

NEW HOPE-SOLEBURY SCHOOL DISTRICT
NEW HOPE, PENNSYLVANIA

AUDIT REPORT

JUNE 30, 2026

NEW HOPE-SOLEBURY SCHOOL DISTRICT

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NEW HOPE-SOLEBURY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

November 13, 2026

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

Report on the Financial Statements

Opinions

We have audited financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hope-Solebury School District ("the School District"), New Hope, Pennsylvania, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hope-Solebury School District, New Hope, Pennsylvania, as of June 30, 2026, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Members of the Board
New Hope-Solebury School District

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Members of the Board
New Hope-Solebury School District

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.

Report on Summarized Comparative Information

We have previously audited the School District's 2025 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated December 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, and the budgetary comparison schedule - general fund, notes to budgetary comparison schedule - general fund, schedule of the School District's proportionate share of the net pension liability - PSERS, schedule of School District pension contributions - PSERS, schedule of the School District's proportionate share of the net OPEB liability - PSERS, schedule of School District OPEB contributions - PSERS, and schedule of changes in the School District's net OPEB liability - single employer plan on pages 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2026, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

NEW HOPE-SOLEBURY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

INTRODUCTION

New Hope-Solebury School District management presents this discussion and analysis of the District's financial activities for the fiscal year ended June 30, 2026. The discussion compares the current year with the prior year and should be read with the basic financial statements and notes. It focuses on the primary government and on the transactions, policies, and conditions that had the most significant effect on financial position and results of operations.

If you have any questions about this report or wish to request additional financial information, please contact Ms. Marcia Cajeira, Chief Financial Officer/School Board Treasurer, New Hope-Solebury School District, 180 West Bridge Street, New Hope, PA 18938; (215) 862-5372 or email at mcajeira@nhsd.org.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include government-wide statements and fund statements. Government-wide statements provide a long-term and short-term view of the District as a whole. Fund statements provide more detail about the District's major governmental and proprietary funds and separately report fiduciary activities. The notes provide information needed to understand amounts reported in the statements, and required supplementary information follows the notes.

Statement Group	What the Statements Report	Measurement Focus and Basis
Government-wide statements	The statement of net position reports all financial and capital resources and obligations. The statement of activities reports the current year's revenues and expenses by governmental and business-type activity.	Economic resources measurement focus and accrual basis Fiduciary activities are excluded.
Governmental fund statements	The balance sheet and statement of revenues, expenditures, and changes in fund balances report near-term inflows, outflows, and spendable resources. Reconciliations explain differences from the government-wide statements.	Current financial resources measurement focus and modified accrual basis
Proprietary fund statements	The statements report the District's business-like activities, including financial position, operating results, and cash flows. The Food Service Fund is reported here.	Economic resources measurement focus and accrual basis
Fiduciary fund statements	The statements report resources the District holds for the benefit of others. Those resources are unavailable to support District programs and are excluded from government-wide statements.	Economic resources measurement focus and accrual basis

The government-wide statements and governmental fund statements use different measurement focuses and bases of accounting. Reconciliations accompanying the governmental fund statements explain how short-term fund information is converted to the government-wide amounts. The proprietary fund statements use the same measurement focus and basis as the government-wide statements but provide additional detail, including cash flows.

FINANCIAL SUMMARY

The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $10,533,058 as of June 30, 2026. Net position increased by $7,041,114 from June 30, 2025. This net position continues to be impacted due to the application of the GASB 68 reporting item that requires all employers to report their respective portion of the PSERS liability. The amount applicable to the School District was $56,129,000 as reported in the statement of net position below. The other significant changes in the statement of net position are due to the campus revitalization project and the work that has been completed as of June 30, 2026.

STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2026	6/30/2025	6/30/2026	6/30/2025	6/30/2026	6/30/2025
Current assets	$ 24,006,317	$ 22,169,698	$ (298,869)	$ (265,813)	$ 23,707,448	$ 21,903,885
Capital assets	68,874,491	70,734,147	18,773	22,799	68,893,264	70,756,946
Total Assets	92,880,808	92,903,845	(280,096)	(243,014)	92,600,712	92,660,831
Deferred outflows of resources	11,908,368	10,519,249	138,913	115,610	12,047,281	10,634,859
Total Assets and Deferred Outflows of Resources	104,789,176	103,423,094	(141,183)	(127,404)	104,647,993	103,295,690
Current liabilities	2,702,258	2,790,099	122,521	153,939	2,824,779	2,944,038
Long-term liabilities	30,047,608	32,612,154	-	-	30,047,608	32,612,154
Net OPEB liability	3,264,521	3,467,558	64,252	37,464	3,328,773	3,505,022
Net pension liability	55,411,206	57,715,672	717,794	755,328	56,129,000	58,471,000
Total Liabilities	91,425,593	96,585,483	904,567	946,731	92,330,160	97,532,214
Deferred inflows of resources	1,756,275	2,235,160	28,500	36,372	1,784,775	2,271,532
Total Liabilities and Deferred Inflows of Resources	93,181,868	98,820,643	933,067	983,103	94,114,935	99,803,746
Net Position (Deficit)	$ 11,607,308	$ 4,602,451	$ (1,074,250)	$ (1,110,507)	$ 10,533,058	$ 3,491,944

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2026	6/30/2025	6/30/2026	6/30/2025	6/30/2026	6/30/2025
Revenues						
Charges for service	$ 66,821	$ 61,783	$ 472,905	$ 491,883	$ 539,726	$ 553,666
Operating grants	6,975,968	5,884,890	346,135	300,390	7,322,103	6,185,280
Property taxes, levied for general purposes	36,070,258	34,276,243	-	-	36,070,258	34,276,243
Taxes levied for a specific purpose	7,484,071	7,315,036	-	-	7,484,071	7,315,036
Grants and entitlements not restricted to specific programs	2,795,200	2,393,526	-	-	2,795,200	2,393,526
Investment earnings	1,398,760	2,145,166	3,406	8,715	1,402,166	2,153,881
Transfers	(150,000)	-	150,000	-	-	-
Miscellaneous	587,922	108,793	3,278	-	591,200	108,793
Total Revenue	55,229,000	52,185,437	975,724	800,988	56,204,724	52,986,425
Expenditures						
Instruction	25,176,782	29,068,131	-	-	25,176,782	29,068,131
Support services	21,182,183	20,102,129	-	-	21,182,183	20,102,129
Noninstructional services	992,799	1,118,389	939,467	992,198	1,932,266	2,110,587
Debt service - interest	872,379	368,129	-	-	872,379	368,129
Total Expenditures	48,224,143	50,656,778	939,467	992,198	49,163,610	51,648,976
Revenues less expenses	7,004,857	1,528,659	36,257	(191,210)	7,041,114	1,337,449
Net Position (Deficit) Beginning of Year	4,602,451	3,073,792	(1,110,507)	(919,297)	3,491,944	2,154,495
Net Position (Deficit) End of Year	$ 11,607,308	$ 4,602,451	$ (1,074,250)	$ (1,110,507)	$ 10,533,058	$ 3,491,944

The main driver of the $7,041,114 increase in net position for the year ended June 30, 2026 is the increase in tax revenues and decrease in expenses. The decrease in expenses was largely due to amortization of deferred inflow and outflows of resources related to the District's pension and OPEB plans.

