

Williamsport Area School District

Financial Statements and
Supplementary Information

June 30, 2025

Williamsport Area School District

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Independent Auditors' Report

To the Board of Directors of
Williamsport Area School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Williamsport Area School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 1 and 9 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, effective July 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Williamsport, Pennsylvania
December 15, 2025

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2025

Our discussion and analysis of the Williamsport Area School District's (the District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. It should be read in conjunction with the basic financial statements to enhance understanding of the District's financial performance, which immediately follow this section.

Financial Highlights

Key financial highlights for the fiscal year 2025 are as follows:

- State revenues are the main source of funding for the Williamsport Area School District. In 2024-2025, total General Fund state revenue increased 8.59%. The District received \$66,342,267 in state revenue during 2025 making up 57.06% of the total revenue. The District's contribution to the Public School Employees' Retirement System (PSERS) decreased from 34.00% of salaries to 33.90% of salaries. While some of the state revenue increase was due to the state funding a portion of this changing rate, our expenditures for this program also increased. The PSERS rate is expected to increase in 2025-26 to 34.72% and then increase to over 38% in future years.
- Real Estate Tax is the main source of local funding for the District. This revenue comprises 19.87% of total General Fund revenues and is one of the only revenue sources over which the School Board has control. The tax revenue received from real estate taxes decreased from 2024 by \$850,538 or 3.55%. The millage rate remained the same in 2025 as 2024 at 17.24 mills.
- Earned Income is taxed at 2.00%, of which the District receives 1.5% and the remaining 0.5% goes to the municipalities. The District recognized \$12,526,703 in earned income tax revenue in 2024-25 a decrease of \$394,131 from the 2023-24 receipts.
- Federal revenue recorded in the General Fund decreased from \$21,182,465 in 2023-24 to \$9,198,227 in 2024-25. Although federal revenues fluctuate from one year to the next, the largest portion of the decrease in federal revenue is due to the expiration of American Rescue Plan Funding in the amount of approximately \$12,146,000 during 2025, primarily related to the District's ongoing building renovation projects that were completed during 2024.
- The total revenues for the General Fund were \$116,275,955. This is an overall decrease of \$7,753,626 over the prior year. The major reasons for these increases are described above.
- Expenditure levels in all governmental funds decreased from the prior year \$127,354,626 to \$117,828,301. In total the District's functional expense categories decreased during 2025 by \$1,699,923 as a result of the completion of the Lycoming Valley Intermediate School renovation project and the expiration of American Rescue Plan Funding.
- Capital assets in the Governmental Activities have been reported at \$247,416,434 and accumulated depreciation of \$123,124,522 for a net capital asset value of \$124,291,912. The amount listed represents the historical costs of all sites, site improvements and furniture and equipment with a unit value of at least \$5,000.
- The General Fund's fund balance decreased from \$34,217,646 to \$31,991,417. Of this amount, \$15,625,000 is set aside for various capital projects. It is also important to note that in anticipation of the increase in retirement contributions in subsequent fiscal years, the Board has proactively decided to designate fund balance to "level-out" the financial impact. The current amount committed to fund retirement is \$5,380,184. The District recognizes that with the uncertainty of costs associated with special education, health insurance and OPEB costs and future technology changes, that it's fiscal responsible to set aside funds for these potential expenses. Thus, the District has assigned \$3,025,000 of its fund balance for these expenses.

Williamsport Area School District

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

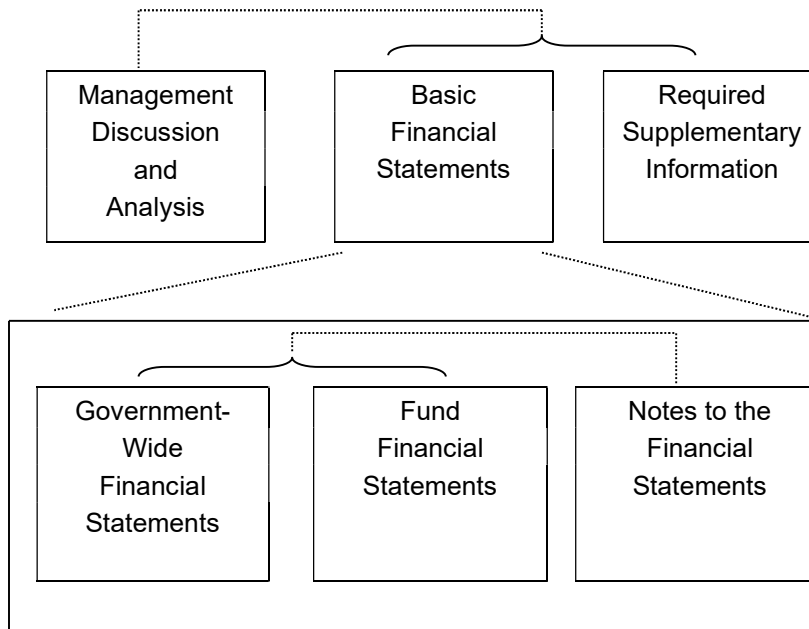
- The School District's governmental fund financial statements report a combined ending fund balance of \$86,016,164. The District has restricted fund balance of \$54,096,747 of which \$13,253,943 is restricted for future capital expenditures, \$40,675,482 is restricted for future debt service payments and \$167,322 is restricted for various program purposes.
- The District has seven outstanding bond or note series, of which, two are Qualified School Construction Bonds (QSCBs). At the end of the fiscal year, the outstanding bond and note principal was \$98,144,000 with the final payment due in 2037-38.

Overview of the Financial Statements

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

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

**Figure A-1
Required Components of
Williamsport Area School District's
Financial Report**



Williamsport Area School District

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

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

**Figure A-2
Major Features of Williamsport Area School District's
Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business, Food Services and where the District provides other services predominantly for itself, but also for outside entities, such as tax collection through its Internal Service Funds.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, deferred outflows and deferred inflows, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, as well as certain deferred outflows and deferred inflows of resources; no capital assets included	All assets and liabilities, deferred outflows and deferred inflows, both financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2025

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. The *statement of activities* presents all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report, the District's net position and how it has changed. Net position is one way to measure the District's financial health or position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively. However, to assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the performance of the students. The government-wide financial statements of the District are divided into two categories:

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

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and by bond requirements.

- *Governmental Funds* - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information such as cash flows.

Williamsport Area School District

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

Financial Analysis of the District as a Whole

The District's total net deficit was \$15,298,352 at June 30, 2025.

Table A-1
June 30, 2025 and 2024
Net Position

	Governmental Activities		Business-Type Activity		Total		Change
	2025	2024	2025	2024	2025	2024	
Current and other assets	\$ 110,243,731	\$ 112,252,449	\$ 4,477,953	\$ 3,815,822	\$ 114,721,684	\$ 116,068,271	\$ (1,346,587)
Capital assets	124,291,912	120,537,211	422,413	416,492	124,714,325	120,953,703	3,760,622
Deferred outflow of resources	20,990,699	24,300,420	286,209	423,516	21,276,908	24,723,936	(3,447,028)
Total assets and deferred outflow of resources	255,526,342	257,090,080	5,186,575	4,655,830	260,712,917	261,745,910	(1,032,993)
Current liabilities	23,724,255	28,884,075	233,432	306,745	23,957,687	29,190,820	(5,233,133)
Noncurrent liabilities	236,248,377	238,777,351	1,785,605	2,330,763	238,033,982	241,108,114	(3,074,132)
Deferred inflow of resources	13,071,479	12,342,150	948,121	635,747	14,019,600	12,977,897	1,041,703
Total liabilities and deferred inflow of resources	273,044,111	280,003,576	2,967,158	3,273,255	276,011,269	283,276,831	(7,265,562)
Net position (Deficit)							
Net investment in capital assets	24,534,230	27,109,538	422,413	416,492	24,956,643	27,526,030	(2,569,387)
Restricted	54,096,747	48,835,515	-	-	54,096,747	48,835,515	5,261,232
Unrestricted	(96,148,746)	(98,858,549)	1,797,004	966,083	(94,351,742)	(97,892,466)	3,540,724
Total net position (Deficit)	<u>\$ (17,517,769)</u>	<u>\$ (22,913,496)</u>	<u>\$ 2,219,417</u>	<u>\$ 1,382,575</u>	<u>\$ (15,298,352)</u>	<u>\$ (21,530,921)</u>	<u>\$ 6,232,569</u>

Some of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position (deficit) is composed of restricted and unrestricted amounts, net of the District's net pension liability pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68.

For fiscal years 2015 and 2018, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, respectively. These standards were designed to improve accounting and financial reporting by state and local governments for pensions and other postemployment benefits. As required by GASB No. 68 and No. 75, a liability was recorded using the actuarial information provided by PSERS and the schedules of employer allocations provided in their audited financial statements. The estimated amount of the PSERS retirement liability recorded was approximately \$112,966,000 and \$123,450,000 as of June 30, 2025 and 2024, respectively. Refer to Note 13 for further details. The estimated amount of the other postemployment benefits liability recorded was \$18,069,872 and \$18,151,132 as of June 30, 2025 and 2024, respectively.

The results of this year's operations as a whole are reported in the Statement of Activities on page 15. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Williamsport Area School District

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

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues and expenses of both the Governmental Activities and the Business-Type Activity of the District.

Table A-2
Fiscal Years Ended June 30, 2025 and 2024
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total		Change
	2025	2024	2025	2024	2025	2024	
Revenues							
Program revenues:							
Charges for services	\$ 2,126,805	\$ 2,725,959	\$ 79,327	\$ 238,741	\$ 2,206,132	\$ 2,964,700	\$ (758,568)
Operating grants and contributions	39,664,267	47,766,291	4,107,779	4,102,255	43,772,046	51,868,546	(8,096,500)
General revenues:							
Property taxes	23,169,439	24,022,560	-	-	23,169,439	24,022,560	(853,121)
Other taxes	13,422,693	13,826,089	-	-	13,422,693	13,826,089	(403,396)
Grants, subsidies, and contributions, unrestricted	37,396,598	36,001,504	-	-	37,396,598	36,001,504	1,395,094
Other	4,400,193	4,307,521	165,014	155,648	4,565,207	4,463,169	102,038
Total revenues	120,179,995	128,649,924	4,352,120	4,496,644	124,532,115	133,146,568	(8,614,453)
Expenses:							
Instruction	63,417,487	60,218,655	-	-	63,417,487	60,218,655	3,198,832
Instructional student support	5,828,139	5,753,465	-	-	5,828,139	5,753,465	74,674
Administrative and financial support	13,714,205	12,868,274	-	-	13,714,205	12,868,274	845,931
Operation and maintenance of plant	14,291,081	12,891,882	-	-	14,291,081	12,891,882	1,399,199
Pupil transportation	4,089,125	3,757,008	-	-	4,089,125	3,757,008	332,117
Student activities	1,741,816	1,624,553	-	-	1,741,816	1,624,553	117,263
Interest on long-term debt	4,542,292	4,572,673	-	-	4,542,292	4,572,673	(30,381)
Community services	39,018	44,698	-	-	39,018	44,698	(5,680)
Food services	-	-	3,515,278	3,666,569	3,515,278	3,666,569	(151,291)
Total expenses	107,663,163	101,731,208	3,515,278	3,666,569	111,178,441	105,397,777	5,780,664
Increase in net position	\$ 12,516,832	\$ 26,918,716	\$ 836,842	\$ 830,075	\$ 13,353,674	\$ 27,748,791	\$ (14,395,117)

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative and financial support, operation and maintenance of plant, pupil transportation, student activities, community services, interest on long-term debt as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Williamsport Area School District

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

Table A-3
Fiscal Years Ended June 30, 2025 and 2024
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost (Income) of Services</u>		<u>Changes in Net Cost of Services</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	
Functions/Programs:					
Instruction	\$ 63,417,487	\$ 60,218,655	\$ 32,558,700	\$ 21,675,425	\$ 10,883,275
Instructional student support	5,828,139	5,753,465	5,221,871	5,288,139	(66,268)
Administrative and financial support	13,714,205	12,868,274	11,770,098	10,885,584	884,514
Operation and maintenance of plant	14,291,081	12,891,882	12,493,336	10,040,827	2,452,509
Pupil transportation	4,089,125	3,757,008	2,295,404	2,209,899	85,505
Student activities	1,741,816	1,624,553	1,471,800	1,355,021	116,779
Community services	39,018	44,698	39,018	44,698	(5,680)
Interest on long-term debt	4,542,292	4,572,673	21,864	(260,635)	282,499
Total governmental activities	<u>\$ 107,663,163</u>	<u>\$ 101,731,208</u>	65,872,091	51,238,958	14,633,133
Less unrestricted grants, subsidies			<u>37,396,598</u>	<u>36,001,504</u>	<u>1,395,094</u>
Total needs from local taxes and other revenues			<u>\$ 28,475,493</u>	<u>\$ 15,237,454</u>	<u>\$ 13,238,039</u>

Table A-4 reflects the activities of the Food Service program, the only Business-Type activity of the District.

