability.

**Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statements of net position include all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All the current year's revenue and expenditures are accounted for in the statement of activities regardless of when cash is received and paid.

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

**COATESVILLE AREA SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2025

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Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, readers should consider additional factors in conjunction with the information provided by the Commonwealth, increase in the required PSERS contribution rate, and the projected enrollment of students.

The government-wide statements of the District are divided into two categories:

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-Type Activities** - The District operates a food service operation and charges fees to staff and students to cover the cost of the food service operation.

**Fund Financial Statements**

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. Some funds are required by state law and by bond requirements.

- **Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or few financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- **Proprietary Funds** - These funds are used to account for District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, or where there is a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - the services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities report in the government-wide statements, but provides more detail and additional information, such as cash flows.
- **Fiduciary Funds** - The District is the trustee, or fiduciary, for the assets that belong to others, such as scholarship funds, custodial funds, or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- **Notes to the financial statements** - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

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

The following table presents condensed information for the Statement of Net Position of the District at June 30, 2025, and June 30, 2024:

**Table A-1**  
**STATEMENT OF NET POSITION**  
**Fiscal Years Ended June 30, 2025, and June 30, 2024**

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024, Restated*	2025	2024, Restated*	2025	2024, Restated*
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
Current and other assets*	\$ 184,629,036	\$ 145,688,285	\$ 4,408,566	\$ 3,645,103	\$ 189,037,602	\$ 149,333,388
Capital assets	<u>174,799,210</u>	<u>148,590,439</u>	<u>170,038</u>	<u>78,187</u>	<u>174,969,248</u>	<u>148,668,626</u>
<b>TOTAL ASSETS</b>	<b>359,428,246</b>	<b>294,278,724</b>	<b>4,578,604</b>	<b>3,723,290</b>	<b>364,006,850</b>	<b>298,002,014</b>
Deferred outflows of resources	<u>20,316,551</u>	<u>21,445,976</u>	<u>377,122</u>	<u>397,655</u>	<u>20,693,673</u>	<u>21,843,631</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ <u>379,744,797</u></b>	<b>\$ <u>315,724,700</u></b>	<b>\$ <u>4,955,726</u></b>	<b>\$ <u>4,120,945</u></b>	<b>\$ <u>384,700,523</u></b>	<b>\$ <u>319,845,645</u></b>
<b>LIABILITIES</b>						
Current liabilities	\$ 28,467,482	\$ 42,717,024	\$ 25,155	\$ 18,573	\$ 28,492,637	\$ 42,735,597
Long-term liabilities	<u>455,903,789</u>	<u>362,600,746</u> *	<u>2,378,397</u>	<u>2,481,422</u> *	<u>458,282,186</u>	<u>365,082,168</u>
<b>TOTAL LIABILITIES</b>	<b><u>484,371,271</u></b>	<b><u>405,317,770</u></b>	<b><u>2,403,552</u></b>	<b><u>2,499,995</u></b>	<b><u>486,774,823</u></b>	<b><u>407,817,765</u></b>
Deferred inflows of resources	<u>9,310,313</u>	<u>14,130,850</u>	<u>136,854</u>	<u>220,824</u>	<u>9,447,167</u>	<u>14,351,674</u>
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	(36,621,077)	(18,785,658)	170,038	78,187	(36,451,039)	(18,707,471)
Restricted	13,406,019	4,260,416	-	-	13,406,019	4,260,416
Unrestricted*	<u>(90,721,729)</u>	<u>(89,198,678)</u> *	<u>2,245,282</u>	<u>1,321,939</u> *	<u>(88,476,447)</u>	<u>(87,876,739)</u>
<b>NET POSITION (DEFICIT)</b>	<b><u>(113,936,787)</u></b>	<b><u>(103,723,920)</u></b>	<b><u>2,415,320</u></b>	<b><u>1,400,126</u></b>	<b><u>(111,521,467)</u></b>	<b><u>(102,323,794)</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b>	<b>\$ <u>379,744,797</u></b>	<b>\$ <u>315,724,700</u></b>	<b>\$ <u>4,955,726</u></b>	<b>\$ <u>4,120,945</u></b>	<b>\$ <u>384,700,523</u></b>	<b>\$ <u>319,845,645</u></b>

The District's net deficit totaled \$111,521,467 on June 30, 2025. This represents a \$9,197,673 decrease in overall net position (deficit) over prior year. The net investment in capital assets is net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The unrestricted net position includes the effect of the District's net pension and OPEB liabilities as required by GASB No. 68 and 75, respectively. Of the \$486,774,823 in total liabilities, \$121,979,914 or 25.06%, is related to these net pensions and OPEB liabilities.

During the current year, the District adopted GASB Statement No. 101, Compensated Absences. This statement has changed how certain types of compensated absences are recognized. The change in accounting principle is required to be applied retroactively in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections. The District has adjusted opening net position from \$(100,583,803) to \$(102,323,794) and compensated absences from \$2,104,462 to \$3,844,453. These changes have been reflected in the prior year amounts shown throughout this Management's Discussion and Analysis and noted with an asterisk (\*).

**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

**Statement of Activities**

The Statement of Activities shows the cost of program services, charges for services, and grants received offsetting those services.

**Table A-2**  
**STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2025 and June 30, 2024**

	June 30, 2025		June 30, 2024, Restated*	
	Total Services	Net Services	Total Services	Net Services
<b>PROGRAM EXPENSES</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 170,168,509	\$ 140,527,996	\$ 150,812,473 *	\$ 124,594,096
Instructional student support*	8,870,885	7,720,473	8,599,678 *	7,477,001
Administration	10,594,335	9,557,738	10,698,511 *	9,703,485
Maintenance	28,141,183	27,352,192	15,580,978 *	14,716,643
Pupil transportation	14,624,250	9,609,416	13,190,681 *	8,548,243
Student activities	1,960,155	1,248,819	1,960,931 *	1,326,534
Community services	211,954	187,891	149,262 *	135,336
Scholarships and awards	89,050	89,050	67,846	67,846
Interest and fiscal charges	10,825,079	8,813,322	9,621,495	7,516,942
<b>Total Governmental Activities</b>	<b>245,485,400</b>	<b>205,106,897</b>	<b>210,681,855</b>	<b>174,086,126</b>
<b>Business-Type Activities:</b>				
Food service	3,471,912	(831,577)	3,388,958 *	(889,604)
<b>Total Primary Government</b>	<b>\$ 248,957,312</b>	<b>\$ 204,275,320</b>	<b>\$ 214,070,813</b>	<b>\$ 173,196,522</b>

**Table A-3**  
**CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2025 and June 30, 2024**

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024, Restated*	2025	2024, Restated*	2025	2024, Restated*
<b>REVENUES</b>						
<b>Program services</b>						
Charges for services	\$ 800,386	\$ 803,088	\$ 136,519	\$ 110,882	\$ 936,905	\$ 913,970
Operating grants and contributions*	39,578,117	35,792,641	4,166,970	4,167,680	43,745,087	39,960,321
<b>General revenues</b>						
Property taxes	132,960,541	133,825,617	-	-	132,960,541	133,825,617
Other taxes	11,718,246	11,417,132	-	-	11,718,246	11,417,132
Grants, subsidies and contributions not restricted	42,351,021	40,929,976	-	-	42,351,021	40,929,976
Investment earnings	6,714,743	7,604,701	183,617	172,151	6,898,360	7,776,852
Other revenues	1,149,479	783,950	-	-	1,149,479	783,950
<b>TOTAL REVENUES</b>	<b>235,272,533</b>	<b>231,157,105</b>	<b>4,487,106</b>	<b>4,450,713</b>	<b>239,759,639</b>	<b>235,607,818</b>
<b>EXPENSES</b>						
Instruction	170,168,509	150,812,473 *	-	-	170,168,509	150,812,473
Instructional student support	8,870,885	8,599,678 *	-	-	8,870,885	8,599,678
Administrative and financial support	10,594,335	10,698,511 *	-	-	10,594,335	10,698,511
Operation and maintenance of plant services	28,141,183	15,580,978 *	-	-	28,141,183	15,580,978
Pupil transportation	14,624,250	13,190,681 *	-	-	14,624,250	13,190,681
Student activities	1,960,155	1,960,931 *	-	-	1,960,155	1,960,931
Community service	211,954	149,262 *	-	-	211,954	149,262
Scholarships and awards	89,050	67,846	-	-	89,050	67,846
Interest on long-term debt	10,825,079	9,621,495	-	-	10,825,079	9,621,495
Food services	-	-	3,471,912	3,388,958 *	3,471,912	3,388,958
<b>TOTAL EXPENSES</b>	<b>245,485,400</b>	<b>210,681,855</b>	<b>3,471,912</b>	<b>3,388,958</b>	<b>248,957,312</b>	<b>214,070,813</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (10,212,867)</b>	<b>\$ 20,475,250</b>	<b>\$ 1,015,194</b>	<b>\$ 1,061,755</b>	<b>\$ (9,197,673)</b>	<b>\$ 21,537,005</b>

**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

**Fund Balances**

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$157,580,971 which is an increase of \$36,612,273 from June 30, 2024.

**Table A-4**  
**GOVERNMENTAL FUND BALANCE**  
**For the Years Ended June 30, 2025 and June 30, 2024**

	June 30, 2025	June 30, 2024	Change
General Fund	\$ 23,749,238	\$ 33,322,224	\$ (9,572,986)
Capital Reserve Fund	860,751	822,901	37,850
Capital Projects Fund	132,970,982	84,823,573	48,147,409
<b>TOTAL</b>	<b>\$ 157,580,971</b>	<b>\$ 118,968,698</b>	<b>\$ 38,612,273</b>

**REVENUES**

General Fund revenues and other financing sources for 2024-2025, which totaled \$232,262,322 increased \$4,288,611 or 1.88% over prior year revenues.