Major Funds

At June 30, 2026, the District governmental funds reported a combined fund balance of $20,978,577 which is an increase of $1,736,786. The schedule below indicates the ending balances at June 30, 2026 and the revenues and expenditures for the year then ended.

	General Fund	Capital Reserve Fund	Totals
ASSETS			
Cash and investments	$ 20,843,915	$ 135,570	$ 20,979,485
Receivables and due from other governments/funds	3,026,832	586,552	3,613,384
TOTAL ASSETS	**$ 23,870,747**	**$ 722,122**	**$ 24,592,869**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payables, accrued expenditures, and compensated absences	2,989,411	248,225	3,237,636
Unavailable revenue	376,656	-	376,656
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,366,067	248,225	3,614,292
FUND BALANCES			
Unassigned, assigned, committed, and restricted	20,504,680	473,897	20,978,577
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 23,870,747**	**$ 722,122**	**$ 24,592,869**

GENERAL FUND REVENUE SOURCES

	2026	2025	Increase (Decrease) from 2025-2026	Percent of Increase (Decrease)
Local sources	$ 44,789,992	$ 43,822,285	$ 967,707	2.21%
State sources	9,332,444	7,817,024	1,515,420	19.39%
Federal sources	438,724	461,393	(22,669)	(4.91)%
Total Revenues	$ 54,561,160	$ 52,100,702	$ 2,460,458	4.72%

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES

	2026	2025	Increase (Decrease) from 2025-2026	Percent of Increase
Instruction	$ 28,027,855	$ 27,560,409	$ 467,446	1.70%
Support services	18,971,313	18,724,196	247,117	1.32%
Operation of noninstructional services	1,112,821	1,121,343	(8,522)	(0.76)%
Capital outlays	5,123	-	5,123	100.00%
Debt service and transfers	4,984,888	7,987,738	(3,002,850)	(37.59)%
Total Expenditures and Uses	$ 53,102,000	$ 55,393,686	$ (2,291,686)	(4.14)%

General Fund

General fund revenues increased from the prior year due primarily to increases in state and local funding sources. Local funding increased due to increases in transfer and earned income taxes, which fluctuate annually based on economic conditions. Debt service and transfer expenditures decreased due to a $3,000,000 decrease in transfers from the general fund to other funds, based on the needs and availability of fund balance to support long-term needs of the District.

Capital Projects Fund

Capital projects fund balance increased due to insurance recoveries and interfund transfers from the general fund exceeding current year expenditures.

Food Service Fund

Net position in the Food Service Fund increased by $36,257, with an ending net deficit of $1,074,250. Revenues and expenses in this fund were relatively stable for both years.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The School District, as of June 30, 2026, owned four buildings: one high school, one middle school, and two elementary schools.

GOVERNMENTAL ACTIVITIES

Capital Assets - Net of Depreciation

	2026	2025	2024	2023
Land and land improvements	$ 5,455,030	$ 5,455,030	$ 5,455,030	$ 5,455,030
Buildings and building improvements	91,465,545	91,295,049	87,901,861	85,570,858
Furniture and equipment	5,311,465	5,146,353	4,936,367	4,108,993
Right-to-use asset	156,003	156,003	587,567	587,567
Total	102,388,043	102,052,435	98,880,825	95,722,448
Accumulated depreciation/amortization	(33,513,552)	(31,318,288)	(30,359,374)	(28,889,663)
Total Net of Depreciation/Amortization	$ 68,874,491	$ 70,734,147	$ 68,521,451	$ 66,832,785

Outstanding Bond Debt

	2026	2025	2024	2023
General Obligation Notes:				
2016 Issue	$ -	$ -	$ 430,000	$ 875,000
2016 A Issue	-	130,000	130,000	135,000
2017 Issue	5,955,000	6,475,000	6,480,000	6,485,000
2019 A Issue	-	-	1,830,000	2,590,000
2019 B Issue	2,685,000	2,690,000	2,930,000	2,935,000
2020 A Issue	8,805,000	9,595,000	9,620,000	9,625,000
2020 Note	-	-	-	990,000
2021 Issue	9,030,000	9,725,000	9,740,000	9,755,000
Total	$ 26,475,000	$ 28,615,000	$ 31,160,000	$ 33,390,000

Business-type activities capital assets totaled $18,773 and $22,799 for the years ended June 30, 2026 and 2025, respectively. Business-type activities had no long-term debt at June 30, 2026 or 2025.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

LABOR RELATIONS

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

The support staff of the School District is represented by New Hope-Solebury Education Support Professionals, an affiliation of the Pennsylvania State Education Association. The current agreement covers the period from July 1, 2025 through June 30, 2028.

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

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

Public School Employees' Retirement System ("PSERS") – All full-time and eligible part-time employees are covered by the PSERS. The PSERS employer retirement contribution rate for the year ended June 30, 2026 was 34.00%. The employer retirement contribution rate for 2026 - 2027 is decreasing to 33.59% and will increase annually until plateauing at approximately 37.48% in 2033 - 2034 unless legislative relief is mandated by the Commonwealth of Pennsylvania.

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026
(With Summarized Comparative Information as of June 30, 2025)

	Governmental Activities	Business-type Activities	Totals 2026	Totals 2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	$ 5,628,382	$ 28,629	$ 5,657,011	$ 4,524,288
Investments	15,351,103	-	15,351,103	15,150,722
Taxes receivable	432,062	-	432,062	432,062
Due from other governments	2,233,716	-	2,233,716	1,718,385
Internal balance	353,655	(353,655)	-	-
Other receivables	7,399	15,912	23,311	68,183
Prepaid expenses	-	-	-	-
Inventories	-	10,245	10,245	10,245
Land	1,710,672	-	1,710,672	1,710,672
Land improvements	3,744,358	-	3,744,358	3,744,358
Buildings and building improvements	91,465,545	-	91,465,545	91,295,049
Furniture and equipment	5,311,465	261,460	5,572,925	5,407,813
Right-to-use lease assets	156,003	-	156,003	156,003
Accumulated depreciation/amortization	(33,513,552)	(242,687)	(33,756,239)	(31,556,949)
TOTAL ASSETS	92,880,808	(280,096)	92,600,712	92,660,831
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amounts related to OPEB	630,764	9,423	640,187	727,480
Deferred amounts related to pension	11,277,604	129,490	11,407,094	9,907,379
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,908,368	138,913	12,047,281	10,634,859
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 104,789,176	$ (141,183)	$ 104,647,993	$ 103,295,690
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	$ 606,059	$ 42,682	$ 648,741	$ 905,078
Accrued salaries and benefits	1,897,110	-	1,897,110	1,804,440
Accrued interest	199,089	-	199,089	157,756
Other current liabilities	-	79,839	79,839	76,764
Noncurrent liabilities:				
Portion due or payable within one year:				
Bonds and notes payable in future years, net	2,420,071	-	2,420,071	2,355,764
Lease liability	31,032	-	31,032	29,743
Accumulated compensated absences	147,915	-	147,915	142,155
Portion due or payable after one year:				
Bonds and notes payable in future years, net	24,326,335	-	24,326,335	26,539,485
Lease liability	69,040	-	69,040	100,072
Accumulated compensated absences	3,053,215	-	3,053,215	3,444,935
Net OPEB liability	3,264,521	64,252	3,328,773	3,505,022
Net pension liability	55,411,206	717,794	56,129,000	58,471,000
TOTAL LIABILITIES	91,425,593	904,567	92,330,160	97,532,214
DEFERRED INFLOWS OF RESOURCES:				
Deferred amounts related to OPEB	747,802	11,706	759,508	754,441
Deferred amounts related to pension	1,008,473	16,794	1,025,267	1,517,091
TOTAL DEFERRED INFLOWS OF RESOURCES	1,756,275	28,500	1,784,775	2,271,532
NET POSITION (DEFICIT):				
Net investment in capital assets	42,028,013	18,773	42,046,786	41,731,882
Restricted - capital projects	473,897	-	473,897	196,271
Unrestricted (deficit)	(30,894,602)	(1,093,023)	(31,987,625)	(38,436,209)
TOTAL NET POSITION (DEFICIT)	11,607,308	(1,074,250)	10,533,058	3,491,944
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 104,789,176	$ (141,183)	$ 104,647,993	$ 103,295,690