Table A-4
Fiscal Years Ended June 30, 2025 and 2024
Business-Type Activity

	<u>Total Cost of Services</u>		<u>Net Cost (Income) of Services</u>		<u>Changes in Net Cost of Services</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	
Functions/Programs					
Food services	<u>\$ 3,515,278</u>	<u>\$ 3,666,569</u>	\$ (671,828)	\$ (674,427)	\$ 2,599
Plus investment earnings			(158,392)	(147,384)	(11,008)
Plus transfers			<u>(6,622)</u>	<u>(8,264)</u>	<u>1,642</u>
Total business-type activity			<u>\$ (836,842)</u>	<u>\$ (830,075)</u>	<u>\$ (6,767)</u>

The Statement of Revenues, Expenses and Changes in Fund Net Position for the proprietary fund will further detail the actual results of operations. This program should be self-supporting. The net cost on these services decreased by \$6,767.

The District Funds

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$86,016,164 which is an increase of \$3,091,565.

Williamsport Area School District

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

The General Fund had a beginning fund balance of \$34,217,646 and an ending fund balance of \$31,991,417 at June 30, 2025. Revenues and other financing sources decreased from \$125,150,429 to \$117,794,719. Expenditures and other financing uses increased from \$118,977,199 to \$120,020,948.

Table A-5 shows a comparison of General Fund expenditures from 2023-24 to 2024-25. Most functions increased due to an increase in salaries and retirement contributions.

**Table A-5
General Fund Expenditure Comparison**

Function	Expenditures		Variance	Percent Change
	2025	2024		
Instruction	\$ 65,806,350	\$ 62,013,053	\$ 3,793,297	6.12 %
Support services	34,852,538	33,398,687	1,453,851	4.35
Noninstructional services	1,763,142	1,700,636	62,506	3.68
Debt service	87,297	179,865	(92,568)	(51.47)
Capital outlay	2,416,709	11,632,104	(9,215,395)	(79.22)
	<u>\$ 104,926,036</u>	<u>\$ 108,924,345</u>	<u>\$ (3,998,309)</u>	(3.67)

Instruction expenditures increased as a result of increases in salaries and benefits from 2024 to 2025 as the District faced increased costs and worked to hire additional staff during 2025.

Support services also increased as a result of the ongoing building renovation and construction projects the District has been working on that has been charged to individual functions and not directly to capital outlay.

Capital outlay decreased as a result of the completion of the District's various ongoing building renovation projects, primarily related to the completion of the Lycoming Valley Intermediate School renovation project.

The District's General Fund revenues were \$116,275,955 in 2024-25, which were down 6.25% from the previous year. General Fund revenues for the District come from three categories. Local sources make up 35.03% of the total revenue, state sources make up 57.06% and federal sources are 7.91%. Most of the local revenue comes from tax levies set by School Code, fees, tuition and donations.

**Table A-6
General Fund Revenue Comparison**

Category	2025	2024	Variance	Percent Change
Local sources 6000	\$ 40,735,461	\$ 41,750,424	\$ (1,014,963)	(2.43) %
State sources 7000	66,342,267	61,096,692	5,245,575	8.59
Federal sources 8000	9,198,227	21,182,465	(11,984,238)	(56.58)
Total	<u>\$ 116,275,955</u>	<u>\$ 124,029,581</u>	<u>\$ (7,753,626)</u>	(6.25)

Local source revenues decreased by approximately \$1.01 million from 2024 to 2025. This decline is attributable in part to the increased amount of state property tax reduction funds, which lowered local real estate tax collections. In addition, the District experienced decreases in realty transfer tax revenue and earned income tax collections, the latter due to a one-year timing shift associated with the transition to a new collection agency.

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2025

State source revenues increased by approximately \$5.25 million from 2024 to 2025, primarily due to additional Basic Education Subsidy funds, the Adequacy Funding Supplement, and increased state property tax reduction subsidies.

Federal source revenues decreased approximately \$11.98 million from 2024 to 2025 as a result of the expiration of American Rescue Plan Funding.

General Fund Budget

During the fiscal year, the Board of Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on page 55.

The District applies for federal, state and local grants. These grants cannot always be anticipated in the budgeting process, which leads to variances between budget and actual results.

During the creation of the District's 2024-2025 budget, the District budgeted for local and state source revenues based on known factors. The variances stemmed from increased state funding, increases in earned income tax collections and the rising interest rate environment.

Special programs were approximately \$1,406,000 less than budget as a result of the District incurring fewer than anticipated expenditures related to handicapped programs (approximately \$400,000 less) due to fewer students requiring this level/type of support during the year; learning support (approximately \$400,000 less) related to a delay in hiring teachers/aides; emotional support (approximately \$500,000 less) due to a reduction in the level and nature of services provided during the year.

Vocational programs were approximately \$743,000 more than budget as a result of additional costs incurred to renovate the District's welding laboratory during the year.

Instructional staff services were approximately \$525,000 more than budget as a result of additional technology replacements during the year that were not anticipated during the preparation of the budget.

Administrative services were approximately \$565,000 more than budget as a result of additional legal and professional fees incurred related to various actions and needs of the District during the year.

Operation and maintenance of plant service expenditures were approximately \$808,000 more than budget as a result of certain building maintenance/improvement projects that were not anticipated but were completed during the current year.

Facilities acquisition, construction, improvement expenditures were approximately \$417,000 more than budget as a result of ongoing building construction and renovation costs.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2025, the District invested in a broad range of capital assets, including construction in progress, land, buildings and furniture and equipment. At June 30, 2025, the investment in capital assets, net of depreciation, was \$124,291,912, an increase of \$3,754,701. For details on the specific line-item changes, see Note 6.

Williamsport Area School District

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

**Table A-7
Governmental Activities
Capital Assets**

	<u>2025</u>	<u>2024</u>
Construction in progress and land	\$ 5,153,090	\$ 31,426,387
Site improvements	14,001,707	12,385,988
Buildings	191,026,434	157,384,210
Furniture, equipment, vehicles and right to use assets	37,235,203	37,733,359
Less accumulated depreciation	(123,124,522)	(118,392,733)
Capital assets, net	<u>\$ 124,291,912</u>	<u>\$ 120,537,211</u>

Debt Administration

As of July 1, 2024, the District had total outstanding bond and note principal of \$98,624,000. The District made principal payments of \$480,000 during the year, ending the year with outstanding bond and note principal of \$98,144,000 as of June 30, 2025.

**Table A-8
Outstanding Debt**

	<u>2025</u>	<u>2024</u>
General Obligation Debt:		
Series of 2010 GON	\$ 32,750,000	\$ 32,750,000
Series of 2011 GON	35,719,000	35,719,000
Series of 2017 GOB	4,690,000	5,155,000
Series of 2019 GOB	9,170,000	9,175,000
Series of 2022 GOB	9,260,000	9,265,000
Series of 2023 GOB	6,555,000	6,560,000
	<u>\$ 98,144,000</u>	<u>\$ 98,624,000</u>

Other obligations include leases, accrued vacation pay and sick leave for specific employees of the District, as well as other post-employment and pension obligations. More detailed information about our long-term liabilities is included in Notes 7 through 13 to the financial statements.

S&P Global Ratings assigned its "A" long-term rating to Williamsport Area School District's series 2024 general obligation (GO) bonds and affirmed its "A" underlying rating (SPUR) on the District's existing GO debt. The outlook is stable. Additional security is also provided for the bonds by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

Contacting the District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact Business Administrator/Board Secretary at Williamsport Area School District, 2780 W. Fourth Street, Williamsport, Pennsylvania 17701, (570) 327-5500.

Williamsport Area School District

 Statement of Net Position
 June 30, 2025

	Governmental Activities	Business- Type Activity	Total	Component Unit
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 3,842,098	\$ 123,285	\$ 3,965,383	\$ 426,150
Investments	80,531,438	3,769,352	84,300,790	2,753,499
Taxes receivable, net	2,496,827	-	2,496,827	-
Due from other governments	7,046,854	469,853	7,516,707	-
Other receivables	851,252	22,522	873,774	444
Internal balances	6,112	(6,112)	-	-
Inventories	234,628	99,053	333,681	-
Total current assets	95,009,209	4,477,953	99,487,162	3,180,093
Capital Assets	124,291,912	422,413	124,714,325	-
Assets Held for Capital Projects	15,234,522	-	15,234,522	-
Total assets	234,535,643	4,900,366	239,436,009	3,180,093
Deferred Outflows of Resources				
Unamortized refunding charges	136,861	-	136,861	-
Pension	17,122,291	222,804	17,345,095	-
Other postemployment benefits (OPEB)	3,731,547	63,405	3,794,952	-
Total deferred outflows of resources	20,990,699	286,209	21,276,908	-
Total assets and deferred outflows of resources	\$ 255,526,342	\$ 5,186,575	\$ 260,712,917	\$ 3,180,093
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)				
Liabilities				
Current liabilities:				
Accounts payable	\$ 4,042,611	\$ 97,760	\$ 4,140,371	\$ -
Construction contracts payable and retainage	1,234,221	-	1,234,221	-
Current maturities of bonds and notes payable	490,000	-	490,000	-
Current maturities of lease obligations	76,703	-	76,703	-
Accrued salaries and benefits	13,690,695	38,550	13,729,245	-
Accrued interest payable	1,516,479	-	1,516,479	-
Due to other governments	1,898,028	79,805	1,977,833	-
Unearned revenue	269,431	3,383	272,814	-
Other current liabilities	506,087	13,934	520,021	-
Total current liabilities	23,724,255	233,432	23,957,687	-
Bonds and Notes Payable	98,394,347	-	98,394,347	-
Compensated Absences	8,295,412	58,551	8,353,963	-
Lease Obligations	249,800	-	249,800	-
Other Postemployment Benefits (OPEB)	17,917,266	152,606	18,069,872	-
Net Pension Liability	111,391,552	1,574,448	112,966,000	-
Total liabilities	259,972,632	2,019,037	261,991,669	-
Deferred Inflows of Resources				
Pension	4,707,463	849,463	5,556,926	-
Other postemployment benefits (OPEB)	8,364,016	98,658	8,462,674	-
Total deferred inflows of resources	13,071,479	948,121	14,019,600	-
Net Position (Deficit)				
Net investment in capital assets	24,534,230	422,413	24,956,643	-
Restricted	54,096,747	-	54,096,747	444
Unrestricted	(96,148,746)	1,797,004	(94,351,742)	3,179,649
Total net position (deficit)	(17,517,769)	2,219,417	(15,298,352)	3,180,093
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 255,526,342	\$ 5,186,575	\$ 260,712,917	\$ 3,180,093