Revenues from local sources primarily include real estate taxes levied by the District as well as earned income taxes and made up 65.42% of revenues for the District in fiscal year 2024-2025. The District experienced a 1.57% increase in real estate tax revenues compared to the prior year. The real estate tax millage rate for the 2024-2025 fiscal year is 42.864 mills. State subsidies represent 31.17% of total revenues, while federal revenues account for 3.40%. Revenue amounts for the 2024-2025 and 2023-2024 fiscal years are presented below:

**Table A-5**  
**GENERAL FUND REVENUE**  
**Fiscal Years 2024-2025 and 2023-2024**

	2024-2025		2023-2024		Increase (Decrease)	
	Revenue	% of Total	Revenue	% of Total	Revenue	% of Inc (Dec)
Local sources	\$ 151,941,041	65.42%	\$ 152,841,765	67.04%	\$ (900,724)	(0.59)%
State sources	72,399,560	31.17%	64,829,867	28.44%	7,569,693	11.68%
Federal sources	7,900,345	3.40%	10,302,066	4.52%	(2,401,721)	(23.31)%
Other financing sources	21,376	0.01%	13	0.00%	21,363	164330.77%
<b>TOTAL REVENUES</b>	<b>\$ 232,262,322</b>	<b>100.00%</b>	<b>\$ 227,973,711</b>	<b>100.00%</b>	<b>\$ 4,288,611</b>	<b>1.88%</b>

**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

**EXPENDITURES**

General Fund expenditures and net other financing uses for 2024-2025, which total \$241,835,308 increased \$24,052,869 from 2023-2024 expenditures. The most significant increase from prior year was in Other Purchased Services, which is where charter school tuition is coded.

Expenditures consisted of the following:

**Table A-6**  
**GENERAL FUND EXPENDITURES**  
**Fiscal Years 2024-2025 and 2023-2024**  
 Expenditures by Function

	2024-2025		2023-2024		Increase (Decrease)	
	Expenditures	% of Total	Expenditures	% of Total	Expenditures	% of Inc (Dec)
Instruction	\$ 171,957,984	71.11%	\$ 151,373,166	69.51%	\$ 20,584,818	13.60%
Supporting services	47,046,193	19.45%	43,232,590	19.85%	3,813,603	8.82%
Non-instructional services	2,604,693	1.08%	2,322,110	1.07%	282,583	12.17%
Facilities acquisition	-	0.00%	2,363,336	1.09%	(2,363,336)	(100.00)%
Debt service	20,226,438	8.36%	18,491,237	8.49%	1,735,201	9.38%
<b>TOTAL EXPENDITURES</b>	<b>\$ 241,835,308</b>	<b>100.00%</b>	<b>\$ 217,782,439</b>	<b>100.00%</b>	<b>\$ 24,052,869</b>	<b>11.04%</b>

**Expenditures by Object**

	2024-2025		2023-2024		Increase (Decrease)	
	Expenditures	% of Total	Expenditures	% of Total	Expenditures	% of Inc (Dec)
Salaries	\$ 44,983,603	18.60%	\$ 42,489,499	19.51%	\$ 2,494,104	5.87%
Fringe benefits	28,288,389	11.70%	26,888,390	12.35%	1,399,999	5.21%
Purchased and technical services	31,496,131	13.02%	26,757,048	12.29%	4,739,083	17.71%
Purchase property services	3,624,612	1.50%	3,451,037	1.58%	173,575	5.03%
Other purchased services	102,690,121	42.46%	90,196,468	41.42%	12,493,653	13.85%
Supplies	8,496,590	3.51%	5,688,318	2.61%	2,808,272	49.37%
Property	1,145,718	0.47%	3,062,721	1.41%	(1,917,003)	(62.59)%
Other objects	21,110,144	8.73%	19,248,958	8.84%	1,861,186	9.67%
<b>TOTAL EXPENDITURES</b>	<b>\$ 241,835,308</b>	<b>100.00%</b>	<b>\$ 217,782,439</b>	<b>100.00%</b>	<b>\$ 24,052,869</b>	<b>11.04%</b>

**THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major funds is stated within the Independent Auditors' Report. These funds are accounted for using the modified accrual basis of accounting.

**COATESVILLE AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED JUNE 30, 2025**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2024-2025, the School District has \$174,969,248 invested in land, buildings, and equipment, net of accumulated depreciation. Below is a summary of the capital assets.

	<u>2025</u>	<u>2024</u>
Land	\$ 2,812,500	\$ 2,812,500
Construction in progress	<u>3,304,885</u>	<u>3,304,885</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>6,117,385</u>	<u>6,117,385</u>
Land improvements	8,736,015	8,736,015
Buildings and building improvements	278,672,415	253,282,322
Furniture and equipment	<u>41,122,829</u>	<u>28,463,713</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	328,531,259	290,482,050
Accumulated depreciation	<u>(159,679,396)</u>	<u>(147,930,809)</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 174,969,248</u>	<u>\$ 148,668,626</u>

***Debt***

As of June 30, 2025, the School District had a total debt of \$324,301,062 in bonds and notes, net of any interest. Below is a summary of debt for the District's outstanding bond and note issues.

<u>Bonds/Notes Issued</u>	<u>Maturing Date</u>	<u>Outstanding Principal</u>
2017A	08/01/25	\$ 12,115,000
2018	06/15/28	5,240,000
2019	10/01/27	22,288,000
2020	10/01/31	56,749,000
2020A	10/01/38	41,060,000
2020B	10/01/34	11,105,000
2020C	10/01/33	5,040,000
2020D	10/01/34	20,190,000
2023	11/15/39	86,355,000
2025	11/15/43	<u>91,285,000</u>
		351,427,000
	Less unamortized discount	<u>(27,125,938)</u>
		<u>\$ 324,301,062</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2025

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**FOR THE FUTURE**

The District continues to experience significant cost pressures related to charter school enrollment. In 2023–2024, charter school enrollment totaled 2,920 students, with charter school tuition costs of \$68.6 million, representing 31.5% of the District's total expenditures. In 2024–2025, enrollment increased to 2,997 students, and charter school tuition rose to \$74.6 million, accounting for 30.9% of total spending. For 2025–2026, charter school enrollment is projected to decline to 2,909 students; however, charter school tuition is budgeted to increase further to \$75.0 million. Even when charter school enrollment decreases, per-pupil tuition rates continue to rise, and the District does not receive sufficient state funding to fully offset these costs. In addition, the District continues to face rising special education expenditures and pension costs, challenges that are expected to persist into the 2025–2026 fiscal year.

The employer pension contribution rate, which has been a major cost driver for school districts statewide, has recently shown signs of stabilization after significant increases over the past decade. The rate rose sharply from 5.64% of payroll in 2010–2011 to 35.26% in 2022–2023. It subsequently declined to 34.00% in 2023–2024 and 33.90% in 2024–2025. However, the rate is scheduled to increase again to 34.00% of payroll in 2025–2026. Pension contribution rates are determined by external factors and are non-discretionary costs that cannot be controlled by the District.

Act 1 of 2006 limits the District's ability to increase its budget to an annually established index unless specific exceptions are approved by the Pennsylvania Department of Education. The Act 1 Index for the 2025–2026 fiscal year is 5.1%. This limitation may make it difficult to balance the 2025–2026 budget if charter school, special education, and pension costs continue to rise. The District remains committed to identifying cost-containment opportunities in order to preserve the strength and stability of its fund balance.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Coatesville Area School District, 3030 C. G. Zinn Road, Thorndale, PA 19372.

# COATESVILLE AREA SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 76,515,183	\$ 4,604,652	\$ 81,119,835
Restricted cash	12,545,268	-	12,545,268
Investments	79,169,300	-	79,169,300
Pledged taxes receivable	8,629,735	-	8,629,735
Internal balances	301,026	(301,026)	-
Due from other governments	6,987,316	67,074	7,054,390
Other receivables	146,319	-	146,319
Prepaid expenses	33,889	-	33,889
Inventories	-	37,866	37,866
Other assets	301,000	-	301,000
Capital assets			
Land	2,812,500	-	2,812,500
Construction in progress	3,304,885	-	3,304,885
Land improvements	8,736,015	-	8,736,015
Buildings and building improvements	278,672,415	-	278,672,415
Furniture and equipment	39,330,016	1,792,813	41,122,829
Accumulated depreciation	(158,056,621)	(1,622,775)	(159,679,396)
<b>TOTAL ASSETS</b>	<b>359,428,246</b>	<b>4,578,604</b>	<b>364,006,850</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts on refunding	617,031	-	617,031
Deferred outflows of resources, pension activity	18,359,000	357,000	18,716,000
Deferred outflows of resources, OPEB activity	1,340,520	20,122	1,360,642
<b>TOTAL DEFERRED OUTFLOWS         OF RESOURCES</b>	<b>20,316,551</b>	<b>377,122</b>	<b>20,693,673</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	10,325,773	4,352	10,330,125
Accrued salaries and benefits	9,585,133	1,085	9,586,218
Accrued interest	1,936,177	-	1,936,177
Unearned revenues	6,620,399	19,718	6,640,117
Long-term liabilities			
Portion due or payable within one year			
General obligation debt, net	15,678,469	-	15,678,469
Compensated absences	2,077,719	50,264	2,127,983
Portion due or payable after one year			
General obligation debt, net	316,784,563	-	316,784,563
Net pension liability	111,135,000	2,166,000	113,301,000
Net OPEB liability	8,557,202	121,712	8,678,914
Compensated absences	1,670,836	40,421	1,711,257
<b>TOTAL LIABILITIES</b>	<b>484,371,271</b>	<b>2,403,552</b>	<b>486,774,823</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension activity	4,374,000	84,000	4,458,000
Deferred inflows of resources, OPEB activity	4,936,313	52,854	4,989,167
<b>TOTAL DEFERRED INFLOWS         OF RESOURCES</b>	<b>9,310,313</b>	<b>136,854</b>	<b>9,447,167</b>
<b>NET POSITION</b>			
Net investment in capital assets	(36,621,077)	170,038	(36,451,039)
Restricted for capital projects	13,406,019	-	13,406,019
Unrestricted	(90,721,729)	2,245,282	(88,476,447)
<b>TOTAL NET POSITION</b>	<b>\$ (113,936,787)</b>	<b>\$ 2,415,320</b>	<b>\$ (111,521,467)</b>

See accompanying notes to the basic financial statements.

**COATESVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>GOVERNMENTAL ACTIVITIES</b>							
Instruction	\$ 170,168,509	\$ 306,481	\$ 29,334,032	\$ -	\$ (140,527,996)	\$ -	\$ (140,527,996)
Instructional student support	8,870,885	-	1,150,412	-	(7,720,473)	-	(7,720,473)
Administrative and financial support services	10,594,335	-	1,036,597	-	(9,557,738)	-	(9,557,738)
Operation and maintenance of plant services	28,141,183	-	788,991	-	(27,352,192)	-	(27,352,192)
Pupil transportation	14,624,250	-	5,014,834	-	(9,609,416)	-	(9,609,416)
Student activities	1,960,155	493,905	217,431	-	(1,248,819)	-	(1,248,819)
Community services	211,954	-	24,063	-	(187,891)	-	(187,891)
Scholarships and awards	89,050	-	-	-	(89,050)	-	(89,050)
Interest on long-term debt	10,825,079	-	2,011,757	-	(8,813,322)	-	(8,813,322)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>245,485,400</b>	<b>800,386</b>	<b>39,578,117</b>	<b>-</b>	<b>(205,106,897)</b>	<b>-</b>	<b>(205,106,897)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Food service	3,471,912	136,519	4,166,970	-	-	831,577	831,577
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>3,471,912</b>	<b>136,519</b>	<b>4,166,970</b>	<b>-</b>	<b>-</b>	<b>831,577</b>	<b>831,577</b>
<b>TOTAL SCHOOL DISTRICT ACTIVITIES</b>	<b>\$ 248,957,312</b>	<b>\$ 936,905</b>	<b>\$ 43,745,087</b>	<b>\$ -</b>	<b>(205,106,897)</b>	<b>831,577</b>	<b>(204,275,320)</b>
<b>GENERAL REVENUES</b>							
Property taxes, levied for general purposes					132,960,541	-	132,960,541
Taxes levied for specific purposes					11,718,246	-	11,718,246
Grants and entitlements not restricted to specific programs					42,351,021	-	42,351,021
Interest					6,714,743	183,617	6,898,360
Gain on sale of capital assets					21,376	-	21,376
Miscellaneous					1,128,103	-	1,128,103
<b>TOTAL GENERAL REVENUES</b>					<b>194,894,030</b>	<b>183,617</b>	<b>195,077,647</b>
<b>CHANGE IN NET POSITION</b>					<b>(10,212,867)</b>	<b>1,015,194</b>	<b>(9,197,673)</b>
<b>NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>					<b>(102,013,330)</b>	<b>1,429,527</b>	<b>(100,583,803)</b>
<b>RESTATEMENT - ADOPTION OF GASB 101</b>					<b>(1,710,590)</b>	<b>(29,401)</b>	<b>(1,739,991)</b>
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>					<b>(103,723,920)</b>	<b>1,400,126</b>	<b>(102,323,794)</b>
<b>NET POSITION AT END OF YEAR</b>					<b>\$ (113,936,787)</b>	<b>\$ 2,415,320</b>	<b>\$ (111,521,467)</b>

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See accompanying notes to the basic financial statements.

**COATESVILLE AREA SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	General Fund	Capital Reserve Fund	Capital Projects Fund	(Nonmajor) Coatesville Area School District Building Authority	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 28,227,038	\$ 860,751	\$ 47,427,394	\$ -	\$ 76,515,183
Restricted cash	-	-	12,545,268	-	12,545,268
Investments	-	-	79,169,300	-	79,169,300
Taxes receivable	8,629,735	-	-	-	8,629,735
Due from other funds	1,111,255	-	-	-	1,111,255
Due from other governments	6,987,316	-	-	-	6,987,316
Other receivables	146,319	-	-	-	146,319
Prepaid items	33,889	-	-	-	33,889
Other assets	301,000	-	-	-	301,000
<b>TOTAL ASSETS</b>	<b>\$ 45,436,552</b>	<b>\$ 860,751</b>	<b>\$ 139,141,962</b>	<b>\$ -</b>	<b>\$ 185,439,265</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 4,965,022	\$ -	\$ 5,360,751	\$ -	\$ 10,325,773
Due to other funds	-	-	810,229	-	810,229
Accrued salaries and benefits	9,585,133	-	-	-	9,585,133
Unearned revenue	6,620,399	-	-	-	6,620,399
<b>TOTAL LIABILITIES</b>	<b>21,170,554</b>	<b>-</b>	<b>6,170,980</b>	<b>-</b>	<b>27,341,534</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue					
Property taxes	516,760	-	-	-	516,760
<b>FUND BALANCES</b>					
Nonspendable, prepaid expenses	33,889	-	-	-	33,889
Restricted, capital projects	-	860,751	132,970,982	-	133,831,733
Assigned, future debt use	10,325,000	-	-	-	10,325,000
Unassigned	13,390,349	-	-	-	13,390,349
<b>TOTAL FUND BALANCES</b>	<b>23,749,238</b>	<b>860,751</b>	<b>132,970,982</b>	<b>-</b>	<b>157,580,971</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 45,436,552</b>	<b>\$ 860,751</b>	<b>\$ 139,141,962</b>	<b>\$ -</b>	<b>\$ 185,439,265</b>

*See accompanying notes to the basic financial statements.*

# COATESVILLE AREA SCHOOL DISTRICT

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2025

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 157,580,971
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	2,812,500
Construction in progress	3,304,885
Land improvements	8,736,015
Buildings and building improvements	278,672,415
Furniture and equipment	39,330,016
Accumulated depreciation	(158,056,621)
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amounts on refunding	617,031
<p>Deferred outflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.</p>	
	19,699,520
<p>Deferred inflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.</p>	
	(9,310,313)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(1,936,177)
General obligation debt, net	(332,463,032)
Compensated absences	(3,748,555)
Net pension liability	(111,135,000)
Net OPEB liability	(8,557,202)
<p>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 deferred in the funds.</p>	
	<u>516,760</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (113,936,787)</u>

*See accompanying notes to the basic financial statements.*

**COATESVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	General Fund	Capital Reserve Fund	Capital Projects Fund	(Nonmajor) Coatesville Area School District Building Authority	Total Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 151,941,041	\$ 37,850	\$ 3,515,058	\$ 301,500	\$ 155,795,449
State sources	72,399,560	-	-	-	72,399,560
Federal sources	7,900,345	-	-	-	7,900,345
<b>TOTAL REVENUES</b>	<b>232,240,946</b>	<b>37,850</b>	<b>3,515,058</b>	<b>301,500</b>	<b>236,095,354</b>
<b>EXPENDITURES</b>					
Instruction	171,957,984	-	-	-	171,957,984
Support services	47,046,193	-	1,871,570	-	48,917,763
Operation of non-instructional services	2,604,693	-	-	-	2,604,693
Facilities acquisition, construction and improvement services	-	-	47,400,021	-	47,400,021
Debt service	20,226,438	-	1,810,000	301,500	22,337,938
<b>TOTAL EXPENDITURES</b>	<b>241,835,308</b>	<b>-</b>	<b>51,081,591</b>	<b>301,500</b>	<b>293,218,399</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(9,594,362)</b>	<b>37,850</b>	<b>(47,566,533)</b>	<b>-</b>	<b>(57,123,045)</b>
<b>OTHER FINANCING SOURCES</b>					
General obligation bonds issued	-	-	91,285,000	-	91,285,000
Bond premium	-	-	4,428,942	-	4,428,942
Proceeds from sale of capital assets	21,376	-	-	-	21,376
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>21,376</b>	<b>-</b>	<b>95,713,942</b>	<b>-</b>	<b>95,735,318</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,572,986)</b>	<b>37,850</b>	<b>48,147,409</b>	<b>-</b>	<b>38,612,273</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>33,322,224</b>	<b>822,901</b>	<b>84,823,573</b>	<b>-</b>	<b>118,968,698</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 23,749,238</b>	<b>\$ 860,751</b>	<b>\$ 132,970,982</b>	<b>\$ -</b>	<b>\$ 157,580,971</b>

*See accompanying notes to the basic financial statements.*

# COATESVILLE AREA SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 38,612,273
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. This is the amount by which capital outlay exceeds depreciation in the current period.	26,208,771
Deferred charges are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term lives of debt instruments as amortization expense.	(58,336)
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. Also, Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(83,025,511)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:	
Accrued interest not reflected in Governmental Funds	(236,664)
Pension and OPEB plan expense	8,433,676
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).	(4,379)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable property tax revenues decreased by this amount this year.	<u>(142,697)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (10,212,867)</u>

*See accompanying notes to the basic financial statements.*

**COATESVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2025**

	Enterprise Fund
	<u>Food Service Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 4,604,652
Due from other governments	67,074
Inventories	37,866
TOTAL CURRENT ASSETS	<u>4,709,592</u>
<b>CAPITAL ASSETS</b>	
Furniture and equipment	1,792,813
Accumulated depreciation	(1,622,775)
TOTAL CAPITAL ASSETS	<u>170,038</u>
TOTAL ASSETS	<u>4,879,630</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources, pension activity	357,000
Deferred outflows of resources, OPEB activity	20,122
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>377,122</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued liabilities	5,437
Compensated absences	50,264
Due to other funds	301,026
Unearned revenue	19,718
TOTAL CURRENT LIABILITIES	<u>376,445</u>
<b>NONCURRENT LIABILITIES</b>	
Compensated absences	40,421
Net pension liability	2,166,000
Net OPEB liability	121,712
TOTAL NONCURRENT LIABILITIES	<u>2,328,133</u>
TOTAL LIABILITIES	<u>2,704,578</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resource, pension activity	84,000
Deferred inflows of resource, OPEB activity	52,854
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>136,854</u>
<b>NET POSITION</b>	
Net investment in capital assets	170,038
Unrestricted	2,245,282
TOTAL NET POSITION	<u>\$ 2,415,320</u>

*See accompanying notes to the basic financial statements.*

**COATESVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2025**

	Enterprise Fund
	<u>Food Service Fund</u>
OPERATING REVENUES	
Charges for services	\$ <u>136,519</u>
OPERATING EXPENSES	
Salaries	965,521
Employee benefits	378,181
Purchased professional and technical services	9,855
Purchased property services	40,625
Other purchased services	1,067
Supplies	2,050,226
Depreciation	23,777
Other operating expenses	2,660
TOTAL OPERATING EXPENSES	<u>3,471,912</u>
OPERATING LOSS	<u>(3,335,393)</u>
NONOPERATING REVENUES	
Interest	183,617
State sources	338,796
Federal sources	3,828,174
TOTAL NONOPERATING REVENUES	<u>4,350,587</u>
CHANGE IN NET POSITION	1,015,194
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	1,429,527
RESTATEMENT - ADOPTION OF GASB 101	(29,401)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	<u>1,400,126</u>
NET POSITION AT END OF YEAR	\$ <u>2,415,320</u>

*See accompanying notes to the basic financial statements.*

# COATESVILLE AREA SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

	Enterprise Fund
	<u>Food Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 136,519
Payments to employees	(1,510,164)
Payments to suppliers	(1,915,475)
NET CASH USED BY OPERATING ACTIVITIES	<u>(3,289,120)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal sources	3,828,401
State sources	339,392
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>4,167,793</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition, construction and improvements of capital assets	<u>(115,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	<u>183,617</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	946,662
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>3,657,990</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,604,652</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (3,335,393)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	23,777
Pension expense	(149,398)
OPEB expense	(7,472)
Increase in	
Inventories	(8,103)
Increase (decrease) in	
Accounts payable and accrued liabilities	2,621
Compensated absences	(9,592)
Due to other funds	194,440
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (3,289,120)</u>
<b>SUPPLEMENTAL DISCLOSURES</b>	
Noncash activities	
Donated commodities	\$ 261,733

See accompanying notes to the basic financial statements.

**COATESVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2025**

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund Student Activity Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ <u>179,078</u>	\$ <u>96,356</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,035	\$ 8,868
<b>NET POSITION</b>		
Restricted for custodial purposes	-	87,488
Restricted for other purposes	<u>178,043</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u>179,078</u></b>	<b>\$ <u>96,356</u></b>

*See accompanying notes to the basic financial statements.*

**COATESVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	Private Purpose Trust Fund	Custodial Fund Student Activity Funds
<b>ADDITIONS</b>		
Gifts and contributions	\$ -	\$ 116,469
Interest	8,147	4,938
<b>TOTAL ADDITIONS</b>	<u>8,147</u>	<u>121,407</u>
<b>DEDUCTIONS</b>		
Scholarships awarded	6,200	-
Student activities	-	142,274
<b>TOTAL DEDUCTIONS</b>	<u>6,200</u>	<u>142,274</u>
<b>CHANGE IN NET POSITION</b>	1,947	(20,867)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>176,096</u>	<u>108,355</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 178,043</u>	<u>\$ 87,488</u>

*See accompanying notes to the basic financial statements.*

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Coatesville Area School District (the "District") operates five elementary schools, two middle schools, one intermediate high school and one senior high school to provide education and related services to the residents of the City of Coatesville, two boroughs (South Coatesville and Modena) and six townships (Caln, East Fallowfield, Sadsbury, Valley, West Brandywine and West Caln). The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government.

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

**Reporting Entity**

The accompanying financial statements present the activities of the Coatesville Area School District and its component units, entities for which the District is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The District is not a component unit of another reporting entity. The Coatesville Area School District Building Authority (the "Authority") and the Coatesville Community Education Foundation (the "Foundation") are considered to be blended component units because of their operational and financial relationship with the District as explained below.

**Blended Component Units**

The Authority was formed under the Municipal Authorities Act of 1945, as amended, and was incorporated in the Commonwealth of Pennsylvania on March 27, 2018 for the purpose acquiring, holding, constructing, improving, maintaining, and operating, owning or leasing, public school buildings and other school projects acquired, constructed or improved for public school purposes. The Authority is governed by a five-member board, which is appointed by the School Board. Although it is legally separate from the District, the Authority is reported as if it were part of the primary government because it conducts business solely with the District through a sale-leaseback agreement related to a public school building in the District. Financial information from the Authority for the year ended June 30, 2025, is combined in the accompanying financial statements by including financial information from the Authority as a special revenue fund in the District's governmental funds.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Foundation was incorporated in the Commonwealth of Pennsylvania on March 9, 2020 for the purpose of promoting innovative and supplemental educations programs for the benefit of students and residents of the Coatesville Area School District. The Foundation is governed by a three-member board, which is appointed by the School Board. Although it is legally separate from the District, the Foundation is reported as if it were part of the primary government because it provides services and benefits exclusively to the District. As of June 30, 2025, there was no financial activity for the Foundation.

**Joint Ventures**

The District is a participating member of the Center for Arts and Technology (the "Vo-Tech"). The Vo-Tech is run by a joint board consisting of school directors from each member district. The Board of Directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of the debt and operating costs of the Vo-Tech based on the number of students from each district. For fiscal year ended June 30, 2025, the District's share of operating costs was \$3,672,064. The Vo-Tech prepares financial statements which are available to the public. The financial statements of the Vo-Tech are available from the Chester County Intermediate Unit located at 455 Boot Road, Downingtown, PA 19335.

**Basis of Presentation and Accounting**

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the primary financial activities of the District, except for Fiduciary Funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under Proprietary Funds below. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Therefore, Governmental Funds financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of Governmental Funds.

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The government-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from Special Revenue and Capital Projects Funds. Unrestricted net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

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

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

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

The *Capital Projects Fund* and the *Capital Reserve Fund* are major funds used to account for the acquisition, construction and renovation of major capital facilities.

While the Authority is not a major governmental fund, its activity is shown in a separate column in the governmental funds financial statements.

**Revenue Recognition** - In applying the “susceptible to accrual concept” under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

**Expenditure Recognition** - The measurement focus of Governmental Funds accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when payment is due. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the Governmental Funds.

**Proprietary Fund** - The Proprietary Fund is accounted for using the accrual basis of accounting. This fund accounts for operations that are financed primarily by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

This fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing end delivering goods in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the District's Proprietary Fund are food service charges. Operating expenses for the District's Enterprise Fund include payroll, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fiduciary Funds** - Fiduciary Funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a Private Purpose Trust and Custodial Fund. The Private Purpose Trust Fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The Custodial Fund accounts for funds held on behalf of students of the District. The measurement focus and basis of accounting for the Private Purpose Trust and Custodial Fund is the same as for Proprietary Fund.

**Use of Estimates**

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at June 30, 2025, was in excess of the minimum requirements just described.

**Restricted Cash**

Included in the cash balance at June 30, 2025 is \$12,545,268 of cash restricted for future interest payments on the current year bond issuance.

**Receivables and Payables**

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

**Property Taxes**

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

Discount period, 2% of gross levy .....	July 1 to August 31
Face period .....	September 1 to October 31
Penalty period, 10% of gross levy .....	November 1 to collection
Lien date .....	January 15

Assessed valuations of property are determined by the Chester County Board of Assessments. The District's taxes are billed and collected by a third-party administrator. The tax on real estate for public school purposes for fiscal 2024-2025 was 42.8640 mills (\$4.28640 for \$100 of assessed valuation) for the entire District.

**Prepaid Items and Inventories**

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

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide and Proprietary Fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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, inclusive of ancillary costs.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	15-40
Land improvements	15-40
Furniture and equipment	5-10

**Compensated Absences**

District policies permit employees to accumulate earned but unused vacation, personal and sick days as stipulated in each bargaining unit's contract. The liability for these compensated absences is recorded as a long-term liability in the government-wide financial statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, Governmental Funds report only the compensated absence liability payable from expendable available financial resources.

The District implemented GASB Statement No. 101, Compensated Absences, effective July 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

See Note N for more information regarding the impact of the adoption of GASB 101 on the financial statements.

**Long-Term Obligations**

In the government-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 amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method.

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

**Deferred Inflows and Deferred Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. The first item, deferred amounts on refunding, is reported in the government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources for pension activities is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow related to pension activity is the result of the net difference between projected and actual investment earnings, changes in proportions, and actual contributions subsequent to the measurement date. The deferred outflow of resources for OPEB activities is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow related to OPEB activity is the result of the net difference between projected and actual investment earnings, changes in assumptions, the difference between expected and actual experience, changes in proportions, and contributions subsequent to the measurement date.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The deferred inflow related to pension activity is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow related to the pension activity is the result of changes in proportions and the difference between expected and actual experience. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources for OPEB activities is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow related to OPEB activity is the result of changes in proportions, changes in assumptions, and differences between expected and actual experience.

**Fund Balance**

The District previously implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- ***Committed*** - Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (resolution by the Board of School Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.
- ***Assigned*** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of School Directors or by an official or body to which the Board of School Directors delegates the authority. The Board has not delegated the authority to assign amounts to be used for a specific purpose.
- ***Unassigned*** - All amounts not included in other spendable classifications.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The details of the fund balances are included in the Governmental Funds balance sheet (page 20). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School Directors. The District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

**Budgetary Information**

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

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

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE C - CASH AND INVESTMENTS**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. At June 30, 2025, the carrying amount of the District’s deposits was \$93,940,537 and the bank balance was \$97,068,771. Cash deposits in the amount of \$97,068,771 are uninsured and uncollateralized, and are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2025, PSDLAF was rated as AAAM by Standard and Poor’s.

**Investments**

As of June 30, 2025, the District held the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Amortized Cost</u>
State investment pools	Less than one year	\$ <u>79,169,300</u>

The District’s investment is in the PSDLAF programs, all of which are funds invested in collateralized CD pools and uncollateralized certificates of deposit. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer’s investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at June 30, 2025, is \$79,169,300.

Investments held with qualifying external state investment pools bank balances are valued at amortized cost in accordance with GASB Statement No. 79.

**Fair Value Measurement**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The School District did not have any recurring fair value measurements as of June 30, 2025.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE D - CAPITAL ASSETS**

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,812,500	\$ -	\$ -	\$ 2,812,500
Construction in progress	3,304,885	-	-	3,304,885
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>6,117,385</b>	<b>-</b>	<b>-</b>	<b>6,117,385</b>
Capital assets being depreciated				
Land improvements	8,736,015	-	-	8,736,015
Buildings and building improvements	253,282,322	25,390,093	-	278,672,415
Furniture and equipment	26,786,528	12,543,488	-	39,330,016
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>288,804,865</b>	<b>37,933,581</b>	<b>-</b>	<b>326,738,446</b>
Accumulated depreciation				
Land improvements	(7,416,250)	(58,049)	-	(7,474,299)
Buildings and building improvements	(122,095,164)	(9,381,573)	-	(131,476,737)
Furniture and equipment	(16,820,397)	(2,285,188)	-	(19,105,585)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(146,331,811)</b>	<b>(11,724,810)</b>	<b>-</b>	<b>(158,056,621)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>142,473,054</b>	<b>26,208,771</b>	<b>-</b>	<b>168,681,825</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<b>148,590,439</b>	<b>26,208,771</b>	<b>-</b>	<b>174,799,210</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated				
Furniture and equipment	1,677,185	115,628	-	1,792,813
Accumulated depreciation	(1,598,998)	(23,777)	-	(1,622,775)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net</b>	<b>78,187</b>	<b>91,851</b>	<b>-</b>	<b>170,038</b>
<b>CAPITAL ASSETS, net</b>	<b>\$ 148,668,626</b>	<b>\$ 26,300,622</b>	<b>\$ -</b>	<b>\$ 174,969,248</b>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE D - CAPITAL ASSETS (Continued)**

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

<b>GOVERNMENTAL ACTIVITIES</b>		
Instruction		\$ 4,103,685
Operation and maintenance of plant service		234,496
Student transportation services		1,172,480
Central and other support services		234,496
Facilities and construction		<u>5,979,653</u>
TOTAL DEPRECIATION EXPENSE, GOVERNMENTAL ACTIVITIES		<u>\$ 11,724,810</u>

**NOTE E - INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS**

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,111,255	\$ -
Capital Reserve Fund	-	810,229
Food Service Fund	<u>-</u>	<u>301,026</u>
	<u>\$ 1,111,255</u>	<u>\$ 1,111,255</u>

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.

During the year transfers occur when one fund incurs expenses on behalf of another fund. There were no transfers between funds for the year ended June 30, 2025.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE F - GENERAL LONG-TERM DEBT**

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

	Balance July 1, 2024	Additions	Accretion	Reductions	Balance June 30, 2025	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>						
General obligation bonds	\$ 149,027,785	\$ 91,285,000	\$ 1,317,155	\$ (13,105,000)	\$ 228,524,940	\$ 13,780,000
General obligation notes	97,995,277	-	748,435	(902,000)	97,841,712	930,000
Premium on bonds payable	2,414,460	4,428,943	-	(747,023)	6,096,380	968,469
Accumulated compensated absences	3,744,176	4,379	-	-	3,748,555	2,077,719
Net pension liability	115,940,000	-	-	(4,805,000)	111,135,000	-
Other postemployment benefits	8,436,429	120,773	-	-	8,557,202	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 377,558,127</b>	<b>\$ 95,839,095</b>	<b>\$ 2,065,590</b>	<b>\$ (19,559,023)</b>	<b>\$ 455,903,789</b>	<b>\$ 17,756,188</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Accumulated compensated absences	\$ 100,277	\$ -	\$ -	\$ (9,592)	\$ 90,685	\$ 50,264
Net pension liability	2,260,000	-	-	(94,000)	2,166,000	-
Other postemployment benefits	121,145	567	-	-	121,712	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 2,481,422</b>	<b>\$ 567</b>	<b>\$ -</b>	<b>\$ (103,592)</b>	<b>\$ 2,378,397</b>	<b>\$ 50,264</b>

Changes in compensated absences are reported on a net basis and represent the difference between leave earned and leave used during the fiscal year.

General obligation debt, net, consists of the following:

General obligation debt, at face	\$ 326,366,652
General obligation debt premiums/(discounts), net	<u>6,096,380</u>
<b>TOTAL GENERAL OBLIGATION DEBT, net</b>	<b>\$ <u>332,463,032</u></b>

Payments of long-term debt from bonds and notes payable are to be funded by the General Fund and the Capital Projects Fund, while long-term debt from compensated absences is paid out of the fund from which the liability was incurred.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE F - GENERAL LONG-TERM DEBT (Continued)**

General Obligation Bonds are as follows:

Series A of 2017, maturing August 2025, bearing interest ranging from 2.00% to 5.00%, interest payable semiannually on February 1 and August 1	\$ 12,115,000
Guaranteed School Lease Revenue Bonds, Series of 2018, maturing June 2028, bearing interest ranging from 2.50% to 5.00%, interest payable semiannually on June 1 and December 1	5,240,000
Series of 2020A, maturing October 2038, bearing interest at 3.98-4.14%, interest payable annually on October 1 beginning in 2034	41,060,000
Series of 2020B, maturing October 2034, bearing interest at 3.95-3.98%, interest payable annually on October 1 beginning in 2033	11,105,000
Series of 2023, maturing November 2039, bearing interest at 4.25-5.25%, interest payable semiannually on November 15 and May 15	86,355,000
Series of 2025, maturing November 2043, bearing interest at 5.25%, interest payable semiannually on November 15 and May 15	<u>91,285,000</u>
TOTAL GENERAL OBLIGATION BONDS	247,160,000
Less unamortized discount on zero coupon bonds	
(Series A of 2020)	(16,363,798)
(Series B of 2020)	<u>(3,588,417)</u>
TOTAL GENERAL OBLIGATION BONDS, AT 6/30/2025	<u>\$ 227,207,785</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE F - GENERAL LONG-TERM DEBT (Continued)**

General Obligation Notes are as follows:

Series of 2019, maturing October 2027, bearing interest at 3.95%, interest payable semiannually on October 1 and April 1	\$ 22,288,000
Series of 2020, maturing October 2031, bearing interest at 2.974%, interest payable semiannually on October 1 and April 1	56,749,000
Series of 2020C, maturing October 2033, bearing interest at 3.95%, interest payable annually on October 1 beginning in 2033	5,040,000
Series of 2020D, maturing October 2034, bearing interest at 3.95- 4.27%, interest payable annually on October 1	<u>20,190,000</u>
TOTAL GENERAL OBLIGATION NOTES	104,267,000
Less unamortized discount on zero coupon bonds	
(Series C of 2020)	(1,530,558)
(Series D of 2020)	<u>(5,643,165)</u>
TOTAL GENERAL OBLIGATION NOTES, AT 6/30/2025	<u><u>\$ 97,093,277</u></u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE F - GENERAL LONG-TERM DEBT (Continued)**

Presented below is a summary of debt service requirements to maturity by years:

Year Ending June 30,	Principal	Interest	Totals
2026	\$ 14,710,000	\$ 11,690,463	\$ 26,400,463
2027	15,788,000	11,453,491	27,241,491
2028	17,042,000	10,821,114	27,863,114
2029	15,713,000	10,272,175	25,985,175
2030	16,188,000	9,797,741	25,985,741
2031-2035	87,591,000	42,324,287	129,915,287
2036-2040	99,380,000	30,524,469	129,904,469
2041-2044	85,015,000	8,408,006	93,423,006
	351,427,000	135,291,746	486,718,746
Unamortized discount	(27,125,938)	-	(27,125,938)
	<u>\$ 324,301,062</u>	<u>\$ 135,291,746</u>	<u>\$ 459,592,808</u>

In June 2025, the District issued General Obligation Bonds, Series of 2025 in the amount of \$91,3285,000 for the purpose of (1) funding capital projects consisting of (i) building renovations at Reeceville Elementary School, Kings Highway Elementary School, North Brandywine Middle School and Scott Middle School including upgrades to the main building mechanical, electrical, and plumbing infrastructure, a comprehensive renovation of the classrooms/learning spaces and the complete design and construction of a new Elementary School, and (ii) other various capital projects of the School District; (2) funding a portion of capital interest on the bonds through and including May 15, 2028; and (3) pay the costs of issuing and insuring the Bonds.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE G - PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information About the Pension Plan**

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE G - PENSION PLAN (Continued)**

**Benefits Provided** - PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service. Benefits are generally between to 1% to 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE G - PENSION PLAN (Continued)**

***Contributions***

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

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

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

**Employer Contributions**

The School District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were \$14,992,000 for the year ended June 30, 2025.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE G - PENSION PLAN (Continued)**

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

At June 30, 2025, the School District reported a liability of \$113,301,000 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 contributions as it relates to the total one-year reported contributions. At June 30, 2025, the School District's proportion was 0.2707% which was a decrease of 0.0050% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$7,175,602. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ -	\$ 1,748,000
Net difference between projected and actual investment earnings	1,839,000	-
Changes in proportions	1,814,000	2,626,000
Contributions subsequent to the measurement date	<u>14,706,000</u>	<u>-</u>
	<u>\$ 18,359,000</u>	<u>\$ 4,374,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Difference between expected and actual experience	\$ -	\$ 33,000
Net difference between projected and actual investment earnings	36,000	-
Changes in proportions	35,000	51,000
Contributions subsequent to the measurement date	<u>286,000</u>	<u>-</u>
	<u>\$ 357,000</u>	<u>\$ 84,000</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE G - PENSION PLAN (Continued)**

\$14,992,000 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the new pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2026	\$ (3,506,000)	\$ (68,000)
2027	2,139,000	42,000
2028	1,019,000	20,000
2029	<u>(373,000)</u>	<u>(7,000)</u>
	<u>\$ (721,000)</u>	<u>\$ (13,000)</u>

**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:

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE G - PENSION PLAN (Continued)**

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE G - PENSION PLAN (Continued)**

***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	\$ <u>149,252,000</u>	\$ <u>113,301,000</u>	\$ <u>82,943,000</u>

***Pension Plan Fiduciary Net Position*** - Detailed information about PSERS's 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](http://www.psers.pa.gov).

**NOTE H - SELF-INSURANCE**

The District administers a self-insurance program to provide for the medical care for eligible employees and their dependents. Benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a liability for claims incurred through June 30, 2025.

**Change in Aggregate Claims Liabilities**

Change in aggregate claims liabilities for the year ended June 30, 2025, consisted of the following:

CLAIMS LIABILITY, BEGINNING OF YEAR	\$ 2,893,884
Current year claims and changes in estimates	10,631,698
Claim payments by the District	<u>(10,387,751)</u>
CLAIMS LIABILITY, END OF YEAR	<u>\$ 3,137,831</u>

The liability is included in accrued salaries and benefits in the financial statements. Self-Insurance benefits also are offered to retired District employees according to the provisions set forth in each bargaining unit's ERIP agreement. Currently, 29 retirees are eligible for benefits, which are financed on a pay-as-you-go basis. The total amount of benefits paid was \$1,095,664 for the year ended June 30, 2025.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE I - COMMITMENTS AND CONTINGENCIES**

**Government Grants and Awards**

The 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 District is potentially liable for any expenditures 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.

**Litigation**

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

**Tax Increment Financing Plan and Cooperation Agreement**

On July 18, 2005, the Board of School Directors of the District adopted a Resolution approving a Tax Increment Financing (TIF) Plan for the Hotel-Office Complex Project to construct a hotel and four office buildings at the intersection of Route 82 and the Route 30 Bypass in Coatesville, Pennsylvania. The TIF District is comprised of three tax parcels. A private developer, Oliver Tyrone Pulver Corporation, will construct a hotel and a 90,000 square foot office building. The Redevelopment Authority of the City of Coatesville (the "Authority") designed the TIF Plan to finance the project. The Tax Increment Financing Act (P.L. 465 July 11, 1990), as amended, grants this power to development authorities.

The TIF Plan calls for the developer to fund the project costs through a \$4,000,000 HUD loan, \$12,500,000 from governmental grants, \$3,800,000 from the proceeds of the TIF debt and \$12,689,000 from the developer's equity.

The District's election to participate in the Plan shall not, in any way, pledge or obligate the credit or taxing power of the District, nor shall the District be liable for the payment of principal of, or interest on, any obligations issued by the Authority.

In addition, the Board of School Directors of the District authorized the execution of a Cooperation Agreement among the Authority, the District, the County and the City of Coatesville, which sets forth and confirms the basic terms and conditions of the TIF Plan.