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026
(With Summarized Comparative Data for the Year Ended June 30, 2025)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
							Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2026	2025
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 25,176,782	$ -	$ 4,055,459	$ -	$ (21,121,323)	$ -	$ (21,121,323)	$ (25,435,278)
Instructional student support	5,953,753	-	901,820	-	(5,051,933)	-	(5,051,933)	(6,090,772)
Administrative and financial support services	7,551,555	-	854,578	-	(6,696,977)	-	(6,696,977)	(5,575,850)
Operation and maintenance of plant services	5,685,995	-	528,649	-	(5,157,346)	-	(5,157,346)	(4,821,249)
Pupil transportation	1,990,880	-	333,649	-	(1,657,231)	-	(1,657,231)	(1,647,155)
Student activities	992,799	66,821	111,858	-	(814,120)	-	(814,120)	(954,373)
Interest on long-term debt	872,379	-	189,955	-	(682,424)	-	(682,424)	(185,428)
TOTAL GOVERNMENTAL ACTIVITIES	48,224,143	66,821	6,975,968	-	(41,181,354)	-	(41,181,354)	(44,710,105)
BUSINESS-TYPE ACTIVITIES:								
Food service	939,467	472,905	346,135	-	-	(120,427)	(120,427)	(199,925)
TOTAL BUSINESS-TYPE ACTIVITIES	939,467	472,905	346,135	-	-	(120,427)	(120,427)	(199,925)
TOTAL PRIMARY GOVERNMENT	$ 49,163,610	$ 539,726	$ 7,322,103	$ -	(41,181,354)	(120,427)	(41,301,781)	(44,910,030)
GENERAL REVENUES								
Property taxes, levied for general purposes					36,070,258	-	36,070,258	34,276,243
Taxes levied for specific purposes					7,484,071	-	7,484,071	7,315,036
Grants and entitlements not restricted to specific programs					2,795,200	-	2,795,200	2,393,526
Investment earnings					1,398,760	3,406	1,402,166	2,153,881
Transfers					(150,000)	150,000	-	-
Miscellaneous					587,922	3,278	591,200	108,793
TOTAL GENERAL REVENUES					48,186,211	156,684	48,342,895	46,247,479
CHANGE IN NET POSITION (DEFICIT)					7,004,857	36,257	7,041,114	1,337,449
NET POSITION (DEFICIT), BEGINNING OF YEAR					4,602,451	(1,110,507)	3,491,944	2,154,495
NET POSITION (DEFICIT), END OF YEAR					$ 11,607,308	$ (1,074,250)	$ 10,533,058	$ 3,491,944

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2026
(With Summarized Comparative Information as of June 30, 2025)

	General Fund	Capital Reserve Fund	Totals 2026	Totals 2025
ASSETS				
Cash and cash equivalents	$ 5,492,812	$ 135,570	$ 5,628,382	$ 4,415,270
Investments	15,351,103	-	15,351,103	15,150,722
Taxes receivable	432,062	-	432,062	432,062
Due from other funds	353,655	586,552	940,207	434,284
Due from other governments	2,233,716	-	2,233,716	1,718,385
Other receivables	7,399	-	7,399	18,975
TOTAL ASSETS	$ 23,870,747	$ 722,122	$ 24,592,869	$ 22,169,698
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 357,834	$ 248,225	$ 606,059	$ 827,903
Accrued salaries and benefits	1,897,110	-	1,897,110	1,804,440
Due to other funds	586,552	-	586,552	-
Accumulated compensated absences	147,915	-	147,915	142,155
TOTAL LIABILITIES	2,989,411	248,225	3,237,636	2,774,498
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	376,656	-	376,656	153,409
TOTAL DEFERRED INFLOWS OF RESOURCES	376,656	-	376,656	153,409
FUND BALANCES:				
Restricted - capital projects	-	473,897	473,897	196,271
Committed	17,327,028	-	17,327,028	15,423,408
Unassigned (deficit)	3,177,652	-	3,177,652	3,622,112
TOTAL FUND BALANCES	20,504,680	473,897	20,978,577	19,241,791
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 23,870,747	$ 722,122	$ 24,592,869	$ 22,169,698

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2026

TOTAL GOVERNMENTAL FUND BALANCES		$ 20,978,577
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 1,710,672	
Land improvements	3,744,358	
Buildings and building improvements	91,465,545	
Furniture and equipment	5,311,465	
Lease asset	156,003	
Accumulated depreciation/amortization	(33,513,552)	68,874,491
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable in future years, net	(26,746,406)	
Lease liability	(100,072)	
Accumulated compensated absences	(3,053,215)	
Accrued interest	(199,089)	
Net OPEB liability	(3,264,521)	
Net pension liability	(55,411,206)	(88,774,509)
Some of the School District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		376,656
Deferred inflows and outflows related to the School District's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School District's amount of the net OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred amounts related to OPEB	630,764	
Deferred inflows of resources:		
Deferred amounts related to OPEB	(747,802)	(117,038)
Deferred inflows and outflows related to the School District's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the School District's amount of the total pension liability, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred amounts related to pension	11,277,604	
Deferred inflows of resources:		
Deferred amounts related to pension	(1,008,473)	10,269,131
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 11,607,308

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026
(With Summarized Comparative Data for the Year Ended June 30, 2025)