See notes to financial statements

Williamsport Area School District

Statement of Activities

Year Ended June 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total	
Governmental Activities								
Instruction	\$ (63,417,487)	\$ 1,241,143	\$ 29,617,644	\$ -	\$ (32,558,700)		\$ (32,558,700)	
Administrative and financial support services	(13,714,205)	771,026	1,173,081	-	(11,770,098)		(11,770,098)	
Operation and maintenance of plant services	(14,291,081)	-	1,797,745	-	(12,493,336)		(12,493,336)	
Instructional student support	(5,828,139)	-	606,268	-	(5,221,871)		(5,221,871)	
Pupil transportation	(4,089,125)	-	1,793,721	-	(2,295,404)		(2,295,404)	
Student activities	(1,741,816)	114,636	155,380	-	(1,471,800)		(1,471,800)	
Community services	(39,018)	-	-	-	(39,018)		(39,018)	
Interest on long-term debt	(4,542,292)	-	4,520,428	-	(21,864)		(21,864)	
Total governmental activities	(107,663,163)	2,126,805	39,664,267	-	(65,872,091)		(65,872,091)	
Business-Type Activity								
Food service	(3,515,278)	79,327	4,107,779	-	-	\$ 671,828	671,828	
Total, primary government	<u>\$ (111,178,441)</u>	<u>\$ 2,206,132</u>	<u>\$ 43,772,046</u>	<u>\$ -</u>	<u>(65,872,091)</u>	<u>671,828</u>	<u>(65,200,263)</u>	
Component Unit								
Williamsport Area School District								
Education Foundation	<u>\$ (265,266)</u>	<u>\$ -</u>	<u>\$ 364,338</u>	<u>\$ -</u>				<u>\$ 99,072</u>
General Revenues								
Grants, subsidies and contributions not restricted					37,396,598	-	37,396,598	-
Property taxes levied for general purposes, net					23,169,439	-	23,169,439	-
Other taxes levied					13,422,693	-	13,422,693	-
Loss on the disposal of capital assets					(1,022,859)	-	(1,022,859)	-
Miscellaneous income					249,205	-	249,205	-
Transfers					(6,622)	6,622	-	-
Investment earnings					5,180,469	158,392	5,338,861	321,429
Total general revenues					<u>78,388,923</u>	<u>165,014</u>	<u>78,553,937</u>	<u>321,429</u>
Change in net position					<u>12,516,832</u>	<u>836,842</u>	<u>13,353,674</u>	<u>420,501</u>
Net Position (Deficit), Beginning								
As previously reported					(22,913,496)	1,382,575	(21,530,921)	2,759,592
Effect of adoption of GASB No. 101					<u>(7,121,105)</u>	<u>-</u>	<u>(7,121,105)</u>	<u>-</u>
As restated					<u>(30,034,601)</u>	<u>1,382,575</u>	<u>(28,652,026)</u>	<u>2,759,592</u>
Net Position (Deficit), Ending					<u>\$ (17,517,769)</u>	<u>\$ 2,219,417</u>	<u>\$ (15,298,352)</u>	<u>\$ 3,180,093</u>

See notes to financial statements

Williamsport Area School District

Balance Sheet - Governmental Funds

June 30, 2025

	Major Funds			Student Activity (Nonmajor)	Totals
	General	Debt Service	Capital Projects		
Assets					
Cash and cash equivalents	\$ 1,710,468	\$ 26,180	\$ -	\$ 95,546	\$ 1,832,194
Investments	39,882,136	40,649,302	-	-	80,531,438
Assets held for capital projects	-	-	15,234,522	-	15,234,522
Taxes receivable	2,496,827	-	-	-	2,496,827
Due from other funds	877,529	-	1,496	-	879,025
Due from other governments	6,002,254	-	-	-	6,002,254
Other receivables	820,642	-	-	-	820,642
Inventories	234,628	-	-	-	234,628
Total assets	\$ 52,024,484	\$ 40,675,482	\$ 15,236,018	\$ 95,546	\$ 108,031,530
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 4,040,656	\$ -	\$ -	\$ 224	\$ 4,040,880
Construction contracts and retainage payable	-	-	1,234,221	-	1,234,221
Due to other funds	988	-	747,854	-	748,842
Accrued salaries and benefits	13,688,513	-	-	-	13,688,513
Unearned revenue	269,431	-	-	-	269,431
Other current liabilities	134,109	-	-	-	134,109
Total liabilities	18,133,697	-	1,982,075	224	20,115,996
Deferred Inflows of Resources					
Unearned revenue, taxes	1,899,370	-	-	-	1,899,370
Fund Balances					
Nonspendable	234,628	-	-	-	234,628
Restricted	72,000	40,675,482	13,253,943	95,322	54,096,747
Committed	5,405,184	-	-	-	5,405,184
Assigned	18,625,000	-	-	-	18,625,000
Unassigned	7,654,605	-	-	-	7,654,605
Total fund balances	31,991,417	40,675,482	13,253,943	95,322	86,016,164
Total liabilities, deferred inflows of resources and fund balances	\$ 52,024,484	\$ 40,675,482	\$ 15,236,018	\$ 95,546	\$ 108,031,530

See notes to financial statements

Williamsport Area School District

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total Fund Balances, Governmental Funds		\$ 86,016,164
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds. The cost of assets is \$247,416,434 and the accumulated depreciation is \$123,124,522.		124,291,912
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.		1,899,370
Deferred outflows, are not reported in the governmental funds, however are reported in the statement of net position.		20,990,699
Deferred inflows, are not reported in the governmental funds, however are reported in the statement of net position.		(13,071,479)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable and unamortized premium, net	\$ (98,884,347)	
Lease obligations	(326,503)	
Accrued interest on bonds and notes payable	(1,516,479)	
Compensated absences	(8,295,412)	
Net pension liability	(111,391,552)	
Other postemployment benefits	<u>(17,917,266)</u>	
		(238,331,559)
Additional federal rental subsidy receivable related to interest on Qualified School Construction Bonds.		1,044,600
Internal service funds are used by management to account for the operations of its Tax Office Fund. The residual assets and liabilities of this fund are included in the statement of net position (exclusive of the book value of these funds' capital assets, compensated absences, net pension liability, deferred inflows of resources and deferred outflows of resources which are included in the reconciling items above).		<u>(357,476)</u>
Total Net Position (Deficit), Governmental Activities		<u><u>\$ (17,517,769)</u></u>

See notes to financial statements

Williamsport Area School District

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

	Major Funds			Student Activity (Nonmajor)	Totals
	General	Debt Service	Capital Projects		
Revenues					
Local sources:					
Real estate taxes	\$ 23,100,327	\$ -	\$ -	\$ -	\$ 23,100,327
Other taxes	13,422,693	-	-	-	13,422,693
Other revenue	1,559,946	-	-	41,380	1,601,326
Tuition	691,750	-	-	-	691,750
Earnings on investments	1,960,745	2,418,574	671,070	126	5,050,515
Total local sources	40,735,461	2,418,574	671,070	41,506	43,866,611
State sources	66,342,267	-	-	619	66,342,886
Federal sources	9,198,227	-	-	-	9,198,227
Total revenues	116,275,955	2,418,574	671,070	42,125	119,407,724
Expenditures					
Instruction	65,806,350	-	-	-	65,806,350
Support services	34,852,538	-	-	-	34,852,538
Noninstructional services	1,763,142	-	-	33,189	1,796,331
Debt service	87,297	5,077,993	-	-	5,165,290
Capital outlay	2,416,709	-	7,791,083	-	10,207,792
Total expenditures	104,926,036	5,077,993	7,791,083	33,189	117,828,301
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	11,349,919	(2,659,419)	(7,120,013)	8,936	1,579,423
Other Financing Sources (Uses)					
Transfers in	-	9,088,290	6,000,000	-	15,088,290
Proceeds from sale of assets	900,438	-	-	-	900,438
Proceeds from insurance recovery	242,966	-	-	-	242,966
Refund of prior year expenditures	242,032	-	-	-	242,032
Proceeds from extended term financing	133,328	-	-	-	133,328
Transfers out	(15,094,912)	-	-	-	(15,094,912)
Total other financing (uses) sources, net	(13,576,148)	9,088,290	6,000,000	-	1,512,142
Net changes in fund balance	(2,226,229)	6,428,871	(1,120,013)	8,936	3,091,565
Fund Balances, Beginning	34,217,646	34,246,611	14,373,956	86,386	82,924,599
Fund Balances, Ending	\$ 31,991,417	\$ 40,675,482	\$ 13,253,943	\$ 95,322	\$ 86,016,164

See notes to financial statements

Williamsport Area School District

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

Total Net Change in Fund Balances, Governmental Funds **\$ 3,091,565**

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.

This is the amount by which capital outlays exceeds depreciation in the period (this information relates only to governmental fund activity - capital activity related to the District's Internal Service Funds would need to be included in order to reconcile this data to the capital asset note disclosure on page 36):

Capital outlays	\$ 13,059,211	
Depreciation expense	<u>(7,380,604)</u>	5,678,607

Capital assets used in governmental activities are not reported as assets in the governmental funds.

Thus upon the sale of a capital asset, the governmental fund records revenue for the gross proceeds of sale, while the statement of activities records an adjustment to the gain (loss) on disposal. This is the carrying value of the assets disposed of.

(1,923,906)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered available revenues in the governmental funds. Unearned tax revenues decreased by this amount this year.

69,113

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and prepaid insurance when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the fiscal year ended June 30, 2024, the following transactions factor into this reconciliation:

Retirement of principal of bonds payable	480,000	
Amortization of unamortized refunding charges	(17,107)	
Amortization of premium and unamortized refunding charges, net	65,527	
Issuance of extended term financing (lease obligations)	(133,328)	
Repayment of principal, lease obligations	<u>90,450</u>	485,542

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount due over the interest accrued in the statement of activities is shown here, net of federal subsidy for Qualified School Construction Bonds.

4,128

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

(834,201)

Other postemployment benefits payable are considered long-term in nature, and are not reported as liabilities within the funds. Such liabilities are, however, reported within the statement of net position, and changes in these liabilities are reflected within the statement of activities. This amount represents the change in other postemployment benefits payable and deferred outflows and inflows related to other postemployment benefits payable.

193,900

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

3,840,378

Internal service funds are used by management to account for the operations in its Tax Office Fund. The change in net position of those activities is included within the District's governmental activities.

1,911,706

Change in Net Position of Governmental Activities **\$ 12,516,832**

Williamsport Area School DistrictStatement of Fund Net Position - Proprietary Funds
June 30, 2025

	<u>Business-Type Activity</u>	<u>Governmental Activities</u>
	<u>Food Service</u>	<u>Internal Service</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 123,285	\$ 2,009,904
Investments	3,769,352	-
Due from other funds	-	1,830
Due from other governments	469,853	-
Other receivables	22,522	30,610
Inventories	99,053	-
Total current assets	<u>4,484,065</u>	<u>2,042,344</u>
Capital Assets		
Equipment	2,285,305	-
Accumulated depreciation	<u>(1,862,892)</u>	<u>-</u>
Capital assets, net	<u>422,413</u>	<u>-</u>
Total assets	<u>4,906,478</u>	<u>2,042,344</u>
Deferred Outflows of Resources		
Pension	222,804	-
Other postemployment benefits (OPEB)	<u>63,405</u>	<u>-</u>
Total deferred outflows of resources	<u>286,209</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 5,192,687</u>	<u>\$ 2,042,344</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)		
Liabilities		
Current liabilities:		
Accounts payable	\$ 97,760	\$ 1,731
Due to other funds	6,112	125,901
Due to other governments	79,805	-
Undistributed taxes	-	1,898,028
Accrued salaries and benefits	38,550	2,182
Unallocated taxes	-	371,978
Unearned revenue	3,383	-
Other current liabilities	<u>13,934</u>	<u>-</u>
Total current liabilities	<u>239,544</u>	<u>2,399,820</u>
Noncurrent liabilities:		
Compensated absences	58,551	-
Other postemployment benefits (OPEB)	152,606	-
Net pension liability	<u>1,574,448</u>	<u>-</u>
Total noncurrent liabilities	<u>1,785,605</u>	<u>-</u>
Total liabilities	<u>2,025,149</u>	<u>2,399,820</u>
Deferred Inflows of Resources		
Pension	849,463	-
Other postemployment benefits (OPEB)	<u>98,658</u>	<u>-</u>
Total deferred inflows of resources	<u>948,121</u>	<u>-</u>
Net Position (Deficit)		
Net investment in capital assets	422,413	-
Unrestricted	<u>1,797,004</u>	<u>(357,476)</u>
Total net position (deficit)	<u>2,219,417</u>	<u>(357,476)</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 5,192,687</u>	<u>\$ 2,042,344</u>

