CONESTOGA VALLEY SCHOOL DISTRICT
LANCASTER, PENNSYLVANIA
LANCASTER COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

CONESTOGA VALLEY SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

CONESTOGA VALLEY SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Conestoga Valley School District
Lancaster, 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 Conestoga Valley School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle
As discussed in Note 2 and 17 to the financial statements, effective July 1, 2024, Conestoga Valley School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and has applied the provisions of this standard to the beginning of the period of adoption. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the real estate tax levies and collections, real estate tax rates, non-real estate tax rates, principal taxpayers, property assessment data and enrollment data but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
July 17, 2026

Management's discussion and analysis (MD&A) of the financial performance of the Conestoga Valley School District (the District) provides an overview of the District's financial performance for fiscal year ended June 30, 2025. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of four elementary schools, one middle school, one high school and a virtual academy with a student population of approximately 4,010 students. The District is located in central Lancaster County adjacent to the City of Lancaster, Pennsylvania and covers an area approximately 54 square miles that is comprised of East Lampeter, Upper Leacock and West Earl Townships. During 2024-2025, there were 453 employees in the District consisting of 368 teachers, 31 administrators, including general administration, principals and supervisors and 54 support personnel including administrative assistants and technology staff.

The mission of the District is "To educate all students to strive for personal excellence, while becoming caring and contributing citizens in a global community."

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit in total net position at the close of the 2024-2025 fiscal year of $7,282,451. During the 2024-2025 fiscal year, the District had a decrease in total net position of $3,955,712. The net position of governmental activities decreased by $4,096,351 and the net position of the business-type activities increased by $140,639.

- The General Fund reported a decrease of fund balance of $1,692,328, bringing the cumulative balance to $13,669,963 at the conclusion of the 2024-2025 fiscal year.

- At June 30, 2025, the General Fund fund balance includes:

  - $411,038 which is considered nonspendable
  - $1,811,059 committed to retirement rate stabilization
  - $300,000 committed to health savings account reserves
  - $125,000 committed to special education costs
  - $904,600 committed for future debt service obligations
  - $2,050,000 assigned for property tax assessment appeals and tax increment financing
  - $1,100,000 assigned for inflation stabilization

- The remaining $6,968,266 is unassigned and represents 7.33% of the $95,040,729 2025-2026 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.

- Actual revenues and other financing sources were $977,728 or 1.06% more than budgeted amounts and actual expenditures and other financing uses were $1,549,763 or 1.66% more than budgeted amounts resulting in a net negative variance of $572,035.

- At the end of the current fiscal year, the District had total general obligation debt of $130,310,639 consisting of $123,615,000 in bonds payable, $1,025,000 in notes payable, and net deferred credits of $5,670,639.

- The District's general obligation debt is backed by the full faith of the District and decreased by $4,055,583, or 3.02%, during the fiscal year.

- The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System (PSERS). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $93,713,217 as of June 30, 2025. The District's net pension liability increased by $15,461,675 or 19.76% during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

Governmental Activities

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

Business-Type Activities

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

The government-wide financial statements can be found on pages 20 and 21 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds for each of the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 22 through 25 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund.

The proprietary fund financial statements can be found on pages 26 through 29 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 32 through 71 of this report.

Other Information

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

The required supplementary information and additional analysis can be found on pages 72 through 81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may over time serve as a useful indicator of the District's financial condition. At the close of the 2024-2025 fiscal year, the District's liabilities and deferred inflows of ,resources exceeded assets and deferred outflows of resources by $7,282,451. The following table ,presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2025 and 2024.

STATEMENTS OF NET POSITION (DEFICIT)
JUNE 30, 2025 AND 2024

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current Assets	$ 56,814,142	$ 74,541,120	$ 2,077,723	$ 2,069,421	$ 58,891,865	$ 76,610,541
Capital Assets, Net	165,672,310	153,369,304	1,392,996	1,285,935	167,065,306	154,655,239
Total Assets	222,486,452	227,910,424	3,470,719	3,355,356	225,957,171	231,265,780
DEFERRED OUTFLOWS OF RESOURCES	30,592,855	15,824,240	-	-	30,592,855	15,824,240
LIABILITIES						
Current Liabilities	17,161,938	14,240,075	56,436	81,712	17,218,374	14,321,787
Noncurrent Liabilities	237,638,215	224,762,222	-	-	237,638,215	224,762,222
Total Liabilities	254,800,153	239,002,297	56,436	81,712	254,856,589	239,084,009
DEFERRED INFLOWS OF RESOURCES	8,975,888	11,332,751	-	-	8,975,888	11,332,751
NET POSITION (DEFICIT)						
Net Investment In Capital Assets	50,654,705	52,296,823	1,392,996	1,285,935	52,047,701	53,582,758
Restricted	7,320,693	7,995,625	-	-	7,320,693	7,995,625
Unrestricted (Deficit)	(68,672,132)	(66,892,832)	2,021,287	1,987,709	(66,650,845)	(64,905,123)
Total Net Position (Deficit)	$ (10,696,734)	$ (6,600,384)	$ 3,414,283	$ 3,273,644	$ (7,282,451)	$ (3,326,740)

The District's total assets as of June 30, 2025 were $225,957,171 of which $51,223,104 or 22.67% consisted of unrestricted cash and investments, and $167,065,306 or 73.94% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2025 were $254,856,589 of which $130,310,639 or 51.13% consisted of general obligation debt used to acquire and construct capital assets, and $93,713,217 or 36.77% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of $66,650,845 at June 30, 2025. The District's unrestricted net position decreased by $1,745,722 during 2024-2025 primarily due to the current year results of operations offset by the change in the District's actuarially determined net pension liability and the related deferred outflows of resources and deferred inflows of resources.

A portion of the District's net position reflects its restricted net position which totaled $7,320,693 as of June 30, 2025. All of the District's restricted net position related to amounts restricted for capital expenditures and student activities.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation/amortization less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets totaled $52,047,701 at June 30, 2025. The District's investment in capital assets decreased by $1,745,722 during 2024-2025 because capital assets were being depreciated faster than the debt used to acquire the capital assets was being repaid.

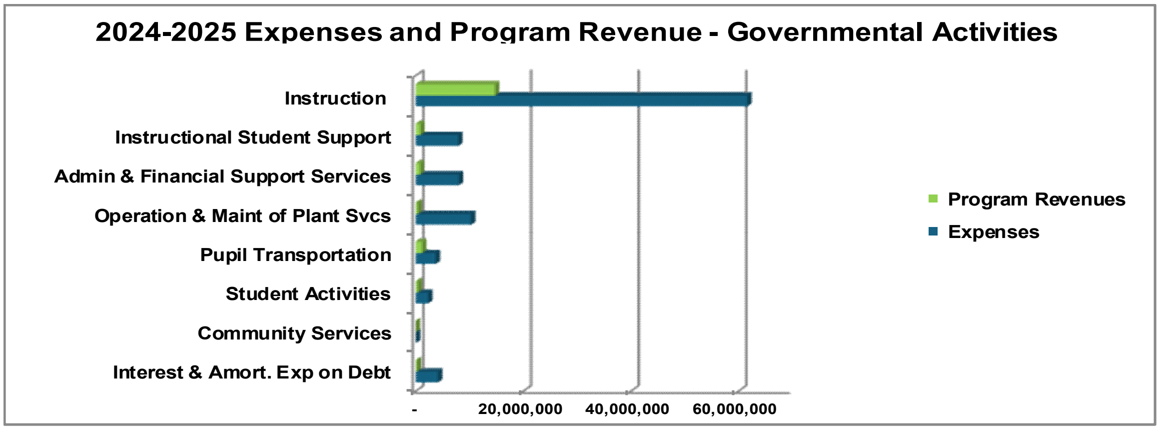
The following table presents condensed information for the Statement of Activities of the District for 2024 and 2025:

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

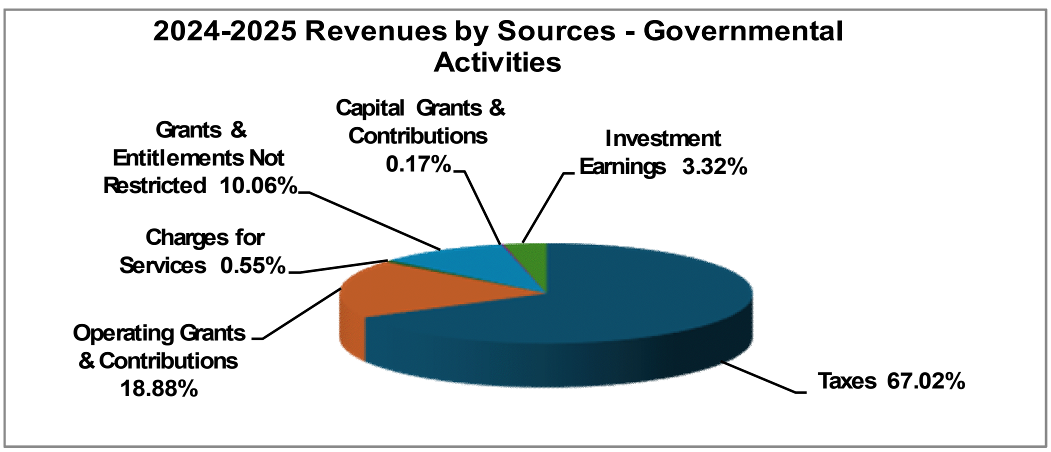
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for Services	$ 516,697	$ 553,784	$ 581,029	$ 614,961	$ 1,097,726	$ 1,168,745
Operating Grants and Contributions	17,755,935	17,470,516	2,184,160	2,228,284	19,940,095	19,698,800
Capital Grants and Contributions	159,074	3,521,572	-	-	159,074	3,521,572
General Revenues:						
Property Taxes Levied for General Purposes	54,636,399	52,896,258	-	-	54,636,399	52,896,258
Earned Income Taxes Levied for General Purposes	6,339,808	6,091,678	-	-	6,339,808	6,091,678
Other Taxes	2,054,306	1,553,868	-	-	2,054,306	1,553,868
Grants and Entitlements Not Restricted to Specific Programs	9,466,355	8,304,320	-	-	9,466,355	8,304,320
Investment Earnings	3,124,689	4,313,757	41,047	37,262	3,165,736	4,351,019
Total Revenues	94,053,263	94,705,753	2,806,236	2,880,507	96,859,499	97,586,260
EXPENSES						
Instruction	61,609,989	52,752,366	-	-	61,609,989	52,752,366
Instructional Student Support Services	7,893,618	7,488,469	-	-	7,893,618	7,488,469
Administrative and Financial Support Services	7,993,640	6,631,501	-	-	7,993,640	6,631,501
Operation and Maintenance of Plant Services	10,254,901	7,087,479	-	-	10,254,901	7,087,479
Pupil Transportation	3,700,903	3,355,433	-	-	3,700,903	3,355,433
Student Activities	2,296,593	1,857,063	-	-	2,296,593	1,857,063
Community Services	39,724	20,406	-	-	39,724	20,406
Interest and Amortization Expense Related to Noncurrent Liabilities	4,110,631	4,432,649	-	-	4,110,631	4,432,649
Food Service	-	-	2,915,212	2,855,779	2,915,212	2,855,779
Total Expenses	97,899,999	83,625,366	2,915,212	2,855,779	100,815,211	86,481,145
CHANGE IN NET POSITION (DEFICIT) BEFORE TRANSFERS	(3,846,736)	11,080,387	(108,976)	24,728	(3,955,712)	11,105,115
Transfers	(249,615)	(450,660)	249,615	450,660	-	-
CHANGE IN NET POSITION (DEFICIT)	$ (4,096,351)	$ 10,629,727	$ 140,639	$ 475,388	$ (3,955,712)	$ 11,105,115

Overall, the District's financial position has remained stable but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in the future. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. The District's property tax base is evenly distributed between residential and commercial properties, which deviates from the County average that tends to be more residential in nature. Successful property value tax assessment appeals related to commercial properties have offset gains in property tax assessments in recent years.