	General Fund	Capital Reserve Fund	Totals 2026	Totals 2025
REVENUES				
Local sources	$ 44,789,992	$ 8,041	$ 44,798,033	$ 44,451,502
State sources	9,332,444	-	9,332,444	7,817,024
Federal sources	438,724	-	438,724	461,393
TOTAL REVENUES	54,561,160	8,041	54,569,201	52,729,919
EXPENDITURES				
Current:				
Instruction	28,027,855	-	28,027,855	27,560,409
Support services	18,971,313	1,871,951	20,843,264	18,797,049
Operation of noninstructional services	1,112,821	-	1,112,821	1,121,343
Capital outlays	5,123	300,017	305,140	5,220,048
Debt service	2,979,888	-	2,979,888	2,987,738
TOTAL EXPENDITURES	51,097,000	2,171,968	53,268,968	55,686,587
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,464,160	(2,163,927)	1,300,233	(2,956,668)
OTHER FINANCING SOURCES (USES)				
Proceeds from extended term financing	-	-	-	156,003
Insurance recovery	-	586,553	586,553	-
Interfund transfers	(2,005,000)	1,855,000	(150,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,005,000)	2,441,553	436,553	156,003
NET CHANGE IN FUND BALANCES	1,459,160	277,626	1,736,786	(2,800,665)
FUND BALANCES, BEGINNING OF YEAR	19,045,520	196,271	19,241,791	22,042,456
FUND BALANCES, END OF YEAR	$ 20,504,680	$ 473,897	$ 20,978,577	$ 19,241,791

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 1,736,786
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the effect of these activities:		
Purchases of capital assets	$ 335,608	
Depreciation/amortization expense	(2,195,264)	(1,859,656)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year.		223,247
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.		2,169,743
In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		391,720
Governmental funds report bond premiums and bond discounts as other financing uses and sources, respectively. However these amounts are reported netted against the outstanding bond liability on the statement of net position and amortized over the life of the debt. This is the amount of current net amortization.		8,843
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(41,333)
OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the School District's estimated future benefit payments and related deferred inflows and deferred outflows, whereas OPEB expenses are recognized in the governmental funds when a requirement to pay the benefits exists.		111,420
Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the School District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.		4,264,087
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 7,004,857

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2026 AND 2025

	Food Service Fund	
	2026	2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 28,629	$ 109,018
Other receivables	15,912	49,208
Inventories	10,245	10,245
Total Current Assets	54,786	168,471
FURNITURE AND EQUIPMENT:		
Net furniture and equipment	18,773	22,799
TOTAL ASSETS	73,559	191,270
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts related to OPEB	9,423	10,155
Deferred amounts related to pension	129,490	105,455
TOTAL DEFERRED OUTFLOWS OF RESOURCES	138,913	115,610
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 212,472	$ 306,880
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
LIABILITIES:		
Accounts payable and other accrued liabilities	$ 42,682	$ 77,175
Other current liabilities	79,839	76,764
Due to other funds	353,655	434,284
Long-term liabilities:		
Portion due or payable after one year:		
Net OPEB liability	64,252	37,464
Net pension liability	717,794	755,328
TOTAL LIABILITIES	1,258,222	1,381,015
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts related to OPEB	11,706	11,696
Deferred amounts related to pension	16,794	24,676
TOTAL DEFERRED INFLOWS OF RESOURCES	28,500	36,372
NET POSITION (DEFICIT):		
Investment in capital assets	18,773	22,799
Unrestricted (deficit)	(1,093,023)	(1,133,306)
TOTAL NET POSITION (DEFICIT)	(1,074,250)	(1,110,507)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 212,472	$ 306,880

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	Food Service Fund	
	2026	2025
OPERATING REVENUES		
Food service revenues	$ 472,905	$ 491,883
TOTAL OPERATING REVENUES	472,905	491,883
OPERATING EXPENSES		
Salaries	395,529	368,990
Employee benefits	212,253	246,937
Other purchased services	20,153	8,928
Food and supplies	306,291	356,585
Dues and fees	1,215	6,732
Depreciation	4,026	4,026
TOTAL OPERATING EXPENSES	939,467	992,198
OPERATING LOSS	(466,562)	(500,315)
NONCAPITAL SUBSIDIES		
State sources	145,747	131,806
Federal sources	200,388	168,584
Transfers from other funds	150,000	-
TOTAL NONCAPITAL SUBSIDIES	496,135	300,390
TOTAL OPERATING LOSS AND NONCAPITAL SUBSIDIES	29,573	(199,925)
OTHER NONOPERATING REVENUES		
Earnings on investments	3,406	8,715
Gain on sale of capital assets	3,278	-
TOTAL OTHER NONOPERATING REVENUES	6,684	8,715
CHANGE IN NET DEFICIT	36,257	(191,210)
NET DEFICIT, BEGINNING OF YEAR	(1,110,507)	(919,297)
NET DEFICIT, END OF YEAR	$ (1,074,250)	$ (1,110,507)

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	Food Service Fund	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 506,201	$ 450,694
Payments to suppliers	(292,464)	(286,690)
Payments to employees	(727,257)	(526,829)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(513,520)	(362,825)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	145,747	131,806
Federal sources	130,700	120,190
Transfers from other funds	150,000	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	426,447	251,996
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	3,278	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	3,278	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	3,406	8,715
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,406	8,715
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(80,389)	(102,114)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	109,018	211,132
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 28,629	$ 109,018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (466,562)	$ (500,315)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	4,026	4,026
Donated commodities	69,688	48,394
(Increase) Decrease in:		
Other receivables	33,296	(41,189)
Deferred outflows of resources - pension and OPEB	(23,303)	15,922
Increase (Decrease) in:		
Accounts payable	(34,493)	37,161
Due to other funds	(80,629)	91,895
Other current liabilities	3,075	2,314
Net pension and OPEB liabilities	(10,746)	(22,743)
Deferred inflows of resources - pension and OPEB	(7,872)	1,710
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (513,520)	$ (362,825)
SUPPLEMENTAL DISCLOSURE		
NONCASH NONCAPITAL FINANCING ACTIVITY:		
USDA donated commodities	$ 69,688	$ 48,394

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2026 AND 2025

	Private-Purpose Trust		Custodial Fund	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
ASSETS				
Cash	$ 38,377	$ 24,488	$ 122,278	$ 117,717
TOTAL ASSETS	$ 38,377	$ 24,488	$ 122,278	$ 117,717
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	$ -	$ -	$ -	$ -
NET POSITION:				
Reserved	38,377	24,488	122,278	117,717
TOTAL LIABILITIES AND NET POSITION	$ 38,377	$ 24,488	$ 122,278	$ 117,717

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

NEW HOPE-SOLEBURY SCHOOL DISTRICT
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

	Private-Purpose Trust		Custodial Fund	
	2026	2025	2026	2025
ADDITIONS				
Earnings on investments	$ 39	$ 29	$ -	$ -
Scholarship contributions	16,000	-	-	-
Student activities contributions	-	-	112,320	103,101
TOTAL ADDITIONS	16,039	29	112,320	103,101
DEDUCTIONS				
Student activities distributions	-	-	107,759	115,605
Fees paid and scholarships awarded	2,150	2,150	-	-
TOTAL DEDUCTIONS	2,150	2,150	107,759	115,605
CHANGE IN NET POSITION	13,889	(2,121)	4,561	(12,504)
NET POSITION, BEGINNING OF YEAR	24,488	26,609	117,717	130,221
NET POSITION, END OF YEAR	$ 38,377	$ 24,488	$ 122,278	$ 117,717

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

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Reporting Entity

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates

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

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

Fund Accounting

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

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

Governmental funds include the following:

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

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

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

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

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

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

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

Basis of Presentation

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

Budgetary Information

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

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

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

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

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

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

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

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

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

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

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

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

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

Receivables/Payables

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

Cash and Cash Equivalents and Investments

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

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

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

Inventories

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

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

Inventories of the food service fund consisting of food and paper supplies are carried at cost using the first-in, first-out method. The inventories on hand at June 30, 2026 consist of the purchased food/supplies for use in the food program in the amount of $10,245.