See notes to financial statements

Williamsport Area School District

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

	Business-Type Activity	Governmental Activities
	Food Service	Internal Service
Operating Revenues		
Food service revenue	\$ 79,327	\$ -
Charges for services	-	673,240
Other operating revenue	-	11,006
	<hr/>	<hr/>
Total operating revenues	79,327	684,246
	<hr/>	<hr/>
Operating Expenses		
Salaries	675,068	426,117
Employee benefits	311,595	584,339
Other purchased services	1,359	86,831
Purchased property services	35,931	36,361
Purchased professional and technical services	2,002,606	35,174
Supplies	406,442	4,716
Depreciation	51,038	433
Other operating expenses	31,239	-
	<hr/>	<hr/>
Total operating expenses	3,515,278	1,173,971
	<hr/>	<hr/>
Operating loss	(3,435,951)	(489,725)
	<hr/>	<hr/>
Nonoperating Revenues		
Federal sources	3,822,953	-
State sources	284,826	118,559
Earnings on investments	158,392	132,009
	<hr/>	<hr/>
Total nonoperating revenues	4,266,171	250,568
	<hr/>	<hr/>
Net income (loss) before transfers	830,220	(239,157)
	<hr/>	<hr/>
Transfers		
Interfund transfers	6,622	-
Transfer from governmental activities	-	2,150,863
	<hr/>	<hr/>
Total transfers	6,622	2,150,863
	<hr/>	<hr/>
Changes in net position	836,842	1,911,706
	<hr/>	<hr/>
Net Position, Beginning	1,382,575	(2,269,182)
	<hr/>	<hr/>
Net Position, Ending	\$ 2,219,417	\$ (357,476)
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

Williamsport Area School DistrictStatement of Cash Flows - Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activity	Governmental Activities
	Food Service	Internal Service
Cash Flows From Operating Activities		
Cash received from users	\$ 243,197	\$ 1,293,384
Cash payments to employees for services	(1,077,559)	(838,315)
Cash paid to suppliers for goods and services	(2,271,073)	(164,023)
Internal activity, payments to other funds	(16,890)	-
Taxes collected on behalf of other governments	-	33,958,351
Taxes remitted/refunds paid to other governments/taxpayers	-	(40,302,973)
Net cash used in operating activities	<u>(3,122,325)</u>	<u>(6,053,576)</u>
Cash Flows From Noncapital Financing Activities		
Federal sources	3,110,285	-
State sources	271,780	130,936
Operating transfers	6,622	-
Net cash provided by noncapital financing activities	<u>3,388,687</u>	<u>130,936</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(69,826)	-
Proceeds from disposal of capital assets	12,867	175
Net cash (used in) provided by capital and related financing activities	<u>(56,959)</u>	<u>175</u>
Cash Flows From Investing Activities		
Purchases of investments	(513,868)	-
Sale of investments	-	2,154,395
Earnings on investments	158,392	132,009
Net cash (used in) provided by investing activities	<u>(355,476)</u>	<u>2,286,404</u>
Change in cash and cash equivalents	(146,073)	(3,636,061)
Cash and Cash Equivalents, Beginning	<u>269,358</u>	<u>5,645,965</u>
Cash and Cash Equivalents, Ending	<u>\$ 123,285</u>	<u>\$ 2,009,904</u>
Supplemental Disclosure of Noncash Transactions		
USDA donated commodities	<u>\$ 297,487</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (3,435,951)	\$ (489,725)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	51,038	433
Pension changes	(148,830)	(1,514,082)
OPEB changes	(2,139)	(396,533)
Transfer from governmental activities	-	2,150,863
USDA donated commodities used	297,487	-
Change in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
Other receivables, net	128,076	536,633
Due to other funds, net	348	72,505
Prepaid expenses	26,122	-
Inventories	(20,655)	-
Accounts payable	(96,450)	(941)
Accrued expenses	6,047	(62,217)
Due to other governments	18,556	-
Undistributed taxes	-	(4,093,893)
Unallocated taxes	-	(2,250,731)
Other current liabilities and compensated absences	54,026	(5,888)
Net cash used in operating activities	<u>\$ (3,122,325)</u>	<u>\$ (6,053,576)</u>

See notes to financial statements

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

1. Nature of Operations and Summary of Significant Accounting Policies

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

Nature of Operations

The District is located in north-central Pennsylvania along the West Branch of the Susquehanna River, and includes six municipalities in Lycoming County. The District covers an area of approximately 98 square miles and serves a population of approximately 40,000 in the City of Williamsport and Hepburn, Lewis, Lycoming, Old Lycoming and Woodward Townships. Approximately 70% of the District population and 62% of the taxable real property are in the City of Williamsport.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

Reporting Entity

In accordance with GASB Statement No. 14, as amended, the District has determined that the Williamsport Area School District Education Foundation (the Foundation) should be included in the District's financial statements as a discretely presented component unit, as: the Foundation is a legally separate entity; the District appoints a voting majority of the Foundation's Board of Directors, and; the District is able to significantly influence the programs, projects and activities of the Foundation.

The Foundation is a not-for-profit organization formed to provide support for District schools, its students and faculty, and to promote, sponsor and carry out educational objectives within the District's schools. The Foundation receives contributions from individuals and businesses located mainly in Lycoming County, Pennsylvania.

The financial activity of the Foundation is presented as of and for the fiscal year ended June 30, 2025. During the year ended June 30, 2025, the Foundation distributed approximately \$239,000 in scholarships and awards to District students, fitness and musical equipment for District schools and mini-grants to District teachers.

Separate financial statements are not issued by the Foundation.

Basis of Presentation, Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General, Capital Projects, Debt Service and Student Activity Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity. In addition, the District maintains an internal service fund, the Municipal and School Income Tax Office fund (the Tax Office). Pursuant to GASB 34, paragraph 62, the District reports internal service fund asset and liability balances that are not eliminated in the statement of net position within the governmental activities column, as the activities reported within these internal service funds are more governmental than business-type in nature and the District is the predominant participant in the internal service fund.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Basis of Presentation, Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

General Fund

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund. The General Fund is always a major fund.

Debt Service Fund

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations. The Debt Service Fund is a major fund.

Capital Projects Fund

The Capital Projects Fund accounts for receipt and disbursement of resources for the purpose of building or buying major capital assets. The Capital Projects Fund is a major fund.

Student Activity Fund

The Student Activity Fund accounts for the operations of the various student activity programs. The Student Activity Fund is a nonmajor fund.

Proprietary Fund Types

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

The following is a description of the proprietary funds of the District:

Food Service Fund (Enterprise Fund Type)

The Food Service Fund accounts for the operations of the District's food service operations. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating. The Food Service Fund is a major fund.

Tax Office (Internal Service Fund)

The Tax Office collects and administers earned income tax on behalf of the Williamsport Area School District, the City of Williamsport and various boroughs, townships and school districts within Lycoming County. Deficiencies of revenues over expenses are financed through operating subsidies from participating governments. Operating revenues consist mainly of subsidies provided by participating governments. Operating expenses consist primarily of the salaries, wages and benefits of Tax Office employees, other purchased services and depreciation.

In October 2024, the Lycoming County Tax Collection Committee appointed a commercial tax collector as the successor tax collector for Lycoming County Earned Income Taxes, previously collected by the Municipal and School Earned Income Tax Officer and accounted for within the District's Tax Office internal service fund, beginning January 1, 2025 through December 31, 2029.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Proprietary funds are also accounted for using the economic resources measurement focus.

Basis of Accounting

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

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Accrual Basis

Government-wide financial statements and the proprietary fund financial statements are prepared using the accrual basis of accounting. For exchange transactions, revenues are recognized when earned and expenses are recognized when incurred (i.e., when each party gives and receives essentially equal value when the exchange takes place). For nonexchange transactions, in which the District receives value without directly giving equal value in return, tax revenues are recognized in the year levied while grant revenue, entitlements and appropriations are recognized when grantor eligibility requirements are met.

Modified Accrual Basis

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end of the year. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures, other than principal and interest on bonds payable, compensated absences and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences and claims and judgments are recorded as fund liabilities when due and unpaid.

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

Allocation of Indirect Expenses

The District allocates certain building-related costs to the proprietary fund. It does not allocate any other indirect costs, with the exception of depreciation expense.

Budgets and Budgetary Accounting

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 relative to adoption of the District's budget and reporting of its financial statements, specifically:

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to have the budget printed, or otherwise made available for public inspection at least twenty (20) days prior to the date set for the adoption of the budget. Final action may not be taken on any proposed budget in which the estimated expenditures exceed two thousand dollars \$(2,000), until after ten (10) days public notice.
- The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the Board is required.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year's end are reported as assignments of fund balance.
- Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding these programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- Capital budgets are implemented for capital improvements and capital projects in the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the Board prior to commitment thereby constructively achieving budgetary control.
- An Enterprise Fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances at year-end are reported as assignments of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cash management liquid asset funds that are carried at cost. The District considers all investments purchased with an original maturity of three months or less (excluding certain short-term instruments which are classified as investments) to be cash equivalents.

Investments

Primary Government

Marketable securities are stated at their fair values. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported as investment income. The District considers its deposits with the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF) to be held for investment purposes. These deposits are carried at fair market value, as reported by PLGIT and PSDLAF, which approximates cost.

Component Unit

The Foundation's investments are reported at fair value based on quoted market prices. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the statement of activities as a nonoperating change in the general revenues section. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments, and all income from investments, are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor imposed stipulations, or by law.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Inventories

General Fund inventories are comprised of art supplies, auto parts, custodial supplies, fuel oil and school opening supplies, specifically acquired for use in the subsequent fiscal year. These supplies are delivered to schools and other locations prior to the end of the fiscal year but are recognized as expenditures in the following fiscal year.

Enterprise Fund inventories consisting of food service inventories include food commodities donated by the federal government, which are valued at an estimated market value. All other food or supply inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the Enterprise Fund are reported both in the business-type activities of the government-wide statement of net position and in the fund financial statements; capital assets used by the Internal Service Funds are reported in the governmental activities of the government-wide statement of net position and in the fund financial statements.

All capital assets (including right to use lease assets) are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their acquisition value at date of receipt. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets (including right to use lease assets), except land and construction in progress, are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
Land improvements	15 - 20 years	N/A
Buildings and improvements	20 - 40 years	N/A
Furniture and equipment (including right to use assets)	5 - 20 years	5 - 15 years

The District does not have any infrastructure capital assets.

Assets Held for Capital Projects

Assets held for capital projects represent unspent funds from the District's various capital project funds (e.g., District contributions and unspent bond proceeds).

Deferred Outflows/Inflows of Resources

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

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Compensated Absences

Vacation

The District's collective bargaining agreements with its professional and support employees specify the vacation leave policies. District employees who are required to work on a 12 month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation must be taken during the year of entitlement; however, 5 to 20 days of such leave may be carried over and used by June 30 of the subsequent year. Unused vacation is nonvesting; therefore, no liability is recorded.

Early Retirement Incentive

The District offers early retirement incentive programs to teachers. A single, lump-sum payment is made to the retiree on the last working day prior to retirement. Administrators and supervisory personnel who elect to retire early are not offered early retirement incentives. Administrative and supervisory personnel who elect to retire early are instead entitled to post-retirement healthcare benefits and continuation of life insurance coverage. Life insurance coverage is extended for 15 years, or until the retiree reaches 70 years of age, whichever occurs first.

Sick Leave and Personal Leave

Most District employees are credited annually with 10 sick days, one personal day and two emergency days. Unused sick leave is accumulated from year to year, without limitation. However, accumulation of this item is limited to a maximum of 200 days of sick leave upon retirement.

Vacation, early retirement incentives and sick and personal leave is accrued in the government-wide statements and is reported as a liability in the statement of net position. A liability for these amounts is reported for leave that has not been used if all of the following are true:

- A. The leave is attributable to services already rendered;
- B. The leave accumulates; and,
- C. The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The term more likely than not means a likelihood of more than 50%.

Payments for vacation and sick and personal leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick and personal leave liabilities at June 30, 2025, are determined on the basis of current salary rates or contractual payment rates and include salary related payments.