The Tax Increment District was created as of January 31, 2006. The Tax Increment District shall continue in existence until January 31, 2026. Commencing with the collection of the Tax Increment in calendar year 2006, the District will pay to the issuer an amount equal to 100% of the Tax Increment received by the District during the term of the Tax Increment District.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE I - COMMITMENTS AND CONTINGENCIES (Continued)**

The tax assessor for the County has determined the full aggregate market value of the taxable property in the Tax Increment District to be \$38,427. This shall be considered the base assessed value of the taxable property in the Tax Increment District, and the real estate tax calculated at the current millage will be the amount earned by the District. The difference between the base assessed value of the TIF District parcel and the reassessed value is the Tax Assessment Increment. In accordance with the cooperation agreement, 100% of the Tax Increment has to be paid to the Authority when the owners of the TIF parcels pay the annual school real estate tax bill.

**NOTE J - RISK MANAGEMENT**

The District is exposed to various risks of loss related to tort; 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. There were no significant reductions of insurance coverages in the 2024-2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS**

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

**General Information about the Health Insurance Premium Assistance Program**

***Health Insurance Premium Assistance Program***

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) 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.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)**

***Premium Assistance Eligibility Criteria***

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

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

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

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

***Pension Plan Description***

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

***Contributions***

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$287,000 for the year ended June 30, 2025.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)**

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

At June 30, 2025, the District reported a liability of \$4,821,000 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 District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2714% percent, which was a decrease of 0.0061% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$29,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ 18,000	\$ 71,000
Changes in assumptions	287,000	722,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportions	122,000	448,331
Contributions subsequent to the measurement date	<u>282,000</u>	<u>-</u>
	<u>\$ 714,000</u>	<u>\$ 1,241,331</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Difference between expected and actual experience	\$ -	\$ 1,000
Changes in assumptions	7,000	14,000
Changes in proportions	2,000	9,669
Contributions subsequent to the measurement date	<u>5,000</u>	<u>-</u>
	<u>\$ 14,000</u>	<u>\$ 24,669</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)**

\$287,000 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2026	\$ (289,000)	\$ (6,000)
2027	(235,000)	(5,000)
2028	(247,000)	(5,000)
2029	(44,000)	(1,000)
2030	5,669	1,331
Thereafter	-	-
	<u>\$ (809,331)</u>	<u>\$ (15,669)</u>

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

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)**

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.70%
	<u>100.0%</u>	

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.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)**

***Discount Rate***

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual 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 net OPEB liability for June 30, 2024, calculated using current Healthcare cost trends as well as what the net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
District's proportionate share of the net OPEB liability	\$ <u>4,821,000</u>	\$ <u>4,821,000</u>	\$ <u>4,822,000</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE K - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)**

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ <u>5,447,000</u>	\$ <u>4,821,000</u>	\$ <u>4,298,000</u>

***OPEB Plan Fiduciary Net Position***

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report, which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN**

**Plan Description**

The School District administers a single employer defined benefit health care plan. The plan provides medical insurance benefits for eligible retirees and their spouses. The Board of School Directors assigns the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)**

**Plan Membership** - At June 30, 2024, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	29
Active plan members	523
	<hr/>
	552
	<hr/> <hr/>

**Funding Policy and Funding Status**

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the fiscal year ended June 30, 2025, the District contributed \$253,850 to the Plan related to retirees.

**Benefits Provided**

The plan provides the following benefits:

All federation employees who are PSERS retirement or Disability retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. Upon PSERS retirement, retiree must pay the full premium. Upon disability retirement the member must contribute the same as an active employee for medical, prescription drug, dental, and vision coverage (currently 10% of the premiums as of 7/1/2023). One grandfathered retiree and spouse receives the disability benefit until the member reaches age 65. Once the PSERS retiree is Medicare eligible, Medicare coverage ceases at the member's Medicare age. Once the disability retiree is Medicare eligible, Medicare coverage ceases at the earlier of member's Medicare age or five years. PSERS retiree spouse coverage ceases at the earliest of the member's Medicare age, spouse Medicare age, and member death. Disability retiree spouse coverage ceases at the earlier of the member's Medicare age, five years, and member death.

All other employees retired prior to June 30, 2010 are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The School District and the retiree pay a portion of the premium that is specific to each employee. Once the retiree is Medicare eligible, the plan continues for the COBRA continuation period. Spouse coverage ceases at spouse Medicare age or member death if earlier.

All teachers and other employees retired under early retirement incentive at June 30, 2011 with 10 years of service to the district and are PSERS retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The retiree must pay the active cost share amount at retirement plus any additional increases in premium that occur after retirement. Once the retiree is eligible for unreduced social security, the plan continues for the COBRA continuation period. Spouse coverage ceases at spouse Medicare age or member death if earlier.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)**

All teachers retired under early retirement incentive at June 30, 2012 and are PSERS retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The retiree must pay the active cost share amount at retirement plus any additional increases in premium that occur after retirement. Once the retiree reaches age 65, the plan continues for the COBRA continuation period. Spouse coverage ceases at spouse Medicare age or member death if earlier.

All teachers retired after July 1, 2012 and other employees retired after July 1, 2011 and are PSERS retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The retiree must pay the full premium. Once the retiree is Medicare eligible, Medicare coverage ceases at the member's Medicare age. Spouse coverage ceases upon the earliest of member Medicare age, spouse Medicare age, and member death.

**Assumptions**

The following assumptions and actuarial methods and calculation were used:

**Interest Rate** - 4.29%, based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024.

**Salary** - 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, 1.5% real wage growth, and for teachers and administrators a merit increase which varies from 2.75% to 0%.

**Health Care Cost Trend Rate** – 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**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.

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

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)**

**Mortality** - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

**Disability** - No disability was assumed.

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

**Percent of Eligible Retirees Electing Coverage in Plan** - 55% of Teachers and Administrators and 35% of the Support Staff are assumed to elect coverage.

**Percent Married at Retirement** - 50% 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.

**Retiree Contributions** - Retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

**Actuarial Value of Assets** - 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.

**Changes in Assumptions** - In the 2024 actuarial valuation, the discount rate changed from 4.13% to 4.29%. The trend assumption was updated.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)**

***Changes in the Total OPEB Liability***

	Total OPEB Liability	
	Governmental Activities	Business-Type Activities
Balance at June 30, 2024	\$ 3,728,429	\$ 29,145
Changes for the year		
Service cost	187,941	886
Interest cost	156,105	1,202
Changes in assumptions	7,879	177
Benefit payments	(252,152)	(1,698)
Net changes	99,773	567
Balance at June 30, 2025	\$ 3,828,202	\$ 29,712

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.29 percent) or 1-percentage-point higher (5.29 percent) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB liability	\$ 4,097,307	\$ 3,857,914	\$ 3,628,696

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

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

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ 3,504,207	\$ 3,857,914	\$ 4,264,342

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2025, the School District recognized OPEB expense of \$(174,500). At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Changes in assumptions	\$ 345,906	\$ 1,223,460
Difference between expected and actual experience	-	2,471,522
Contributions subsequent to the measurement date	<u>280,614</u>	<u>-</u>
	<u>\$ 626,520</u>	<u>\$ 3,694,982</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Changes in assumptions	\$ 3,089	\$ 14,176
Difference between expected and actual experience	-	14,009
Contributions subsequent to the measurement date	<u>3,033</u>	<u>-</u>
	<u>\$ 6,122</u>	<u>\$ 28,185</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE L - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)**

\$283,647 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

GOVERNMENTAL ACTIVITIES

Year Ending <u>June 30,</u>	
2026	\$ (520,107)
2027	(520,107)
2028	(520,107)
2029	(520,107)
2030	(337,214)
Thereafter	<u>(931,434)</u>
	<u>\$ (3,349,076)</u>

BUSINESS-TYPE ACTIVITIES

Year Ending <u>June 30,</u>	
2026	\$ (527)
2027	(527)
2028	(527)
2029	(536)
2030	(7,049)
Thereafter	<u>(15,930)</u>
	<u>\$ (25,096)</u>

**NOTE M - BUILDING LEASE**

In June 2018, the Coatesville Area School District Building Authority (the Authority), a component unit of the Coatesville Area School District (the District), issued Guaranteed School Lease Revenue Bonds of 2018 with a face value of \$12,400,000 and issued at a premium of \$907,553 to acquire The Scott Middle School Building from the District. The building will be leased back to the District in annual rental payments equal to the debt service on the bonds issued by the Authority.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE N - ADOPTION OF GASB STATEMENT NO. 101, COMPENSATED ABSENCES**

During the year, the School became aware of an adjustment needed to comply with GASB Statement No. 101, Compensated Absences, which establishes updated recognition and measurement criteria for certain types of compensated absences, including vacation, sick leave, and other paid time off. This change in accounting principle is required to be applied retroactively in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, resulting in a restatement of beginning balances as of June 30, 2024. As a result of the adjustment, the June 30, 2024 net position decreased from \$(100,583,803) to \$(102,323,794). The June 30, 2024 compensated absence balance increased from \$2,104,462 to \$3,844,453.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**COATESVILLE AREA SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 150,025,134	\$ 150,025,134	\$ 151,941,041	\$ 1,915,907
State sources	66,702,562	66,702,562	72,399,560	5,696,998
Federal sources	10,172,304	10,172,304	7,900,345	(2,271,959)
<b>TOTAL REVENUES</b>	<u>226,900,000</u>	<u>226,900,000</u>	<u>232,240,946</u>	<u>5,340,946</u>
<b>EXPENDITURES</b>				
Instruction				
Regular programs	85,451,926	85,451,926	87,967,328	(2,515,402)
Special programs	68,594,469	68,594,469	79,829,724	(11,235,255)
Vocational programs	3,852,390	3,852,390	3,959,693	(107,303)
Other instructional programs	122,902	122,902	201,239	(78,337)
<b>TOTAL INSTRUCTION</b>	<u>158,021,687</u>	<u>158,021,687</u>	<u>171,957,984</u>	<u>(13,936,297)</u>
Support services				
Pupil personnel services	4,498,167	4,498,167	4,386,768	111,399
Instructional staff services	6,114,396	6,114,396	4,367,848	1,746,548
Administrative services	7,898,638	7,898,638	7,614,146	284,492
Pupil health	1,047,031	1,047,031	964,467	82,564
Business services	1,330,604	1,330,604	1,250,617	79,987
Operation and maintenance of plant services	10,020,895	10,020,895	11,709,731	(1,688,836)
Student transportation services	11,381,727	11,381,727	13,464,603	(2,082,876)
Central support services	3,852,817	3,852,817	3,202,097	650,720
Other support services	121,935	121,935	85,916	36,019
<b>TOTAL SUPPORT SERVICES</b>	<u>46,266,210</u>	<u>46,266,210</u>	<u>47,046,193</u>	<u>(779,983)</u>
Operation of non-instructional services				
Student activities	1,786,006	1,786,006	2,282,705	(496,699)
Community services	178,121	178,121	321,988	(143,867)
<b>TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES</b>	<u>1,964,127</u>	<u>1,964,127</u>	<u>2,604,693</u>	<u>(640,566)</u>
Facilities acquisition, construction and improvement services				
	222,443	222,443	-	222,443
Debt service				
	22,045,298	22,045,298	20,226,438	1,818,860
Budgetary reserve				
	2,880,235	2,880,235	-	2,880,235
<b>TOTAL EXPENDITURES</b>	<u>231,400,000</u>	<u>231,400,000</u>	<u>241,835,308</u>	<u>(10,435,308)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>				
	(4,500,000)	(4,500,000)	(9,594,362)	(5,094,362)
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets				
	-	-	21,376	21,376
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>21,376</u>	<u>21,376</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	\$ <u>(4,500,000)</u>	\$ <u>(4,500,000)</u>	(9,572,986)	\$ <u>(5,072,986)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>33,322,224</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 23,749,238</u>	

See accompanying notes to the budgetary comparison schedule.

**COATESVILLE AREA SCHOOL DISTRICT**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2025**

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**NOTE A - BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the Capital Projects Fund.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Business Manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The Board may, by resolution, transfer unencumbered budgeted amounts between departments within any fund.
5. The operating budget is adopted on a basis prescribed by the Department of Education.

Controls over spending in the Capital Reserve Fund are achieved by the use of internal spending limits. Effective expenditure control is achieved in the Capital Reserve Fund through bond indenture provisions.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

**NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the period ended June 30, 2025, expenditures exceeded appropriations in the following General Fund object levels:

Instruction	
Regular Programs	\$ 2,515,402
Special programs	11,235,255
Vocational programs	107,303
Other instructional programs	78,337
Support services	
Operation and maintenance of plant services	1,688,836
Student transportation services	2,082,876
Operation of non-instructional services	
Student activities	496,699
Community services	143,867

These excess expenditures were funded by available fund balance in the General Fund.

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE**  
**SHARE OF THE PSERS NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET)	<u>0.2707%</u>	<u>0.2657%</u>	<u>0.2778%</u>	<u>0.2758%</u>	<u>0.2985%</u>	<u>0.3002%</u>	<u>0.3257%</u>	<u>0.3531%</u>	<u>0.3687%</u>	<u>0.3748%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	<u>\$ 113,301,000</u>	<u>\$ 118,200,000</u>	<u>\$ 123,506,000</u>	<u>\$ 113,234,000</u>	<u>\$ 146,978,000</u>	<u>\$ 140,441,000</u>	<u>\$ 156,352,000</u>	<u>\$ 174,390,000</u>	<u>\$ 182,716,000</u>	<u>\$ 162,345,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 42,061,046</u>	<u>\$ 40,556,689</u>	<u>\$ 40,623,713</u>	<u>\$ 39,438,973</u>	<u>\$ 41,759,592</u>	<u>\$ 41,242,331</u>	<u>\$ 43,856,333</u>	<u>\$ 47,051,370</u>	<u>\$ 47,836,000</u>	<u>\$ 48,229,268</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>269.37%</u>	<u>291.44%</u>	<u>304.02%</u>	<u>290.31%</u>	<u>351.96%</u>	<u>340.53%</u>	<u>356.51%</u>	<u>370.64%</u>	<u>381.96%</u>	<u>336.61%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>64.63%</u>	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>49.86%</u>	<u>50.14%</u>	<u>45.64%</u>

**NOTE TO SCHEDULE**

The District's covered payroll noted above is as of the measurement date of the net pension liability (June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016).

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 14,992,000	\$ 13,918,000	\$ 13,915,000	\$ 13,808,000	\$ 13,216,000	\$ 13,931,000	\$ 13,445,000	\$ 13,920,000	\$ 13,739,000	\$ 11,959,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>14,992,000</u>	<u>13,918,000</u>	<u>13,915,000</u>	<u>13,808,000</u>	<u>13,216,000</u>	<u>13,931,000</u>	<u>13,445,000</u>	<u>13,920,000</u>	<u>13,739,000</u>	<u>11,959,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>45,540,705</u>	\$ <u>42,061,046</u>	\$ <u>40,556,689</u>	\$ <u>40,623,713</u>	\$ <u>39,438,973</u>	\$ <u>41,759,592</u>	\$ <u>41,242,331</u>	\$ <u>43,856,333</u>	\$ <u>47,051,370</u>	\$ <u>47,836,000</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>32.92%</u>	<u>33.09%</u>	<u>34.31%</u>	<u>33.99%</u>	<u>33.51%</u>	<u>33.36%</u>	<u>32.60%</u>	<u>31.74%</u>	<u>29.20%</u>	<u>25.00%</u>

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE**  
**PSERS NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY**  
**LAST EIGHT FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY (ASSET)	<u>0.2714%</u>	<u>0.2653%</u>	<u>0.2772%</u>	<u>0.2751%</u>	<u>0.2977%</u>	<u>0.3002%</u>	<u>0.3257%</u>	<u>0.3531%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)	<u>\$ 4,821,000</u>	<u>\$ 4,800,000</u>	<u>\$ 5,103,000</u>	<u>\$ 6,521,000</u>	<u>\$ 6,432,000</u>	<u>\$ 6,385,000</u>	<u>\$ 6,791,000</u>	<u>\$ 7,194,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 42,061,046</u>	<u>\$ 41,466,667</u>	<u>\$ 41,875,000</u>	<u>\$ 40,609,756</u>	<u>\$ 42,500,000</u>	<u>\$ 41,204,819</u>	<u>\$ 43,855,422</u>	<u>\$ 47,010,413</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>11.46%</u>	<u>11.58%</u>	<u>12.19%</u>	<u>16.06%</u>	<u>15.13%</u>	<u>15.50%</u>	<u>15.48%</u>	<u>15.30%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>7.13%</u>	<u>7.22%</u>	<u>6.86%</u>	<u>5.30%</u>	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

**NOTES TO SCHEDULE**

The District's covered payroll noted above is as of the measurement date of the net pension liability June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017)

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT**  
**BENEFIT PLAN CONTRIBUTIONS**  
**LAST EIGHT FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 287,000	\$ 270,000	\$ 311,000	\$ 335,000	\$ 333,000	\$ 357,000	\$ 342,000	\$ 364,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>287,000</u>	<u>270,000</u>	<u>311,000</u>	<u>335,000</u>	<u>333,000</u>	<u>357,000</u>	<u>342,000</u>	<u>364,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>45,540,705</u>	\$ <u>42,061,046</u>	\$ <u>41,466,667</u>	\$ <u>41,875,000</u>	\$ <u>40,609,756</u>	\$ <u>42,500,000</u>	\$ <u>41,204,819</u>	\$ <u>43,855,422</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>0.63%</u>	<u>0.64%</u>	<u>0.75%</u>	<u>0.80%</u>	<u>0.82%</u>	<u>0.84%</u>	<u>0.83%</u>	<u>0.83%</u>

**NOTE TO SCHEDULE**

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT**  
**BENEFIT PLAN LIABILITY AND RELATED RATIOS**  
**LAST EIGHT FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 188,827	\$ 190,236	\$ 293,782	\$ 389,362	\$ 285,287	\$ 366,862	\$ 344,850	\$ 388,100
Interest	157,307	171,441	120,225	124,871	202,160	230,252	245,957	261,532
Changes in experience	-	(334,250)	-	(1,363,515)	-	(1,485,517)	-	(1,680,843)
Changes of assumptions	8,056	(167,015)	(1,069,864)	(128,638)	575,788	(135,240)	13,906	(435,642)
Benefit payments	(253,850)	(295,175)	(285,951)	(462,782)	(479,527)	(752,653)	(764,723)	(1,573,002)
NET CHANGE IN TOTAL OPEB LIABILITY	100,340	(434,763)	(941,808)	(1,440,702)	583,708	(1,776,296)	(160,010)	(3,039,855)
<b>TOTAL OPEB LIABILITY, BEGINNING</b>	<b>3,757,574</b>	<b>4,192,337</b>	<b>5,134,145</b>	<b>6,574,847</b>	<b>5,991,139</b>	<b>7,767,435</b>	<b>7,927,445</b>	<b>10,967,300</b>
<b>TOTAL OPEB LIABILITY, ENDING</b>	<b>\$ 3,857,914</b>	<b>\$ 3,757,574</b>	<b>\$ 4,192,337</b>	<b>\$ 5,134,145</b>	<b>\$ 6,574,847</b>	<b>\$ 5,991,139</b>	<b>\$ 7,767,435</b>	<b>\$ 7,927,445</b>
<b>COVERED PAYROLL</b>	<b>\$ 38,036,810</b>	<b>\$ 38,036,810</b>	<b>\$ 36,854,988</b>	<b>\$ 36,854,988</b>	<b>\$ 38,406,858</b>	<b>\$ 38,406,858</b>	<b>\$ 40,089,961</b>	<b>\$ 40,089,961</b>
<b>TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>10.14%</b>	<b>9.88%</b>	<b>11.38%</b>	<b>13.93%</b>	<b>17.12%</b>	<b>15.60%</b>	<b>19.38%</b>	<b>19.77%</b>

**NOTES TO SCHEDULE**

The District's covered payroll noted above is as of the measurement date of the net pension liability June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017)

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

Changes in assumptions: In the 2024 actuarial valuations, this discount rate changed from 4.13% to 4.29%. The trend assumption was updated.

Changes in assumptions: In the 2023 actuarial valuations, this discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

Changes in assumptions: In the 2022 actuarial valuations, this discount rate changed from 2.28% to 4.06%. The trend assumption was updated.

Changes in assumptions: In the 2021 actuarial valuations, this discount rate changed from 1.86% to 2.28%. The trend assumption was updated.

Changes in assumptions: In the 2020 actuarial valuations, this discount rate changed from 3.36% to 1.86%. The trend assumption was updated.

Changes in assumptions: In the 2019 actuarial valuations, this discount rate changed from 2.98% to 3.36%. The trend assumption was updated.

Changes in assumptions: In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

***Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards***

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

We have audited, in accordance with 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 Coatesville Area School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Coatesville Area School District's basic financial statements, and have issued our report thereon dated January 23, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

### **Report on Compliance and Other Matters**

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

### ***Purpose of this Report***

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



Limerick, Pennsylvania  
January 23, 2026

***Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance***

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

To the Board of School Directors  
Coatesville Area School District  
Thorndale, Pennsylvania

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

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

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



Limerick, Pennsylvania  
January 23, 2026

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL  
AWARD PROGRAMS AUDIT**

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Federal Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2025	Passed Through to Sub-Recipients
<b>U.S. DEPARTMENT OF EDUCATION</b>											
<b>Passed through the Pennsylvania</b>											
<b>Department of Education</b>											
Title I Grants to Local Educational Agencies	I	84.010	013-23-0089	August 31, 2022 to September 30, 2023	\$ 1,748,909	\$ -	\$ (610)	\$ 610	\$ 610	\$ -	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-24-0089	September 21, 2023 to September 30, 2024	2,441,563	1,491,134	600,475	890,659	890,659	-	-
Title I Grants to Local Educational Agencies	I	84.010	013-25-0089	October 1, 2024 to September 30, 2026	2,262,238	-	-	1,351,621	1,351,621	1,351,621	-
Title I Grants to Local Educational Agencies	I	84.010	107-23-0089	August 31, 2022 to September 30, 2023	85,790	12,255	12,255	-	-	-	-
Title I Grants to Local Educational Agencies	I	84.010	107-24-0089	September 21, 2023 to September 30, 2024	75,720	-	(18,229)	64,826	64,826	46,597	-
Title I Grants to Local Educational Agencies	I	84.010	107-25-0089	October 1, 2024 to September 30, 2026	75,658	-	-	32,972	32,972	32,972	-
Title I Grants to Local Educational Agencies	I	84.010	042-13-0089	April 10, 2013 to September 30, 2014	161,209	-	(10,098)	-	-	(10,098)	-
Title I Grants to Local Educational Agencies	I	84.010	042-23-0089	October 9, 2023 to September 30, 2024	266,969	177,974	54,822	123,152	123,152	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-24-0089	October 1, 2024 to September 30, 2025	271,413	90,471	-	267,635	267,635	177,164	-
Title I Grants to Local Educational Agencies	I	84.010	143-130089	July 1, 2013 to September 30, 2014	861,400	-	(20,387)	-	-	(20,387)	-
TOTAL - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - 84.010						1,771,834	618,228	2,731,475	2,731,475	1,577,869	-
Supporting Effective Instruction State Grants	I	84.367	020-23-0089	August 31, 2022 to September 30, 2023	232,028	67,245	67,245	-	-	-	-
Supporting Effective Instruction State Grants	I	84.367	020-24-0089	September 21, 2023 to September 30, 2024	271,771	41,697	(91,893)	131,897	131,897	(1,693)	-
Supporting Effective Instruction State Grants	I	84.367	020-25-0089	October 1, 2024 to September 30, 2026	226,273	-	-	17,317	17,317	17,317	-
TOTAL - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS - 84.367						108,942	(24,648)	149,214	149,214	15,624	-
English Language Acquisition Grants	I	84.365	010-23-0089	August 31, 2022 to September 30, 2023	97,534	31,036	22,018	9,018	9,018	-	-
English Language Acquisition Grants	I	84.365	010-24-0089	September 21, 2023 to September 30, 2024	62,726	14,475	(9,650)	9,929	9,929	(14,196)	-
English Language Acquisition Grants	I	84.365	010-25-0089	October 1, 2024 to September 30, 2026	66,113	-	-	-	-	-	-
TOTAL - ENGLISH LANGUAGE ACQUISITION GRANTS - 84.365						45,511	12,368	18,947	18,947	(14,196)	-
Student Support and Academic Enrichment Program	I	84.424	144-23-0089	August 31, 2022 to September 30, 2023	139,115	66,971	(7,885)	74,856	74,856	-	-
Student Support and Academic Enrichment Program	I	84.424	144-24-0089	September 21, 2023 to September 30, 2024	136,915	42,128	(52,660)	101,989	101,989	7,201	-
Student Support and Academic Enrichment Program	I	84.424	144-25-0089	October 1, 2024 to September 30, 2026	183,868	-	-	14,837	14,837	14,837	-
TOTAL - STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM - 84.424						109,099	(60,545)	191,682	191,682	22,038	-
TOTAL FORWARD						\$ 2,035,386	\$ 545,403	\$ 3,091,318	\$ 3,091,318	\$ 1,601,335	\$ -

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Federal Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2025	Passed Through to Sub-Recipients
<b>U.S. DEPARTMENT OF EDUCATION</b>											
TOTAL FORWARDED						\$ 2,035,386	\$ 545,403	\$ 3,091,318	\$ 3,091,318	\$ 1,601,335	\$ -
COVID-19 ARP - ESSER III Fund	I	84.425U	223-210089	March 13, 2020 to September 30, 2024	13,987,713	4,604,131	461,911	4,142,220	4,142,220	-	-
COVID-19 ARP - ESSER - 2.5% Set Asides	I	84.425C	224-210089	March 13, 2020 to September 30, 2024	353,017	49,384	9,569	39,815	39,815	-	-
COVID-19 ARP - ESSER - 7% Set Asides - Learning Loss	I	84.425D	225-210089	March 13, 2020 to September 30, 2024	776,542	(138,779)	(138,779)	-	-	-	-
COVID-19 ARP - ESSER - 7% Set Asides - Summer Program	I	84.425D	225-210089	March 13, 2020 to September 30, 2024	155,309	39,533	39,533	-	-	-	-
COVID-19 ARP - ESSER - 7% Set Asides - Afterschool Programs	I	84.425D	225-210089	March 13, 2020 to September 30, 2024	155,309	39,532	39,532	-	-	-	-
COVID-19 ARP - ESSER - Homeless Children & Youth	I	84.425W	181-212089	July 1, 2021 to September 30, 2024	87,264	8,950	4,442	3,747	3,747	(761)	-
TOTAL - 84.425						4,602,751	416,208	4,185,782	4,185,782	(761)	-
21st Century Community Learning Centers	I	84.287	410-006-2385	July 1, 2014 to June 30, 2015	252,793	-	127,687	-	-	127,687	-
TOTAL FORWARD						\$ 6,638,137	\$ 1,089,298	\$ 7,277,100	\$ 7,277,100	\$ 1,728,261	\$ -

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Federal Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2025	Passed Through to Sub-Recipients	
<b>U.S. DEPARTMENT OF EDUCATION</b>												
TOTAL FORWARDED						\$ 6,638,137	\$ 1,089,298	\$ 7,277,100	\$ 7,277,100	\$ 1,728,261	\$ -	
<b>Passed through Chester County Intermediate Unit</b>												
Special Education Grants to States	I	84.027	062-24-0024	July 1, 2023 to June 30, 2024	1,415,157	1,415,157	1,415,157	-	-	-	-	
Special Education Grants to States	I	84.027	062-25-0024	July 1, 2024 to June 30, 2025	1,415,060	-	-	1,415,060	1,415,060	1,415,060	-	
TOTAL - 84.027						1,415,157	1,415,157	1,415,060	1,415,060	1,415,060	-	
Special Education Preschool Grants	I	84.173	131-14-0	July 1, 2023 to June 30, 2024	6,726	6,726	6,726	-	-	-	-	
Special Education Preschool Grants	I	84.173	131-14-0	July 1, 2024 to June 30, 2025	6,670	-	-	6,670	6,670	6,670	-	
TOTAL - 84.173						6,726	6,726	6,670	6,670	6,670	-	
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)						1,421,883	1,421,883	1,421,730	1,421,730	1,421,730	-	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>												
<b>Passed through the Substance Abuse and Mental Health Services Administration</b>												
Substance Abuse and Mental Health Services Projects of Regional and National Significance						\$ 99,756	-	47,695	-	-	47,695	-
<b>U.S. DEPARTMENT OF AGRICULTURE</b>												
<b>Passed through the Pennsylvania Department of Education</b>												
Fresh Fruit and Vegetable Program	I	10.582	N/A	July 1, 2024 to September 30, 2025	N/A	106,429	-	106,429	106,429	-	-	
School Breakfast Program	I	10.553	N/A	July 1, 2023 to September 30, 2024	N/A	24,001	24,001	-	-	-	-	
School Breakfast Program	I	10.553	N/A	July 1, 2024 to September 30, 2025	N/A	1,074,894	-	1,099,660	1,099,660	24,766	-	
TOTAL 10.553						1,098,895	24,001	1,099,660	1,099,660	24,766	-	
National School Lunch Program	I	10.555	N/A	July 1, 2023 to September 30, 2024	N/A	36,623	36,623	-	-	-	-	
National School Lunch Program	I	10.555	N/A	July 1, 2024 to September 30, 2025	N/A	2,320,759	-	2,360,351	2,360,351	39,592	-	
<b>Passed through the Pennsylvania Department of Agriculture</b>												
Value of U.S.D.A. Donated Commodities	I	10.555	N/A	July 1, 2023 to September 30, 2024	N/A	- (A)	(15,757) (B)	15,757	15,757 (C)	- (D)	-	
Value of U.S.D.A. Donated Commodities	I	10.555	N/A	July 1, 2024 to September 30, 2025	N/A	265,693 (A)	- (B)	245,975	245,975 (C)	(19,718) (D)	-	
TOTAL - 10.555						2,623,075	20,866	2,622,083	2,622,083	19,874	-	
TOTAL CHILD NUTRITION												
CLUSTER - 10.553 & 10.555 & 10.582						3,828,399	44,867	3,828,172	3,828,172	44,640	-	
TOTAL FEDERAL AWARDS						\$ 11,888,419	\$ 2,603,743	\$ 12,527,002	\$ 12,527,002	\$ 3,242,326	\$ -	

**Footnotes:**  
(A) Total amount of commodities received from Department of Agriculture.  
(B) Beginning inventory at July 1, 2024.  
(C) Total amount of commodities used.  
(D) Ending inventory at June 30, 2025.

**Source Codes:**  
I = Indirect funding

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

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**NOTE A - SCOPE OF THIS SCHEDULE**

The schedule of expenditures of federal awards reflects the federal expenditures for all individual grants which were active during the fiscal year.

**NOTE B - BASIS OF ACCOUNTING**

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

**NOTE C - NONMONETARY FEDERAL AWARDS - DONATED FOOD**

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under Federal AL Number #10.555 Value of U.S.D.A. Donated Commodities represent surplus food consumed by the District during the 2025 fiscal year.

**NOTE D - INDIRECT COST RATES**

The School District has not elected to use the de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

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**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified: **No**

Significant deficiencies identified that are not considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

**Federal Awards**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Internal control over major programs:

Material weaknesses(es) identified: **No**

Significant deficiencies identified that are not considered to be material weaknesses: **No**

Any audit findings disclosed that are required to be reported in accordance with Section 516 of the Uniform Guidance: **No**

Identification of major programs:

Program	ALN
Child Nutrition Cluster – School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
Child Nutrition Cluster – Fresh Fruit and Vegetable Program	10.582

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

Auditee qualified as a low-risk auditee: **Yes**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**COATESVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2025**

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None