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

Capital Assets

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

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

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

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

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

Compensated Absences

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

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

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

Long-term Obligations

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

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

Deferred Inflows and Deferred Outflows of Resources

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

Fund Balances

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

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

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

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

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

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

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

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

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

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

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

The breakdown of total cash and investments at June 30, 2026 is as follows:

Cash	$ 5,817,666
Investments	15,351,103
	$ 21,168,769

Deposits

At year end, the carrying amount of the School District's deposits was $5,817,666, and the bank balance was $6,061,218. Of the bank balance, $38,377 was covered by federal depository insurance, and the remaining $6,022,841 was cash equivalents held as certificates of deposit with the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), Pennsylvania INVEST, and the Pennsylvania Local Government Investment Trust ("PLGIT"), which enable governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

Investments

In general, all of the School District's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered

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

for which the securities are held by the broker or dealer, or by its trust department or agency, but not in the government's name.

As of June 30, 2026, the School District had the following investments:

Investment	Fair Value
Pennsylvania School District Liquid Asset Fund (PSDLAF)	$ 15,351,103
Total Investments	$ 15,351,103

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

Of these investments, $229,600 is invested in certificates of deposit, and $15,121,503 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm.

Interest Rate Risk

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

Credit Risk

The School District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2026, the School District's investments were rated as:

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

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. As of June 30, 2026, all of the School District's investments are in PSDLAF.

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

Custodial Credit Risk

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

NOTE 4 REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Based upon assessments provided by the County, the School District has two independently elected tax collectors who bill and collect the School District's property taxes. The School District's tax rate for the year ended June 30, 2026, was 120.51040 mills (120.51040 per $1,000 of assessed valuation) as levied by the Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

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

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

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

The deferred inflow of resources balance in the general fund of $376,656 consists of unavailable real estate taxes.

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

The School District also has abated property taxes under The Taxpayer Relief Act, Act 1 of Special Session 1 of 2006 ("Act 1") of $1,311,611. Act 1 provides for property tax reduction allocations to be distributed by the Commonwealth to each school district, and the state funds must then be used to reduce local residential school property tax bills. Property tax reduction will be through a "homestead exclusion." Under homestead property tax exclusion, the

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

assessed value of each homestead or farmstead is reduced by the amount of the exclusion before the property tax is computed.

NOTE 5 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2026 is as follows:

Due To	Amount	Due From	Amount
General Fund	$ 353,655	Food Service Fund	$ 353,655
Capital Projects Fund	586,553	General Fund	586,553
	$ 940,208		$ 940,208

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

The General Fund transferred $1,855,000 to the Capital Reserve Fund and $150,000 to the Food Service Fund during the year ended June 30, 2026 to support the long-term capital needs of the District and to support food service operations, respectively.

NOTE 6 UNEARNED REVENUES

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

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Balance	Increase	Decrease	Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 1,710,672	$ -	$ -	$ 1,710,672
Total Capital Assets Not Being Depreciated	1,710,672	-	-	1,710,672
Capital assets being depreciated:				
Land improvements	3,744,358	-	-	3,744,358
Buildings and building improvements	91,295,049	170,496	-	91,465,545
Furniture and equipment	5,146,353	165,112	-	5,311,465
Right-to-use lease asset	156,003	-	-	156,003
Total Capital Assets Being Depreciated	100,341,763	335,608	-	100,677,371

NOTE 7 CAPITAL ASSETS (cont'd)

	Balance	Increase	Decrease	Balance
(cont'd)				
Less accumulated depreciation/ amortization for:				
Land improvements	2,306,989	-	-	2,306,989
Buildings and building improvements	25,550,270	984,653	-	26,534,923
Furniture and equipment	3,432,428	1,179,414	-	4,611,842
Right-to-use lease asset	28,601	31,197	-	59,797
Total Accumulated Depreciation/Amortization	31,318,288	2,195,264	-	33,513,552
Total Capital Assets Being Depreciated/ Amortized, Net	69,023,475	(1,859,656)	-	67,163,819
Governmental Activities Assets, Net	$ 70,734,147	$ (1,859,656)	$ -	$ 68,874,491
Business-type Activities				
Capital assets being depreciated:				
Equipment	$ 261,460	$ -	$ -	$ 261,460
Less accumulated depreciation for:				
Equipment	238,661	4,026	-	242,687
Business-type Activities Capital Assets, Net	$ 22,799	$ (4,026)	$ -	$ 18,773

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

Governmental Activities:

Instruction	$ 235,509
Administrative and financial support services	410,085
Operation and maintenance of plant services	1,536,987
Pupil transportation	12,683
Total Depreciation/Amortization Expense - Governmental Activities	$ 2,195,264

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

Business-type Activities:

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

NOTE 8 LONG-TERM LIABILITIES

General Obligation Bonds - Series of 2017

On September 12, 2017, General Obligation Bonds, Series of 2017, were sold. The aggregate principal amount of this issue was $6,600,000. The bonds bear interest rates ranging from 2.0% to 3.0%. Interest will be paid to the registered owners of the bonds semi-annually on August 15 and February 15 of each year with final maturity on February 15, 2036. The proceeds of the bonds were used to pay the costs of: (a) funding the design, acquisition, and construction of capital improvements and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. $ 5,955,000

General Obligation Bonds - Series of 2019 B

On December 11, 2019, General Obligation Bonds, Series of 2019 B, were sold. The aggregate principal amount of this issue was $6,600,000. The bonds bear interest rates ranging from 2.0% to 3.0%. Interest will be paid to the registered owners of the bonds semi-annually on March 1 and September 1 of each year with final maturity on February 15, 2035. The proceeds of the bonds were used to pay the costs of: (a) funding the design, acquisition, and construction of capital improvements and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 2,685,000

General Obligation Bonds - Series of 2020 A

On November 18, 2020, General Obligation Bonds, Series of 2020 A, were sold. The aggregate principal amount of this issue was $9,645,000. The bonds bear interest at 2.0%. Interest will be paid to the registered owners of the bonds semi-annually on February 15 and August 15 of each year with final maturity on February 15, 2035. The proceeds of the bonds were used to pay the costs of: (a) currently refunding the School District's Series of 2015 A bonds and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 8,805,000

General Obligation Bonds - Series of 2021 A

On November 22, 2021, General Obligation Bonds, Series of 2021 A, were sold. The aggregate principal amount of this issue was $9,755,000. The bonds bear interest at 2.0%. Interest will be paid to the registered owners of the bonds semi-annually on February 15 and August 15 of each year with final maturity on February 15, 2036. The proceeds of the bonds were used to pay the costs of: (a) currently refunding the School District's Series of 2016 A bonds and (b) paying the costs and expenses incurred by the School District in connection with the issuance of the bonds. 9,030,000