Leases

The District leases certain vehicles from other entities and therefore is a lessee under the terms of these arrangements. As a lessee, the District reports a lease liability and an intangible right to use asset (known as the lease asset) on its government-wide and proprietary fund financial statements, where applicable. In the governmental fund financial statements, the District recognizes proceeds from extended term financing and a capital outlay at the initiation of the lease, and an outflow of resources as lease payments are made during the lease term.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Pension

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

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

Other Postemployment Benefits (OPEB)

The District provides eligible employees with postretirement health insurance premium assistance through PSERS, a governmental cost-sharing, multiple-employer defined benefit other postemployment benefit (OPEB) plan. In addition, the District also provides eligible employees with medical, prescription drug and life insurance after retirement through the District's postemployment benefits plan, a single employer defined benefit OPEB plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS Health Insurance Premium Assistance Program (PSERS OPEB Plan) and the Williamsport Area School District Other Postemployment Benefits Plan (the Williamsport OPEB Plan) and additions to/deductions from the PSERS OPEB and the Williamsport OPEB plans' fiduciary net position have been determined on the same basis as they are reported by PSERS and the Williamsport OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Governmental Fund Balance Classifications/Policies and Procedures

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its governmental fund balances as follows:

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

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to unrestricted resources. When an expenditure is incurred that can be paid using either committed, assigned or unassigned amounts, the District's policy is to use committed resources, then to use assigned resources, then to use unassigned resources.

Eliminations and Internal Balances

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled "internal balances" on the statement of net position.

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.

New Accounting Pronouncement

The District adopted GASB Statement No. 102, *Certain Risk Disclosures* for the year ended June 30, 2025. GASB Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to risk of substantial impact. The adoption of this standard did not have a significant impact on the District's June 30, 2025 financial statements.

The District adopted GASB Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures* for the year ended June 30, 2025. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The adoption of this statement resulted in adjustments, decreasing beginning net position \$7,121,105.

Adjustments to Beginning Balances

The District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for its year ended June 30, 2025. Accordingly, the District restated its beginning governmental activities net position to reflect the change as of the beginning of its current fiscal year, as outlined below:

	July 1, 2024 As Previously Reported	Change in Accounting Principle - GASB 101	July 1, 2024 As Restated
Governmental activities net position (deficit)	\$ (22,913,496)	\$ (7,121,105)	\$ (30,034,601)

2. Joint Ventures

The District and other surrounding educational agencies created a joint venture, the Lycoming County Insurance Consortium Pooled Trust (the Trust). The District self-insures through the Trust for certain health care benefits it provides to current and former employees. The Trust has purchased an excess policy which covers employee health benefit claims in excess of \$375,000. Claims are recognized as an expense when paid (cash basis), which management believes is not materially different from the accrual basis for the year ended June 30, 2025. The District made payments for health care benefit claims approximating \$9,685,000 to the Trust during the fiscal year ended June 30, 2025. Audited financial statements of the Trust are available in the District's Business Office.

Williamsport Area School District

Notes to Financial Statements

June 30, 2025

3. Deposits With Financial Institutions and Investments

Primary Government

The District's investment policy was established pursuant to the Public School Code of 1949, Section 440.1, which permits monies to be invested in: U.S. Treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and, for any amounts above the insured maximum provided that the approved collateral as provided by law therefore shall be pledged by the depository; obligations of 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, and; the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. At June 30, 2025, the District's cash and cash equivalents and restricted assets include deposits with local financial institutions, PLGIT and PSDLAF and various petty cash balances, \$2,000, held throughout the District.

Investments, Primary Government

The following table provides a summary, by fund, of the District's investments at June 30, 2025:

Investments	General Fund	Debt Service Fund	Capital Projects Fund	Food Service Fund	Total
U.S. Treasury Bonds	\$ -	\$ 40,649,302	\$ -	\$ -	\$ 40,649,302
PLGIT Certificates of Deposit	3,670,801	-	-	-	3,670,801
PLGIT Money Market	29,622,471	-	15,234,522	3,769,352	48,626,345
PSDLAF	6,588,864	-	-	-	6,588,864
Total	<u>\$ 39,882,136</u>	<u>\$ 40,649,302</u>	<u>\$ 15,234,522</u>	<u>\$ 3,769,352</u>	<u>\$ 99,535,312</u>

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2025:

- U.S. Treasury securities totaling \$40,649,302 are valued at fair value based upon quoted prices for similar securities. (Level 2).

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similarly to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC 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 is pledged by the depository. Shares may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. PLGIT/PLGIT PLUS have received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. At June 30, 2025, the carrying amount and bank balance of the District's deposits (including Certificates of Deposits) with PLGIT was \$52,297,146.

Williamsport Area School District

Notes to Financial Statements

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PSDLAF is a common law trust organized to provide Pennsylvania school districts with a convenient method of pooling their cash for temporary investment. Assets with PSDLAF are invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PSDLAF, which invests the pooled assets. Such assets are not considered deposits pursuant to GASB Nos. 3 and 40, and as such are not subject to custodial credit risk. Due to the short-term nature and liquidity of the investments held within these pools, the fair value of the underlying investments approximates amortized cost. Shares with PSDLAF may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. At June 30, 2025, the carrying amount and bank balance of the District's deposits (including Certificates of Deposits) with PSDLAF was \$6,588,864.

The District places no limits on the amount it may invest in any one issuer.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosures related to the following deposit and investment risks; credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

The following is a description of the District's deposit and investment risks.

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2025, the carrying amount of the District's deposits with local financial institutions was \$3,963,383 (exclusive of the District's petty cash balance of \$2,000) and the bank balance was \$4,677,361. Of the bank balance, \$2,526,506 was exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized by the financial institution via a pool of pledged securities.

Investments

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT	N/A	\$ 48,626,345
Certificates of Deposit	Average of less than 1 year	3,670,801
U.S. Treasury securities	Average of 3 years	40,649,302
PSDLAF	N/A	<u>6,588,864</u>
Total		<u>\$ 99,535,312</u>

Credit Ratings

The District's investments had the following credit ratings:

<u>Investment</u>	<u>Credit Rating</u>	<u>Percentage</u>
PLGIT	AAAm	48.9 %
Certificates of Deposit	N/A	3.7
U.S. Treasury securities	N/A	40.8
PSDLAF	N/A	6.6

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2025, all of the District's investments, outside of PLGIT and PSDLAF, were held by Wells Fargo, and were insured by SIPC up to \$500,000 per account.

Component Unit

The carrying values of the Foundation's investments are summarized by investment type as follows:

Equity based mutual funds	\$ 1,474,417
Fixed income based mutual funds	1,066,779
Alternative mutual funds	<u>212,303</u>
 Total	 <u><u>\$ 2,753,499</u></u>

The Foundation carries its investments at fair value. Mutual funds totaling \$2,753,499 are carried at fair value based upon quoted prices in active markets for identical assets (Level 1). For the year ended June 30, 2025, unrestricted investment income totaled \$321,430, including interest and dividends of \$118,206 and net realized and unrealized securities gains of \$203,224.

4. Property Taxes

The District's tax rate for the year ended June 30, 2025 was 17.24 mills (\$17.24 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The Board of School Directors also levies real estate transfer tax, earned income tax and net profits tax. The tax rates under Act 511 are 0.5% of each real estate transaction in the District and 2% of all income earned by the residents of the District. 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 - June 30	10% Penalty Period
June 30	Lien Date

Estimated collectible delinquent real estate taxes at June 30, 2025 were as follows:

<u>Outstanding Balance</u>	<u>Estimated Uncollectible</u>	<u>Estimated Collectible</u>
\$ 2,468,355	\$ 94,241	\$ 2,374,114

Taxes receivable, net, on the statement of net position also includes \$122,713 of earned income and transfer taxes receivable, in addition to the real estate taxes receivable shown above.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Tax Abatement Programs

The District provides property tax abatements under certain programs: the Local Economic Revitalization Tax Assistance Program (LERTA) and the Clean and Green Program.

The LERTA provides property tax abatements to provide a tax break to new commercial properties in certain sections of the District for five years as a way to stimulate business and economic growth. The abatements apply to the assessed value of improvements to a property. For the first year, 100% of the improvements are abated, subsequent years are reduced by 20% each year in the five year period.

The Clean and Green Program is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in a tax savings for landowners. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland and open spaces. A property must be 10 acres in size and in Agricultural Use, Agricultural Reserve or Forest Reserve. Agricultural Use applications may be less than 10 acres in size if the property is capable of generating at least \$2,000 annually in farm income.

Information relevant to the disclosure of these programs for the fiscal year ended June 30, 2025, is as follows:

Tax Abatement Program	Amount of Taxes Abated During Fiscal 2025
LERTA Program	\$ 2,087
Clean and Green Program	331,432
Total	\$ 333,519

5. Due From Other Governments

Due from other governments at June 30, 2025 is summarized below:

	Federal	State	Local	Total
General Fund	\$ 260,985	\$ 4,889,766	\$ 851,503	\$ 6,002,254
Food Service	454,340	15,513	-	469,853
Total	\$ 715,325	\$ 4,905,279	\$ 851,503	\$ 6,472,107

The amount due from local governments consists of IDEA revenues (federal funding passed through the local intermediate unit) earned during fiscal 2025 that had yet to be provided to the District at June 30, 2025 (General Fund). State sources receivables consist of basic, vocational and transportation subsidies as well as social security/retirement and rental sinking fund reimbursements due from the Pennsylvania Department of Education (PDE). Federal source receivables consist of federal programs passed through PDE, wherein the District incurred related expenditures prior to June 30, 2025, but had yet to be reimbursed at year-end. In addition to the above, the District's governmental activities includes a \$1,044,600 federal subsidy receivable on accrued interest payable on the District's federally subsidized Qualified School Construction Bonds.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

6. Capital Assets

The changes in the District's capital assets in 2025 are summarized as follows:

	<u>Balance, July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance, June 30, 2025</u>
Governmental Activities					
Capital assets not being depreciated:					
Construction in process	\$ 30,964,350	\$ 11,826,707	\$ -	\$ (38,100,004)	\$ 4,691,053
Land	462,037	-	-	-	462,037
Total nondepreciable assets	<u>31,426,387</u>	<u>11,826,707</u>	<u>-</u>	<u>(38,100,004)</u>	<u>5,153,090</u>
Land improvements	12,385,988	-	(633,792)	2,249,511	14,001,707
Buildings and improvements	157,384,210	-	(559,922)	34,202,146	191,026,434
Furniture and equipment	37,206,486	1,098,877	(3,379,007)	1,648,347	36,574,703
Right-of-use vehicles	526,873	133,627	-	-	660,500
Total depreciable capital assets	<u>207,503,557</u>	<u>1,232,504</u>	<u>(4,572,721)</u>	<u>38,100,004</u>	<u>242,263,344</u>
Less accumulated depreciation/amortization	<u>(118,392,733)</u>	<u>(7,380,604)</u>	<u>2,648,815</u>	<u>-</u>	<u>(123,124,522)</u>
Total depreciable capital assets, net	<u>89,110,824</u>	<u>(6,148,100)</u>	<u>(1,923,906)</u>	<u>38,100,004</u>	<u>119,138,822</u>
Governmental activities capital assets, net	<u>\$ 120,537,211</u>	<u>\$ 5,678,607</u>	<u>\$ (1,923,906)</u>	<u>\$ -</u>	<u>\$ 124,291,912</u>
	<u>Balance, July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance, June 30, 2025</u>
Business-Type Activity					
Furniture and equipment	\$ 2,319,485	\$ 69,827	\$ (104,007)	\$ -	\$ 2,285,305
Less accumulated depreciation	<u>(1,902,993)</u>	<u>(51,038)</u>	<u>91,139</u>	<u>-</u>	<u>(1,862,892)</u>
Capital assets, net	<u>\$ 416,492</u>	<u>\$ 18,789</u>	<u>\$ (12,868)</u>	<u>\$ -</u>	<u>\$ 422,413</u>

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

Governmental Activities:	
Instruction	\$ 2,034,251
Administrative and financial support services	76,257
Operation and maintenance of plant services	5,125,899
Instructional student support	28,982
Pupil transportation	4,178
Student activities	<u>111,037</u>
Total depreciation expense for governmental activities	<u>\$ 7,380,604</u>
Business-Type Activity, food service	<u>\$ 51,038</u>

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

The District had active construction projects as of June 30, 2025. Outstanding construction commitments on these projects amounted to approximately \$1,816,200 (which includes retainage payable of approximately \$163,000) at June 30, 2025.