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



To the degree that the District's functions or programs cost more than they raise, the Statement of Activities shows how the District chose to finance the difference through general revenues. The below chart shows that the District relies on tax revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

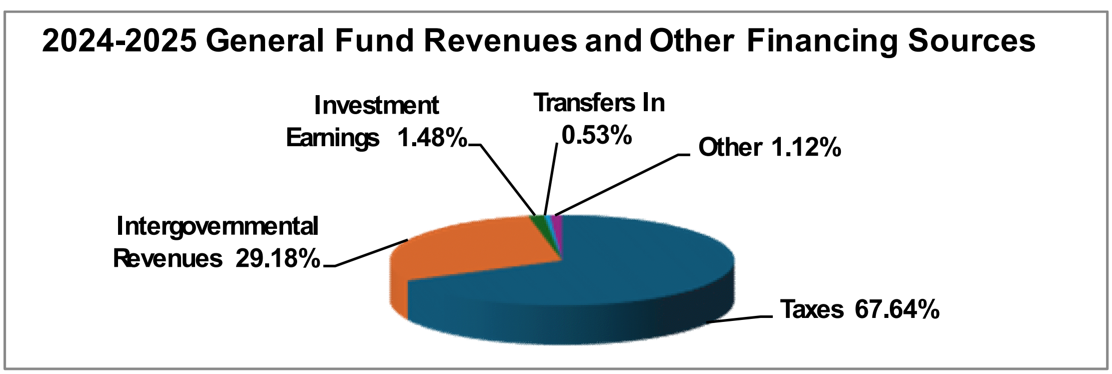
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $38,011,880 which is a decrease of $20,055,043 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024, and the total 2025 change in governmental fund balances.

	2025	2024	Amount Change
General Fund	$ 13,669,963	$ 15,362,291	$ (1,692,328)
Capital Projects Fund	23,830,419	42,218,119	(18,387,700)
Debt Service Fund	-	-	-
Nonmajor Governmental Funds	511,498	486,513	24,985
Total	$ 38,011,880	$ 58,066,923	$ (20,055,043)

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the General Fund fund balance was $13,669,963, representing a decrease of $1,692,328 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024-2025 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below indicates 67.99% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2025	2024	Change Amount	Change Percent
Taxes Revenues	$ 62,893,743	$ 60,554,858	$ 2,338,885	3.86 %
Intergovernmental Revenues	27,190,157	29,175,492	(1,985,335)	(6.80)
Investment Earnings	1,379,806	1,772,766	(392,960)	(22.17)
Other	1,035,583	815,440	220,143	0.27
Transfers In	488,698	-	488,698	100.00
Total	$ 92,987,987	$ 92,318,556	$ 669,431	0.73 %

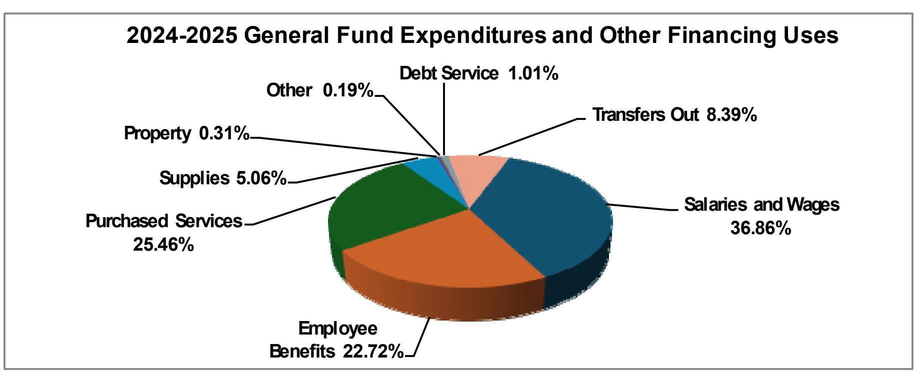
Intergovernmental revenues decreased primarily due to a decrease in Elementary and Secondary School Emergency Relief (ESSER) appropriations in 2024-2025 comparted 2023-2024.

Investment earnings decreased as current interest rates decreased from the prior year.

	2025	2024	Change Amount	Change Percent
Real Estate Tax	$ 53,375,683	$ 51,817,097	$ 1,558,586	3.01 %
Interim Tax	327,380	299,712	27,668	9.23
PURTA Tax	57,563	52,901	4,662	8.81
Local Services Tax	291,435	273,699	17,736	6.48
Earned Income Tax	6,339,808	6,091,678	248,130	4.07
Realty Transfer Tax	1,356,443	878,401	478,042	54.42
Amusement Tax	348,867	348,867	-	-
Delinquent Real Estate Tax	796,564	792,503	4,061	0.51
	$ 62,893,743	$ 60,554,858	$ 2,338,885	3.86 %

Real estate tax revenue increased due to the milage increase of 2.50% in 2024-2025. Realty transfer tax revenue increased as more properties were transferred in comparison to the prior year along with the sale of several very large properties. Delinquent real estate tax increased as there were more collections received on delinquent taxes in the current year compared to the prior year.

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



General Fund Expenditures and Other Financing Uses

			Change	
	2025	2024	Amount	Percent
Salaries and Wages	$ 34,718,300	$ 32,622,149	$ 2,096,151	6.43 %
Employee Benefits	21,401,655	20,802,062	599,593	2.88
Purchased Services	23,977,946	22,515,958	1,461,988	6.49
Supplies	4,763,037	4,369,584	393,453	9.00
Property	293,442	4,328,335	(4,034,893)	(93.22)
Other	182,917	95,051	87,866	92.44
Debt Service	948,871	924,632	24,239	2.62
Transfers Out	8,394,147	7,984,301	409,846	5.13
	$ 94,680,315	$ 93,642,072	$ 1,038,243	1.11 %

Salaries and wages increased by $2,096,151 or 6.43% in 2024-2025 compared to 2023-2024. The scheduled salary increased within the District's negotiated collective bargaining agreement, the salary adjustments done through the compensation study and the additional hiring of staff during the current year.

Purchased services increased by $1,461,988 or 6.49%. Tuition costs and special education costs increased as a result of additional student placements. The District contracts with a third-party to provide staffing services for custodial, maintenance, grounds, food service, personal care assistants and paraprofessionals. The cost for those services were higher than previous year not only because of the increase in cost of the services but also because there were not as many position vacancies. In addition, costs for providing substitute teachers through a third-party were also higher than previous years due to an increased need for substitute teachers to fill teacher vacancies.

Property decreased by $4,034,893 or 93.22% due to the appropriation of ESSER funds towards Pennsylvania Department of Education (PDE) approved capital projects completed during the previous year, which included recoating and restoration of roof areas, stadium fencing, and a walking path.

Transfers out increased commensurate with increase in debt service associated with new construction and renovation costs.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2024-2025, the Capital Projects Fund reported a decrease in fund balance of $18,387,700 due to capital expenditures in excess of current year revenues and other financing sources. The remaining fund balance of $23,830,419 as of June 30, 2025 is restricted for future capital expenditures.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the District's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due.

GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were $977,728 or 1.06% more than budgeted amounts and actual expenditures and other financing uses were $1,549,763 or 1.66% more than budgeted amounts resulting in a net negative variance of $572,035. Major budgetary highlights for 2024-2025 were as follows:

- Real estate tax collections were approximately $272,000 over budget primarily due to a higher collection percentage.
- Realty transfer taxes were approximately $175,700 under budget due less property sales than projected.
- Interest income was under budget by approximately $310,000 due to the Federal Reserve Bank decreasing interest rates faster than anticipated.
- Miscellaneous revenues were $223,000 higher than budget due to an enhanced extended school year educational program.
- Basic education subsidy was lower than budget by approximately $349,000 while Ready to Learn subsidies were higher than budget by $1,422,000. This shift in funding was based upon the final approved Commonwealth of Pennsylvania budget. The 2024-2025 District budget was approved on June 16, 2024, while the state's budget was approved on July 11, 2024, and included additional appropriations being funded for education which was not anticipated during the District's budget preparation process.
- Transportation subsidies were $344,607 under budget based upon the allocation for transportation funding in the state budget.
- Federal source revenues were approximately $446,900 less than budget due to the end of ESSER funding in 2024-2025 and less than anticipated appropriations.
- Tuition reimbursement was higher than budget by $241,100 as professional staff were incentivized to continue their professional education.
- Energy costs were over budget by $309,000 due to excessive cold winter temperatures.
- Special education costs were over budget by approximately $591,000 due to an increase in the number of students requiring services and cost of providing those services continues to increase.
- Cyber charter school tuition over budget by approximately $526,000. The District continues to see an increase in number of students enrolling in cyber charter schools – both regular education and special education along with increasing tuition rates.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of the business-type activities and Food Service Fund increased by $140,639. As of June 30, 2025, the business-type activities and Food Service Fund had net position of $3,414,283.

CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounted to $167,065,306 net of accumulated depreciation/amortization. This investment in capital assets includes land, site improvements, buildings and improvements, furniture and equipment including vehicles and right-to-use lease and subscription assets. The total increase in the District's net investment in capital assets for the current fiscal year was $12,410,067 or 8.02%. The increase was the result of current year capital additions in excess of depreciation/amortization expense and the net book value of disposed of capital assets.

Current year capital expenditures were $19,721,964 and depreciation/amortization expense and the net book value of disposed of capital assets was $7,311,897.

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

Leola Elementary - construction in progress	$14,084,309

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $130,310,639 consisting of $123,615,000 in bonds payable, $1,025,000 in notes payable, and net deferred credits of $5,670,639. The District's general obligation debt is backed by the full faith of the District and decreased by $4,055,583 or 3.02% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is $209,213,174 which exceeds the District's outstanding general obligation debt as of June 30, 2025.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System (PSERS). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $93,713,217 as of June 30, 2025. The District's net pension liability increased by $15,461,675 or 19.76% during the fiscal year.

The District reports a liability for its other postemployment benefits (OPEB) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $7,483,917 as of June 30, 2025. The District's OPEB liability increased by $1,039,506 or 16.13% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for leases payable, subscriptions payable, accrued retirement bonuses, and compensated absences which totaled $6,130,442 as of June 30, 2025. These liabilities increased by $430,395 or 7.55% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District adopted a balanced 2025-2026 budget totaling $95,040,729 which used $1,204,639 of committed General Fund fund balance as of June 30, 2025 to balance the 2025-2026 budget and raised the real estate tax millage by 2.75%.

The contract between the Conestoga Valley School Board and the Conestoga Valley Education Association expired on June 30, 2025. The District and the Education Association negotiated a five-year contract which will expire June 30, 2029. The contract includes salary increases of approximately 4.00% each year.

The District contracts with SOS of Lancaster to provide food service, custodial, maintenance, and instructional aide positions. As such, the District continues to recognize annual savings in PSERS retirement and healthcare costs from outsourcing these positions.

Through this contract the District offers a high-deductible health care plan option to its employees. In this plan the employee assumes responsibility for health care expenses up to a $2,000 deductible ($4,000 for a family plan). The District will provide a match of employees' contributions up to 50%. Employees will be able to reduce their premium costs by participating in an outcome-based wellness rewards program.

The District contracts with SOS of Lancaster to provide food service, custodial, maintenance, and instructional aide positions. As such, the District continues to recognize annual savings in PSERS retirement and healthcare costs from outsourcing these positions.

The District considers its financial condition to be sound and believes its local community support to be very positive. Future financial condition may be challenged by significant increases in the cost of District contributions to its employees' state retirement plan (contributions are paid by the District on behalf of its participating employees). As the employer contribution rate levels off, increases in the rate are not as significant; however, the rate is projected to be 36.06% in 2031-2032.

In May 2017, the School Board authorized the District to move forward with building a new 6-8 middle school and renovating the remaining buildings. The renovation of Brownstown Elementary School is complete. The new middle school was opened for the 2022-2023 school year. The District issued a fourth general obligation bond issue in the amount of $45,560,000 which settled in May 2022. This bond issue is for the purpose of continued renovations to the remaining District buildings. While this necessitates a substantial increase in debt service as current debt is paid off, the structure and timing of the new bond issues will have minimal impact on the amount of millage needed in the budget. The District approved bids to renovate the existing middle school in July 2022, which is now complete. The renovations to the Leola Elementary School is the next project, which was completed in the spring of 2026.

As referenced above, the 2025-2026 budget uses $1,204,639 of General Fund committed fund designated for the employer retirement stabilization, health savings account reserves, future debt service obligations, anticipated inflationary factors and increasing special education costs. The 2025-2026 budget continues to reflect the above average cyber charter tuition costs. However, these costs are less than 2024-2025 as the District anticipates that students gradually returning to in-person learning or the Conestoga Valley Virtual Academy.

With the exception of the increase in the state retirement, basic education and Ready to Learn subsidy, support from the state is budgeted at levels consistent with the previous year. A new basic education subsidy formula was enacted beginning with the 2016-2017 fiscal year. The purpose of this new formula is to distribute this subsidy in an equitable manner according to various student and district factors such as student enrollment and district poverty levels and provides for a local wealth adjustment and a local tax effort and capacity adjustment.

The District prepares its budget in accordance with the mandates of Act 1 of 2006 (Act 1). Act 1 is likely to continue to have an effect on the financial activity of the District in future years. The Act places an (index) cap on the percent increase that the District may raise its real estate tax millage rate without requiring approval from voters in a back-end referendum. The index for the 2024-2025 fiscal year was 5.30%, the index for 2025-2026 was 4.00%, and the index for 2026-2027 will be 3.50%. Certain exceptions may be approved by the Pennsylvania Department of Education for retirement or special education costs that would permit the District to exceed this index without requiring voter approval. The available exceptions have been reduced from the 10 exceptions that had been available to the District in previous years under Act 1 of 2006. In the event that the rate of increase would exceed this Act 1 index rate, including any permissible exceptions, the District would be required to place a referendum question on the primary election ballot asking the taxpayers to approve the higher millage rate increase. School districts also have the option to adopt a resolution that the final budget will not exceed the (index) percent in the real estate tax rate to be assessed on properties located in the school district. The final date for availability for public inspection for the 2026-2027 preliminary budget or for adoption of a resolution not to exceed the index will be December 9, 2024.

The District was awarded a total amount of $13,371,048 in ESSER II and III funding. The ESSER II grant in the amount of $4,423,529 was spent by September 30, 2023, as required, and the ESSER III (referred to as ARP ESSER) grant in the amount of $8,947,519 was spent by September 30, 2024. Each of these grants have very specific guidelines on the allowable uses of the funds as it relates to COVID-19. The District used this one-time funding to fund summer programming, after-school activities, and technology and capital upgrades while avoiding significant fiscal gaps heading into future budget years.

The District maintains an AA rating (the second highest rating) from Standard & Poor's Corp., one of America's top bond credit rating agencies. Standard & Poor's comment included the following: "After strong financial performance in the past four years, the District is well-positioned to navigate the post-pandemic recovery period through its very strong available fund balance that will provide ample cushion against potential revenue losses due to any lingering financial and economic effects from the recent recession. Recent and ongoing development within the local economy continues to provide stability since property tax revenue accounts almost three-quarters of general fund revenue. S&P Global Ratings is optimistic that the recovery is beginning to accelerate, which is expected to result in additional GDP growth (see S&P Global Economics' report "Economic Outlook U.S. Q2 2021: Let The Good Times Roll," published March 24, 2021, on RatingsDirect). The stable outlook reflects our expectation that management will continue to steer the District's return to an operationally balanced budget for fiscal 2024 and beyond, thereby maintaining the very strong reserves and flexibility this provides if revenues fluctuate."

The District maintains an Aa2 rating (the third highest rating) from Moody's, one of Americas top bond credit rating agencies. Calling the District's financial position "healthy with strong reserves and liquidity," Moody's states that the District is "best characterized by its high degree of stability". As challenges, the agency listed the expected increase in the District's debt burden as a result of forthcoming new issuances of debt.

In conclusion, the District has committed itself to financial and educational excellence for the future. The District's systems of budgeting and internal controls are well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued financial performance well into the future.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Finance and Operations Officer or the Director of Finance, Conestoga Valley School District, 2110 Horseshoe Road, Lancaster, PA 17601.

FINANCIAL STATEMENTS

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	$ 42,212,947	$ 1,892,653	$ 44,105,600
Investments	7,117,504	-	7,117,504
Taxes Receivable	2,116,309	-	2,116,309
Due from Other Governments	3,225,374	-	3,225,374
Internal Balances	(26,786)	26,786	-
Other Receivables	530,677	93,535	624,212
Escrow Deposits	1,227,079	-	1,227,079
Prepaid Expenses	411,038	-	411,038
Inventories	-	64,749	64,749
Total Current Assets	56,814,142	2,077,723	58,891,865
Noncurrent Assets			
Capital Assets, Not Being Depreciated	24,221,195	246,495	24,467,690
Capital Assets, Net of Depreciation/Amortization	141,451,115	1,146,501	142,597,616
Total Noncurrent Assets	165,672,310	1,392,996	167,065,306
Total Assets	222,486,452	3,470,719	225,957,171
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Proportionate Share of Pension - PSERS	28,530,694	-	28,530,694
Deferred Charges OPEB - Single Employer	779,689	-	779,689
Deferred Charges on Proportionate Share of OPEB - PSERS	1,282,472	-	1,282,472
Total Deferred Outflows of Resources	30,592,855	-	30,592,855
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,219,618	5,637	6,225,255
Accrued Salaries, Payroll Withholdings and Benefits	9,185,814	2,332	9,188,146
Accrued Interest Payable	1,620,093	-	1,620,093
Grants Received In Advance	-	-	-
Unearned Revenue	136,413	48,467	184,880
Total Current Liabilities	17,161,938	56,436	17,218,374
Noncurrent Liabilities:			
Due Within One Year	5,178,984	-	5,178,984
Due In More Than One Year	232,459,231	-	232,459,231
Total Noncurrent Liabilities	237,638,215	-	237,638,215
Total Liabilities	254,800,153	56,436	254,856,589
DEFERRED INFLOWS OF RESOURCES			
Deferred Credits on Proportionate Share of Pension - PSERS	6,684,000	-	6,684,000
Deferred Credits OPEB - Single Employer	1,298,888	-	1,298,888
Deferred Credits on Proportionate Share of OPEB - PSERS	993,000	-	993,000
Total Deferred Inflows of Resources	8,975,888	-	8,975,888
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	50,654,705	1,392,996	52,047,701
Restricted	7,320,693	-	7,320,693
Unrestricted (Deficit)	(68,672,132)	2,021,287	(66,650,845)
Total Net Position (Deficit)	$ (10,696,734)	$ 3,414,283	$ (7,282,451)

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change In Net Position (Deficit): Governmental Activities	Net (Expense) Revenue and Change In Net Position (Deficit): Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction	$ 61,609,989	$ 235,442	$ 14,481,599	$ -	$ (46,892,948)	$ -	$ (46,892,948)
Instructional Student Support	7,893,618	-	829,237	-	(7,064,381)	-	(7,064,381)
Administrative and Financial Support Services	7,993,640	-	775,583	-	(7,218,057)	-	(7,218,057)
Operation and Maintenance of Plant Services	10,254,901	138,753	57,838	159,074	(9,899,236)	-	(9,899,236)
Pupil Transportation	3,700,903	-	1,175,454	-	(2,525,449)	-	(2,525,449)
Student Activities	2,296,593	142,502	238,237	-	(1,915,854)	-	(1,915,854)
Community Services	39,724	-	-	-	(39,724)	-	(39,724)
Interest and Amortization Expense Related to Noncurrent Liabilities	4,110,631	-	197,987	-	(3,912,644)	-	(3,912,644)
Total Governmental Activities	97,899,999	516,697	17,755,935	159,074	(79,468,293)	-	(79,468,293)
BUSINESS-TYPE ACTIVITIES							
Food Service	2,915,212	581,029	2,184,160	-	-	(150,023)	(150,023)
Total Primary Government	$ 100,815,211	$ 1,097,726	$ 19,940,095	$ 159,074	(79,468,293)	(150,023)	(79,618,316)
GENERAL REVENUES							
Property Taxes Levied for General Purposes					54,636,399	-	54,636,399
Earned Income Taxes Levied for General Purposes					6,339,808	-	6,339,808
Other Taxes					2,054,306	-	2,054,306
Grants and Entitlements Not Restricted to Specific Programs					9,466,355	-	9,466,355
Investment Earnings					3,124,689	41,047	3,165,736
TRANSFERS					(249,615)	249,615	-
Total General Revenues and Transfers					75,371,942	290,662	75,662,604
CHANGE IN NET POSITION (DEFICIT)					(4,096,351)	140,639	(3,955,712)
Net Position (Deficit) - Beginning of Year					(4,291,845)	3,273,644	(1,018,201)
Net Position (Deficit) Effect of Restatement (Note 17)					(2,308,538)	-	(2,308,538)
Net Position (Deficit) - Beginning of Year, Restated					(6,600,383)	3,273,644	(3,326,739)
NET POSITION (DEFICIT) - END OF YEAR					$ (10,696,734)	$ 3,414,283	$ (7,282,451)

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash	$ 14,189,736	$ 24,882,439	$ -	$ 502,154	$ 39,574,329
Investments	3,000,000	4,117,504	-	-	7,117,504
Taxes Receivable	2,116,309	-	-	-	2,116,309
Due from Other Funds	1,379,291	-	-	-	1,379,291
Due from Other Governments	3,225,374	-	-	-	3,225,374
Other Receivables	303,900	-	-	10,629	314,529
Escrow Deposits	1,227,079	-	-	-	1,227,079
Prepaid Items	411,038	-	-	-	411,038
Total Assets	$ 25,852,727	$ 28,999,943	$ -	$ 512,783	$ 55,365,453
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 1,950,051	$ 3,793,729	$ -	$ 1,285	$ 5,745,065
Due To Other Funds	540,090	1,375,795	-	-	1,915,885
Accrued Salaries, Payroll Withholdings and Benefits	9,185,814	-	-	-	9,185,814
Unearned Revenue	136,413	-	-	-	136,413
Total Liabilities	11,812,368	5,169,524	-	1,285	16,983,177
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Property and Per Capita Taxes	370,396	-	-	-	370,396
FUND BALANCES					
Nonspendable:					
Prepaid Expenses	411,038	-	-	-	411,038
Restricted for:					
Capital Projects	-	23,830,419	-	-	23,830,419
Athletic Facilities Improvement	-	-	-	262,056	262,056
Extra-Curricular Activities	-	-	-	204,154	204,154
Student Sponsored Activities	-	-	-	45,288	45,288
Committed to:					
Retirement Rate Stabilization	1,811,059	-	-	-	1,811,059
Health Savings Accounts	300,000	-	-	-	300,000
Special Education Costs	125,000	-	-	-	125,000
Future Debt Service Obligations	904,600	-	-	-	904,600
Property Tax Assessment Appeals and Tax Increment Financing	-	-	-	-	-
Inflation Stabilization	-	-	-	-	-
Assigned to:					
Assessment Appeals	2,050,000	-	-	-	2,050,000
Inflation Stabilization	1,100,000	-	-	-	1,100,000
Unassigned	6,968,266	-	-	-	6,968,266
Total Fund Balances	13,669,963	23,830,419	-	511,498	38,011,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 25,852,727	$ 28,999,943	$ -	$ 512,783	$ 55,365,453

See Accompanying Notes to Financial Statements.

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

Total Governmental Fund Balances	$ 38,011,880
Amounts reported for governmental activities in the statement of net position, are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	165,672,310
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported in the governmental funds balance sheet.	21,616,967
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	370,396
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position.	2,890,021
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(237,638,215)
Accrued interest payable on long-term liabilities is included in the statement of net position, but is excluded from the governmental funds balance sheet until due and payable.	(1,620,093)
Net Position (Deficit) of Governmental Activities	$ (10,696,734)

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Major Funds				
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
REVENUES					
Local Sources	$ 65,324,485	$ 1,736,989	$ -	$ 114,413	$ 67,175,887
State Sources	23,129,613	-	-	-	23,129,613
Federal Sources	4,000,928	-	-	-	4,000,928
Total Revenues	92,455,026	1,736,989	-	114,413	94,306,428
EXPENDITURES					
Current:					
Instruction	56,761,281	1,454,935	-	-	58,216,216
Support Services	26,331,905	986,619	-	-	27,318,524
Operation of Noninstructional Services	2,078,290	-	-	89,428	2,167,718
Facilities Acquisition, Construction and Improvement Services	165,821	18,399,757	-	-	18,565,578
Debt Service:					
Principal	909,391	-	3,665,000	-	4,574,391
Interest	39,480	-	4,729,147	-	4,768,627
Total Expenditures	86,286,168	20,841,311	8,394,147	89,428	115,611,054
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,168,858	(19,104,322)	(8,394,147)	24,985	(21,304,626)
OTHER FINANCING SOURCES (USES)					
Sale of/Compensation for Capital Assets	44,263	-	-	-	44,263
Issuance of Right-to-Use Arrangements	-	1,454,935	-	-	1,454,935
Transfers In	488,698	-	8,394,147	-	8,882,845
Transfers Out	(8,394,147)	(738,313)	-	-	(9,132,460)
Total Other Financing Sources (Uses)	(7,861,186)	716,622	8,394,147	-	1,249,583
NET CHANGE IN FUND BALANCES	(1,692,328)	(18,387,700)	-	24,985	(20,055,043)
Fund Balances - Beginning of Year	15,362,291	42,218,119	-	486,513	58,066,923
FUND BALANCES - END OF YEAR	$ 13,669,963	$ 23,830,419	$ -	$ 511,498	$ 38,011,880

See Accompanying Notes to Financial Statements.

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

Net Change In Fund Balances - Governmental Funds		$ (20,055,043)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlay expenditures exceed depreciation/amortization expense and the net book value of disposed of capital assets in the current period.		
Capital Outlay Expenditures	19,451,734	
Net Book Value Disposed of Capital Assets	(291,457)	
Depreciation/Amortization Expense	(6,857,271)	12,303,006
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount in the current period.		
Deferred Inflows of Resources June 30, 2024	(233,624)	
Deferred Inflows of Resources June 30, 2025	370,396	136,772
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.		(765,363)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of Bonds and Notes Payable	3,665,000	
Issuance of Leases and Subscriptions Payable	(1,454,935)	
Repayment of Leases and Subscriptions Payable	1,142,011	
Amortization of Discounts, Premiums and Deferred Amounts on Refunding	390,583	3,742,659
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.		
Current Year Change in:		
Accrued Interest Payable	34,793	
Compensated Absences	(521,356)	
Accrued Retirement Bonus	403,885	
Net Pension Liability - PSERS and Deferred Outflows and Inflows	992,170	
OPEB Liability - Single Employer and Deferred Outflows and Inflows	(339,967)	
Net OPEB Liability - PSERS and Deferred Outflows and Inflows	(27,907)	541,618
Change in Net Position (Deficit) of Governmental Activities		$ (4,096,351)

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Major Fund Food Service Fund	Internal Service Fund	Total
ASSETS			
Current Assets			
Cash	$ 1,892,653	$ 2,638,618	$ 4,531,271
Due from Other Governments	-	-	-
Due from Other Funds	30,282	509,808	540,090
Other Receivables	93,535	216,148	309,683
Inventories	64,749	-	64,749
Total Current Assets	2,081,219	3,364,574	5,445,793
Noncurrent Assets			
Capital Assets, Not Being Depreciated	246,495	-	246,495
Capital Assets, Net of Depreciation	1,146,501	-	1,146,501
Total Noncurrent Assets	1,392,996	-	1,392,996
Total Assets	3,474,215	3,364,574	6,838,789
LIABILITIES			
Accounts Payable	5,637	474,553	480,190
Due to Other Funds	3,496	-	3,496
Accrued Salaries, Payroll Withholdings and Benefits	2,332	-	2,332
Unearned Revenue	48,467	-	48,467
Total Liabilities	59,932	474,553	534,485
NET POSITION			
Net Investment in Capital Assets	1,392,996	-	1,392,996
Unrestricted	2,021,287	2,890,021	4,911,308
Total Net Position	$ 3,414,283	$ 2,890,021	$ 6,304,304

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	Internal Service Fund	Total
OPERATING REVENUES			
Charges for Services	$ 581,029	$ 6,405,000	$ 6,986,029
OPERATING EXPENSES			
Salaries	143,849	-	143,849
Employee Benefits	80,341	6,059,169	6,139,510
Purchased Services - Food Service Management	1,113,712	-	1,113,712
Purchased Professional and Technical Services	6,792	1,156,832	1,163,624
Purchased Property Services	24,420	-	24,420
Other Purchased Services	2,747	-	2,747
Supplies	1,379,387	-	1,379,387
Depreciation	163,169	-	163,169
Other	795	-	795
Total Operating Expenses	2,915,212	7,216,001	10,131,213
OPERATING LOSS	(2,334,183)	(811,001)	(3,145,184)
NONOPERATING REVENUES (EXPENSES)			
Earnings on Investments	41,047	45,638	86,685
State Sources	340,959	-	340,959
Federal Sources	1,843,201	-	1,843,201
Total Nonoperating Revenues (Expenses)	2,225,207	45,638	2,270,845
CHANGE IN NET POSITION BEFORE TRANSFER	(108,976)	(765,363)	(874,339)
TRANSFERS IN	249,615	-	249,615
CHANGE IN NET POSITION	140,639	(765,363)	(624,724)
Net Position - Beginning of Year	3,273,644	3,655,384	6,929,028
NET POSITION - END OF YEAR	$ 3,414,283	$ 2,890,021	$ 6,304,304

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	Internal Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	$ 528,275	$ -	$ 528,275
Cash Received from Assessments Made to Other Funds	-	6,754,435	6,754,435
Cash Payments to Employees for Services	(222,671)	-	(222,671)
Cash Payments for Insurance Claims	-	(6,154,130)	(6,154,130)
Cash Payments to Suppliers for Goods and Services	(3,669,908)	-	(3,669,908)
Cash Payments for Other Operating Expenses	-	(1,156,832)	(1,156,832)
Net Cash Used by Operating Activities	(3,364,304)	(556,527)	(3,920,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	343,448	-	343,448
Federal Sources	1,676,571	-	1,676,571
Net Cash Provided by Noncapital Financing Activities	2,020,019	-	2,020,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(20,615)	-	(20,615)
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,615)	-	(20,615)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	41,047	45,638	86,685
Net Cash Provided by Investing Activities	41,047	45,638	86,685
NET CHANGE IN CASH	(1,323,853)	(510,889)	(1,834,742)
Cash - Beginning of Year	3,216,506	3,149,507	6,366,013
CASH - END OF YEAR	$ 1,892,653	$ 2,638,618	$ 4,531,271

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	Internal Service Fund	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	$ (2,334,183)	$ (811,001)	$ (3,145,184)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation	163,169	-	163,169
Donated Commodities Used	183,268	-	183,268
(Increase) Decrease in:			
Due from Other Funds	(29,572)	346,007	316,435
Other Receivables	(24,689)	3,428	(21,261)
Prepaid Expenses	-	-	-
Inventories	28,405	-	28,405
Increase (Decrease) in:			
Accounts Payable	1,270	(94,961)	(93,691)
Due to Other Funds	(1,325,426)	-	(1,325,426)
Accrued Salaries, Payroll Withholdings and Benefits	1,519	-	1,519
Unearned Revenue	(28,065)	-	(28,065)
Net Cash Used by Operating Activities	$ (3,364,304)	$ (556,527)	$ (3,920,831)
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Noncash Noncapital Financing Activity			
USDA Donated Commodities	$ 183,268	$ -	$ 183,268
Noncash Capital and Related Financing Activity			
Capital Contribution	$ 249,615	$ -	$ 249,615

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash	$ 351,175
Other Receivables	1,935
Total Assets	353,110
NET POSITION	
Restricted for Student Activities	156,610
Restricted for Scholarships	196,500
Total Net Position	$ 353,110

See Accompanying Notes to Financial Statements.

CONESTOGA VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCUARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Custodial Funds
ADDITIONS	
Receipts from Student Groups	$ 151,794
Local Contributions	19,519
Total Additions	171,313
DEDUCTIONS	
Scholarships Awarded and Fees Paid	21,780
Student Activities Disbursements	138,908
Total Deductions	160,688
CHANGE IN NET POSITION	10,625
Net Position - Beginning of Year	342,485
NET POSITION - END OF YEAR	$ 353,110

See Accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE

Conestoga Valley School District (the District) operates four elementary schools, one middle school and a high school and a virtual academy to provide education and related services to the residents in the Townships of East Lampeter, Upper Leacock and West Earl. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the School Board).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

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

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

Fund Financial Statements

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental Funds

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

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

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term principal, interest and other related costs.

In addition, the District reports the following nonmajor governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. These funds include the District’s Athletic Facilities Improvement Fund, Extra-Curricular Fund and Student Sponsored Activity Fund.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. The District considers federal, state, and other grant revenues to be available if they can be used to finance expenditures within the current period or one year. Deferred inflows of resources are reported in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

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

The Internal Service Fund is used to account for the District's self-funded health insurance program.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost and external investment pools which are recorded at amortized cost, both of which approximate fair value.

Fair Value Measurements of Assets and Liabilities

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

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

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

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

Interfund Receivables and Payables

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

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

The County Board of Assessments determines assessed valuations of property and the Lancaster County Tax Collection Bureau bills and collects the District's property taxes. The tax on real estate for public school purposes for fiscal 2024-2025 was 15.7620 mills ($15.7620 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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

Installment One	August 31
Installment Two	October 31
Installment Three	December 31

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

Unearned Revenues

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

Prepaid Items and Inventories

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

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives:

Site Improvements	15 Years
Buildings and Improvements	20 to 50 Years
Furniture and Equipment	3 to 10 Years

Leases and Subscriptions

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2025.

Compensated Absences

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

Accrued Retirement Bonus

Upon voluntary retirement, employees with qualifying years of service according to their respective employment contract are eligible to receive a lump sum retirement bonus.

Long-Term Obligations

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

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

Pension

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension (Continued)

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

Other Postemployment Benefits (OPEB)

The District's OPEB plans are accounted for under the provisions of GASB, which establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resources are contributions made to the pension plan subsequent to the measurement date and prior to the District's year-end. The contributions will be recognized as a reduction in net pension liability in the following year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources (Continued)

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds.

These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

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

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form - such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned amounts are reviewed and approved by the Board.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Unassigned (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources-committed, assigned or unassigned-in order as needed.

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

Use of Estimates

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

Implementation of New Accounting Pronouncements

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

The objective of GASB Statement No 101 is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 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 is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District adopted the requirements of the statement effective July 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. The effect of the implementation of GASB Statement No. 101 is more fully described in Note 17.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

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

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

GASB Statement No. 105, *Subsequent Events*, will be effective for the District for the year ending June 30, 2027. The objective of GASB Statement No. 105 aims to improve consistency, comparability, and transparency in financial reporting for subsequent events, which are transactions or other events occurring after the financial statement date but before the statements are available to be issued.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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

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

Expenditures in Excess of Appropriations

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

Special Programs	$ 1,600,303
Pre-Kindergarten	$ 52,193
Pupil Support Services	$ 144,302
Instructional Staff Services	$ 15,037
Pupil Health	$ 81,082
Business Services	$ 66,967
Operation and Maintenance of Plant Servcies	$ 259,456
Student Transportation Services	$ 147,269
Support Services - Central	$ 27,670
Student Activities	$ 456,487
Community Services	$ 21,802
Facilities Acquisition, Construction and Improvement:	
Improvement Services	$ 165,821
Debt Service	$ 898,871

NOTE 4 DEPOSITS AND INVESTMENTS

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was $44,456,775 and the bank balance was $45,271,952. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $500,000 was covered by federal depository insurance and $10,218,466 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, are rated by a nationally recognized statistical rating organization and are subject to an independent annual audit. As of June 30, 2025, PSDLAF and PLGIT were rated as AAA by a nationally recognized statistical rating agency.

Escrow Deposits

The District has entered into development agreements with East Lampeter Township and Upper Leacock Township (the Townships) to provide financial security to the Townships to guaranty that required improvements be made related to the property development associated with the new Gerald G. Huesken middle school and Smoketown Elementary. The development agreements required deposits totaling $7,058,129, which will be released to the District as the improvements are completed. The escrow deposits are in an account with a financial institution in the name of the Township and totaled $1,227,079 as of June 30, 2025.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

Investment Type	Fair Value	Due Within One Year
PSDLAF Collateralized Investment Pool	$ 3,000,000	$ 3,000,000
U.S. Treasury and Agency Securities	4,117,504	4,117,504
Total	$ 7,117,504	$ 7,117,504

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

U.S. Treasury and agency securities were valued using Level 1 inputs.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2025.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment in U.S. Treasury and agency securities are subject to interest rate risk.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal and state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization. The District's investments in U.S. Treasury and agency securities were rated AA+ by Standard and Poor's and Aa1 by Moody's as of June 30, 2025.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated/ Amortized:				
Land	$ 2,306,905	$ -	$ -	$ 2,306,905
Collections	635,000	-	-	635,000
Construction in Progress	30,789,383	15,442,595	(24,952,688)	21,279,290
Total Capital Assets Not Being Depreciated/Amortized	33,731,288	15,442,595	(24,952,688)	24,221,195
Capital Assets Being Depreciated/ Amortized				
Site Improvements	3,229,495	-	-	3,229,495
Buildings and Improvements	168,936,528	24,067,295	-	193,003,823
Right-To-Use Lease Assets	3,450,814	1,454,935	-	4,905,749
Right-To-Use Subscription Assets	770,166	-	-	770,166
Furniture and Equipment	16,824,816	3,439,597	(1,389,499)	18,874,914
Total Capital Assets Being Depreciated	193,211,819	28,961,827	(1,389,499)	220,784,147
Less Accumulated Depreciation/ Amortization				
Site Improvements	(4,669,634)	(117,312)	-	(4,786,946)
Buildings and Improvements	(57,838,601)	(3,944,648)	-	(61,783,249)
Right-To-Use Lease Assets	(2,226,322)	(820,075)	-	(3,046,397)
Right-To-Use Subscription Assets	(400,941)	(241,754)	-	(642,695)
Furniture and Equipment	(8,438,305)	(1,733,482)	1,098,042	(9,073,745)
Total Accumulated Depreciation/ Amortization	(73,573,803)	(6,857,271)	1,098,042	(79,333,032)
Total Capital Assets Being Depreciated/Amortized, Net	119,638,016	22,104,556	(291,457)	141,451,115
Governmental Activities, Net	$ 153,369,304	$ 37,547,151	$ (25,244,145)	$ 165,672,310
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	$ 7,660	$ 238,835	$ -	$ 246,495
Capital Assets Being Depreciated:				
Machinery and Equipment	2,505,181	31,395	-	2,536,576
Less: Accumulated Depreciation	(1,226,906)	(163,169)	-	(1,390,075)
Total Business-Type Capital Assets Being Depreciated, Net	1,278,275	(131,774)	-	1,146,501
Business-Type Activities, Net	$ 1,285,935	$ 107,061	$ -	$ 1,392,996

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
Instruction	$ 4,678,399
Instructional Student Support	119,860
Administrative and Financial Support Services	546,503
Operation and Maintenance of Plant Services	1,331,207
Pupil Transportation	5,450
Student Activities	175,852
Total Depreciation Expense	$ 6,857,271
Business-Type Activities	
Food Service	$ 163,169

As of June 30, 2025, the District had the following outstanding amounts remaining related to construction projects totaling $6,213,582 for the Leola Elementary School.

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable Fund	Amount	Payable Fund	Amount
Internal Service Fund	$ 509,808	General Fund	$ 509,808
General Fund	1,375,795	Capital Projects Fund	1,375,795
General Fund	3,496	Food Service Fund	3,496
Food Service Fund	30,282	General Fund	30,282
Total	$ 1,919,381		$ 1,919,381

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

A summary of interfund transfers for the year ended June 30, 2025 is as follows:

Transfers In	Amount	Transfers Out	Amount
Food Service Fund	$ 249,615	Capital Projects Fund	$ 249,615
Debt Service Fund	8,394,147	General Fund	8,394,147
General Fund	488,698	Capital Projects Fund	488,698
Total	$ 9,132,460		$ 9,132,460

Transfers from the General Fund represent transfers to subsidize costs associated with the acquisition of capital assets and debt service requirements.

NOTE 7 CHANGE IN NONCURRENT LIABILITIES

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	$ 123,830,000	$ -	$ (215,000)	$ 123,615,000	$ 1,955,000
Notes Payable	4,475,000	-	(3,450,000)	1,025,000	1,025,000
Bond Premiums (Discounts)	6,061,222	-	(390,583)	5,670,639	355,392
Total General Obligation Debt	134,366,222	-	(4,055,583)	130,310,639	3,335,392
Other Noncurrent Liabilities:					
Right-to-Use Leases Payable	1,220,768	1,454,935	(979,363)	1,696,340	770,805
Right-to-Use Subscriptions Payable	194,498	-	(162,648)	31,850	31,850
Compensated Absences	1,996,544	521,356	-	2,517,900	603,854
Accrued Retirement Bonuses	2,288,237	-	(403,885)	1,884,352	213,030
OPEB Liability	3,265,601	669,022	(403,327)	3,531,296	224,053
Net OPEB Liability - PSERS	3,178,810	773,811	-	3,952,621	-
Net Pension Liability - PSERS	78,251,542	15,461,675	-	93,713,217	-
Total Other Noncurrent Liabilities	90,396,000	18,880,799	(1,949,223)	107,327,576	1,843,592
Total Governmental Activities	$ 224,762,222	$ 18,880,799	$ (6,004,806)	$ 237,638,215	$ 5,178,984

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

The change in the compensated absences and accrued retirement bonuses liabilities are presented as net changes.

NOTE 8 GENERAL OBLIGATION DEBT

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

NOTE 8 GENERAL OBLIGATION DEBT (CONTINUED)

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

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds				
Series of 2019	1.20% - 4.00%	$ 38,745,000	02/01/2044	$ 38,715,000
Series A of 2021	1.00% - 4.00%	$ 34,265,000	02/01/2044	34,245,000
Series B of 2021	1.00% - 4.00%	$ 5,830,000	02/01/2044	5,110,000
Series of 2022	2.88% - 4.00%	$ 45,560,000	02/01/2051	45,545,000
Total General Obligation Bonds				123,615,000
General Obligation Notes				
Series B of 2019	1.15% - 4.00%	$ 2,135,000	04/01/2026	1,025,000
Total General Obligation Notes				1,025,000
Total General Obligation Debt				$ 124,640,000

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 2,980,000	$ 4,636,180	$ 7,616,180
2027	3,060,000	4,558,606	7,618,606
2028	3,170,000	4,448,113	7,618,113
2029	3,295,000	4,324,488	7,619,488
2030	3,420,000	4,195,938	7,615,938
2031 - 2035	19,170,000	18,908,527	38,078,527
2036 - 2040	22,810,000	15,265,263	38,075,263
2041 - 2045	27,080,000	10,987,500	38,067,500
2046 - 2050	32,655,000	5,421,000	38,076,000
2051	7,000,000	279,996	7,279,996
Total	$ 124,640,000	$ 73,025,611	$ 197,665,611

The District has a letter of credit at one of the financial institutions where it holds deposits. As of the end of the fiscal year, the unused letter of credit was $382,800.

NOTE 9 RIGHT-TO-USE LEASES PAYABLE

The District has entered into a 36-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of $392,701. As of June 30, 2025, the value of the lease liability is $241,308. The District is required to make monthly fixed payments of $6,981. The lease has an imputed interest rate of 2.66% and an estimated useful life of five years as of the contract commencement. The net book value of the right-to-use assets as of June 30, 2025 was $235,621 with accumulated amortization of $157,080 and included with noncurrent assets on the statement of net position (deficit).

NOTE 9 RIGHT-TO-USE LEASES PAYABLE (CONTINUED)

Annually, the District enters into 48-month leases for personal technology devices for students. An initial lease liability was recorded in the amount of $4,513,048. As of June 30, 2025, the value of the lease liabilities is $1,455,032. The District is required to make annual payments ranging from $83,772 to $230,353. The leases have interest rates ranging from 1.88% to 3.33% and an estimated useful life of 4 years as of the contract commencement. The net book value of the right-to-use assets as of June 30, 2025 was $1,623,731 with accumulated amortization of $2,889,317 and included with noncurrent assets on the statement of net position (deficit).

Future minimum lease payments under these leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 770,805	$ 60,451	$ 831,256
2027	478,094	30,493	508,587
2028	447,441	14,923	462,364
Total	$ 1,696,340	$ 105,867	$ 1,802,207

NOTE 10 RIGHT-TO-USE SUBSCRIPTIONS PAYABLE

The District has entered into long-term lease agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of $770,166. As of June 30, 2025, the value of the subscription liabilities is $31,850. The District is required to make annual fixed payments of $32,758. The subscriptions payable have interest rates ranging from 2.024%-3.238% and have a useful life of two to four years at contract commencement. The net book value of the right-to-use subscription as of June 30, 2025 of $127,471, with accumulated amortization of $642,695, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum lease payments under these leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 31,850	$ 907	$ 32,757

NOTE 11 PENSION PLAN

Plan Description

The Pennsylvania 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 PSERS include all full-time public employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

NOTE 11 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 new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1.00% to 2.50%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member’s right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 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.

NOTE 11 PENSION PLAN (CONTINUED)

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit Contribution Rate	DC Contribution	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	NA	5.25%
				6.25%
T-C	On or After July 22, 1983	6.25%	NA	6.25%
T-D	Prior to July 22, 1983	6.50%	NA	6.50%
T-D	On or After July 22, 1983	7.50%	NA	7.50%
T-E	On or After July 1, 2011	7.50% Base Rate With Shared Risk	NA	Prior to 7/1/21: 7.50%
T-F	On or After July 1, 2011	10.30% Base Rate With Shared Risk	NA	Prior to 7/1/21: 10.30%
T-G	On or After July 1, 2019	5.50% Base Rate With Shared Risk	2.75%	Prior to 7/1/21: 8.25%
T-H	On or After July 1, 2019	4.50% Base Rate With Shared Risk	3.00%	Prior to 7/1/21: 7.50%
DC	On or After July 1, 2019	NA	7.50%	7.50%

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

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2025 was 33.28% 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 District were $11,440,694 for the year ended June 30, 2025.

NOTE 11 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of $93,713,217 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2239%, which was an increase of 0.0480% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized pension expense of $11,514,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	$ -	$ 1,473,000
Changes In Assumptions	-	-
Net Difference Between Expected and Actual Investment Earnings	1,551,000	-
Changes In Proportions	15,539,000	5,211,000
Contributions Subsequent to the Measurement Date	11,440,694	-
Total	$ 28,530,694	$ 6,684,000

Contributions of $11,440,694 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (62,000)
2027	5,189,000
2028	5,593,000
2029	(314,000)
Total	$ 10,406,000

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Investment Return	7.00%, included 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	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
Discount Rate	7.00% as of June 30, 2024 and 2023 was Used to Measure the Total Pension Liability
Demographic and Economic Assumptions Approved by the Board for Use Effective with 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.

NOTE 11 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial valuation experience study that was performed for the five year period ended 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 weighing 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.00 %	4.80 %
Private Equity	12.00	6.70
Fixed Income	33.50	3.90
Commodities	5.00	2.50
Infrastructure	10.00	6.40
Real Estate	9.50	5.90
Total	100.00 %	

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

Discount Rate

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

NOTE 11 PENSION PLAN (CONTINUED)

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

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

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's Proportionate Share of the Net Pension Liability	$ 123,448,877	$ 93,713,217	$ 68,603,558

Pension Plan Fiduciary Net Position

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

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

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

Active Employees	390
Retirees and Beneficiaries Currently Receiving Benefits	25
Terminated OPEB Plan Members Entitles to But Not Yet Receiving Benefits	-
Total	415

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and by rolling forward the liabilities from the July 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is $3,531,296, all of which is unfunded. As of June 30, 2025, the OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

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

Balances as of July 1, 2023	$ 3,265,601
Changes for the Year:	
Service Cost	163,199
Interest on Total OPEB Liability	137,610
Changes in Benefit Terms	362,242
Differences Between Expected and Actual Experience	(224,562)
Changes in Assumptions	5,971
Benefit Payments	(178,765)
Net Changes	265,695
Balances as of July 1, 2024	$ 3,531,296

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

For the year ended June 30, 2025, the District recognized OPEB expense of $564,020. At June 30, 2025, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	$ 247,970	$ 510,548
Changes of Assumptions	307,666	788,340
Contributions Subsequent to the Measurement Date	224,053	-
Total	$ 779,689	$ 1,298,888

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The amount of $224,053 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ (99,031)
2027	(99,031)
2028	(99,031)
2029	(99,031)
2030	(99,023)
Thereafter	(248,105)
Total	$ (743,252)

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

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

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
OPEB Liability	$ 3,771,470	$ 3,531,296	$ 3,303,531

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate 3.29%	Current Discount Rate 4.29%	1% Increase in Discount Rate 5.29%
OPEB Liability	$ 3,204,734	$ 3,531,296	$ 3,908,404

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Significant Assumptions

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

Actuarial Cost Method	Entry Age Normal
Discount Rate	4.29% - Standards and Poors 20-Year High Grade Rate Index at July 1, 2024 Municipal Bond Rate. The Discount Rate Changed from 4.13% to 4.29%.
Salary Growth	Salary Increases are Composed of 2.50% Cost-of-Living Adjustment, 1.50% for Real Wage Growth and 0.00% to 2.75% for Merit or Seniority Increases.
Assumed Healthcare Cost Trends	7.00% in 2024 with 0.50% Decrease Per Year Until 5.50% in 2027. Rates Gradually Decrease from 5.4% in 2028 4.0% in 2075.
Mortality Rates	Based on a PubT-2010 Headcount-Weighted Mortality Table for Contingent Survivors for Teachers and PubG-2010 Headcount-Weighted Mortality Table for Contingent Survivors for All Other Employees

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

Plan Description

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of- pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

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.

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.60% 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 $212,472 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $3,952,621 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2225%, which was an increase of 0.0468% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2025, the District recognized OPEB expense of $232,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	$ 15,000	$ 59,000
Changes of Assumptions	241,000	604,000
Net Difference Between Expected and Actual Investment Earnings	4,000	-
Changes in Proportions	810,000	330,000
Contributions Subsequent to the Measurement Date	212,472	-
Total	$ 1,282,472	$ 993,000

Contributions of $212,472 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ (24,000)
2027	(41,000)
2028	(62,000)
2029	60,000
2030	144,000
Total	$ 77,000

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Investment Return	4.21% - Standards and Poors 20-Year Municipal Bond Rate.
Salary Growth	Effective Average of 4.5%, Comprised of Inflation of 2.50% and 2.00% for Real Wage Growth and for Merit or Seniority Increases.
Premium Assistance Reimbursement	Capped at $1,200 Per Year
Assumed Healthcare Cost Trends	Applied to Retirees With Less than $1,200 in Premium Assistance Per Year.
Mortality Rates	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 June 30, 2021.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

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

Discount Rate

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

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

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

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the net OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
District's Proportionate Share of the Net OPEB Liability	$ 3,952,272	$ 3,952,621	$ 3,952,904

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

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

	1% Decrease in Discount Rate 3.21%	Current Discount Rate 4.21%	1% Increase in Discount Rate 5.21%
District's Proportionate Share of the Net OPEB Liability	$ 4,465,261	$ 3,952,621	$ 3,523,310

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 PSERS's website at www.psers.pa.gov.

NOTE 13 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Joint Ventures

Lancaster County Career and Technology Center

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center (LCCTC). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2024-2025 was $1,292,775.

NOTE 13 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Joint Ventures (Continued)

Lancaster County Career and Technology Center Authority

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the Authority). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2024-2025 was $110,013.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds, Series of 2011 (the 2011 Revenue Bonds), in the maximum aggregate principal amount of $43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreement with the Authority stipulating that each school district will pay its proportionate share of the lease rentals in order to retire the 2011 Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The 2011 Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed $10,000,000 without the participating school districts' approval. The 2011 Revenue Bonds were intended to be repaid over a period not to exceed thirty years, with gross annual debt service not to exceed $1,985,000 and net annual debt service (after reimbursement by the Commonwealth of Pennsylvania) of $1,330,000. On June 29, 2012, the Authority issued the first of three series in the total amount of $9,995,000. On September 20, 2013, the Authority issued the second of three series in the total amount of $9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of $3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of $11,145,000. The District's lease rental obligations for estimated minimum rental payments related to the issued debt are as follows:

Year Ending June 30,	Amount
2026	$ 110,588
2027	109,836
2028	109,178
2029	109,199
2030	108,323
2031 - 2035	539,777
2036 - 2037	215,278
Total	$ 1,302,179

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

NOTE 13 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the LLIU). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2025-2025, the District contracted with the LLIU for special education services which totaled $2,096,189.

Lancaster-Lebanon Joint Authority

The District and the other Lancaster and Lebanon County school districts are also participating members of the Lancaster-Lebanon Joint Authority (the Authority). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2024-2025, the District did not have any financial transactions with the Authority.

Lancaster County Tax Collection Bureau

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the Bureau). Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The District contracts with the Bureau for the collection of property and earned incomes taxes. During 2024-2025, the District contracted with the Bureau for tax collection services which totaled $163,216.

Lancaster County Academy

The Lancaster County Academy (the Academy) is an alternative public school organized by the District and 11 other Lancaster County school districts to provide services in the County. Each of the participating school districts appoints one member to serve on the joint operating committee. The District is considered to have an ongoing financial responsibility to fund the operations of the Academy. During 2024-2025, the District's portion of operating expenditures for the Academy totaled $57,695.

NOTE 14 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The District receives federal, state, and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

Litigation

The District could be a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

NOTE 15 RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party who approves and process all claims. The District was limited in liability to $450,000 per individual and $7,776,850 in total for self-insurance medical claims for the year ended June 30, 2025.

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

	2025	2024
Insurance Claims Liability - Beginning of Year	$ 569,514	$ 367,892
Current Year Insurance Claims and Changes in Estimates	7,028,411	7,139,584
Insurance Claims Paid	(7,310,961)	(6,937,962)
Insurance Claims Liability - End of Year	$ 286,964	$ 569,514

NOTE 15 RISK MANAGEMENT (CONTINUED)

Property and Liability

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the Pool), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than $100,000 per occurrence. As of June 30, 2025, the District is not aware of any additional assessments relating to the Pool.

Workers' Compensation

The District and 16 participating member school districts the LLIU, and the Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the Fund), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2025, the District is not aware of any additional assessments relating to this Fund.

Unemployment

The District administers a self-insurance program for unemployment compensation rather than contribute to the state fund. Transactions for this program are reflected in the General Fund.

Other Risks

The District is exposed to other risks of loss, including errors and omissions. The District has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 16 TAX INCREMENT FINANCING DISTRICT

The District, East Lampeter Township and Lancaster County (the taxing bodies) have entered into a tax increment financing agreement (TIF agreement) with the East Lampeter Industrial and Commercial Authority (the Authority). In conjunction with the TIF agreement, the Authority has created a tax increment financing district (TIF District) in the Township of East Lampeter and prepared a project plan (TIF project) which includes, among other things, transportation and related infrastructure improvements for the benefit of the TIF District. Under the TIF agreement, the District will allocate to the Authority 65% of real estate taxes resulting from an increase in the total market value of taxable real property in the TIF District as a result of changes in the assessed valuation in excess of the real estate tax assessment as determined by the Lancaster County Property Assessment Office as of June 2017, The Authority will expend the real estate tax revenues generated by the TIF District for reasonable and necessary costs of the TIF project. The TIF District will terminate after a period of 20 years and any remaining balance after payment of all costs of the TIF project will be returned to the taxing bodies. During 2024-2025, the District paid the Authority $190,000 under the TIF agreement.

NOTE 17 RESTATEMENT OF BEGINNING NET POSITION

Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, Compensated Absences. As a result of the implementation of GASB Statement No. 101, the compensated absences liability as of July 1, 2024 was understated in the governmental activities. The effect of the change in accounting principle and the resulting restatement of net position is as follows:

	Government-Wide Governmental Activities
June 30, 2024, As Previously Reported	$ (4,291,845)
Change in Accounting Principle	(2,308,538)
June 30, 2024, As Restated	$ (6,600,383)

NOTE 18 SUBSEQUENT EVENTS

On July 15, 2025, the District issued $14,995,000 of General Obligation Bonds (the Bonds) to fund various capital projects. The interest rate on the Bonds varies from 3.50% to 5.00%, maturing or subject to mandatory redemption on February 1, 2026 through February 1, 2053.

On February 17, 2026, the District awarded bids for renovations to the Fritz Elementary School totaling approximately $28.1 million.

REQUIRED SUPPLEMENTARY INFORMATION

CONESTOGA VALLEY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local Sources	$ 65,559,823	$ 65,559,823	$ 65,324,485	$ (235,338)
State Sources	22,421,221	22,421,221	23,129,613	708,392
Federal Sources	3,515,517	3,515,517	4,000,928	485,411
Total Revenues	91,496,561	91,496,561	92,455,026	958,465
EXPENDITURES				
Instruction:				
Regular Programs	38,406,788	38,406,788	38,264,583	142,205
Special Programs	14,087,461	14,087,461	15,687,764	(1,600,303)
Vocational Programs	1,530,670	1,530,670	1,405,577	125,093
Other Instructional Programs	382,412	382,412	285,425	96,987
Nonpublic School Programs	71,350	71,350	68,659	2,691
Pre-Kindergarten	997,079	997,079	1,049,272	(52,193)
Total Instruction	55,475,760	55,475,760	56,761,280	(1,285,520)
Support Services:				
Pupil Support Services	3,092,095	3,092,095	3,236,397	(144,302)
Instructional Staff Services	3,603,161	3,603,161	3,618,198	(15,037)
Administrative Services	4,426,977	4,426,977	4,276,707	150,270
Pupil Health	786,171	786,171	867,253	(81,082)
Business Services	944,347	944,347	1,011,314	(66,967)
Operation and Maintenance of Plant Services	6,825,080	6,825,080	7,084,536	(259,456)
Student Transportation Services	3,902,213	3,902,213	4,049,482	(147,269)
Support Services - Central	2,115,684	2,115,684	2,143,354	(27,670)
Other Support Services	45,000	45,000	44,664	336
Total Support Services	25,740,728	25,740,728	26,331,905	(591,177)
Operation of Noninstructional Services:				
Student Activities	1,582,080	1,582,080	2,038,567	(456,487)
Community Services	17,922	17,922	39,724	(21,802)
Total Operation of Noninstructional Services	1,600,002	1,600,002	2,078,291	(478,289)
Facilities Acquisition, Construction and Improvement:				
Services	-	-	165,821	(165,821)
Debt Service	50,000	50,000	948,871	(898,871)
Total Expenditures	82,866,490	82,866,490	86,286,168	(3,419,678)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,630,071	8,630,071	6,168,858	(2,461,213)
OTHER FINANCING SOURCES (USES)				
Sale of/Compensation for Capital Assets	25,000	25,000	44,263	19,263
Transfers In	488,698	488,698	488,698	-
Transfers Out	(8,564,146)	(8,564,146)	(8,394,147)	169,999
Budgetary Reserve	(1,699,916)	(1,699,916)	-	1,699,916
Total Other Financing Sources (Uses)	(9,750,364)	(9,750,364)	(7,861,186)	1,889,178
NET CHANGE IN FUND BALANCE	$ (1,120,293)	$ (1,120,293)	(1,692,328)	$ (572,035)
Fund Balance - Beginning of Year			15,362,291	
FUND BALANCE - END OF YEAR			$ 13,669,963	

CONESTOGA VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

Report Date	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2239%	0.1759%	0.1981%	0.2007%	0.1981%	0.1962%	0.1966%	0.1932%	0.1934%	0.2134%
District's Proportionate Share of the Net Pension Liability	$ 93,713,217	$ 78,251,542	$ 88,072,728	$ 82,400,857	$ 97,542,491	$ 91,787,477	$ 94,377,761	$ 95,418,398	$ 95,843,000	$ 92,434,000
District's Covered-Employee Payroll	$ 35,323,592	$ 26,911,899	$ 29,064,724	$ 28,386,927	$ 27,767,388	$ 27,053,732	$ 26,478,676	$ 25,722,617	$ 25,045,713	$ 27,455,288
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	265.30%	290.77%	303.02%	290.28%	351.28%	339.28%	356.43%	370.95%	382.67%	336.67%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.00%	54.00%

CONESTOGA VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 11,440,694	$ 11,755,322	$ 9,211,027	$ 9,874,728	$ 9,537,893	$ 9,495,235	$ 8,786,299	$ 8,342,383	$ 7,389,722	$ 6,153,000
Contributions in Relation to the Contractually Required Contribution	11,440,694	11,755,322	9,211,027	9,874,728	9,537,893	9,495,235	8,786,299	8,342,383	7,389,722	6,153,000
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 34,753,019	$ 35,323,592	$ 26,911,899	$ 29,064,724	$ 28,386,927	$ 27,767,388	$ 27,053,732	$ 26,478,676	$ 25,722,617	$ 25,045,713
Contributions as a Percentage of Covered-Employee Payroll	32.92%	33.36%	34.23%	33.97%	33.60%	34.20%	32.48%	31.51%	28.73%	24.57%

CONESTOGA VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PUBLIC SCHOOL EMPLOYEE RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

Report Date	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.2225%	0.1757%	0.1977%	0.2002%	0.1978%	0.1962%	0.1966%	0.1932%
District's Proportionate Share of the Net OPEB Liability	$ 3,952,621	$ 3,178,810	$ 3,639,204	$ 4,744,906	$ 4,273,859	$ 4,172,864	$ 4,099,010	$ 3,936,280
District's Covered-Employee Payroll	$ 35,323,592	$ 26,911,899	$ 29,064,724	$ 28,386,927	$ 27,767,388	$ 27,053,732	$ 26,478,676	$ 25,722,617
District's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered-Employee Payroll	11.19%	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

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

CONESTOGA VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEE RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 212,472	$ 226,681	$ 200,927	$ 230,860	$ 232,963	$ 232,856	$ 224,788	$ 219,649	$ 168,206
Contributions in Relation to the Contractually Required Contribution	212,472	226,681	200,927	230,860	232,963	232,856	224,788	219,649	168,206
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 34,753,019	$ 35,323,592	$ 26,911,899	$ 29,064,724	$ 28,386,927	$ 27,767,388	$ 27,053,732	$ 26,478,676	$ 25,722,617
Contributions as a Percentage of Covered-Employee Payroll	0.63%	0.64%	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.65%

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

CONESTOGA VALLEY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY
SINGLE EMPLOYER PLAN
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 163,199	$ 153,759	$ 223,277	$ 227,814	$ 190,331	$ 193,027	$ 234,978	$ 224,316
Interest on Total OPEB Liability	137,610	128,590	80,967	64,627	103,581	88,514	111,769	80,125
Changes of Benefit Terms	362,242	-	-	-	-	-	(91,206)	-
Differences Between Projected and Actual Experience	(224,562)	-	330,626	-	(164,671)	-	(500,747)	-
Changes of Assumptions	5,971	48,749	(801,511)	(93,190)	330,905	(79,087)	(205,304)	178,194
Benefit Payments	(178,765)	(172,354)	(118,715)	(117,420)	(92,104)	(81,474)	(139,758)	(140,886)
Net Change in Total OPEB Liability	265,695	158,744	(285,356)	81,831	368,042	120,980	(590,268)	341,749
Total OPEB Liability - Beginning of Year	3,265,601	3,106,857	3,392,213	3,310,382	2,942,340	2,821,360	3,411,628	3,069,879
Total OPEB liability - End of Year	$ 3,531,296	$ 3,265,601	$ 3,106,857	$ 3,392,213	$ 3,310,382	$ 2,942,340	$ 2,821,360	$ 3,411,628
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	$ 35,323,592	$ 25,565,188	$ 25,565,188	$ 26,248,252	$ 26,248,252	$ 24,934,528	$ 24,934,528	$ 24,178,245
Net OPEB Liability as a Percentage of Covered Payroll	10.00%	12.77%	12.15%	12.92%	12.61%	11.80%	11.32%	14.11%

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CONESTOGA VALLEY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2025

	Capital Reserve Fund	Capital Projects Fund	Total
ASSETS			
Cash	$ 7,073,276	$ 17,809,163	$ 24,882,439
Investments	-	4,117,504	4,117,504
Total Assets	$ 7,073,276	$ 21,926,667	$ 28,999,943
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ -	$ 3,793,729	$ 3,793,729
Due to Other Funds	264,081	1,111,714	1,375,795
Total Liabilities	264,081	4,905,443	5,169,524
FUND BALANCES			
Restricted:			
Capital Projects	6,809,195	17,021,224	23,830,419
Total Fund Balances	6,809,195	17,021,224	23,830,419
Total Liabilities and Fund Balances	$ 7,073,276	$ 21,926,667	$ 28,999,943

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

	Capital Reserve Fund	Capital Projects Fund	Total
REVENUES			
Local Sources	$ 316,267	$ 1,420,722	$ 1,736,989
EXPENDITURES			
Current:			
Instruction	-	1,454,935	1,454,935
Support Services	130,972	855,647	986,619
Facilities Acquisition, Construction and Improvement Services	885,212	17,514,545	18,399,757
Total Expenditures	1,016,184	19,825,127	20,841,311
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(699,917)	(18,404,405)	(19,104,322)
OTHER FINANCING SOURCES (USES)			
Issuance of Right-to-Use Arrangements	-	1,454,935	1,454,935
Transfers Out	-	(738,313)	(738,313)
Total Other Financing Sources (Uses)	-	716,622	716,622
NET CHANGE IN FUND BALANCE	(699,917)	(17,687,783)	(18,387,700)
Fund Balance - Beginning of Year	7,509,112	34,709,007	42,218,119
FUND BALANCE - END OF YEAR	$ 6,809,195	$ 17,021,224	$ 23,830,419

CONESTOGA VALLEY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND
JUNE 30, 2025

	Athletic Facilities Improvement	Extra-Curricular Fund	Student Sponsored Activity Fund	Total
ASSETS				
ASSETS				
Cash	$ 261,714	$ 200,395	$ 40,045	$ 502,154
Other Receivables	342	5,044	5,243	10,629
Total Assets	$ 262,056	$ 205,439	$ 45,288	$ 512,783
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ 1,285	$ -	$ 1,285
FUND BALANCES				
Restricted				
Athletic Facilities Improvement	262,056	-	-	262,056
Extra-Curricular Activities	-	204,154	-	204,154
Student Sponsored Activities	-	-	45,288	45,288
Total Fund Balances	262,056	204,154	45,288	511,498
Total Liabilities and Fund Balances	$ 262,056	$ 205,439	$ 45,288	$ 512,783

CONESTOGA VALLEY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Athletic Facilities Improvement	Extra-Curricular Fund	Sponsored Activity Fund	Total
REVENUES				
Local Sources	$ 59,223	$ 20,643	$ 34,547	$ 114,413
EXPENDITURES				
Current				
Operation of Noninstructional Services	57,318	-	32,110	89,428
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCES	1,905	20,643	2,437	24,985
Fund Balance - Beginning of Year	260,151	183,511	42,851	486,513
FUND BALANCE - END OF YEAR	$ 262,056	$ 204,154	$ 45,288	$ 511,498

SINGLE AUDIT

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

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-250096	07/01/24-09/30/25	$ 1,279,017	$ 1,024,031	$ -	$ 1,270,052	$ 1,270,052	$ 246,021	$ -
Title I - Improving Basic Programs	I	84.010	013-240096	07/01/23-09/30/25	1,295,482	193,372	155,283	38,089	38,089	-	-
Total ALN #84.010						1,217,403	155,283	1,308,141	1,308,141	246,021	-
Title II - Improving Teacher Quality	I	84.367	020-250096	07/01/24-09/30/25	171,371	136,224	-	162,151	162,151	25,927	-
Title II - Improving Teacher Quality	I	84.367	020-240096	07/01/23-09/30/25	146,288	32,408	26,983	5,425	5,425	-	-
Total ALN #84.367						168,632	26,983	167,576	167,576	25,927	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-250096	07/01/24-09/30/25	55,373	33,224	-	40,563	40,563	7,339	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-240096	07/01/23-09/30/24	60,014	32,787	(240)	33,027	33,027	-	-
Total ALN #84.365						66,011	(240)	73,590	73,590	7,339	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-250096	07/01/24-09/30/25	97,560	91,056	-	97,560	97,560	6,504	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240096	07/01/23-09/30/24	118,548	41,492	4,989	36,503	36,503	-	-
Total ALN #84.424						132,548	4,989	134,063	134,063	6,504	-
COVID-19 ARP - ESSER III	I	84.425U	223-210096	03/13/20-09/30/24	8,947,519	1,301,457	326,639	974,818	974,818	-	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210096	03/13/20-09/30/24	695,422	260,231	32,000	228,231	228,231	-	-
Total ALN #84.425						1,561,688	358,639	1,203,049	1,203,049	-	-
Passed Through the Lancaster-Lebanon I.U.											
PA Training and Technical Assistance	I	84.027	062-240033	07/01/23-09/30/24	50,000	3,599	3,599	-	-	-	-
I.D.E.A. - Part B	I	84.027	062-250013	07/01/24-09/30/25	866,002	381,193	-	866,002	866,002	484,809	-
I.D.E.A. - Part B	I	84.027	062-240013	07/01/23-09/30/24	904,083	554,992	554,992	-	-	-	-
Total ALN #84.027						939,784	558,591	866,002	866,002	484,809	-
I.D.E.A. - Part B, Section 619	I	84.173	131-240013	07/01/24-06/30/25	5,220	-	-	5,220	5,220	5,220	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230013	07/01/23-06/30/24	6,426	6,426	6,426	-	-	-	-
Total ALN #84.173						6,426	6,426	5,220	5,220	5,220	-
Total U.S. Department of Education						4,092,492	1,110,671	3,757,641	3,757,641	775,820	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed Through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	13,867	-	13,867	13,867	-	-
U.S. DEPARTMENT OF THE TREASURY											
Passed Through the Pennsylvania Commission on Crime and Delinquency											
Positive Behavioral Interventions and Supports (PBIS)	I	21.027	2023-CM-01-42410	01/10/24 - 12/31/25	151,038	56,086	-	91,242	91,242	35,156	-
U.S. DEPARTMENT OF AGRICULTURE											
Passed-Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	4,548	4,548	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	471,061	-	471,061	471,061	-	-
Total ALN #10.553						475,609	4,548	471,061	471,061	-	-
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	12,090	12,090	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	1,188,872	-	1,188,872	1,188,872	-	-
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	a) 161,102	b) (46,200)	c) 183,268	183,268	d) (24,034)	-
Total ALN #10.555						1,362,064	(34,110)	1,372,140	1,372,140	(24,034)	-
Total U.S. Department of Agriculture						1,837,673	(29,562)	1,843,201	1,843,201	(24,034)	-
Total Federal Awards						$ 6,000,118	$ 1,081,109	$ 5,705,951	$ 5,705,951	$ 786,942	$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						$ 946,210	$ 565,017	$ 871,222	$ 871,222	$ 490,029	$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						$ 1,837,673	$ (29,562)	$ 1,843,201	$ 1,843,201	$ (24,034)	$ -
Medicaid Cluster (ALN #93.778)						$ 13,867	$ -	$ 13,867	$ 13,867	$ -	$ -

Footnotes:
- a) Total amount of commodities received
- b) Beginning inventory July 1
- c) Total amount of commodities used
- d) Ending inventory June 30

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

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 FEDERAL EXPENDITURES

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

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE 3 NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under ALN #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE 4 ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was $138,178.

NOTE 5 INDIRECT COSTS

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

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

Board of School Directors
Conestoga Valley School District
Lancaster, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Conestoga Valley School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Conestoga Valley School District's basic financial statements, and have issued our report thereon dated July 17, 2026.

Report on Internal Control Over Financial Reporting

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

Board of School Directors
Conestoga Valley School District

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
July 17, 2026

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

Board of School Directors
Conestoga Valley School District
Lancaster, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conestoga Valley School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The 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, the 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; and the audit requirements of *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
July 17, 2026

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported

3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? __x__ yes ____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

OTHER INFORMATION

CONESTOGA VALLEY SCHOOL DISTRICT
REAL ESTATE TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

School Year	Assessed Value	Base Millage	Gross Tax Levy	Act 1 Property Tax Reduction Allocation	Gross Adjusted Tax Levy	Current Collections Amount	Current Year Collections As a Percentage of Adjusted Tax Levy	Delinquent Tax Collections	Total Collections Amount	Total Collection as a Percentage
2025-2026	$ 3,567,569,600	16.1955	$ 57,778,573	$ 1,232,420	$ 56,546,153	N/A	N/A	N/A	N/A	N/A
2024-2025	3,544,188,800	15.7620	55,863,504	1,043,169	54,820,335	53,315,824	97.26	737,684	54,053,508	98.60
2023-2024	3,529,481,000	15.3776	54,274,947	903,565	53,371,382	51,817,097	97.09	792,503	52,609,600	98.57
2022-2023	3,504,470,800	14.9660	52,447,910	898,677	51,549,233	50,696,130	98.35	554,753	51,250,883	99.42
2021-2022	3,472,515,800	14.4739	50,260,846	708,652	49,552,194	48,123,504	97.12	460,197	48,583,701	98.05
2020-2021	3,467,515,900	14.1526	49,074,366	710,016	48,364,350	46,820,764	96.81	791,847	47,612,611	98.45
2019-2020	3,444,267,500	13.7940	47,510,226	708,652	46,801,574	45,363,642	96.93	585,388	45,949,030	98.18
2018-2019	3,467,500,300	13.3940	46,443,699	706,526	45,737,173	44,381,363	97.04	663,179	45,044,542	98.49
2017-2018	2,718,332,800	16.3220	44,368,628	707,426	43,661,202	42,346,972	96.99	674,669	43,021,641	98.54
2016-2017	2,706,397,200	15.9240	43,096,669	701,315	42,395,354	41,272,962	97.35	534,577	41,807,539	98.61
2015-2016	2,688,355,900	15.2064	40,880,215	700,553	40,179,662	39,129,793	97.39	630,670	39,760,463	98.96

CONESTOGA VALLEY SCHOOL DISTRICT
REAL ESTATE TAX RATES (MILLS)
LAST TEN FISCAL YEARS

	Municipality		
	East Lampeter Township	Upper Leacock Township	West Earl Township
2025-2026 School District	16.1955	16.1955	16.1955
2025 Municipal	2.055	1.695	1.665
2025 County	2.911	2.911	2.911
2024-2025 School District	15.7620	15.7620	15.7620
2024 Municipal	1.957	1.695	1.615
2024 County	2.911	2.911	2.911
2023-2024 School District	15.3776	15.3776	15.3776
2023 Municipal	1.900	1.695	1.561
2023 County	2.911	2.911	2.911
2022-2023 School District	14.9660	14.9660	14.9660
2022 Municipal	1.900	1.695	1.267
2022 County	2.911	2.911	2.911
2021-2022 School District	14.4739	14.4739	14.4739
2021 Municipal	1.900	1.695	1.267
2021 County	2.911	2.911	2.911
2020-2021 School District	14.1526	14.1526	14.1526
2020 Municipal	1.900	1.695	1.267
2020 County	2.911	2.911	2.911
2019-2020 School District	13.794	13.794	13.794
2019 Municipal	1.900	1.695	1.267
2019 County	2.911	2.911	2.911
2018-2019 School District	13.394	13.394	13.394
2018 Municipal	1.750	1.695	1.267
2018 County	2.910	2.910	2.910
2017-2018 School District	16.322	16.322	16.322
2017 Municipal	1.990	2.000	1.590
2017 County	3.735	3.735	3.735
2016-2017 School District	15.924	15.924	15.924
2016 Municipal	1.730	1.700	1.590
2016 County	3.735	3.735	3.735
2015-2016 School District	15.2064	15.2064	15.2064
2015 Municipal	1.600	1.700	1.590
2015 County	3.735	3.735	3.735

CONESTOGA VALLEY SCHOOL DISTRICT
NONREAL ESTATE TAX RATES
LAST TEN FISCAL YEARS

Municipality	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EAST LAMPETER TOWNSHIP										
Realty Transfer Tax:										
Municipal	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
School	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Earned Income Tax										
Municipal	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
School	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Local Services										
Municipal	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42
School	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10
Amusement Tax										
Municipal	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
School	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
UPPER LEACOCK TOWNSHIP										
Realty Transfer Tax:										
Municipal	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
School	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Earned Income Tax										
Municipal	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
School	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Local Services										
Municipal	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42
School	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10
Amusement Tax										
Municipal	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
School	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
WEST EARL TOWNSHIP										
Realty Transfer Tax:										
Municipal	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
School	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Earned Income Tax										
Municipal	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
School	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Local Services										
Municipal	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42	$ 42
School	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10
Amusement Tax										
Municipal	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
School	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

CONESTOGA VALLEY SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
YEAR ENDED JUNE 30, 2025

Taxpayer	Assessed Valuation
High Properties	$ 347,504,900
Dart Container Corp Of PA	54,094,900
Lancaster New Holland Real Estate	44,124,600
Tanger Properties Limited PRTN	38,802,000
TKG Mill Creek Shopping Center	31,833,800
Calumet Enterprises LLC	20,810,400
Fairmount Homes	20,539,800
East Lampeter Associates	15,886,100
Cedar Acres East	14,961,500
LSC Communications US LLC/Donnelly	13,159,400
Total	$ 601,717,400
Total Taxable Assessed Value	$ 3,529,481,000
10 Largest as a Percentage of Total Assessment	17.05%

Above assessment values are based upon July 1, 2024 values.

CONESTOGA VALLEY SCHOOL DISTRICT
PROPERTY ASSESSMENT DATA
LAST TEN FISCAL YEARS

Calendar Year		Assessed Value	Market Value	Common Ratio
2024		$ 3,521,672,300	$ 3,975,695,992	53.43 %
2023		3,501,899,700	3,623,307,153	56.40
2022		3,487,393,500	3,607,315,713	60.40
2021		3,452,905,400	3,356,241,036	68.10
2020		3,455,027,100	3,359,373,093	78.10
2019		3,437,429,800	3,214,897,729	83.40
2018	*	3,450,025,400	3,222,605,595	87.00
2017		2,717,612,600	3,088,259,918	100.00
2016		2,694,851,500	3,060,134,766	73.70
2015		2,680,065,800	2,929,799,573	75.50

Source: Pennsylvania State Tax Equalization Board

* Lancaster County underwent a countywide reassessment in 2018.

CONESTOGA VALLEY SCHOOL DISTRICT
ENROLLMENT DATA
LAST TEN FISCAL YEARS

School Year	Elementary	Secondary	Total
2025-2026*	1,597	2,115	3,712
2024-2025	1,947	1,877	3,824
2023-2024	1,988	1,922	3,910
2022-2023	2,017	1,956	3,973
2021-2022	2,095	1,953	4,048
2020-2021	1,963	1,854	3,817
2019-2020	2,218	1,933	4,151
2018-2019	2,200	1,945	4,145
2017-2018	2,291	1,900	4,191
2016-2017	2,151	2,025	4,176
2015-2016	2,228	1,990	4,218

* Projected