Total Bonds/Notes Payable $ 26,475,000

NOTE 8 LONG-TERM LIABILITIES (cont'd)

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2027	$ 2,415,000	$ 839,697	$ 3,254,697
2028	2,440,000	779,869	3,219,869
2029	2,500,000	707,530	3,207,530
2030	2,550,000	630,480	3,180,480
2031	2,605,000	549,605	3,154,605
2032 - 2036	13,965,000	1,361,653	15,326,653
	$ 26,475,000	$ 4,868,834	$ 31,343,834

Changes in Long-term Liabilities

Long-term liability balance and activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Governmental Activities					
Bonds and notes payable	$ 28,615,000	$ -	$ 2,140,000	$ 26,475,000	$ 2,415,000
Bond discounts	(33,044)	-	(3,098)	(29,946)	(3,098)
Bond premiums	313,293	-	11,941	301,352	8,169
Net bonds and notes payable	28,895,249	-	2,148,843	26,746,406	2,420,071
Other long-term liabilities:					
Compensated absences	3,587,090	-	385,960	3,201,130	147,915
Lease liability	129,815	-	29,743	100,072	31,032
Net pension liability	57,715,672	-	2,304,466	55,411,206	-
Net OPEB Liability	3,467,558	-	203,037	3,264,521	-
Total Governmental Long-term Liabilities	$ 93,795,384	$ -	$ 5,072,049	$ 88,723,335	$ 2,599,018

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Net pension liability	$ 755,328	$ -	$ 37,534	$ 717,794	$ -
Net OPEB liability	37,464	26,788	-	64,252	-
TOTALS	$ 792,792	$ 26,788	$ 37,534	$ 782,046	$ -

NOTE 8 LONG-TERM LIABILITIES (cont'd)

Long-term liabilities of governmental activities are anticipated to be liquidated by the general fund. Long-term liabilities of business-type activities are anticipated to be liquidated by the food service fund. Additions in compensated absences are reported net of reductions. Total interest expense during the year ended June 30, 2026 was $872,379.

NOTE 9 EMPLOYEE RETIREMENT PLAN

Plan Description

The School District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contribution rates may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.pa.gov

Benefits Provided

The PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members, and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination of age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the code, multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, depending upon the

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

membership class, of the member's final average salary as defined in the code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

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

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

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

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

Employer Contributions

The School District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2026, the rate of the employer contribution was 34.00% of covered payroll, which was comprised of 32.96% for pension contributions, 0.42% for the PSERS defined contribution plan, and 0.62% for healthcare

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

contributions. The School District's contribution to PSERS for pension contributions for the year ended June 30, 2026 was $7,904,094.

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

At June 30, 2026, the School District reported a liability of $56,129,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2024 to June 30, 2025. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the School District's proportion was 0.1446%, which was an increase of 0.0049% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the School District recognized pension expense of $4,476,501. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 197,000
Difference between expected and actual experience	946,000	472,000
Change in proportionate share of the net pension liability	2,557,000	-
Difference between employer contributions and proportionate share of total contributions	-	356,267
Contributions subsequent to the date of measurement	7,904,094	-
	$11,407,094	$ 1,025,267

An amount of $7,904,094 is reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

Year Ending June 30,	
2027	$ 2,380,933
2028	812,933
2029	(46,066)
2030	(670,067)
	$ 2,477,733

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and as of June 30, 2025.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2022 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively
  - Mortality rates – Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global public equity (hedged)	32.0%	4.2%
Private equity	12.0%	6.7%
Fixed income	34.0%	3.5%
Commodities	4.0%	3.9%
Infrastructure	10.0%	5.9%
Real estate	8.0%	6.4%
	100.0%	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2025.

Discount Rate

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

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

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (cont'd)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	$ 75,734,000	$ 56,129,000	$ 39,565,000

Pension Plan Fiduciary Net Position

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

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

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

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The School District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2026, the School District paid $99,331 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2025, utilizing an actuarial valuation as of that date.

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

Discount Rate

The discount used to measure the total OPEB liability was 4.29% and 4.81% for the measurement dates of July 1, 2024 and July 1, 2025, respectively, based on S&P Municipal Bond 20-year High Grade Rate Index.

Salary Increases

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

Withdrawal

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

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

Mortality Rates

Mortality rates are based on the PubT-2010 Headcount-weighted Mortality table including rates for contingent survivors for teachers and the PubG-2010 Headcount-weighted Mortality table including rates for contingent survivors for all other employees.

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

Disability

No disability was assumed.

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

Retirement

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

	Age 55 and 25 Years of Service		Superannuation TC and TD		Superannuation TE, TF, TG, and TH	
Age	Male	Female	Male	Female	Male	Female
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71 - 73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74 - 79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Percent of Eligible Retirees Electing Coverage in Plan

Forty percent of all employees are assumed to elect coverage.

Percent Married at Retirement

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

Spouse Age

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

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

Per Capita Claims Cost

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

	Medical		Prescription Drug	
Age	Male	Female	Male	Female
45 - 49	$ 6,217	$ 8,979	$ 1,676	$ 2,420
50 - 54	$ 8,234	$ 10,148	$ 2,220	$ 2,735
55 - 59	$ 10,029	$ 10,618	$ 2,703	$ 2,862
60 - 64	$ 13,087	$ 12,198	$ 3,528	$ 3,288
65+	$ 6,423	$ 6,423	$ 4,971	$ 4,971

Retiree Contributions

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

Healthcare Cost Trend

The healthcare cost trend was 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2028. Rates gradually decrease from 5.4% in 2029 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

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

Actuarial Cost Method – Entry Age Normal

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

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

Participant Data

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

Sensitivity Analysis

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

	1% Decrease 3.81%	Current Discount Rate 4.81%	1% Increase 5.81%
Total OPEB liability	$ 1,035,194	$ 966,773	$ 901,766
Fiduciary net position	-	-	-
Net OPEB liability	$ 1,035,194	$ 966,773	$ 901,766

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 866,085	$ 966,773	$ 1,083,286
Fiduciary net position	-	-	-
Net OPEB liability	$ 866,085	$ 966,773	$ 1,083,286

Changes in Total OPEB Liability:

Total OPEB liability as of June 30, 2024	$ 1,025,022
Service cost	52,925
Interest on OPEB obligation	42,999
Effect of assumption changes or inputs	(14,524)
Benefit payments	(139,649)
Total OPEB liability as of June 30, 2025	$ 966,773

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

The amount of OPEB expense for the single employer plan recognized by the School District was $71,852 for the year ended June 30, 2026. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ 93,013	$ 232,952
Net difference between expected and actual experience	19,333	75,556
Benefits paid subsequent to the date of measurement	99,331	-
	$ 211,677	$ 308,508

An amount of $99,331 is reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30,	
2027	$ (24,072)
2028	(24,072)
2029	(24,072)
2030	(24,072)
2031	(24,075)
Thereafter	(75,799)
	$ (196,162)

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

Health Insurance Premium Assistance Program

PSERS provides premium assistance, which is a governmental cost-sharing, multiple-employer other postemployment benefits ("OPEB") plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide

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

reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2025, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

OPEB Plan Description

The School District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contribution rates may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.pa.gov.