7. Long-Term Debt

The changes in long-term debt during fiscal 2025, by debt instrument, are as follows:

	Balance, July 1, 2024	Additions	Retirements	Balance, June 30, 2025	Current Portion June 30, 2025
Series of 2010 GON*	\$ 32,750,000	\$ -	\$ -	\$ 32,750,000	\$ -
Series of 2011 GON*	35,719,000	-	-	35,719,000	-
Series of 2017 GOB	5,155,000	-	465,000	4,690,000	475,000
Series of 2019 GOB	9,175,000	-	5,000	9,170,000	5,000
Series of 2022 GOB	9,265,000	-	5,000	9,260,000	5,000
Series of 2023 GOB	6,560,000	-	5,000	6,555,000	5,000
Subtotal	98,624,000	-	480,000	98,144,000	490,000
Plus unamortized bond premium	805,874	-	65,527	740,347	-
Total	<u>\$ 99,429,874</u>	<u>\$ -</u>	<u>\$ 545,527</u>	<u>\$ 98,884,347</u>	<u>\$ 490,000</u>

* - represents a direct borrowing/placement.

Total interest expense paid on these Bonds and Notes in 2025 was \$4,592,839.

In October 2010, the District issued its General Obligation Note Series of 2010 (direct placement), in the amount of \$32,750,000 to provide funds for the purpose of making capital improvements to the Williamsport Area Middle School and to pay the costs of issuing the Note. The Note was issued in connection with the State Public School Building Authority, Federally Taxable Revenue Bonds, Series A of 2010, Qualified School Construction Bonds, Direct Subsidy, whereby interest payments are due semi-annually at a rate of 5% which is subsidized by the Federal government at a rate of 4.48%. Bonds mature on September 15, 2027 and will be redeemed with the use of a sinking fund to which the District has contributed \$26,225,000 through June 30, 2025.

In November 2011, the District issued its General Obligation Note Series of 2011 (direct placement), in the amount of \$35,719,000 to provide funds for the purpose of making capital improvements to the Williamsport Area Middle School, the High School and to pay the costs of issuing the Note. The Note was issued in connection with the State Public School Building Authority, Federally Taxable Revenue Bonds, Series C of 2011, Qualified School Construction Bonds, Direct Subsidy, whereby interest payments are due semi-annually at a rate of 5.088% which is subsidized by the Federal government at a rate of 4.72%. Bonds mature on September 15, 2029 and will be redeemed with the use of a sinking fund to which the District has contributed \$14,780,000 through June 30, 2025.

In July 2017, the District issued its General Obligation Bonds, Series of 2017, in the amount of \$6,160,000 to partially advance refund its General Obligation Bonds, Series of 2013, and to pay the costs of issuing the Bonds. The Bonds are due in varying annual installments plus interest ranging from 2.00% to 3.00% with final maturity scheduled for August 2033.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

In June 2019, the District issued its General Obligation Bonds, Series of 2019, in the amount of \$9,200,000 to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping additions, renovations and improvements to its existing school buildings and grounds, including but not limited to the High School and Stevens Primary School and pay the costs of issuing the Bonds. The Bonds are due in varying annual installments plus interest at 4.00% per annum with final maturity scheduled for March 2036.

In July 2022, the District issued its General Obligation Bonds, Series of 2022, in the amount of \$9,275,000 to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping additions, renovations and improvements to the District's existing buildings and groups, including but not limited to Lycoming Valley Intermediate School and to pay the costs of issuing and insuring the Bonds. The Bonds are due in varying semi-annual installments of principal and interest at 4.00% per annum with final maturing scheduled for March 2038.

In October 2023, the District issued its General Obligation Bonds, Series of 2023, in the maximum principal amount of \$6,560,000, to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping additions, renovations and improvements to the District's existing buildings and grounds, including but not limited to Lycoming Valley Intermediate School and to pay the costs of issuing and insuring the bonds. The Bonds are due in varying annual installments of principal plus semi-annual installments of interest at rates ranging from 4.00% to 4.45% per annum with final maturity scheduled for March 2038.

The District's outstanding notes from direct borrowing, direct payments and outstanding balances related to General Obligation Bonds, contain provisions that if there is an event of default that materially impairs the note collateral or the District's ability to satisfy the note obligations, all the outstanding amounts become due and payable immediately. Events of default include failure to pay and principal or interest installment when due and failure by the District, to observe or perform any covenants in the agreements.

Debt service to maturity on the General Obligation Bonds and Notes at June 30, 2025 is summarized as follows:

	Direct Placement		General Obligation		Total Debt Service	Sinking Fund Activity	Total Cash Requirements
	Principal	Interest	Principal	Interest			
Years ending June 30:							
2026	\$ -	\$ 3,454,883	\$ 490,000	\$ 1,127,956	\$ 5,072,839	\$ 5,105,000	\$ 10,177,839
2027	-	3,454,883	495,000	1,117,806	5,067,689	5,230,000	10,297,689
2028	32,750,000	2,636,133	510,000	1,107,147	37,003,280	(27,350,000)	9,653,280
2029	-	1,817,383	520,000	1,095,354	3,432,737	5,720,000	9,152,737
2030	35,719,000	908,691	530,000	1,082,383	38,240,074	(29,710,000)	8,530,074
2031 - 2035	-	-	18,745,000	3,948,490	22,693,490	-	22,693,490
2036 - 2039	-	-	8,385,000	605,040	8,990,040	-	8,990,040
Subtotal	68,469,000	12,271,973	29,675,000	10,084,176	120,500,149	(41,005,000)	79,495,149
Sinking Funds at June 30, 2025, at cost*	-	-	-	-	-	41,005,000	41,005,000
Total	<u>\$ 68,469,000</u>	<u>\$ 12,271,973</u>	<u>\$ 29,675,000</u>	<u>\$ 10,084,176</u>	<u>\$ 120,500,149</u>	<u>\$ -</u>	<u>\$ 120,500,149</u>

* The District is required to make regular deposits to a sinking fund for future repayments. At June 30, 2025, the carrying value of such deposits was \$40,684,104.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

8. Lessee, Lease Liability

The District is obligated as a lessee under certain leases. The District's governmental activity lease activity for the year ended June 30, 2025 is as follows:

Description	Issue Dates	Maturity Dates	Interest Rate	Original Amount	June 30, 2025 Balances
Various vehicles	November 2021 - January 2025	November 2026 - January 2030	6.329 - 25.220 %	\$ 562,631	\$ 326,503

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
Years ending June 30:			
2026	\$ 76,703	\$ 25,755	102,458
2027	98,661	17,108	\$ 115,769
2028	71,559	8,353	79,912
2029	65,596	2,999	68,595
2030	13,984	213	14,197
Total	\$ 326,503	\$ 54,428	\$ 380,931

9. Compensated Absences

Changes in the District's compensated absences in 2025, including early retirement incentives for the District's governmental activities and business-type activities, are summarized as follows:

	Governmental Activities, as Restated	Business-Type Activities
Balance, July 1, 2024	\$ 7,462,824	\$ 3,059
Net Change	832,588	55,492
Balance, June 30, 2025	\$ 8,295,412	\$ 58,551

10. Accrued Salaries and Benefits

General Fund accrued salaries and benefits in the amount of \$13,688,513 is comprised of the following: accrued salaries of \$5,570,989, accrued healthcare costs of \$1,063,924, the District's share of Social Security taxes of \$409,448, retirement plan expense of \$1,880,570, other accrued employee benefits of \$169,925 and the employees share of payroll deductions of \$4,593,657. These liabilities relate primarily to teachers' services rendered during the 2024-2025 school term, which were paid during July and August 2025. In addition, the District's governmental activities includes \$2,182 in accrued salaries and benefits related to the District's internal service fund.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

11. Other Postemployment Benefits (OPEB)

At June 30, 2025, the District reported the following amounts in the accompanying financial statements related to participation in the Williamsport and PSERS OPEB Plans:

	<u>District OPEB Plan</u>	<u>PSERS OPEB Plan</u>	<u>Total</u>
Deferred outflows of resources	\$ 3,160,931	\$ 634,021	\$ 3,794,952
Net OPEB liability	13,258,872	4,811,000	18,069,872
Deferred inflow of resources	7,401,822	1,060,852	8,462,674
	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Deferred outflows of resources	\$ 3,731,547	\$ 63,405	\$ 3,794,952
Net OPEB liability	17,917,266	152,606	18,069,872
Deferred inflow of resources	8,364,016	98,658	8,462,674

Williamsport Area School District Other Postemployment Benefits Plan

General Information, Plan Description and Benefits Provided

The District's single employer defined benefit OPEB plan, the Williamsport Area School District Other Postemployment Benefits Plan, provides certain postemployment medical, prescription drug and life insurance coverage for its administrators, teachers, confidential administrative support personnel (secretaries), support personnel and dependent spouses, with defined premium sharing requirements. In addition, if such personnel are not eligible for the District subsidy but are otherwise eligible for Act 110/43 (COBRA) benefits, the member and spouse may continue benefits by paying the full premium. Administrators must complete five years with the District, teachers must complete 25 years with PSERS and 15 years with the District, secretaries must complete 15 years with the District, and support personnel must complete 15 years with the District and retire under superannuation (age 60 with 30 years of service, age 62 with one year of service, or 35 years of service regardless of age). The cost of such coverage for retirees and spouses is primarily funded through annual appropriations from the District's General Fund. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Williamsport Area School District OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	80
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>609</u>
Total	<u><u>689</u></u>

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Total OPEB Liability

The District's total OPEB liability as of June 30, 2025 was \$13,258,872, which was measured as of July 1, 2024, and was determined by an actuarial valuation as of that date, rolled forward to June 30, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, rolled forward to June 30, 2025 (the measurement date), using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest rate	4.29%
Salary increases	2.5% cost of living adjustment, 1.5% real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
Discount rate	4.29%
Healthcare cost trend rates	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.1% in 2075 and later based on the society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term rate caps

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2024.

For mortality rates, separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, July 1, 2024	<u>\$ 13,109,132</u>
Changes for the year:	
Service cost	600,251
Interest	542,564
Changes in benefit terms	25,412
Differences between expected and actual experience	26,129
Changes of assumptions	11,783
Benefit payments	<u>(1,056,399)</u>
Net changes	<u>149,740</u>
Balance, June 30, 2025	<u><u>\$ 13,258,872</u></u>

Changes in assumptions or other inputs reflect a change in the discount rate from 4.13% in 2024 to 4.29% in 2025.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

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

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

	<u>1% Decrease (3.29%)</u>	<u>Discount Rate (4.29%)</u>	<u>1% Increase (5.29%)</u>
Total OPEB Liability	\$ 14,150,489	\$ 13,258,872	\$ 12,413,406

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 12,069,962	\$ 13,258,872	\$ 14,639,893

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$671,796. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion between Governmental and Business-Type Activities	\$ 35,065	\$ 35,065
Difference between expected and actual experience	610,565	2,948,272
Changes of assumptions	1,446,703	4,418,485
Benefit payments subsequent to the measurement date	1,068,598	-
Total	<u>\$ 3,160,931</u>	<u>\$ 7,401,822</u>

\$1,068,598 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2026	\$ (496,432)
2027	(496,432)
2028	(496,436)
2029	(559,189)
2030	(710,509)
Thereafter	<u>(2,550,491)</u>
Total	<u>\$ (5,309,489)</u>

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

PSERS Health Insurance Premium Assistance Program

General Information About the PSERS Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

- Have 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

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

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$281,169 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$4,811,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2708%, which was a decrease of 0.0079% from its proportion measured as of June 30, 2024.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

For the year ended June 30, 2025, the District recognized OPEB expense of \$82,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion between Governmental and Business-Type Activities	\$ 36,852	\$ 36,852
Difference between expected and actual experience	18,000	72,000
Changes of assumptions	293,000	735,000
Net difference between projected and actual earnings on pension plan investments	5,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	217,000
Benefit payments subsequent to the measurement date	281,169	-
Total	\$ 634,021	\$ 1,060,852

\$281,168 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2026	\$ (190,000)
2027	(207,000)
2028	(218,000)
2029	(51,000)
2030	(42,000)
Total	\$ (708,000)

Actuarial Assumptions

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

- Actuarial cost method, Entry Age Normal, level percent of pay
- Investment return 4.21%, S&P 20 Year Municipal Bond Rate
- Salary growth, effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version on 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%

Williamsport Area School District

Notes to Financial Statements

June 30, 2025

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

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: The actual data for retirees benefiting under the Plan as of June 30, 2022 was used in lieu of the 63% utilization assumption for eligible retirees
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

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

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

OPEB, Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0 %	1.7 %

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

Discount Rate

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

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

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

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
PSERS Net OPEB Liability	\$ 4,810,000	\$ 4,811,000	\$ 4,811,000

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

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

	<u>1% Decrease 3.21%</u>	<u>Current 4.21%</u>	<u>1% Increase 5.21%</u>
District's proportionate share of the net OPEB liability	\$ 5,435,000	\$ 4,811,000	\$ 4,288,000

OPEB Plan Fiduciary Net Position

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

12. Termination Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes available health care benefits to eligible former employees and their dependents. Requirements are outlined by the federal government for this coverage. This program is offered up to a period of 18 months (36 months for an employee with dependents) after an employee's termination date. At June 30, 2025, there were no participants covered under COBRA.

13. Retirement Plan

As of June 30, 2025, the District reported the following amounts in the accompanying financial statements related to its participation in PSERS:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Deferred outflow of resources	\$ 17,122,291	\$ 222,804	\$ 17,345,095
Net pension liability	111,391,552	1,574,448	112,966,000
Deferred inflow of resources	4,707,463	849,463	5,556,926

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Plan Description

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

Benefits Provided

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

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

Benefits are generally equal to 1% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For class T-E and Class T-F members, the right to benefits is vested after 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 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

Member Contributions

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

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

Shared Risk Program Summary

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 32.92%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were \$14,692,169 for the year ended June 30, 2025.

*This includes the defined contribution rate of 0.35% which is an estimated rate.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

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

At June 30, 2025, the District reported a liability of \$112,966,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was 0.2699%, which was a decrease of 0.0076% from its proportion measured as of June 30, 2024 of 0.2775%.

For the year ended June 30, 2025, the District recognized pension expense of \$9,001,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion between Governmental and Business-Type Activities	\$ 782,926	\$ 782,926
Difference between expected and actual experience	-	1,776,000
Net difference between projected and actual earnings on pension plan investments	1,870,000	-
Change in assumptions	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,998,000
District contributions subsequent to the measurement date	<u>14,692,169</u>	<u>-</u>
Total	<u>\$ 17,345,095</u>	<u>\$ 5,556,926</u>

\$14,692,169 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2026	\$ (4,311,000)
2027	2,107,000
2028	(322,000)
2029	<u>(378,000)</u>
Total	<u>\$ (2,904,000)</u>

Changes in Actuarial Assumptions

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

- Actuarial cost method, Entry Age Normal, level percent of pay
- Investment return, 7.00%, includes inflation at 2.5%
- Salary growth, effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates were based 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 on the MP-2020 Improvement Scale
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024
- Demographic and economic assumptions approved by the PSERS Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively
 - Mortality rates - Previously based on the RP-2014 Mortality tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version on the MP-2020 Improvement Scale

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

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

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

Williamsport Area School District

Notes to Financial Statements

June 30, 2025

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0 %	4.8 %
Private equity	12.0	6.7
Fixed income	33.5	3.9
Commodities	5.0	2.5
Infrastructure/MLPs	10.0	6.4
Real estate	9.5	5.9
	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, 2024.

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 148,811,000	\$ 112,966,000	\$ 82,698,000

Pension Plan Fiduciary Net Position

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

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

14. Internal Balances/Interfund Balances and Transfers

Throughout the course of the year, various interfund activities result in amounts due to and from other funds. These amounts, which represent short-term borrowings that are expected to be repaid within the next fiscal year, consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 877,529	\$ 988
Capital Projects Fund	1,496	747,854
Food Service Fund	-	6,112
Internal Service Fund	1,830	125,901
	<u>\$ 880,855</u>	<u>\$ 880,855</u>
Total		

The following summarizes the interfund transfers in 2025:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Food Service Fund	\$ -	\$ 6,622
Debt Service Fund	-	9,088,290
Capital Projects Fund	-	6,000,000
Capital Projects Fund:		
General Fund	6,000,000	-
Food Service Fund:		
General Fund	6,622	-
Internal Service Fund:		
General Fund	-	2,150,863
Debt Service Fund:		
General Fund	9,088,290	
Governmental Activities:		
Internal Service Fund	2,150,863	-
	<u>\$ 17,245,775</u>	<u>\$ 17,245,775</u>
Total		

The General Fund transferred \$9,088,290 to the Debt Service Fund to cover required debt service payments and \$6,000,000 to the Capital Projects fund for building renovations and future capital projects. The District's governmental activities absorbed the outstanding proportionate share of the PSERS pension and OPEB liabilities of the Internal Service Fund (Tax Office) upon cessation of Tax Office operations, which was effectuated through a \$2,150,863 transfer from governmental activities to the Internal Service Fund.

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

15. Fund Balance Classifications

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

	General Fund	Debt Service	Capital Projects Fund	Student Activity (Nonmajor)	Total
Nonspendable for inventories	\$ 234,628	\$ -	\$ -	\$ -	\$ 234,628
Restricted for capital projects and other	\$ 72,000	\$ 40,675,482	\$ 13,253,943	\$ 95,322	\$ 54,096,747
Committed for:					
Capital projects	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Future PSERS rate increases	5,380,184	-	-	-	5,380,184
Total	\$ 5,405,184	\$ -	\$ -	\$ -	\$ 5,405,184
Assigned for:					
Athletic facility	\$ 2,600,000	\$ -	\$ -	\$ -	\$ 2,600,000
Capital projects	5,300,000	-	-	-	5,300,000
Innovation Facility	1,500,000	-	-	-	1,500,000
Repairs/Replacements	500,000	-	-	-	500,000
Tennis Courts/Stadium	2,700,000	-	-	-	2,700,000
Bus Loops/Playgrounds	3,000,000	-	-	-	3,000,000
Special Education	250,000	-	-	-	250,000
Encumbrances	125,000	-	-	-	125,000
Health insurance	500,000	-	-	-	500,000
OPEB costs	500,000	-	-	-	500,000
Technology	1,650,000	-	-	-	1,650,000
Total	\$ 18,625,000	\$ -	\$ -	\$ -	\$ 18,625,000

16. Significant Group Concentrations of Credit Risk

The District's operations are located in the County of Lycoming, Pennsylvania. Its service area is located within the geographic bounds of the District. The District assesses taxpayers, within its service area, based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.

17. Contingencies

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

Williamsport Area School District

Notes to Financial Statements
June 30, 2025

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

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matters are either adequately covered by insurance or will not have a material effect on the District's financial statements.

18. Non Monetary Transactions

The District receives USDA donated commodities in the Food Service Fund. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventories. The total food commodities recognized as revenue in connection with this program for fiscal year 2025 totaled \$297,487.

19. Transactions With Other LEAs

The District is a member of B.L.a.S.T. Intermediate Unit 17. Through the membership, the District is able to secure various special services, including special education.

20. Effect of New Accounting Standards on Current-Period Financial Statements

The GASB has approved the following:

Statement No. 103, *Financial Reporting Model Improvements*

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

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

21. Subsequent Events

In October 2025, the District issued its General Obligation Bonds, Series of 2025, in the maximum principal amount of \$9,880,000, to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping additions, renovations and improvements to the District's athletic facilities and other capital improvements and to pay the costs and expenses of issuing the bonds. The bonds are due in varying annual installments of principal plus semi-annual installments of interest at rates ranging from 4.00% to 5.00% per annum with final maturity scheduled for March 2044.

In November 2025, the District awarded contracts for the addition and renovations to the High School stadium and tennis courts in the amount of \$20,310,545, to be funded from bond proceeds (including the District's General Obligation Bonds, Series of 2025) and/or capital project funds.

Williamsport Area School District

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund

Year Ended June 30, 2025

(Unaudited)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local sources	\$ 40,116,668	\$ 40,116,668	\$ 40,735,461	\$ 618,793
State sources	62,885,114	62,885,114	66,342,267	3,457,153
Federal sources	8,711,003	8,711,003	9,198,227	487,224
Total revenues	<u>111,712,785</u>	<u>111,712,785</u>	<u>116,275,955</u>	<u>4,563,170</u>
Expenditures				
Regular programs	42,472,819	42,472,004	42,920,351	(448,347)
Special programs	19,879,713	19,879,713	18,473,841	1,405,872
Vocational programs	2,611,044	2,611,044	3,353,880	(742,836)
Other instructional programs	1,101,340	1,101,340	1,030,551	70,789
Nonpublic school programs	43,069	43,069	27,727	15,342
Pupil personnel services	3,611,919	3,610,269	3,927,403	(317,134)
Instructional staff services	2,456,598	2,469,744	2,994,043	(524,299)
Administrative services	6,542,534	6,542,534	7,106,546	(564,012)
Pupil health	1,721,412	1,717,671	1,743,667	(25,996)
Business services	1,249,381	1,248,381	1,110,058	138,323
Operation and maintenance of plant services	9,735,021	9,730,671	10,538,362	(807,691)
Student transportation services	3,724,112	3,724,112	4,084,947	(360,835)
Central and other support services	3,440,151	3,440,151	3,347,512	92,639
Student activities	1,535,539	1,533,949	1,724,124	(190,175)
Community services	37,650	37,650	39,018	(1,368)
Facilities acquisition, construction, improvements	2,000,000	2,000,000	2,416,709	(416,709)
Debt service	13,044	13,044	87,297	(74,253)
Total expenditures	<u>102,175,346</u>	<u>102,175,346</u>	<u>104,926,036</u>	<u>(2,750,690)</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>9,537,439</u>	<u>9,537,439</u>	<u>11,349,919</u>	<u>1,812,480</u>
Other Financing Sources (Uses)				
Proceeds from extended term financing	300,000	300,000	133,328	(166,672)
Proceeds from the sale of assets	-	-	900,438	900,438
Proceeds from insurance recovery	-	-	242,966	242,966
Budgetary reserve	(400,000)	(400,000)	-	400,000
Refund of prior year expenditures	-	-	242,032	242,032
Transfers out	(9,437,439)	(9,437,439)	(15,094,912)	(5,657,473)
Total other financing uses, net	<u>(9,537,439)</u>	<u>(9,537,439)</u>	<u>(13,576,148)</u>	<u>(4,038,709)</u>
Net changes in fund balances	-	-	(2,226,229)	(2,226,229)
Fund Balances, Beginning	<u>27,589,506</u>	<u>27,589,506</u>	<u>34,217,646</u>	<u>6,628,140</u>
Fund Balances, Ending	<u>\$ 27,589,506</u>	<u>\$ 27,589,506</u>	<u>\$ 31,991,417</u>	<u>\$ 4,401,911</u>

See notes to financial statements

Williamsport Area School District

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

Years Ended June 30

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.2699%	0.2775%	0.2779%	0.2818%	0.2840%	0.2880%	0.2894%	0.2981%	0.3015%	0.2983%
District's proportionate share of the net pension liability	\$112,966,000	\$123,450,000	\$123,551,000	\$115,698,000	\$139,839,000	\$134,734,000	\$138,926,000	\$147,227,000	\$149,414,000	\$129,209,000
District's covered-employee payroll	\$ 43,442,251	\$ 42,335,597	\$ 41,744,804	\$ 40,048,711	\$ 39,993,760	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071	\$ 38,381,067
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.04%	291.60%	295.97%	288.89%	349.65%	339.25%	356.49%	370.94%	382.64%	336.65%
PSERS plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.65%	54.00%	51.84%	50.14%	54.36%

Williamsport Area School District

Schedule of the District's PSERS Pension Contributions

Years Ended June 30

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 14,692,169	\$ 14,394,103	\$ 14,719,218	\$ 13,979,186	\$ 13,460,070	\$ 13,284,720	\$ 12,704,348	\$ 12,597,666	\$ 11,402,037	\$ 9,595,267
Contributions in relation to the contractually required contribution	<u>(14,692,169)</u>	<u>(14,394,103)</u>	<u>(14,719,218)</u>	<u>(13,979,186)</u>	<u>(13,460,070)</u>	<u>(13,284,720)</u>	<u>(12,704,348)</u>	<u>(12,597,666)</u>	<u>(11,402,037)</u>	<u>(9,595,267)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 43,442,251	\$ 42,335,597	\$ 41,744,804	\$ 40,048,711	\$ 39,993,760	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071	\$ 38,381,067
Contributions as a percentage of covered-employee payroll	33.82%	34.00%	35.26%	34.91%	33.66%	33.45%	32.60%	31.74%	29.20%	25.00%

Williamsport Area School District

Schedule of the District's Proportionate Share of the PSERS OPEB Liability
 Years Ended June 30
 (Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the OPEB liability	0.2708%	0.2787%	0.2789%	0.2825%	0.2849%	0.2880%	0.2894%	0.2981%	0.3015%
District's proportionate share of the OPEB liability	\$ 4,811,000	\$ 5,042,000	\$ 5,134,000	\$ 6,696,000	\$ 6,156,000	\$ 6,125,000	\$ 6,034,000	\$ 6,074,000	\$ 6,494,000
District's covered-employee payroll	\$ 43,442,251	\$ 42,335,597	\$ 41,744,804	\$ 40,048,711	\$ 39,993,760	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071
District's proportionate share of the OPEB liability as a percentage of its covered-employee payroll	11.07%	11.91%	12.30%	16.72%	15.39%	15.42%	15.48%	15.30%	16.63%
PSERS OPEB plan net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2017 is not available for reporting.

Williamsport Area School District

Schedule of the District's PSERS OPEB Contributions

Years Ended June 30

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 281,169	\$ 278,399	\$ 321,755	\$ 329,019	\$ 329,373	\$ 333,607	\$ 323,454	\$ 329,429	\$ 324,099
Contributions in relation to the contractually required contribution	<u>(281,169)</u>	<u>(278,399)</u>	<u>(321,755)</u>	<u>(329,019)</u>	<u>(329,373)</u>	<u>(333,607)</u>	<u>(323,454)</u>	<u>(329,429)</u>	<u>(324,099)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 43,442,251	\$ 42,335,597	\$ 41,744,804	\$ 40,048,711	\$ 39,993,760	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071
Contributions as a percentage of covered-employee payroll	0.65%	0.66%	0.77%	0.82%	0.82%	0.84%	0.83%	0.83%	0.83%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2017 is not available for reporting.

Williamsport Area School District

Required Supplementary Information

Schedule of Changes in the District's Total OPEB Liability and Related Ratios - District Plan

Years Ended June 30

(Unaudited)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 600,251	\$ 561,278	\$ 1,153,372	\$ 1,164,680	\$ 972,961	\$ 981,516	\$ 875,671	\$ 848,701
Interest cost	542,564	523,671	468,869	384,420	672,498	603,190	575,452	442,957
Changes of benefit terms	25,412	-	22,275	-	-	-	1,386	-
Differences between expected and actual experience	26,129	-	(2,514,971)	-	(1,947,085)	-	1,613,184	-
Changes in assumptions	11,783	182,687	(5,129,969)	(548,366)	1,973,999	(488,499)	51,356	690,301
Benefit payments, including refunds of member contributions	(1,056,399)	(1,081,219)	(1,064,642)	(1,125,918)	(1,311,932)	(1,316,685)	(1,425,771)	(1,398,582)
Net change in total OPEB liability	149,740	186,417	(7,065,066)	(125,184)	360,441	(220,478)	1,691,278	583,377
Total OPEB Liability, Beginning	<u>13,109,132</u>	<u>12,922,715</u>	<u>19,987,781</u>	<u>20,112,965</u>	<u>19,752,524</u>	<u>19,973,002</u>	<u>18,281,724</u>	<u>17,698,347</u>
Total OPEB Liability, Ending	<u>\$ 13,258,872</u>	<u>\$ 13,109,132</u>	<u>\$ 12,922,715</u>	<u>\$ 19,987,781</u>	<u>\$ 20,112,965</u>	<u>\$ 19,752,524</u>	<u>\$ 19,973,002</u>	<u>\$ 18,281,724</u>
Covered-Employee Payroll	<u>\$ 41,900,814</u>	<u>\$ 39,447,823</u>	<u>\$ 39,447,823</u>	<u>\$ 37,497,317</u>	<u>\$ 37,497,317</u>	<u>\$ 36,410,882</u>	<u>\$ 36,410,882</u>	<u>\$ 36,184,850</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	<u>31.64%</u>	<u>33.23%</u>	<u>32.76%</u>	<u>53.30%</u>	<u>53.64%</u>	<u>54.25%</u>	<u>54.85%</u>	<u>50.52%</u>

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting.

Changes in Assumptions

The discount rate was updated each year to reflect current market conditions. The rate used each year is as follows:

Discount Rate	4.29%	4.13%	4.06%	2.28%	3.36%	1.86%	2.98%	3.13%
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**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
Williamsport Area School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Williamsport Area School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2025. In our report, an emphasis of a matter paragraph was included, as more fully described in Notes 1 and 9 to the financial statements, to address the District's adoption of a new accounting principle. Our opinions are not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Williamsport, Pennsylvania
December 15, 2025

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

Independent Auditors' Report

To the Board of Directors of
Williamsport Area School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Williamsport, Pennsylvania
December 15, 2025

Williamsport Area School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2024	Revenue Recognized	Total Federal Expenditures	Adjustments	Accrued (Deferred) Revenue 6/30/2025	Passed Through to Subrecipients
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	84.010	013-25-0487	7/1/24-9/30/25	\$ 2,458,166	\$ 1,468,466	\$ -	\$ 1,641,773	\$ 1,641,773	\$ -	\$ 173,307	\$ -
Title I Grants to Local Educational Agencies	84.010	013-24-0487	7/1/23-9/30/24	2,598,805	1,559,311	432,618	1,126,693	1,126,693	-	-	-
Subtotal, Title I Grants to Local Educational Agencies					3,027,777	432,618	2,768,466	2,768,466	-	173,307	-
Improving Teacher Quality State Grants	84.367	020-25-0487	7/1/24-9/30/25	240,603	240,603	-	234,173	234,173	-	(6,430)	-
Improving Teacher Quality State Grants	84.367	020-24-0487	7/1/23-9/30/24	222,958	30,315	45,348	-	-	(15,033)	-	-
Subtotal, Improving Teacher Quality State Grants					270,918	45,348	234,173	234,173	(15,033)	(6,430)	-
Title IV - Student Support and Academic Enrichment	84.424	144-25-0487	7/1/24-9/30/25	195,710	195,710	-	194,173	194,173	-	(1,537)	-
Title IV - Student Support and Academic Enrichment	84.424	144-24-0487	7/1/23-9/30/24	205,125	54,700	2,731	51,969	51,969	-	-	-
Subtotal, Title IV Student Support and Academic Enrichment					250,410	2,731	246,142	246,142	-	(1,537)	-
Career and Technical Education - Basic Grants to State	84.048	380-25-0085	7/1/24-6/30/25	145,315	133,205	-	145,315	145,315	-	12,110	-
Education Stabilization Funds:											
COVID-19 American Rescue Plan - ARP - ESSER III	84.425U	223-21-0487	3/13/20-9/30/24	17,686,571	2,894,166	1,099,616	1,794,550	1,794,550	-	-	-
American Rescue Plan - ARP ESSER Learning Loss Set Aside	84.425U	225-21-0487	3/13/20-9/30/24	981,889	357,051	244,512	112,539	112,539	-	-	-
American Rescue Plan - ARP ESSER Summer School Set Aside	84.425U	225-21-0487	3/13/20-9/30/24	196,378	71,411	44,506	26,905	26,905	-	-	-
American Rescue Plan - ARP ESSER Learning After School Set Aside	84.425U	225-21-0487	3/13/20-9/30/24	196,378	71,409	25,849	45,560	45,560	-	-	-
American Rescue Plan - ARP ESSER Homeless Children & Youth	84.425W	181-21-2487	3/13/20-9/30/24	102,176	-	(13,059)	4,400	4,400	13,059	4,400	-
Subtotal, Education Stabilization Fund					3,394,037	1,401,424	1,983,954	1,983,954	13,059	4,400	-
Special Education Cluster (IDEA):											
Passed Through BLAST Intermediate Unit #17:											
Special Education Grants to States	84.027	062-25-0-017	7/1/24-9/30/25	1,121,051	460,651	-	1,121,051	1,121,051	-	660,400	-
Special Education Grants to States	84.027	062-24-0-017	7/1/23-9/30/24	1,095,191	451,186	451,186	-	-	-	-	-
Special Education Grants to States	84.173	131-25-0-017	7/1/24-6/30/25	14,560	-	-	14,560	14,560	-	14,560	-
Special Education Grants to States	84.173	131-24-0-017	7/1/23-6/30/24	14,478	14,478	14,478	-	-	-	-	-
Subtotal, Special Education Cluster (IDEA)					926,315	465,664	1,135,611	1,135,611	-	674,960	-
Passed Through the Pennsylvania Commission on Crime and Delinquency											
COVID - SFR School Mental Health Grants	21.027	2023-CM-01 41959	7/1/24-12/31/25	161,653	104,407	-	159,172	159,172	-	54,765	-
Total U.S. Department of Education					8,107,069	2,347,785	6,672,833	6,672,833	(1,974)	911,575	-
U.S. Department of Health and Human Services											
Passed Through the Pennsylvania Department of Public Welfare:											
Medical Assistance Program/Medicaid Cluster	93.778	184344	7/1/24-6/30/25	N/A	15,775	-	32,178	32,178	-	16,403	-
Medical Assistance Program/Medicaid Cluster	93.778	184344	7/1/23-6/30/24	N/A	57,563	33,042	24,521	24,521	-	-	-
Total U.S. Department of Health and Human Services					73,338	33,042	56,699	56,699	-	16,403	-

See notes to schedule of expenditures of federal awards

Williamsport Area School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2024	Revenue Recognized	Total Federal Expenditures	Adjustments	Accrued (Deferred) Revenue 6/30/2025	Passed Through to Subrecipients
U.S. Department of Agriculture											
Passed Through the Pennsylvania Department of Education:											
Child Nutrition Cluster:											
National School Lunch Program	10.555	362	7/1/23-6/30/24	N/A	\$ 26,635	\$ 26,635	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	362	7/1/24-6/30/25	N/A	2,266,972	-	2,596,026	2,596,026	-	329,054	-
School Breakfast Program	10.553	365	7/1/24-6/30/25	N/A	801,153	-	926,439	926,439	-	125,286	-
School Breakfast Program	10.553	365	7/1/23-6/30/24	N/A	12,525	12,525	-	-	-	-	-
Passed Through the Pennsylvania Department of Agriculture:											
National School Lunch Program (Donated Commodities)	10.555	N/A	7/1/24-6/30/25	N/A	316,043 ^(a)	(61,250) ^(b)	297,487	297,487 ^(c)	-	(79,806) ^(d)	-
Subtotal, Child Nutrition Cluster					3,423,328	(22,090)	3,819,952	3,819,952	-	374,534	-
Passed Through the Pennsylvania Department of Education:											
School Breakfast Program	10.579	N/A	2/26/24-12/31/24	\$ 10,000	3,000	(3,383)	6,383	6,383	-	-	-
Total U.S. Department of Agriculture					3,426,328	(25,473)	3,826,335	3,826,335	-	374,534	-
Total Federal Awards					<u>\$ 11,606,735</u>	<u>\$ 2,355,354</u>	<u>\$ 10,555,867</u>	<u>\$ 10,555,867</u>	<u>\$ (1,974)</u>	<u>\$ 1,302,512</u>	<u>\$ -</u>

FOOTNOTES:

(a) - Total amount of commodities received

(b) - Beginning inventory at July 1

(c) - Total amount of commodities used

(d) - Ending inventory at June 30

See notes to schedule of expenditures of federal awards

Williamsport Area School District

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal award activity of the Williamsport Area School District (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting for the Child Nutrition Cluster and the modified accrual basis of accounting for all remaining programs. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Relationship to Federal Financial Reports

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

4. Indirect Cost Rate

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