Benefits Provided

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2026 was 0.62% of covered payroll, actuarially determined as an amount that, when

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

combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School District's OPEB contribution to PSERS for the year ended June 30, 2026 was $148,681.

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

At June 30, 2026, the School District reported a liability of $2,362,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2024 to June 30, 2025. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the School District's proportion was 0.1436%, which was an increase of 0.0040% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the School District recognized OPEB expense of $6,698. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,000	$ -
Change in proportionate share of the net pension liability	175,000	3,000
Change in assumptions	94,000	405,000
Difference between expected and actual experience	5,000	43,000
Difference between actual and proportionate share of contributions	4,829	-
Contributions subsequent to the date of measurement	148,681	-
	$ 428,510	$ 451,000

An amount of $148,681 is reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

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

Years Ending June 30,	
2027	$ (54,632)
2028	(68,992)
2029	20,040
2030	17,168
2031	8,552
Thereafter	(93,307)
	$ (171,171)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percentage of pay
- Investment return – 4.81% – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre-age 65 at 50%.
  - Eligible retirees will elect to participate post-age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2024.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.

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

- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

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, 2026.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.81%, an increase from 4.13% as of June 30, 2025. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.81%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2025, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual premium assistance. As of June 30, 2025, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying

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

retirees is capped at a maximum of $1,200. As of June 30, 2025, 92,149 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2025, 489 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

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

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 2,362,000	$ 2,362,000	$ 2,362,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.81%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.81%) or one percentage point higher (5.81%) than the current rate:

	1% Decrease 3.81%	Current Discount Rate 4.81%	1% Increase 5.81%
School District's proportionate share of the net OPEB liability	$ 2,656,000	$ 2,362,000	$ 2,114,000

OPEB Plan Fiduciary Net Position

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

NOTE 12 NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

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

NOTE 12 NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (cont'd)

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
School District Plan (See Note 10)	$ 966,773	$ 211,677	$ 308,508
PSERS Plan (See Note 11)	2,362,000	428,510	451,000
Total	$ 3,328,773	$ 640,187	$ 759,508

NOTE 13 FUND BALANCES

As of June 30, 2026, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Total Governmental Fund
Restricted:			
Capital projects	$ -	$ 473,897	$ 473,897
Committed:			
PSERS increases	-	-	-
Capital projects	17,327,028	-	17,327,028
Unassigned	3,177,652	-	3,177,652
Total Fund Balances	$ 20,504,680	$ 473,897	$ 20,978,577

NOTE 14 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

NOTE 15 JOINT VENTURES

On March 6, 1998, four public school districts in Bucks County signed lease agreements with the Middle Bucks Area Vocational - Technical School Authority ("the VoTech Authority"). The VoTech Authority issued $3,980,000 of bonds that year, and each school district agreed to

NOTE 15 JOINT VENTURES (cont'd)

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

During the year ended June 30, 2026, the School District paid $114,342 in operating lease payments for its prorated share of the VoTech Authority's debt service.

NOTE 16 COMMITMENTS

The School District has office equipment leases expiring through 2030. The annual minimum lease payments related to these leases are included in the future annual minimum obligation under the above service contract and leases below.

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

Years Ending June 30,	Principal	Interest	Total
2027	$ 31,032	$ 3,655	$ 34,687
2028	32,370	2,317	34,687
2029	33,779	908	34,687
2030	2,891	-	2,891
Totals	$ 100,072	$ 6,880	$ 106,952

NOTE 17 RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the School District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2025 - 2026 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 18 DEFICIT NET POSITION/FUND BALANCE

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of $30,894,602, $1,093,023, and $1,093,023, respectively, include the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the School District's share of its proportionate contributions to its pension and OPEB plans, and the deferred outflows resulting from the change in the School District's share of the net pension and OPEB liabilities. This is offset by the School District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings and changes in assumptions.

NOTE 19 IMPLEMENTATION OF GASB STATEMENT NO. 103

During the year ended June 30, 2026, the School District implemented Governmental Accounting Standards Board ("GASB") Statement No. 103, "Financial Reporting Model Improvements." The purpose of this statement is to improve clarity, consistency, and usefulness of the management's discussion and analysis and budgetary comparison information.

NOTE 20 SUBSEQUENT EVENTS

The School District has evaluated all subsequent events through November 13, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NEW HOPE-SOLEBURY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance Between Original and Final Budgeted Amounts	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
Local sources	$42,950,773	$42,950,773	$ -	$44,789,992	$ 1,839,219
State sources	8,724,934	8,724,934	-	9,332,444	607,510
Federal sources	424,459	424,459	-	438,724	14,265
TOTAL REVENUES	52,100,166	52,100,166	-	54,561,160	2,460,994
EXPENDITURES					
Instruction:					
Regular programs	19,156,070	19,156,070	-	18,719,563	436,507
Special programs	8,284,162	8,284,162	-	8,081,103	203,059
Vocational programs	1,322,944	1,322,944	-	1,213,042	109,902
Other instructional programs	9,486	9,486	-	14,147	(4,661)
Total Instruction	28,772,662	28,772,662	-	28,027,855	744,807
Support Services:					
Pupil services	3,437,909	3,437,909	-	2,907,917	529,992
Instructional support	3,141,628	3,141,628	-	3,122,892	18,736
Administrative support	3,996,489	3,996,489	-	4,244,558	(248,069)
Pupil health	692,309	692,309	-	609,673	82,636
Business support	1,315,638	1,315,638	-	1,117,157	198,481
Operation and maintenance of plant services	4,346,220	4,346,220	-	4,491,233	(145,013)
Student transportation	1,888,400	1,888,400	-	2,013,395	(124,995)
Central support	460,020	460,020	-	453,409	6,611
Other support services	12,000	12,000	-	11,079	921
Total Support Services	19,290,613	19,290,613	-	18,971,313	319,300
Operation of noninstructional services	1,135,114	1,135,114	-	1,112,821	22,293
Capital outlay	170,000	170,000	-	5,123	164,877
Debt service	2,979,988	2,979,988	-	2,979,888	100
TOTAL EXPENDITURES	52,348,377	52,348,377	-	51,097,000	1,251,377
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(248,211)	(248,211)	-	3,464,160	3,712,371
OTHER FINANCING SOURCES (USES)					
Budgetary reserve	(750,000)	(750,000)	-	-	750,000
Transfers out	(1,850,000)	(1,850,000)	-	(2,005,000)	(155,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,600,000)	(2,600,000)	-	(2,005,000)	595,000
NET CHANGE IN FUND BALANCE	(2,848,211)	(2,848,211)	-	1,459,160	4,307,371
FUND BALANCE, BEGINNING OF YEAR	19,045,520	19,045,520	-	19,045,520	-
FUND BALANCE, END OF YEAR	$16,197,309	$16,197,309	$ -	$20,504,680	$ 4,307,371

NEW HOPE-SOLEBURY SCHOOL DISTRICT

NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

NOTE 1 BUDGETARY BASIS AND CONTROL

The District adopts an annual budget for its General fund. The Board of Directors adopted the original fiscal year 2026 budget on June 26, 2025. The budgetary comparison schedule presents the original legally adopted budget, the final legally amended budget, actual results on the budgetary basis, the variance between the original and final budgets, and the variance between the final budget and actual results.

NOTE 2 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

The Budgetary Comparison Schedule - General Fund presents a detailed comparison of the original and final budgeted amounts to the actual amounts as of June 30, 2026. For the year ended June 30, 2026, the General Fund incurred the following significant variances between final budgeted and actual amounts:

Revenues

- Local source revenues ($1,839,219 favorable) – local source revenues exceeded budget primarily due to higher than anticipated earned income and transfer tax revenues.

- State source revenues ($607,510 favorable) – state source revenues exceeded budget primarily to additional grant funding from the state, including additional special education funding.

Expenses

- Regular programs ($436,507 favorable) – regular programs results were favorable compared to the budget primarily due to savings in salaries and related costs.

- Pupil services ($529,992 favorable) – pupil services results were favorable compared to the budget primarily due to savings in salaries and related costs.

NOTE 3 OTHER VARIANCES

Management reviewed all remaining original-to-final and final-to-actual variances and concluded that they were not significant. Those variances principally reflect normal fluctuations in timing, purchasing, staffing, and reimbursement activity and do not require separate explanation in these notes.

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

	MEASUREMENT DATE									
	June 30,2025	June 30,2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
School District's proportion of the net pension liability	0.1446%	0.1397%	0.1361%	0.1339%	0.1340%	0.1285%	0.1282%	0.1279%	0.1329%	0.1389%
School District's proportion of the net pension liability - dollar value	$ 56,129,000	$ 58,471,000	$ 60,546,000	$ 59,530,000	$ 55,016,000	$ 63,272,000	$ 59,975,000	$ 61,398,000	$ 65,637,000	$ 68,834,000
School District's covered employee payroll	$ 22,136,628	$ 22,103,794	$ 19,100,041	$ 19,371,768	$ 18,239,275	$ 17,597,458	$ 17,383,914	$ 17,179,067	$ 17,679,436	$ 17,969,799
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	253.56%	264.53%	316.99%	307.30%	301.63%	359.55%	345.00%	357.40%	371.26%	383.05%
Plan fiduciary net position as a percentage of the total pension liability	68.04%	64.63%	61.85%	61.74%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%

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

	June 30,2026	June 30,2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution	$ 7,904,094	$ 7,287,379	$ 7,314,146	$ 6,553,224	$ 6,584,464	$ 6,111,981	$ 5,870,512	$ 5,667,156	$ 5,452,636	$ 5,298,700
Contributions in relation to the contractually required contribution	7,904,094	7,287,379	7,314,146	6,553,224	6,584,464	6,111,981	5,870,512	5,667,156	5,452,636	5,298,700
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered employee payroll	$ 23,980,685	$ 22,136,628	$ 22,103,794	$ 19,100,041	$ 19,371,768	$ 18,239,275	$ 17,597,458	$ 17,383,914	$ 17,179,067	$ 17,679,436
Contributions as a percentage of covered employee payroll	32.96%	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.97%

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

	MEASUREMENT DATE								
	June 30,2025	June 30,2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's proportion of the net OPEB liability	0.1436%	0.1396%	0.1355%	0.1335%	0.1338%	0.1280%	0.1282%	0.1279%	0.1329%
School District's proportion of the net OPEB liability - dollar value	$ 2,362,000	$ 2,480,000	$ 2,451,000	$ 2,457,000	$ 3,172,000	$ 2,766,000	$ 2,727,000	$ 2,667,000	$ 2,708,000
School District's covered employee payroll	$22,136,628	$22,103,794	$19,371,768	$18,239,275	$18,239,275	$17,597,458	$17,383,914	$17,179,067	$17,679,436
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	10.67%	11.22%	12.65%	13.47%	17.39%	15.72%	15.69%	15.52%	15.32%
Plan fiduciary net position as a percentage of the total OPEB liability	7.50%	7.13%	6.86%	6.86%	5.69%	5.69%	5.56%	5.56%	5.73%

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

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

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 148,681	$ 139,461	$ 143,062	$ 143,250	$ 154,974	$ 149,562	$ 147,819	$ 144,286	$ 142,586
Contributions in relation to the contractually required contribution	148,681	139,461	143,062	143,250	154,974	149,562	147,819	144,286	142,586
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered employee payroll	$23,980,685	$22,136,628	$22,103,794	$19,100,041	$19,371,768	$18,239,275	$17,597,458	$17,383,914	$17,179,067
Contributions as a percentage of covered employee payroll	0.62%	0.63%	0.65%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

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

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

	MEASUREMENT DATE								
	July 1,2025	July 1,2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY									
Service cost	$ 52,925	$ 57,619	$ 53,733	$ 90,925	$ 78,542	$ 59,992	$ 60,347	$ 76,909	$ 70,910
Interest on OPEB liability	42,999	42,348	41,615	29,282	19,322	32,995	30,883	35,854	28,086
Changes in benefit terms	-	-	-	-	234,020	-	-	-	-
Difference between expected and actual results	-	10,289	-	16,138	-	(81,323)	-	(74,129)	-
Effect of assumption changes or inputs	(14,524)	831	13,241	(277,526)	(34,395)	112,651	(26,916)	13	60,827
Benefit payments	(139,649)	(117,430)	(105,830)	(51,500)	(79,539)	(93,809)	(147,218)	(112,359)	(190,776)
NET CHANGE IN TOTAL OPEB LIABILITY	(58,249)	(6,343)	2,759	(192,681)	217,950	30,506	(82,904)	(73,712)	(30,953)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	1,025,022	1,031,365	1,028,606	1,221,287	1,003,337	972,831	1,055,735	1,129,447	1,160,400
TOTAL OPEB LIABILITY, END OF YEAR	$ 966,773	$ 1,025,022	$ 1,031,365	$ 1,028,606	$ 1,221,287	$ 1,003,337	$ 972,831	$ 1,055,735	$ 1,129,447
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SCHOOL DISTRICT'S NET OPEB LIABILITY	$ 966,773	$ 1,025,022	$ 1,031,365	$ 1,028,606	$ 1,221,287	$ 1,003,337	$ 972,831	$ 1,055,735	$ 1,129,447
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 21,986,809	$ 21,986,809	$ 18,463,787	$ 17,276,807	$ 17,276,807	$ 17,276,807	$ 16,143,571	$ 16,143,571	$ 16,794,431
School District's net OPEB liability as a percentage of covered payroll	4.40%	4.66%	5.59%	5.95%	7.07%	5.81%	6.03%	6.54%	6.73%
Expected average remaining service years of all participants	12	13	13	13	13	13	13	13	13

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

OTHER REPORT

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

November 13, 2026

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hope-Solebury School District ("the School District"), New Hope, Pennsylvania, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 13, 2026.

Report on Internal Control Over Financial Reporting

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

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

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corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP