PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2026

This Preliminary Official Statement and the information herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Preliminary Official Statement.

NEW ISSUE - BOOK ENTRY ONLY

RATING: S&P: "AA" (Stable Outlook)
(*See* **"RATING"** *herein*)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, if any, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See ***"TAX MATTERS"*** *herein.*

$23,575,000*

AVON GROVE SCHOOL DISTRICT

(Chester County, Pennsylvania)

General Obligation Bonds, Series of 2026

Bonds Dated: Date of delivery
Principal Due: November 15, as shown on inside cover
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2026
Form: DTC Book-Entry Only

Legal Investment for Fiduciaries in Pennsylvania: The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

General: The General Obligation Bonds, Series of 2026 (the "Bonds" or "2026 Bonds") in the aggregate principal amount of $23,575,000* are being issued by the Avon Grove School District (the "School District"), a public school district located in Chester County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Manufacturers and Traders Trust Company (the "Paying Agent"), as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See **"BOOK-ENTRY ONLY SYSTEM"** herein. Interest on the Bonds is payable initially on November 15, 2026, and thereafter, semiannually on May 15 and November 15 of each year.

Security: The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on June 4, 2026, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law (see **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", APPENDIX A - "TAXING POWERS AND LIMITS"** and **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" – "Taxpayer Relief Act (Act 1)"** herein).

Optional Redemption: The Bonds are **not** subject to optional redemption prior to their stated maturity dates, as described herein.

Proceeds of the Bonds will be used to provide funds to: (1) currently refund a portion of the School District's General Obligation Bonds, Series of 2018; and (2) pay the costs of issuing the Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Unruh, Turner, Burke & Frees, P.C., West Chester, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will serve as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about September ____, 2026.

RAYMOND JAMES®

*Preliminary, subject to change.

$23,575,000*
AVON GROVE SCHOOL DISTRICT
(Chester County, Pennsylvania)
General Obligation Bonds, Series of 2026

Bonds Dated: Date of delivery
Principal Due: November 15, as shown below
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2026
Form: DTC Book-entry Only

BOND MATURITY SCHEDULE

(November 15) Year	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [1]
2027					
2028					
2029					
2030					
2031					
2032					
2033					

[1]The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriter to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER'S MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS AND NOTES ARE MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

TABLE OF CONTENTS

APPENDIX A - SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

SUMMARY PAGE

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

Issuer	Avon Grove School District, Chester County, Pennsylvania (the "School District").
Bonds	The General Obligation Bonds, Series of 2026 in the principal amount of $23,575,000* (the "Bonds"), dated as of the date of delivery, maturing on November 15, ____ through November 15, ______. Interest on the Bonds shall be payable semiannually on May 15 and November 15. See **"DESCRIPTION OF THE BONDS"** herein.
Optional Redemption	Non-callable
Form	Book-Entry Only
Application of Proceeds	Proceeds of the Bonds will be used to provide funds to: (1) currently refund a portion of the School District's General Obligation Bonds, Series of 2018; and (2) pay the costs of issuing the Bonds.
Security	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
Rating	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the School District a rating of "AA" (stable outlook). (See **"RATING"** herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING"** and "**APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT –** for the School District's respective filing deadline herein.)

[Remainder of Page Intentionally Blank]

____

*Preliminary, subject to change.

AVON GROVE SCHOOL DISTRICT
(Chester County, Pennsylvania)

107 Schoolhouse Road
West Grove, Pennsylvania 19390

BOARD OF SCHOOL DIRECTORS

Dorothy Linn, Ed.D.	President
Ruchira Singh	Vice President
Herman Engel	Member
Katie Leonard	Member
Natalie Ortega-Moran, Ed.D.	Member
Ken Roark	Member
Nick Taylor	Member
Bonnie Wolff	Member
Bill Wood	Member

SCHOOL ADMINISTRATION

Dr. Scott DeShong	Superintendent of Schools
Eric Willey	Director of Business Administration

BOND COUNSEL

Saxton & Stump, LLC
Lancaster, Pennsylvania

SOLICITOR

Unruh, Turner, Burke & Frees, P.C.
West Chester, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

McNees Wallace & Nurick LLC
Lancaster, Pennsylvania

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Harrisburg, Pennsylvania

PAYING AGENT

Manufacturers and Traders Trust Company
Philadelphia, Pennsylvania

OFFICIAL STATEMENT

$23,575,000*

Avon Grove School District

(Chester County, Pennsylvania)

General Obligation Bonds, Series of 2026

INTRODUCTION

This Official Statement is furnished by the Avon Grove School District (the "School District"), a public school district located in Chester County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2026 (the "Bonds" or the "2026 Bonds") in the aggregate principal amount of $23,575,000*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on June 4, 2026 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of $5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on May 15 and November 15 of each year, commencing November 15, 2026. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Manufacturers and Traders Trust Company (the "Paying Agent"), serving as paying agent and sinking fund depositary, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See **"BOOK-ENTRY ONLY SYSTEM"** herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of the Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas in or about the School District, since the date of the Official Statement of the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to provide funds to: (1) currently refund a portion of the School District's General Obligation Bonds, Series of 2018 (the "2018 Bonds"); and (2) pay the costs of issuing the Bonds.

SOURCE AND USES OF FUNDS

	Total
Sources of Funds	
Proceeds of the Bonds	
Net Original Issue Premium [Discount]	
Total Sources of Funds	
Uses of Funds	
Amount Required to Redeem the 2018 Bonds	
Costs of Issuance [1]	
Total Uses of Funds	

[1] Includes legal fees, underwriter's discount, paying agent fees, rating fee, municipal advisor fee, CUSIP, printing and miscellaneous fees.

*Preliminary, subject to change.

DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of $5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on November 15, 2026, and thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as partnership nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See **"BOOK-ENTRY ONLY SYSTEM"** herein.*

Payment of Principal and Interest

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal and interest so paid. See **"BOOK-ENTRY ONLY SYSTEM"** herein. If the use of the book-entry only system for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs.*

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding November 15, 2026, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15^{th}) day (whether or not a day on which the Paying Agent is open for business) next preceding such interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15^{th}) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Certificated Bonds

*Subject to the provisions herein under **"BOOK-ENTRY ONLY SYSTEM"***, any certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated bond or bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

The School District and the Paying Agent shall not be required: (a) to register the transfer of or exchange any certificated Bonds then considered for redemption during a period beginning at the close of business on the fifth (5th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption; or (b) to register the transfer of or exchange any portion of any certificated Bond selected for redemption until after the redemption date. Certificated Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate.

REDEMPTION OF BONDS

Mandatory Sinking Fund Redemptions

In the manner and upon the terms and conditions provided in the Resolution, the following Bond maturities are subject to mandatory redemption in direct order of maturity, pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest, on November 15 of the following years and in the following principal amounts:

Year	Amount

Optional Redemption

The Bonds are **not** subject to redemption prior to maturity

Notice of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices and Beneficial Owners.

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption.

The notice of redemption may state that it is conditional, *i.e*., that it is subject to the deposit of sufficient redemption money with the Paying Agent or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depositary acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

Manner of Redemption

So long as Cede & Co., nominee of DTC, is the registered owner of the Bonds, payment of the redemption price shall be made by Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all of the Bonds in a particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner on such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

If a Bond is of a denomination larger than $5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by $5,000, each $5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a certificated Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for certificated Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of $5,000 principal amount.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The School District and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay, or cause to be paid, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law.

Actions in the Event of Default on the Bonds

In the event of a failure by the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to remedies specified by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

Sinking Fund

Under the Resolution, the School District has created a "Sinking Fund - General Obligation Bonds, Series of 2026" (the "Sinking Fund Depository") as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the Sinking Fund, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

The Sinking Fund shall be held by the Sinking Fund Depositary and invested by the Sinking Fund Depositary in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject to withdrawal or collection only by the Sinking Fund Depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the "Public School Code"), provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Secretary of Education of the Pennsylvania Department of Education ("PDE") shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depositary for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. In addition, enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. See **"Pennsylvania Budget Adoption"** herein.

Pennsylvania Budget Adoption Impasses

The Commonwealth's fiscal year begins on July 1st; however, over several of the past years, the Commonwealth has started its fiscal year without a fully adopted state budget.

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of $300 million for basic education, with $100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a $50 million increase, boosting that budget line to $1.24 billion, while preschool and Head Start programs received a $30 million increase, to $311.5 million. All told, funding for K-12 schools reached a then record high of $13.55 billion in the 2021-22 budget.

After a week's delay and intense negotiations, a $42.7 billion budget for the state's 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included $7.6 billion for the basic education funding appropriation and $225 million to supplement school districts with a higher at risk student population. The total amount was a $525 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a $44.9 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included $7.87 billion for the basic education funding appropriation. The total amount was a $567 million increase over the 2022-23 fiscal year appropriation. The budget also provided $50 million in additional aid to school districts for special education services for a total of $1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The $47.6 billion budget includes $8.097 billion for the basic education funding appropriation. The total amount is a $225 million increase over the 2023-24 fiscal year appropriation. The budget also provides $100 million in additional aid to school districts for special education services for a total of $1.487 billion and $100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling $493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional $60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state's budget for the 2025-26 fiscal year late on November 12, 2025. The $50.1 billion budget includes (i) $8.262 billion for the basic education funding appropriation, which is more than a $100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) $1.526 billion for the special education appropriation, which is a $40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget hopes to provide $175 million in estimated savings for school districts through reforms to the existing cyber charter school law. (See **"SECURITY FOR THE BONDS"** herein.)

During a state budget impasse, school districts in the Commonwealth cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See "Act 85 of 2016" herein.**

Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE otherwise due a school district that is subject to an intercept statute or an intercept agreement, in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statutes" Sections 633 of the Public School Code. The School District's general obligation debt, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

(1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;

(2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and

(3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Official Statement inclusive of its Appendices.

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School

District, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Agreement.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See **"TAX MATTERS"** herein.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Agreement substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or it operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Agreement (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Agreement.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Agreement is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District's continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District's obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined "obligated persons") with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at http://www.emma.msrb.org.

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal Year Ending	Filing Due Date	Filing dates to EMMA		
		Audit	Operating Data	Budget
6/30/2025	3/27/2026	12/11/2025	11/24/2025	11/24/2025
6/30/2024	3/27/2025	11/18/2024	11/19/2024	11/18/2024
6/30/2023	3/27/2024	11/20/2023	11/29/2023	11/20/2023
6/30/2022	3/27/2023	11/18/2022	11/18/2022	11/18/2022
6/30/2021	12/27/2021	11/20/2021	11/20/2021	11/20/2021

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

NO LITIGATION

As a condition to the settlement for the Bonds, the School District will deliver a certificate, and the School District's Solicitor's opinion will include a paragraph, stating that there is no pending litigation challenging or pertaining to the Bonds.

TAX MATTERS

Federal

Exclusion of Interest From Gross Income. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is considered in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and the representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters. Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions, subject to Code Section 265, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

The Bonds are **not** designated, as "qualified tax-exempt obligations'' for purposes and effected by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Bond Counsel is not rendering any opinion as to any federal tax matters other than as described under the caption "Exclusion of Interest from Gross Income" above and expressly stated in the form of Bond Counsel opinion included as APPENDIX C. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Other Jurisdictions

The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Other

The Inflation Reduction Act, H.R. 5376 (the "IRA") was passed by both houses of Congress and signed by the President; as passed, the IRA includes a 15% alternative minimum tax to be imposed on the "adjusted financial statement income", as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. If the IRA is enacted as passed, interest on the Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing such alternative minimum tax.

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of Saxton & Stump, LLC, in Lancaster, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed on for the School District by Unruh, Turner, Burke & Frees, P.C., West Chester, Pennsylvania, Solicitor to the School District, and McNees Wallace & Nurick LLC, in Lancaster, Pennsylvania, will pass upon certain legal matters as limited scope underwriter's counsel to the underwriter.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the School District a rating of "AA" (stable outlook). This rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of $______________ (representing the par amount of the Bonds of $______________, [plus/less] an original issue [premium/discount] of $____________less an underwriting discount of $____________). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

PAYING AGENT

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

MUNICIPAL ADVISOR

The School District has retained PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, as municipal advisor (the "Municipal Advisor") in connection with the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to perform an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of, the information contained in this Official Statement, and has neither performed any such verification nor assumed any such responsibility. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTAIN OTHER MATTERS

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

The School District has authorized the distribution of this Official Statement.

Avon Grove School District
Chester County, Pennsylvania

By: ______________________________
President, Board of School Directors

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

DESCRIPTION OF THE SCHOOL DISTRICT

Introduction

The School District is in West Grove, in southwestern Chester County. It is located in the southeast corner of Pennsylvania. The School District is approximately 15 miles northwest of Wilmington, Delaware, approximately 35 miles southwest of Philadelphia and approximately 30 miles southeast of Lancaster. It is a residential community with some agricultural activity. Chester County is in the Philadelphia, PA-NJ MSA (the "MSA"), a statistical area including Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Pennsylvania.

The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

School Facilities

School	Year Constructed	Additions/ Alterations	Grades	Rated Pupil Capacity	2025-26 Enrollment
Penn London Elementary	1992	2002	K-1	646	568
Avon Grove Intermediate School	2002		2-5	1,430	1,377
Avon Grove Middle	1957	1995, 1997, 2008, 2023	6-8	1,260	1,146
Avon Grove High	2022		9-12	2,324	1,686
Total School District				5,660	4,777

Source: School District Officials.

Pupil Enrollment

The past four years, current and projected enrollments within the School District are shown below:

Fiscal Year	Elementary	Secondary	Total
2021-22	2,472	2,564	5,036
2022-23	2,472	2,586	5,058
2023-24	2,069	2,928	4,997
2024-25	1,996	2,885	4,881
2025-26 (Current)*	1,945	2,832	4,777
2026-27 (Projected)	1,874	2,829	4,703

*As of 5/15/2026 – reflects grade realignment commencing in FY 2023-24.
Source: School District Officials.

[Remainder of this page intentionally left blank]

SCHOOL DISTRICT FINANCES

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Barbacane Thornton & Company of Wilmington, Delaware currently serves as the School District's auditor. The School District's auditor has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Official Statement.

Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the school districts' fiscal year beginning on July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together, the "Taxpayer Relief Act" or "Act 1") all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election preceding the next fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days prior public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from PDE suggest that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the Public School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the Public School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district's next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see **"The Taxpayer Relief Act (Act 1)"** herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district's next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district's next fiscal year; or (3) the School District seek approval to utilize one or more of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see **"The Taxpayer Relief Act (Act 1)"** herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

Summary and Discussion of Financial Results

The below table presents a summary of the School District's General Fund Financial Condition for Fiscal Years ending June 30, 2021 through June 30, 2025 and budgeted June 30, 2026. For more complete information, the individual financial statements and the 2026 Budget of the School District may be reviewed at the School District's Business Office.

AVON GROVE SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)

	ACTUAL					Budgeted
	2021	2022	2023	2024	2025	2026
Revenues						
Local Sources	$61,543,753	$63,935,240	$67,742,250	$72,420,395	$70,108,888	$70,755,114
State Sources	32,502,390	34,227,481	35,971,340	37,755,091	38,946,114	42,880,708
Federal Sources	3,623,227	4,474,309	3,340,721	2,109,278	1,880,205	1,233,834
Total Revenues	$97,669,370	$102,637,030	$107,054,311	$112,284,764	$110,935,207	$114,869,656
Expenditures						
Instruction	$59,222,770	$61,836,850	$61,983,550	$63,087,341	$66,254,066	$69,431,494
Support Services	26,401,616	27,719,773	28,927,805	31,373,834	33,448,205	36,048,028
Operation of Non-Instructional Services	1,109,221	1,370,348	1,496,707	1,727,481	2,027,525	2,138,018
Debt Service	5,329,308	7,272,249	9,060,633	9,023,767	9,056,442	9,024,037
Total Expenditures	$92,062,915	$98,199,220	$101,468,695	$105,212,423	$110,786,238	$116,641,577
Other Financing Sources (Uses)						
Transfers In (Out)	($2,199,602)	($828,730)	($1,607,023)	($7,097,174)	($2,879,732)	($2,843,672)
Proceeds from asset disposition	3,413	3,058	400	4,833	1,996	0
Proceeds from insurance recoveries	14,728	1,000	0	20,000	18,066	0
Proceeds from lease and SBITA issuance	0	80,684	221,971	0	85,345	0
Refund of prior year revenues	(155)	0	(158)	0	0	0
Budgetary Reserve	0	0	0	0	0	(1,225,000)
Total Other Financing	($2,181,616)	($743,988)	($1,384,810)	($7,072,341)	($2,774,325)	($4,068,672)
Excess Expenditures Over (Under) Revenues	$3,424,839	$3,693,822	$4,200,806	$0	($2,625,356)	($5,840,593)
Beginning Fund Balance	$19,746,201	$23,171,040	$26,864,862	$31,065,668	$31,065,668	$28,440,312
Fund Balance June 30	$23,171,040	$26,864,862	$31,065,668	$31,065,668	$28,440,312	$22,599,719

Source: School District Audits and Budget.

TAXING POWERS AND LIMITS

In General

Subject to certain limitations imposed by the Act 1 (more specifically described below), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.

2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:

    a) for minimum salaries and increments of the teaching and supervisory staff;

    b) to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;

    c) *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and*

    d) to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July 1959.

3. An annual per capita tax on each resident over 18 years of age of not more than $5.00.

4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, a per capita tax, an earned income and net profits tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth ("STEB")/Tax Equalization Division ("TED") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of $10 those persons whose total income and net profits from all sources within the political subdivision is less than $12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of $10 or less per year, any person whose total income from all sources is less than $12,000 per year.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Taxpayer Relief Act (Act 1)

The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

Under the Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one or more of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 ("Act 72"), or (ii) prior to June 27, 2006, in the case of a school district which had <u>not</u> elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is great than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines."

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE, as the case may be. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

"Index" is defined in Act 1 as follows:

INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.

2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:

   (i) 0.75; and
   (ii) the school district's market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

"Statewide Average Weekly Wage" is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2nd Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

The Act 1 Index applicable to the School District for the next fiscal year, current fiscal year and prior four fiscal years is as follows:

Fiscal Year	Index %
2026-27	4.6
2025-26	5.3
2024-25	7.1
2023-24	5.4
2022-23	4.5
2021-22	4.0

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum on the ballot at the May 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. A board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax ("EIT") or impose a personal income tax ("PIT") for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

Status of the Bonds Under the Taxpayer Relief Act (Act 1)

The debt service payable on the Bonds described in this Official Statement is not eligible for a specific exception to the Index limits of Act 1.

Limitations on School District Fund Balance

Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school fiscal year that includes an estimated ending unreserved and undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

Total Budgeted Expenditures:	Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures[(1)]:
Less than or equal to $11,999,999	12.0%
Between $12,000,000 and $12,999,999	11.5%
Between 13,000,000 and $13,999,999	11.0%
Between $14,000,000 and $14,999,999	10.5%
Between $15,000,000 and $15,999,999	10.0%
Between $16,000,000 and $16,999,999	9.5%
Between $17,000,000 and $17,999,999	9.0%
Between $18,000,000 and $18,999,999	8.5%
Greater than or equal to $19,000,000	8.0%*

"Estimated ending unreserved, undesignated fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

*Applicable to the School District

[(1)] Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term "Unassigned" to refer to general fund balances that would fall within the definition of "Unreserved and Undesignated Fund Balance" in the statute known as Act 48 of 2003.

TAX REVENUES OF THE SCHOOL DISTRICT

Tax Levies

2025-26 Real Estate and Non-Real Estate Tax Rates

Realty Tax Rates

	Real Estate (Mills)		
Municipality	School District	Municipal	County
Avondale Borough	36.000	5.0000	5.1640
Franklin Township	36.000	2.4950	5.1640
London Britain Township	36.000	6.4050	5.1640
London Grove Township	36.000	1.2500	5.1640
New London Township	36.000	1.0000	5.1640
Penn Township	36.000	0.5300	5.1640
West Grove Borough	36.000	5.5000	5.1640

Non-Real Estate Tax Rates

	Real Estate Transfer		Earned Income		Local Services	
Municipality	Municipal	School	Municipal	School	Municipal	School
Avondale Borough	0.5%	0.5%	1.0%	0.0%	---	---
Franklin Township	0.5	0.5	0.5	0.0	---	---
London Britain Township	0.5	0.5	0.0	0.0	---	---
London Grove Township	0.5	0.5	1.0	0.0	---	---
New London Township	0.5	0.5	0.5	0.0	---	---
Penn Township	0.5	0.5	0.75	0.0	$52.00	---
West Grove Borough	0.5	0.5	1.0	0.0	$52.00	---

Source: School District Officials

Real Estate Tax Collection Record

The School District's realty tax collection record for the current and previous five fiscal years ending June 30th, of the years shown below, is as follows:

Fiscal Year	Total Flat Billing	Current Property Tax Collections	Current Property Tax Collection %	Total Property Tax Levy Collection[(1)]	Total Property Tax Collection %
2020-21	$60,189,368	$58,919,832	97.89%	$60,168,119	99.96%
2021-22	62,139,936	59,025,735	94.99%	62,110,995	99.95%
2022-23	63,742,482	62,766,602	98.47%	63,233,166	99.20%
2023-24	66,078,007	63,885,678	96.68%	64,850,255	98.14%
2024-25	65,733,469	63,191,047	96.13%	64,524,892	98.16%

[(1)]Includes delinquent real estate collection.
Source: School District Officials.

Trends in Market and Assessed Valuations

The trend in market and assessed valuation of real estate in the School District is shown below:

Tax Year	Market Value	Assessed Value	Ratio
2020-2021	$2,935,102,270	$1,921,843,031	65.48%
2021-2022	2,945,825,791	1,933,604,999	65.64%
2022-2023	3,211,775,660	1,948,193,721	60.66%
2023-2024	3,265,874,773	1,976,062,061	60.51%
2024-2025	3,578,665,686	1,985,535,096	55.48%

Source: Assessed Value - Chester County Assessment Office. Market Value as determined by the Pennsylvania State Tax Equalization Board (STEB). Valuations certified by STEB in June of following year.

Ten Largest Taxpayer's in the School District

The following table represents the ten highest taxable real estate property owners in the School District. These taxpayers represent approximately 5.3% of the School District's total most recent assessed value.

Taxpayer	Taxable Assessed Valuation
Jenners Pond Inc.	$36,542,370
London Grove North LP	19,042,480
Cabot Kjellerup Realty Trust	13,738,680
Penn Devco	12,524,140
Phillips Mushroom Farms LP	6,772,240
Jennersville Medical Building LP	5,705,080
Chatham AVIV LLC[1]	3,502,400
41 Valley Associates LP	3,137,460
West Grove Hospital Corp.	2,700,000
Gourmet's Delight Mushrooms LP	2,507,730
Total	$106,172,580

Source: County Assessment Office

[1] Chatham AVIV LLC filed an appeal last year and the tax assessment was lowered effective for the 2026 tax year, from $4,996,210 down to $3,502,400.

COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at https://www.education.pa.gov .

School districts also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

Lack of Commonwealth Appropriations for Debt Service Reimbursement

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's MVAR is currently 54.60%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to $2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued $1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of $758,185,000 issued on October 31, 2016, its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of $412,520,000 issued on January 18, 2019, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of $388,975,000 issued on May 9, 2019, and its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of $343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues will be used to provide PlanCon reimbursement to the School District for the current and future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature and has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the Commonwealth would start to allow applicants to enter into the new program. There is a moratorium for the new PlanCon program, which still remains in place.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

DEBT STATEMENT AND DEBT LIMITS

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

DIRECT DEBT **NONELECTORAL DEBT**	**Gross Outstanding**	**Project Reimbursable Percent (%)**	**Effective Reimbursement[1]**	**State Share**	**Local Share**
Issue Type					
General Obligation Bonds, Series of 2026	$23,575,000	0.00%	0.00%	$ 0	$23,575,000
General Obligation Bonds, Series of 2022	21,440,000	44.41%	24.25%	5,198,741	16,241,259
General Obligation Bonds, Series C of 2021	1,315,000	0.00%	0.00%	0	1,315,000
School Revenue Bonds, Series of B of 2021	6,185,000	0.00%	0.00%	0	6,185,000
General Obligation Bonds, Series A of 2021	49,520,000	15.99%	8.73%	4,323,363	45,196,637
Total Principal of Nonelectoral Debt	$102,035,000			$9,522,105	$92,512,895
LEASE RENTAL DEBT					
Total Principal of Lease Rental Debt	0				
TOTAL DIRECT DEBT	$102,035,000				
OVERLAPPING DEBT					
Component Municipalities Debt	$13,134,900				
Chester County[2]	26,372,535				
Total Principal of Overlapping Debt	$39,507,435				
TOTAL DIRECT AND OVERLAPPING DEBT	$141,542,435				
DEBT RATIOS OF DIRECT DEBT					
Market Valuation of Real Estate	2.85%				
Assessed Valuation of Real Estate	5.14%				
Per Capita (2024 Population)	$3,179				
DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT					
Market Valuation of Real Estate	3.96%				
Assessed Valuation of Real Estate	7.13%				
Per Capita (2024 Population)	$4,410				

[1]Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current CARF. See **"Commonwealth Aid to School Districts"** herein.

[2]Pro rata 4.80% share of the County's $549,280,000 principal amount outstanding.

*Excludes the 2018 Bonds being refunded herein (a portion of the 2026 maturity, in the amount of $2,620,000 will be paid by the School District, as a regularly scheduled principal payment on November 15, 2026).

Source: Department of Community and Economic Development ("DCED") website.

FUTURE FINANCING

The School District does not anticipate issuing additional long-term debt to fund its capital improvement plan in the near future.

BORROWING CAPACITY
(Under Local Government Unit Debt Act)

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	2022-23	2023-24	2024-25
Total General Fund Revenues	$107,054,311	$112,284,764	$110,935,207
Less: Required Deductions			
a. Rental and Sinking Fund Reimbursement	$1,096,257	$1,158,245	$1,152,648
b. Revenues for Self-Liquidating Debt	0	0	0
c. Refunds from Prior Year Expenditures	0	0	0
d. Grant and Gifts for Capital Projects	0	0	0
e. Sale of Equipment and Non-Recurring Items	0	0	0
Total Deductions	$1,096,257	$1,158,245	$1,152,648
Total Revenues	$105,958,054	$111,126,519	$109,782,559
Total Net Revenues for Three Years		$326,867,132	
Borrowing Base - Average Net Revenues for Three-Year Period		$108,955,711	
Computation of Borrowing Capacity			
Debt Limitation - 225% OF Borrowing Base		$245,150,349	
Less: Net Non-Electoral and Lease Rental Debt		$102,035,000	
Current Non-Electoral and Lease Rental Borrowing Capacity		$143,115,349	

LABOR RELATIONS

Employees and Labor Contracts

There are presently 583 (full-time and part-time) employees of the School District, including 401 teachers, administrators, and other professional employees, and 182 support personnel including secretaries, maintenance staff and aides. The employee count does not include coaches, advisors and athletic game workers.

The School District and its professional employees, represented by the Avon Grove Education Association, are currently operating under a recently negotiated contract which expires June 30, 2030. The School District and the Association's relations have been very positive.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002, range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board certified the employer rate, to be paid by the School District, of 33.59% for the 2026-27 fiscal year. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019, will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District payments, net of reimbursement, have been as follows:

Fiscal Year		Amount
2021-22		$5,193,772
2022-23		5,409,226
2023-24		5,249,202
2024-25		5,702,075
2025-26	(Budgeted)	6,042,025

On June 30, 2025, the School District reported a liability of $99,071,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System's fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year report covered payroll. On June 30, 2024 (measurement date), the School District's proportion was 0.237%, which was a decrease of 0.0078% from its proportion measured as of June 30, 2023.

As of June 30, 2025, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately $42.0 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 9.67%. The Fund had plan net assets of $83.7 billion at June 30, 2025. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

Other Post-Employment Benefits ("OPEB")

The School District implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits and life insurance benefits provided by the School District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year.

Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition. Single-Employer Defined Benefit OPEB Plan The School District's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

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

For a full description of the pension and OPEB plans, please refer to Appendix E – Annual Comprehensive Financial Report.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

LOCAL DEMOGRAPHIC AND STATISTICAL AND ECONOMIC INFORMATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEMOGRAPHIC AND STATISTICAL INFORMATION

Population

	2020	2024 (est.)
School District	32,146	32,099
Chester County	534,413	561,000
Pennsylvania	12,794,885	13,377,338

Source: U.S. Bureau of Census.

Age Composition
(2020 5-year estimates)

	Percent Under 18	Percent 65 and Over
Chester County	24.6%	13.5%
Pennsylvania	20.7	18.3

Source: U.S. Bureau of Census.

Income
(2020 5-year estimates)

	Median Household	Per Capita	Persons in Poverty
Chester County	$117,232	$31,627	5.3%
Pennsylvania	71,798	35,518	11.8

Source: U.S. Bureau of Census.

Housing Characteristics
(2020 5-year estimates)

	Housing Units	Households
Chester County	208,240	204,309
Pennsylvania	5,815,392	5,147,783

Source: U.S. Bureau of Census.

Transportation

U.S. Route 1 is the main highway traveling through the School District. State routes 10, 41, 52, 82, 162, 472, 841, 896, and 926 also traverse the School District. Chester County contains a portion of the Pennsylvania Turnpike, and is served by six commercial airports. Wilmington, Delaware is the nearest major transportation center, providing a Regional Airport, all bus, rail and port services.

In nearby Philadelphia is the Philadelphia International Airport, along with all major rail, bus and trucking lines. The Philadelphia Port is one of the largest freshwater ports in the world.

Higher Education

Residents of the School District benefit from a number of cultural and economic advantages provided by the educational institutions located within the region. West Chester University, located in West Chester, the largest 4-year liberal arts college in Chester County, has a total enrollment of more than 14,000 and 2,500 graduate students, which includes its Exton Campus. Immaculata University, located in Immaculata, is a Catholic liberal arts college, has an enrollment of approximately 2,600 full and part-time students. Penn State-Great Valley, located in Malvern, is a special mission campus of the Penn State University, offering graduate and continuing education courses to approximately 1,900 graduate and 1,400 continuing education students. Albright College, in neighboring Reading County, is nationally ranked, offering a 4-year liberal arts program. Also located in Reading is Alvernia College, which offers a quality education that combines liberal arts with career and professional opportunities. Cabrini College, located in Radnor, Delaware County, is a Catholic co-educational institution that offers programs in liberal arts and professional studies. Villanova University, located in Villanova which straddles Delaware and Montgomery Counties, has an enrollment of approximately 11,000 undergraduate and graduate students. Drexel University, St. Joseph’s University, Temple University and the University of Pennsylvania are all located in nearby Philadelphia.

Recreation

The County's residents have access to several county and state parks which feature picnicking, fishing, hiking, horseback riding and camping. These include Hibernia County Park, an 800 acre park; Nottinham County Park, a 651 acre park with a 2.6 acre lake; Springton Manor Farm, a 300 acre demonstration farm; Struble Trail, a 2.5 mile walking trail, which parallel the east branch of the Brandywine Creek; Warwick County Park, a 445 acre park, which includes 2 miles of French Creek, (Horse Shoe Trail, which extends from Valley Forge to Harrisburg, joins the trail system of this park); and Struble Lake, a 146 acre lake is owned by the Pennsylvania Fish and Boat Commission, and is associated with Warwick Park. The state parks located within Chester County include Brandywine Battlefield State Park; French Creek State Park, a 7,339 acre park, including the 68 acre Hopewell Lake; Marsh Creek State Park, a 1,700+ park, includes a 55 acre lake; White Clay Creek Preserve; and State Gameland #43, a 1,060 area located near Elverson, is managed by the Pennsylvania Game Commission. Other parks in the area include Hopewell Village National Historic Park, a 214 acre park, is a restored 19th century iron-making community; Valley Forge National Historic Park, a 2,700 acre park, which was the site of George Washington's winter encampment in 1777-1778; Everhart Park; Hoopes Park; and Marshall Square Park. Golfers in the area enjoy the more than 25 public and private courses located in or near Chester County.

Medical Facilities

There are five general acute care hospitals, one long-term acute care hospital, two psychiatric hospitals, one rehabilitation hospital, one VA hospital and one specialty hospital that serve Chester County. The hospitals, their licensed bed capacity and number of employees (full-time and part-time) as are as follows:

Institution	Location
Brandywine Medical Center	Exton
Bryn Mawr Rehabilitation Hospital	Malvern
Chester County Hospital	West Chester
Devereux Children's Behavioral health Center	Malvern
Jennersville Regional Hospital	West Grove
Paoli Hospital	Paoli
Malvern Institute	Malvern
Phoenixville Hospital	Phoenixville
VA Medical Center	Coatesville
St. John Vianney Center	Downingtown

Source: Pennsylvania Department of Health ("PDH"), Bureau of Health Statistics
Residents of Chester County also have access to hospitals in the Philadelphia and Wilmington Metropolitan area.

ECONOMIC INFORMATION

Ten Largest Employers in Chester County

Company
The Vanguard Group Inc.
The Chester County Hospital
County of Chester
Main Line Hospitals Inc.
Giant Food Stores LLC
Federal Government
PA State System of Higher Education
Downingtown Area School District
West Chester Area School District
Chester County Intermediate Unit

Source: Department of Labor a& Industry, Center for Workforce Information and Analysis – Labor & Industry (L & I), 4^{th} Quarter, 2025.

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND UNEMPLOYMENT RATE BY PLACE OF RESIDENCE

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)	SEASONALLY ADJUSTED LABOR FORCE	SEASONALLY ADJUSTED EMPLOY-MENT	SEASONALLY ADJUSTED UNEMPLOY-MENT	SEASONALLY ADJUSTED RATE (%)
April 2026	3,337,400	3,206,300	131,200	3.9	3,317,700	3,170,000	147,800	4.5
March	3,326,700	3,184,400	142,300	4.3	3,312,400	3,163,400	149,100	4.5
February	3,297,500	3,140,000	157,500	4.8	3,312,200	3,161,100	151,200	4.6
April 2025	3,295,900	3,164,700	131,200	4.0	3,292,500	3,146,900	145,600	4.4

PHILADELPHIA PA-NJ-DE-MD METROPOLITAN STATISTICAL AREA

(Bucks, Chester, Delaware, Montgomery, and Philadelphia - PA counties)
(New Castle - DE county, Cecil - MD county)
(Salem, Burlington, Camden, and Gloucester - NJ counties)

April 2026

NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment Apr 2026	Mar 2026	Feb 2026	Apr 2025	Net Change From: Mar 2026	Apr 2025
TOTAL NONFARM	**3,137,400**	3,111,800	3,091,500	3,133,600	25,600	3,800
TOTAL PRIVATE	**2,780,400**	2,754,300	2,736,100	2,777,700	26,100	2,700
GOODS-PRODUCING	**302,400**	296,500	290,300	304,400	5,900	-2,000
Mining, Logging, and Construction	**125,400**	120,300	114,900	126,000	5,100	-600
Manufacturing	**177,000**	176,200	175,400	178,400	800	-1,400
Durable Goods	**88,700**	88,300	87,900	89,800	400	-1,100
Non-Durable Goods	**88,300**	87,900	87,500	88,600	400	-300
SERVICE-PROVIDING	**2,835,000**	2,815,300	2,801,200	2,829,200	19,700	5,800
PRIVATE SERVICE-PROVIDING	**2,478,000**	2,457,800	2,445,800	2,473,300	20,200	4,700
Trade, Transportation, and Utilities	**532,600**	532,300	531,900	538,400	300	-5,800
Wholesale Trade	**119,800**	120,000	119,700	120,600	-200	-800
Retail Trade	**270,800**	270,200	268,600	276,200	600	-5,400
General merchandise retailers	**47,600**	47,600	47,400	47,900	0	-300
Transportation, Warehousing, and Utilities	**142,000**	142,100	143,600	141,600	-100	400
Information	**50,200**	50,200	50,200	51,300	0	-1,100
Financial Activities	**224,300**	224,900	225,400	224,200	-600	100
Finance and insurance	**183,000**	183,600	184,000	183,000	-600	0
Credit Intermediation and Related Activities incl.	**61,800**	62,000	62,000	62,500	-200	-700
Real estate and rental and leasing	**41,300**	41,300	41,400	41,200	0	100
Professional and Business Services	**503,100**	493,300	489,000	500,900	9,800	2,200
Professional and technical services	**247,300**	245,000	244,100	249,800	2,300	-2,500
Administrative and waste services	**186,400**	180,000	176,600	181,500	6,400	4,900
Education and Health Services	**770,300**	768,100	765,900	755,400	2,200	14,900
Health care and social assistance	**625,300**	623,300	622,000	612,000	2,000	13,300
Leisure and Hospitality	**272,700**	265,200	258,900	277,700	7,500	-5,000
Accommodation and food services	**217,100**	211,700	207,500	221,200	5,400	-4,100
Other Services	**124,800**	123,800	124,500	125,400	1,000	-600
Government	**357,000**	357,500	355,400	355,900	-500	1,100
Federal Government	**51,400**	51,500	51,500	56,600	-100	-5,200
State Government	**59,500**	59,900	59,200	59,100	-400	400
Local Government	**246,100**	246,100	244,700	240,200	0	5,900
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

Source: Department of Labor & Industry, Center for Workforce Information News Release.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

DRAFT

AVON GROVE SCHOOL DISTRICT
CHESTER COUNTY, PENNSYLVANIA
$__________________ GENERAL OBLIGATION BONDS, SERIES OF 2026

____

OPINION

We have acted as Bond Counsel in connection with the issuance by the Avon Grove School District, Chester County, Pennsylvania (the "School District"), of the $__________________ General Obligation Bonds, Series of 2026 (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), ("the Act"), without the assent of the electors, and pursuant to two resolutions adopted by the Board of School Directors of the School District on June 4, 2026.

2. The Bonds are a valid and binding obligation of the School District.

3. The School District has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.

4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the

"state aid intercept" provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds and the interest thereon will be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Very truly yours,

SAXTON & STUMP, LLC

____________, 2026

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

DRAFT

AVON GROVE SCHOOL DISTRICT
CHESTER COUNTY, PENNSYLVANIA

$_________________ GENERAL OBLIGATION BONDS, SERIES OF 2026
DATED, ISSUED AND DELIVERED _________________, 2026

CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the $_________________ General Obligation Bonds, Series of 2026 (the "Bonds") in accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934.

The undersigned are officers of the Board of School Directors of Avon Grove School District (the "School District"), a Pennsylvania governmental unit, and hereby certify on behalf of the School District as follows:

Section 1. **Undertaking to file current information with MSRB**. The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2026:

a. A copy of its budget and audited financial statements, prepared in accordance with the guidelines adopted by the Governmental Accounting Standard Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, containing the:

(i) Combined balance sheet of all fund types and account groups; and

(ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

b. An update of the following information in the Official Statement for the Bonds dated __________________:

(i) 2025-26 Real Estate and Non-Real Estate Tax Rates (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(ii) Real Estate Tax Collection Record (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) Trends in Market and Assessed Valuations (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) Ten Largest Taxpayer's in the School District (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and.

Any or all of the items listed above may also be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 2. **Modification of types of information and format of information permitted**. The School District reserves the right to modify from time to time the specific types of information provided, the time period within which the information must be filed, the format of the presentation of such information, or any other requirements hereunder, in its sole discretion, so long as such modification or amendment would have been allowed under the Rule at the time of the undertaking. Any such modification will be done in a manner consistent with the Rule at the time of the undertaking, and will not substantially impair the interest of the holders of the Bonds.

Section 3. **Time period within which annual information must be filed**. The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

Section 4. **Notice of failure to comply with annual information updates**. The School District agrees to provide or cause to be provided, in a timely manner, to the Paying Agent for the Bonds, and to the MSRB, notice of a failure by the School District to provide the annual financial information described in Section 1 above on or prior to the date set forth in Section 3 above.

Section 5. **Event disclosure**. The School District agrees to provide or cause to be provided to the MSRB, in a timely manner, not to exceed ten (10) days after occurrence, notice of the occurrence of any of the following events with respect to the Bonds:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of any credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;

g. Modifications to rights of holders of the Bonds, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the Bonds, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the School District (which is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of any order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District);

m. Merger, consolidation or acquisition involving the School District, if material; or

n. Appointment of successor or additional trustee or the change of name of a trustee, if material.

o. Incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.

For purposes of this Section, the term financial obligation shall mean a (i) debt obligation; (ii) derivative instrument entered onto in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 6. **Termination of reporting obligation**. The School District's obligations under this Agreement shall terminate upon the redemption or payment in full of all of the Bonds.

Section 7. **Enforcement**. The School District agrees that its undertakings pursuant to this Agreement are intended to be for the benefit of the holders of the Bonds (including beneficial owners thereof) and shall be enforceable by the holders of the Bonds or the Paying Agent for the Bonds on behalf of such holders; provided that the holders of the Bonds, or in lieu thereof, the Paying Agent's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder, and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default, with respect to the Bonds.

Section 8. **Amendment; waiver**. Notwithstanding any other provision of this Agreement, the School District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

IN WITNESS WHEREOF, the undersigned officers of the School District, being duly authorized, have executed this certificate in the name of and on behalf of the School District and in our own names and on our own behalf, the day and year of the issuance and delivery of the Bonds set forth above.

AVON GROVE SCHOOL DISTRICT

By:____
(Vice) President

Attest:____
Secretary

(SEAL)

#9911383v1

APPENDIX E

ANNUAL COMPREHENSIVE FINANCIAL REPORT

AVON GROVE SCHOOL DISTRICT
WEST GROVE, PENNSYLVANIA

AUDIT REPORT

JUNE 30, 2025

AVON GROVE SCHOOL DISTRICT

TABLE OF CONTENTS

AVON GROVE SCHOOL DISTRICT

TABLE OF CONTENTS

BARBACANE
THORNTON
& COMPANY

INDEPENDENT AUDITOR'S REPORT

November 26, 2025

Members of the Board
Avon Grove School District
West Grove, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Avon Grove School District ("the District"), West Grove, Pennsylvania, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Avon Grove School District, West Grove, Pennsylvania, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

503 Carr Road ◻ Suite 100 ◻ Wilmington, DE 19809
302.478.8940 ◻ www.btcpa.com

Members of the Board
Avon Grove School District

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Members of the Board
Avon Grove School District

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

Emphasis of a Matter

As discussed in Notes 1 and 19 to the financial statements, the District has adopted the requirements of GASB Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Our opinions are not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, and schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability - single employer plan on pages 68 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200,

Members of the Board
Avon Grove School District

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are 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 November 26, 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 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.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

AVON GROVE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED
JUNE 30, 2025

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

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

SCHOOL DISTRICT

The District is a public school district in Chester County, Pennsylvania organized under the Public School Code of Pennsylvania. The District provides educational programs from kindergarten through twelfth grade to students who are residents of the District and non-residents on a tuition basis. The District maintains four school buildings under the following grade structure: K-1, 2-5, 6-8, and 9-12.

MISSION STATEMENT

The purpose of the District is to foster a learning environment for all students to be exceptionally well-prepared to succeed and lead full and meaningful lives.

SCHOOL DISTRICT FINANCIAL HISTORY

The District and its predecessors have never defaulted on the payment of lease rentals or debt service. The status of the District's present indebtedness is shown in the Debt Administration section on page 18.

FUTURE FINANCING

The District did not issue any new general obligation bonds or debt in the 2024-2025 fiscal year and does not anticipate any significant borrowings in the near future.

FINANCIAL HIGHLIGHTS

Overall, the District ended the 2024-2025 fiscal year with a $4,089,107 increase in net position. The District's net deficit totaled $43,242,727 at June 30, 2025, including the effect of the adoption of GASB

Statement No. 101, "Compensated Absences." GASB Statement No. 101 provides updated guidance for how the liability for accrued but unused compensated absence leave (e.g. sick time, vacation time, etc.) is reported, and fundamentally changes the measurement of the liability compared to historical practice.

Under the previous standard, GASB Statement No. 16, the compensated absence liability was based on amounts that were expected to be paid out to employees upon separation (termination or retirement) due to vested or accumulated rights. GASB Statement No. 101 shifts the focus of the liability, requiring the District to recognize a liability for the estimated value of all earned compensated absences that employees are entitled to take as time off of work, regardless of whether the leave is vested or payable upon separation, plus the value of absences that will be paid out to employees upon separation. As a result, this much broader definition of compensated absences requires the District to report a liability for absence types that were previously excluded from the measurement because they had no cash value at the time of termination.

The District has restated its beginning net position by $8,809,924 due to the adoption of this new standard, which represents the increase of the compensated absence liability measured in accordance with GASB Statement No. 101 compared to the prior standard at June 30, 2024. At June 30, 2024, the restated compensated absence liability was $10,221,176, representing a 624% increase over the previously reported liability under GASB Statement No. 16. At June 30, 2025, the compensated absence liability was $10,591,679.

At the fund level, the District's governmental funds decreased fund balance a combined $7,534,571, with the General Fund and Capital Projects Fund shedding $2,625,356 and $4,909,215 in fund balance, respectively. The decrease in the General Fund is attributed to a number of factors, but was primarily driven by the District deferring $2,575,432 of subsidy revenue from the Commonwealth of Pennsylvania. Typically, the District receives certain subsidy payments for social security tax and retirement contributions shortly after year end, but due to the budget impasse and subsequent cessation of payments to all Pennsylvania public schools, these subsidy revenues were not received and, therefore, were not considered to meet the availability criterion to be recognized as revenue. The Capital Projects Fund realized a planned decrease in fund balance of $4,909,215 as ongoing capital projects continued to spend down the proceeds from prior bond offerings. Notable among these projects were two roof replacement projects with combined expenditures of $3,350,802 during the year, and the completion of a synthetic turf field with current year costs totaling $1,044,767.

The Internal Service Fund, which accounts for the District's self-insured medical benefits, decreased net position by $991,403, with net position ending at $4,637,188. This year's result marks a significant reversal of the trend the District experienced over the last several years, which typically has been steady year-over-year growth. Total claims costs increased $1,263,552, or 17.45% from 2023-2024, which is largely attributed to the rising cost of healthcare services as staffing shortages, inflationary pressures, and rising drug costs cause healthcare service providers to raise prices to operate. A summary of healthcare expenses follows below.

	2024-2025	2023-2024	Increase (Decrease)
Medical claims costs	$ 6,183,535	$ 4,864,205	$ 1,319,330
Stop loss insurance premiums	781,839	832,750	(50,911)
Dental claims	343,434	351,341	(7,907)
Vision claims	46,761	62,637	(15,876)
Prescription drug claims	1,894,321	1,810,233	84,088
Prescription drug rebates	(744,868)	(679,696)	(65,172)
Totals	$ 8,505,022	$ 7,241,470	$ 1,263,552

FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For the District, this is the Food Service Fund and the Internal Service Fund.

- Custodial fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

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

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
Avon Grove School District's
Financial Report

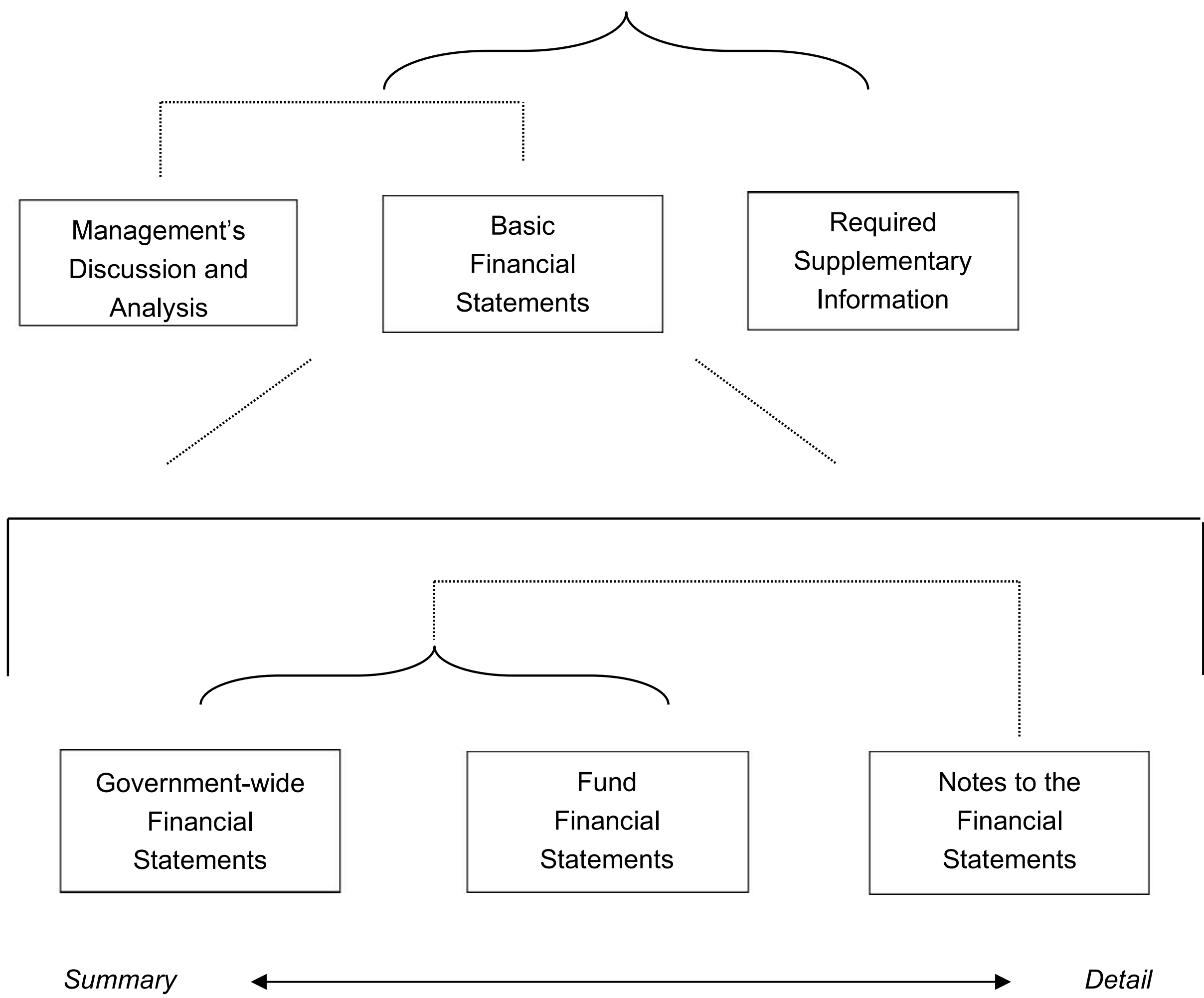


Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of MD&A explains the structure and contents of each of the statements.

Figure A-2
Major Features of Avon Grove School District's
Government-wide and Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS

Impact of GASB Statement No. 68, 71, and 75

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

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

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

While both the net pension liability and the net OPEB liability are significant to the District's financial statements, they are liabilities the District has limited control over. Over the last fourteen years, the PSERS employer contribution rate has risen significantly, from 5.6% in 2010-2011 to 33.90% in 2024-2025. These increases are expected to improve the plan's funding level, which will reduce the net pension liability in future years. This rate is anticipated to continue to increase to a level of over 38% in future years. In addition, the benefits paid by the District to eligible retirees for retiree healthcare benefits are governed by the collective bargaining agreements and contracts in effect at the time of a given retiree's retirement; until these individuals receive their full benefits and future bargaining agreements and contracts are modified, the District will have very limited control over the value of its net OPEB liability.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities 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, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, readers should consider additional factors in conjunction with the information provided in the financial statements, such as changes in the level of funding provided by the Commonwealth, increases in the required PSERS contribution rate, and the projected enrollment 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. Local tax revenue and state subsidies 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 it cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" 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's 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 same as the business-type activities reported in the

government-wide statements but provide more detail and additional information, such as cash flows. The District also operates an Internal Service Fund which reflects medical premiums and claims of the District's employees.

- *Custodial funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

A comparative analysis of fiscal years 2024-2025 and 2023-2024 follows:

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

	Governmental Activities	Business-type Activities	Totals 2025	Totals 2024*
ASSETS:				
Current and other assets	$ 56,064,656	$ 2,332,656	$ 58,397,312	$ 63,455,079
Capital assets	159,716,821	232,634	159,949,455	158,374,332
TOTAL ASSETS	215,781,477	2,565,290	218,346,767	221,829,411
Deferred Outflows of Resources	18,812,137	288,297	19,100,434	23,790,957
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 234,593,614	$ 2,853,587	$ 237,447,201	$ 245,620,368
LIABILITIES:				
Current liabilities	$ 22,348,588	$ 95,025	$ 22,443,613	$ 21,733,997
Long-term liabilities	240,905,184	1,976,643	242,881,827	257,149,536
TOTAL LIABILITIES	263,253,772	2,071,668	265,325,440	278,883,533
Deferred Inflows of Resources	15,276,918	87,570	15,364,488	14,068,669
NET POSITION (DEFICIT):				
Net investment in capital assets	40,044,591	232,634	40,277,225	35,321,176
Restricted	3,611,606	-	3,611,606	6,669,901
Unrestricted (Deficit)	(87,593,273)	461,715	(87,131,558)	(89,322,911)
	(43,937,076)	694,349	(43,242,727)	(47,331,834)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 234,593,614	$ 2,853,587	$ 237,447,201	$ 245,620,368

*Restated for the adoption of GASB Statement No. 101 "Compensated Absences"

Most of the District's net position is invested in capital assets (buildings, land, and equipment) and restricted for future capital projects. The remaining unrestricted net position includes the effect of the District's net pension and OPEB liabilities as required by GASB No. 68 and 75, respectively. Of the $265,325,440 in total liabilities, $118,319,052, or 44.6%, is related to the net pension and OPEB liabilities, and $120,836,982, or 45.5%, is related to the District's outstanding bonds.

Total assets decreased $3,482,644 from the prior year primarily due to decreases in cash and cash equivalents ($2,516,914) and investments ($2,457,513). These decreases are mainly the result of the deficit recognized in the General Fund, and expenditures in the Capital Projects Fund drawing down the reserves that were built up in that fund over previous years. These decreases are offset by an increase in total capital assets of $1,645,991, as major capital additions outpaced depreciation expense recognized on those assets.

Total liabilities decreased $13,558,093 from the prior year largely due to decreases in the District's outstanding bond obligations and a reduction in the net pension liability. Bonds payable decreased $5,147,886 from the prior year due to the District's debt service principal payments drawing down the amount of outstanding bonds. The net pension liability decreased $9,698,000 due to the funding status of the PSERS system improving. As of June 30, 2024 (the most recent measurement date), the PSERS had plan assets available to make 64.63% of the required benefit payments, which was an increase from the prior measurement date of 2.78%.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those costs. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues.

The tables below present the expenses of both the governmental activities and the business-type activities of the District.

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

	June 30, 2025		June 30, 2024	
	Total Services	Net Services	Total Services	Net Services
PROGRAM EXPENSES				
Governmental Activities:				
Instruction	$ 69,520,182	$ 54,427,163	$ 66,384,945	$ 53,594,533
Instructional student support	10,107,657	8,268,589	9,603,860	7,573,310
Administration	10,709,943	9,406,228	10,070,062	8,821,428
Maintenance	6,384,257	5,943,231	6,075,001	5,636,504
Pupil transportation	7,628,777	5,128,997	7,074,513	4,748,615
Student activities	1,929,538	1,448,929	1,685,502	1,208,615
Community services	77,922	76,899	32,183	30,201
Scholarships and awards	12,732	12,732	10,690	10,690
Interest on long-term debt	3,722,108	2,759,580	3,861,501	2,872,059
Total Governmental Activities	110,093,116	87,472,348	104,798,257	84,495,955

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

	June 30, 2025		June 30, 2024	
(cont'd)	Total Services	Net Services	Total Services	Net Services
PROGRAM EXPENSES				
Business-type Activities:				
Food service	2,802,797	(286,908)	2,789,137	(224,945)
Total Business-type Activities	2,802,797	(286,908)	2,789,137	(224,945)
Total Primary Government	$ 112,895,913	$ 87,185,440	$ 107,587,394	$ 84,271,010

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

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for services	$ 971,409	$ 868,993	$ 1,065,655	$ 1,049,991	$ 2,037,064	$ 1,918,984
Operating grants	21,629,458	19,433,309	2,024,050	1,964,091	23,653,508	21,397,400
Capital grants and contributions	19,901	-	-	-	19,901	-
Total Program Revenues	22,620,768	20,302,302	3,089,705	3,014,082	25,710,473	23,316,384
General Revenues:						
Taxes	65,724,109	68,183,517	-	-	65,724,109	68,183,517
Grants and entitlements	21,886,832	20,768,844	-	-	21,886,832	20,768,844
Investment earnings	3,530,588	3,523,364	80,417	76,881	3,611,005	3,600,245
Miscellaneous	52,601	300,262	-	-	52,601	300,262
Total General Revenues	91,194,130	92,775,987	80,417	76,881	91,274,547	92,852,868
TOTAL REVENUES	113,814,898	113,078,289	3,170,122	3,090,963	116,985,020	116,169,252
EXPENSES						
Program Services:						
Instruction	69,520,182	66,384,945	-	-	69,520,182	66,384,945
Support Services:						
Instructional staff support	10,107,657	9,603,860	-	-	10,107,657	9,603,860
Administration	10,709,943	10,070,062	-	-	10,709,943	10,070,062
Maintenance	6,384,257	6,075,001	-	-	6,384,257	6,075,001
Pupil transportation	7,628,777	7,074,513	-	-	7,628,777	7,074,513
Student activities	1,929,538	1,685,502	-	-	1,929,538	1,685,502
Community services	77,922	32,183	-	-	77,922	32,183
Scholarships and awards	12,732	10,690	-	-	12,732	10,690
Interest on long-term debt	3,722,108	3,861,501	-	-	3,722,108	3,861,501
Food service	-	-	2,802,797	2,789,137	2,802,797	2,789,137
TOTAL EXPENSES	110,093,116	104,798,257	2,802,797	2,789,137	112,895,913	107,587,394
CHANGE IN NET POSITION	$ 3,721,782	$ 8,280,032	$ 367,325	$ 301,826	$ 4,089,107	$ 8,581,858

Fund Balances

At June 30, 2025, the District's governmental funds reported a combined fund balance of $33,347,763, which is a decrease of $7,534,571 from June 30, 2024.

General Fund

The District ended the 2024-2025 fiscal year with a fund balance of $28,440,312 in the General Fund. Of this amount, $4,957,405 has been committed for future retirement contributions; $15,340,593 is assigned for future facilities improvements, balancing the 2025-2026 budget, offsetting future losses from real estate tax appeals, and funding increased costs for special education services and medical insurance claims; $15,420 represents prepaid expenditures which are considered non-spendable; and the remaining $8,126,894 is unassigned.

Capital Projects Fund

The Capital Projects Fund is used to track pre-approved facilities and other related projects. Transfers from the General Fund and proceeds from the issuance of debt are used to cover these expenditures.

Table A-4
FUND BALANCE
Fiscal Years Ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	Change
General Fund	$ 28,440,312	$ 31,065,668	$ (2,625,356)
Capital Projects Fund	4,907,051	9,816,266	(4,909,215)
Total	$ 33,347,363	$ 40,881,934	$ (7,534,571)

General Fund Budget

A schedule showing the District's original budget amounts compared with amounts actually paid and received is provided in the financial statements. Below are line items contributing to the net increase in fund balance for the year.

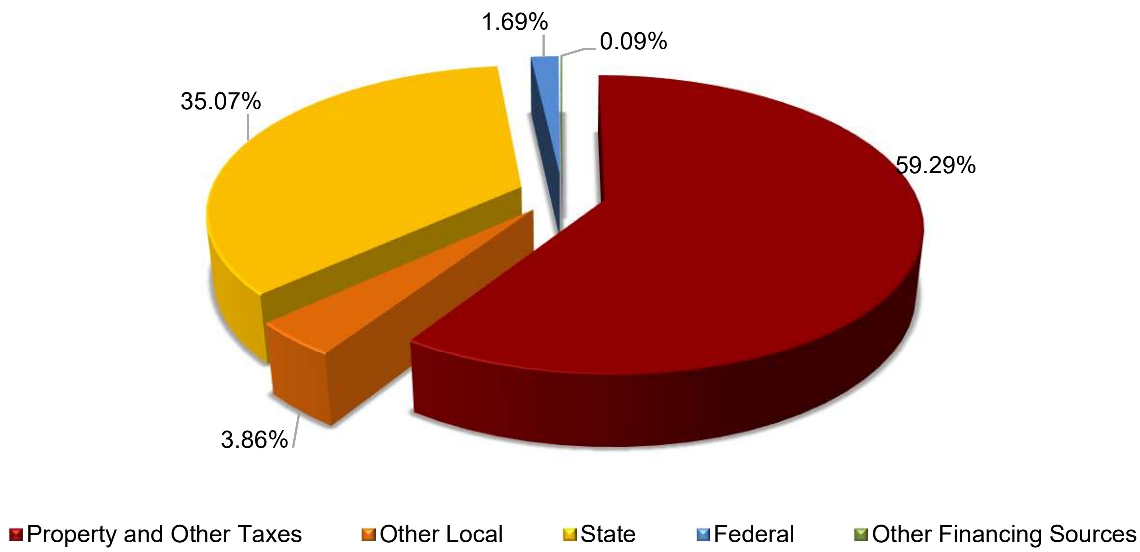
Table A-5
ANALYSIS OF BUDGET VS. ACTUAL REVENUES AND EXPENDITURES
For the Year Ended June 30, 2025

	Original Budget	Actual	Variance
REVENUES AND PROCEEDS	$ 108,141,652	$ 111,040,614	$ 2,898,962
EXPENDITURES AND TRANSFERS	115,148,651	113,665,970	1,482,681
NET	$ (7,006,999)	$ (2,625,356)	$ 4,381,643

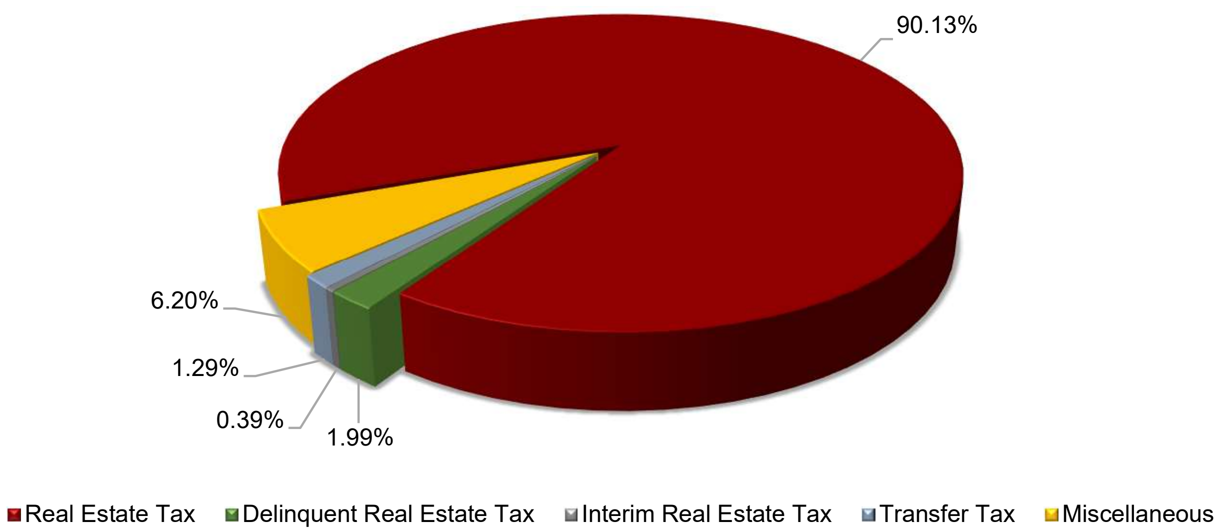
Table A-5
ANALYSIS OF BUDGET VS. ACTUAL REVENUES AND EXPENDITURES
For the Year Ended June 30, 2025

(cont'd)	Original Budget	Actual	Variance
Contributing Line Items:			
Revenues and Proceeds			
Local revenue	$ 68,496,051	$ 70,108,888	$ 1,612,837
State revenue	37,929,435	38,946,114	1,016,679
Federal revenue	1,716,166	1,880,205	164,039
Proceeds from asset disposition	-	1,996	1,996
Proceeds from insurance recoveries	-	18,066	18,066
Proceeds from lease and SBITA issuance	-	85,345	85,345
Total	$ 108,141,652	$ 111,040,614	$ 2,898,962
Expenditures and Transfers			
Salaries	$ 39,969,079	$ 39,189,511	$ 779,568
Benefits	24,500,725	23,923,288	577,437
Professional services	11,091,626	11,938,865	(847,239)
Repair/maintenance/rental	3,104,604	2,976,047	128,557
Transportation/insurance/tuition	19,193,279	19,068,573	124,706
Supplies/books/software/fuel	3,672,404	3,833,867	(161,463)
Capital purchases	-	122,237	(122,237)
Bond interest/dues/fees	6,305,935	5,296,166	1,009,769
Bond principal/transfers	7,310,999	7,317,416	(6,417)
Total	$ 115,148,651	$ 113,665,970	$ 1,482,681

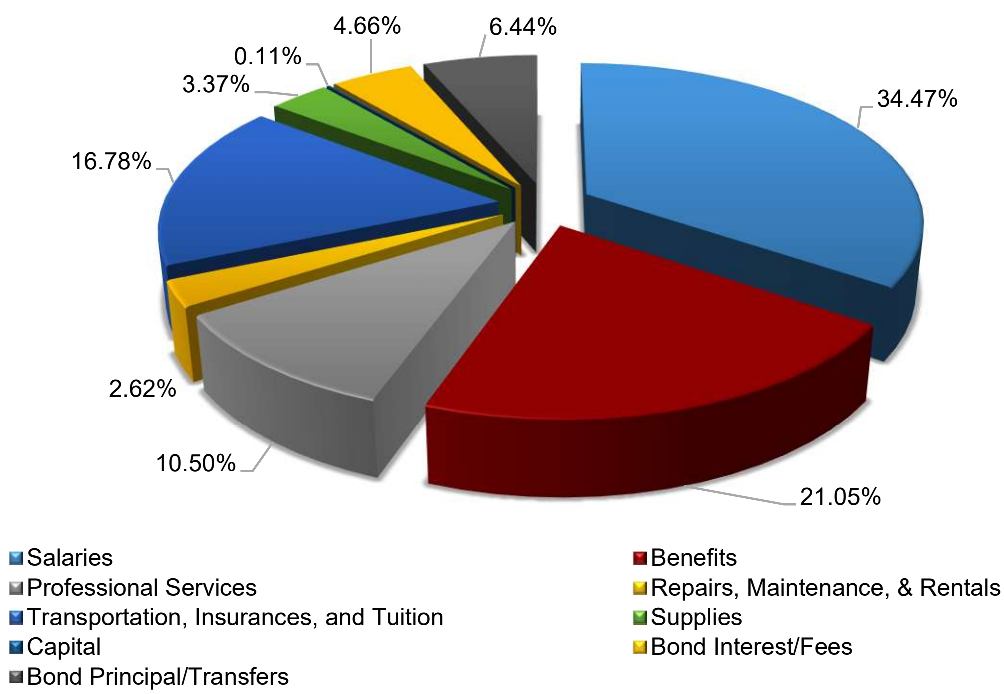
The chart below demonstrates the breakdown of the 2024-2025 General Fund revenues.



The chart below demonstrates the breakdown of the 2024-2025 local revenues.



The chart below demonstrates the breakdown of the 2024-2025 General Fund expenditures.



CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2025, the District had $159,716,821 in governmental activities and $232,634 in business-type activities invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation/amortization) of $1,601,104 from governmental activities and a net decrease of $25,981 from business-type activities from June 30, 2024.

Table A-6
CAPITAL ASSETS, NET OF DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Capital Assets Not Being Depreciated/Amortized						
Land	$ 11,035,789	$ 11,035,789	$ -	$ -	$ 11,035,789	$ 11,035,789
Construction in progress	2,646,162	1,311,049	-	-	2,646,162	1,311,049
Total Capital Assets Not Being Depreciated/ Amortized	13,681,951	12,346,838	-	-	13,681,951	12,346,838
Capital Assets Being Depreciated/Amortized						
Buildings and improvements, net of depreciation	140,294,512	140,524,195	-	-	140,294,512	140,524,195
Furniture and equipment, net of depreciation	5,603,903	5,037,361	232,634	258,615	5,836,537	5,295,976
Right-of-use assets, net of amortization	136,455	207,323	-	-	136,455	207,323
Total Capital Assets Being Depreciated/ Amortized, Net	146,034,870	145,768,879	232,634	258,615	146,267,504	146,027,494
Total Assets, Net	$ 159,716,821	$ 158,115,717	$ 232,634	$ 258,615	$ 159,949,455	$ 158,374,332

Debt Administration

Bond Obligations – As of June 30, 2025, the District has outstanding bond obligations of $120,836,982. During the year, $4,305,000 of principal payments were made on the existing bond obligations. Other obligations include accrued vacation pay and sick leave for specific employees of the District amounting to $10,591,679. More detailed information about long-term liabilities is included in the notes to the financial statements.

FACTORS BEARING ON AVON GROVE SCHOOL DISTRICT'S FUTURE

Factors that will affect the future finances of the District are employee health benefits, PSERS projected retirement rates, real estate tax appeals, reduced state revenue, and enrollment fluctuations of charter school students.

Act 1 of 2006 provides for the District to limit budget increases to an established index that changes from year to year. The budget process is limited unless budget exceptions are approved by the Pennsylvania Department of Education. The index provided by the Pennsylvania Department of Education for the 2025-2026 fiscal year has been established at 5.3%. This index legislatively restricts the District's ability to increase revenues.

In addition, the Commonwealth of Pennsylvania did not approve the Commonwealth's 2025-2026 budget by the statutorily determined deadline of June 30, 2025. Without an approved budget, the Commonwealth paused funding for all Pennsylvania school districts at the start of the new fiscal year while the state legislature continued to negotiate a budget package. As a result of the impasse, the District deferred $2,575,432 in subsidy payments related to 2024-2025 that were not received in the normal timeframe and were not considered to be available at June 30, 2025. On November 12, 2025, the Commonwealth passed the 2025-2026 budget (135 days after the original deadline), after which funding to school districts quickly resumed. The deferred subsidy revenues related to 2024-2025 were received by November 19, 2025, and will be recognized as revenue in 2025-2026.

FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Avon Grove School District, 107 Schoolhouse Road, Suite B, West Grove, PA 19390.

AVON GROVE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	Governmental Activities	Business-type Activities	Totals 2025	Totals 2024*
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	$ 1,695,069	$ 78,025	$ 1,773,094	$ 4,290,008
Investments	48,493,154	2,036,917	50,530,071	52,987,584
Taxes receivable, net of allowance	1,230,033	-	1,230,033	1,204,791
Due from other governments	4,349,069	45,904	4,394,973	4,489,206
Internal balances	119	(119)	-	-
Other receivables	101,275	45,635	146,910	139,145
Inventories	-	126,294	126,294	91,044
Prepaid expenses	15,936	-	15,936	26,301
Other current assets	180,001	-	180,001	227,000
Leased buildings and equipment, net	70,252	-	70,252	104,427
Subscription-based information technology asset, net	66,203	-	66,203	102,896
Land	11,035,789	-	11,035,789	11,035,789
Construction in progress	2,646,162	-	2,646,162	1,311,049
Buildings and improvements, net	140,294,512	-	140,294,512	140,524,195
Furniture and equipment, net	5,603,903	232,634	5,836,537	5,295,976
TOTAL ASSETS	215,781,477	2,565,290	218,346,767	221,829,411
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension and other postemployment benefit contributions	13,712,354	229,442	13,941,796	13,322,281
Deferred outflows - pension and other postemployment benefits	5,099,783	58,855	5,158,638	10,468,676
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,812,137	288,297	19,100,434	23,790,957
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 234,593,614	$ 2,853,587	$ 237,447,201	$ 245,620,368
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	$ 5,060,769	$ 4,778	$ 5,065,547	$ 4,276,426
Accrued salaries, payroll withholdings, and benefits	8,658,980	11,357	8,670,337	8,420,975
Accrued interest payable	561,922	-	561,922	580,828
Construction retainage payable	307,983	-	307,983	568,128
Unearned revenues	419,686	65,292	484,978	609,610
Other liabilities	208,258	-	208,258	185,134
Long-term liabilities:				
Portion due or payable within one year:				
Bonds payable, net	5,307,885	-	5,307,885	5,147,885
Lease liability	35,177	-	35,177	33,241
Subscription-based information technology liability	30,705	-	30,705	95,782
Accumulated compensated absences	1,757,223	13,598	1,770,821	1,815,988
Portion due or payable after one year:				
Arbitrage rebate liability	148,525	-	148,525	138,054
Bonds payable, net	115,529,097	-	115,529,097	120,836,983
Lease liability	40,390	-	40,390	75,567
Subscription-based information technology liability	23,905	-	23,905	7,784
Accumulated compensated absences	8,631,011	189,847	8,820,858	8,405,188
Net other postemployment benefits liability	19,175,184	72,868	19,248,052	18,916,960
Net pension liability	97,357,072	1,713,928	99,071,000	108,769,000
TOTAL LIABILITIES	263,253,772	2,071,668	265,325,440	278,883,533
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - pension and other postemployment benefits	15,276,918	87,570	15,364,488	14,068,669
TOTAL DEFERRED INFLOWS OF RESOURCES	15,276,918	87,570	15,364,488	14,068,669
NET POSITION (DEFICIT):				
Net investment in capital assets	40,044,591	232,634	40,277,225	35,321,176
Restricted for capital projects	3,611,606	-	3,611,606	6,669,901
Unrestricted (Deficit)	(87,593,273)	461,715	(87,131,558)	(89,322,911)
TOTAL NET POSITION (DEFICIT)	(43,937,076)	694,349	(43,242,727)	(47,331,834)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 234,593,614	$ 2,853,587	$ 237,447,201	$ 245,620,368

* Restated - See Notes 1 and 19

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

AVON GROVE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

		Program Revenues			Net (Expense) and Changes in Net Position			
			Operating	Capital			Totals	
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	2025	2024
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 69,520,182	$ 528,003	$ 14,565,016	$ -	$ (54,427,163)	$ -	$ (54,427,163)	$ (53,594,533)
Instructional student support	10,107,657	-	1,839,068	-	(8,268,589)	-	(8,268,589)	(7,573,310)
Administrative and financial support services	10,709,943	-	1,303,715	-	(9,406,228)	-	(9,406,228)	(8,821,428)
Operation and maintenance of plant services	6,384,257	175,800	245,325	19,901	(5,943,231)	-	(5,943,231)	(5,636,504)
Pupil transportation	7,628,777	-	2,499,780	-	(5,128,997)	-	(5,128,997)	(4,748,615)
Student activities	1,929,538	267,606	213,003	-	(1,448,929)	-	(1,448,929)	(1,208,615)
Community services	77,922	-	1,023	-	(76,899)	-	(76,899)	(30,201)
Scholarships and awards	12,732	-	-	-	(12,732)	-	(12,732)	(10,690)
Interest on long-term debt	3,722,108	-	962,528	-	(2,759,580)	-	(2,759,580)	(2,872,059)
TOTAL GOVERNMENTAL ACTIVITIES	110,093,116	971,409	21,629,458	19,901	(87,472,348)	-	(87,472,348)	(84,495,955)
BUSINESS-TYPE ACTIVITIES:								
Food service	2,802,797	1,065,655	2,024,050	-	-	286,908	286,908	224,945
TOTAL BUSINESS-TYPE ACTIVITIES	2,802,797	1,065,655	2,024,050	-	-	286,908	286,908	224,945
TOTAL PRIMARY GOVERNMENT	##########	$ 2,037,064	$ 23,653,508	$ 19,901	(87,472,348)	286,908	(87,185,440)	(84,271,010)
GENERAL REVENUES								
Property taxes levied for general purposes					64,757,745	-	64,757,745	67,162,453
Taxes levied for specific purposes					966,364	-	966,364	1,021,064
Grants and entitlements not restricted to specific programs					21,886,832	-	21,886,832	20,768,844
Investment earnings					3,530,588	80,417	3,611,005	3,600,245
Miscellaneous					52,601	-	52,601	300,262
TOTAL GENERAL REVENUES					91,194,130	80,417	91,274,547	92,852,868
CHANGE IN NET POSITION					3,721,782	367,325	4,089,107	8,581,858
NET (DEFICIT) POSITION, BEGINNING OF YEAR, RESTATED					(47,658,858)	327,024	(47,331,834)	(55,913,692)
NET (DEFICIT) POSITION, END OF YEAR					$(43,937,076)	$ 694,349	$(43,242,727)	$(47,331,834)

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

AVON GROVE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	General Fund	Capital Projects Fund	Totals 2025	Totals 2024
ASSETS				
Cash and cash equivalents	$ 1,695,069	$ -	$ 1,695,069	$ 4,243,191
Investments	41,406,329	5,092,562	46,498,891	49,262,212
Taxes receivable, net of allowance	1,230,033	-	1,230,033	1,204,791
Due from other funds	119	1,467,260	1,467,379	4,941,387
Due from other governments	4,341,168	7,901	4,349,069	4,268,614
Other receivables	89,275	12,000	101,275	98,192
Prepaid expenditures	15,420	516	15,936	26,301
TOTAL ASSETS	$ 48,777,413	$ 6,580,239	$ 55,357,652	$ 64,044,688
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 2,744,671	$ 1,365,205	$ 4,109,876	$ 3,532,920
Accrued salaries, payroll withholdings, and benefits	8,658,980	-	8,658,980	8,417,079
Accumulated compensated absences	64,640	-	64,640	101,913
Construction retainage payable	-	307,983	307,983	568,128
Due to other funds	4,881,077	-	4,881,077	9,030,666
Other liabilities	208,258	-	208,258	185,134
Unearned revenues	419,686	-	419,686	443,897
TOTAL LIABILITIES	16,977,312	1,673,188	18,650,500	22,279,737
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	784,357	-	784,357	883,017
Unavailable revenues - state sources	2,575,432	-	2,575,432	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,359,789	-	3,359,789	883,017
FUND BALANCES:				
Nonspendable	15,420	516	15,936	26,301
Restricted for capital projects	-	4,906,535	4,906,535	9,813,987
Committed for future retirement contributions	4,957,405	-	4,957,405	5,998,719
Assigned	15,340,593	-	15,340,593	16,506,999
Unassigned	8,126,894	-	8,126,894	8,535,928
TOTAL FUND BALANCES	28,440,312	4,907,051	33,347,363	40,881,934
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 48,777,413	$ 6,580,239	$ 55,357,652	$ 64,044,688

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

AVON GROVE SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL GOVERNMENTAL FUND BALANCES		$ 33,347,363
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Lease asset	$ 70,252	
Subscription-based information technology asset, net	66,203	
Land	11,035,789	
Construction in progress	2,646,162	
Buildings and improvements	140,294,512	
Furniture and equipment	5,603,903	159,716,821
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Arbitrage rebate liability	(148,525)	
Bonds payable, net	(120,836,982)	
Lease liability	(75,567)	
Subscription-based information technology liability	(54,610)	
Accumulated compensated absences	(10,323,594)	
Accrued interest payable	(561,922)	
Net other postemployment benefits liability	(19,175,184)	
Net pension liability	(97,357,072)	(248,533,456)
Internal service funds that serve the governmental activities of the District are reported as proprietary funds at the fund level, but governmental activities at the entity-wide level.		4,637,188
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		3,359,789
Deferred inflows and outflows related to the District's net pension and net other postemployment benefits liabilities are based on the differences between actuarially determined actual and expected District's amount of the total pension and postemployment benefits liabilities, pension and benefit contributions made after the measurement date of the respective plans, investment returns, changes in the actuarially determined proportion of the net pension and postemployment benefit liabilities, and other factors. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred pension and other postemployment benefit contributions	13,712,354	
Deferred outflows - pension and other postemployment benefits	5,099,783	
Deferred inflows of resources:		
Deferred inflows - pension and other postemployment benefits	(15,276,918)	3,535,219
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		$ (43,937,076)

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

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

	Major Funds		Totals	
	General Fund	Capital Projects Fund	2025	2024
REVENUES				
Local sources	$ 70,108,888	$ 291,797	$ 70,400,685	$ 72,944,706
State sources	38,946,114	7,901	38,954,015	37,755,091
Federal sources	1,880,205	-	1,880,205	2,109,278
TOTAL REVENUES	110,935,207	299,698	111,234,905	112,809,075
EXPENDITURES				
Current:				
Instruction	66,254,066	-	66,254,066	63,087,341
Support services	33,448,205	2,148,658	35,596,863	32,554,242
Operation of noninstructional services	2,027,525	9,448	2,036,973	1,727,481
Capital outlays	-	5,930,539	5,930,539	4,700,790
Debt service	9,056,442	-	9,056,442	9,023,767
TOTAL EXPENDITURES	110,786,238	8,088,645	118,874,883	111,093,621
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	148,969	(7,788,947)	(7,639,978)	1,715,454
OTHER FINANCING SOURCES (USES)				
Proceeds from lease and SBITA issuance	85,345	-	85,345	-
Transfers in	-	2,879,732	2,879,732	7,097,174
Transfers out	(2,879,732)	-	(2,879,732)	(7,097,174)
Proceeds from asset disposition	1,996	-	1,996	4,833
Proceeds from insurance recoveries	18,066	-	18,066	219,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,774,325)	2,879,732	105,407	223,833
NET CHANGE IN FUND BALANCES	(2,625,356)	(4,909,215)	(7,534,571)	1,939,287
FUND BALANCES, BEGINNING OF YEAR	31,065,668	9,816,266	40,881,934	38,942,647
FUND BALANCES, END OF YEAR	$ 28,440,312	$ 4,907,051	$ 33,347,363	$ 40,881,934

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (7,534,571)
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 ($8,087,138) exceeded depreciation and amortization expense ($6,466,379).	1,620,759
When capital assets are disposed of, their residual value is offset against the value of any proceeds received from the disposal. This is the residual value of the disposed assets. In addition, the value of any construction in progress assets that are written off during the year are reflected as an expense in the statement of activities.	(19,655)
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.	2,476,772
Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Governmental funds report bond discounts as other financing uses and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt. This amount is the net effect of these differences.	5,230,083
In the statement of activities, compensated absences (vacation and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts earned were more than current period compensated absences paid.	(398,469)
Activity in the internal service fund is recorded at the fund level in the proprietary funds but is reported in the governmental activities in the entity-wide statements.	(991,403)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Similarly, investment earnings are recognized in the governmental funds when received, but any amounts payable in future years for arbitrage are not reported as revenues in the	8,435
Pension and OPEB expense in the statement of activities differ from the amount reported in the governmental funds because pension and OPEB expenses are recognized on the statement of activities based on the District's proportionate share of the expense of the cost-sharing pension plan, whereas pension and OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	3,329,831
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 3,721,782

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

AVON GROVE SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final Budget	(GAAP Basis)	(Negative)
REVENUES				
Local sources	$68,496,051	$68,496,051	$70,108,888	$ 1,612,837
State sources	37,929,435	37,929,435	38,946,114	1,016,679
Federal sources	1,716,166	1,716,166	1,880,205	164,039
TOTAL REVENUES	108,141,652	108,141,652	110,935,207	2,793,555
EXPENDITURES				
Instruction:				
Regular programs	47,033,924	46,976,189	46,976,079	110
Special programs	16,079,480	16,318,976	16,318,893	83
Vocational programs	2,988,172	2,862,317	2,862,317	-
Other instructional programs	85,279	95,931	95,927	4
Nonpublic programs	5,000	5,850	850	5,000
Total Instruction	66,191,855	66,259,263	66,254,066	5,197
Support services:				
Pupil personnel services	5,580,114	5,584,911	5,523,984	60,927
Instructional staff services	3,639,665	3,547,370	3,439,921	107,449
Administrative services	5,947,505	5,760,496	5,760,467	29
Pupil health	1,081,132	999,022	980,273	18,749
Business services	1,060,063	1,059,894	1,045,495	14,399
Operation and maintenance of plant services	6,455,756	6,584,061	6,571,657	12,404
Student transportation services	7,228,636	7,250,876	7,250,867	9
Central support services	2,721,315	2,712,273	2,655,802	56,471
Other support services	179,621	219,739	219,739	-
Total Support Services	33,893,807	33,718,642	33,448,205	270,437
Operation of noninstructional services:				
Student activities	1,899,879	1,937,506	1,937,327	179
Community services	59,969	77,466	77,466	-
Scholarships and Awards	17,600	17,600	12,732	4,868
Total Operation of Noninstructional Services	1,977,448	2,032,572	2,027,525	5,047
Debt service	8,981,029	9,056,442	9,056,442	-
TOTAL EXPENDITURES	111,044,139	111,066,919	110,786,238	280,681
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,902,487)	(2,925,267)	148,969	3,074,236
OTHER FINANCING SOURCES AND USES				
Transfer to other funds	(2,904,512)	(2,881,732)	(2,879,732)	2,000
Proceeds from asset disposition	-	-	1,996	1,996
Proceeds from insurance recoveries	-	-	18,066	18,066
Proceeds from lease and SBITA issuance	-	-	85,345	85,345
Budgetary reserve	(1,200,000)	(1,200,000)	-	1,200,000
TOTAL OTHER FINANCING SOURCES AND USES	(4,104,512)	(4,081,732)	(2,774,325)	1,307,407
NET CHANGE IN FUND BALANCE	(7,006,999)	(7,006,999)	(2,625,356)	4,381,643
FUND BALANCE, BEGINNING OF YEAR	31,065,668	31,065,668	31,065,668	-
FUND BALANCE, END OF YEAR	$24,058,669	$24,058,669	$28,440,312	$ 4,381,643

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

AVON GROVE SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025 AND 2024

	Food Service Fund		Internal Service Fund	
	2025	2024*	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS:				
Cash and cash equivalents	$ 78,025	$ 46,817	$ -	$ -
Investments	2,036,917	1,683,598	1,994,263	2,041,774
Due from other funds	-	-	3,413,817	4,093,828
Due from other governments	45,904	220,592	-	-
Other receivables	45,635	40,953	-	-
Inventories	126,294	91,044	-	-
Other assets	-	-	180,001	227,000
Total Current Assets	2,332,775	2,083,004	5,588,081	6,362,602
PROPERTY AND EQUIPMENT:				
Furniture and equipment	391,368	391,368	-	-
Accumulated depreciation	(158,734)	(132,753)	-	-
Net Property and Equipment	232,634	258,615	-	-
TOTAL ASSETS	2,565,409	2,341,619	5,588,081	6,362,602
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension and other postemployment benefits contributions	229,442	219,876	-	-
Deferred outflows - pension and other postemployment benefits	58,855	146,912	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	288,297	366,788	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,853,706	$ 2,708,407	$ 5,588,081	$ 6,362,602
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES:				
Accounts payable	$ 4,778	$ 9,495	$ 950,893	$ 734,011
Accrued salaries, payroll withholdings, and benefits	11,357	3,896	-	-
Due to other funds	119	4,549	-	-
Accumulated compensated absences	13,598	22,167	-	-
Unearned revenues	65,292	165,713	-	-
Long-term liabilities:				
Portion due or payable after one year:				
Accumulated compensated absences	189,847	171,971	-	-
Net other postemployment benefits liability	72,868	76,743	-	-
Net pension liability	1,713,928	1,881,704	-	-
TOTAL LIABILITIES	2,071,787	2,336,238	950,893	734,011
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - pension and other postemployment benefits	87,570	45,145	-	-
NET POSITION:				
Investment in capital assets	232,634	258,615	-	-
Unrestricted	461,715	68,409	4,637,188	5,628,591
Total Net Position	694,349	327,024	4,637,188	5,628,591
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 2,853,706	$ 2,708,407	$ 5,588,081	$ 6,362,602

* Restated - See Notes 1 and 19

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

AVON GROVE SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Food Service Fund		Internal Service Fund	
	2025	2024*	2025	2024
OPERATING REVENUES				
Food service revenues	$ 1,065,655	$ 1,049,991	$ -	$ -
Charges for health insurance	-	-	7,419,989	7,303,871
Total Operating Revenues	1,065,655	1,049,991	7,419,989	7,303,871
OPERATING EXPENSES				
Salaries	836,240	807,039	-	-
Employee benefits	419,350	469,233	8,505,022	7,241,470
Purchased professional and technical services	31,932	33,294	-	-
Other operating expenses	3,320	4,050	-	-
Supplies	1,485,974	1,456,523	-	-
Depreciation	25,981	19,898	-	-
Total Operating Expenses	2,802,797	2,790,037	8,505,022	7,241,470
OPERATING (LOSS) INCOME	(1,737,142)	(1,740,046)	(1,085,033)	62,401
NONOPERATING REVENUES				
Earnings on investments	80,417	76,881	93,630	107,575
Contributions and donations	8,806	10,535	-	-
State sources	486,259	423,092	-	-
Federal sources	1,528,985	1,530,464	-	-
Gain on disposal of assets	-	900	-	-
Other income	-	-	-	27,168
Total Nonoperating Revenues	2,104,467	2,041,872	93,630	134,743
CHANGE IN NET POSITION	367,325	301,826	(991,403)	197,144
NET POSITION, BEGINNING OF YEAR, RESTATED	327,024	25,198	5,628,591	5,431,447
NET POSITION, END OF YEAR	$ 694,349	$ 327,024	$ 4,637,188	$ 5,628,591

* Restated - See Notes 1 and 19

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

AVON GROVE SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Food Service Fund		Internal Service Fund	
	2025	2024*	2025	2024*
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,057,852	$ 1,033,993	$ 8,100,000	$ 7,000,001
Payments to suppliers	(1,335,913)	(1,222,986)	(8,241,141)	(7,211,851)
Payments to employees	(1,293,987)	(1,355,065)	-	-
NET CASH USED BY OPERATING ACTIVITIES	(1,572,048)	(1,544,058)	(141,141)	(211,850)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State sources	519,638	420,780	-	-
Federal sources	1,347,714	1,301,299	-	-
Donations and contributions	8,806	10,535	-	-
Other income	-	-	-	27,168
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,876,158	1,732,614	-	27,168
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	-	(237,907)	-	-
Proceeds from the sale of assets	-	900	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(237,007)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Earnings on investments	80,417	76,881	93,630	107,575
(Purchase) Sale of investments	(353,319)	(159,483)	47,511	77,107
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(272,902)	(82,602)	141,141	184,682
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,208	(131,053)	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	46,817	177,870	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 78,025	$ 46,817	$ -	$ -
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating (loss) income	$ (1,737,142)	$ (1,740,046)	$ (1,085,033)	$ 62,401
Adjustments to reconcile operating (loss) income to net cash used by operating activities:				
Depreciation	25,981	19,898	-	-
Donated commodities	225,280	260,747	-	-
Decrease (Increase) in:				
Due from other funds	-	-	680,011	(303,870)
Other receivables	(4,682)	(23,426)	-	-
Inventories	(35,250)	11,298	-	-
Other assets	-	-	46,999	(65,000)
Deferred outflows - pension and OPEB contributions	(9,566)	1,636	-	-
Deferred outflows - pension and OPEB	88,057	(29,966)	-	-
Increase (Decrease) in:				
Accounts payable	(4,717)	(1,164)	216,882	94,619
Accrued salaries, payroll withholdings, and benefits	7,461	3,129	-	-
Due to other funds	(4,430)	(58,329)	-	-
Unearned revenues	(3,121)	7,428	-	-
Compensated absences	9,307	3,966	-	-
Net other postemployment benefits liability	(3,875)	312	-	-
Net pension liability	(167,776)	40,396	-	-
Deferred inflows - pension and OPEB	42,425	(39,937)	-	-
NET CASH USED BY OPERATING ACTIVITIES	$ (1,572,048)	$ (1,544,058)	$ (141,141)	$ (211,850)
SUPPLEMENTAL DISCLOSURE:				
Noncash noncapital financing activity:				
USDA donated commodities	$ 225,280	$ 260,747	$ -	$ -

* Restated - See Notes 1 and 19

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

AVON GROVE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS:		
Cash	$ 148,163	$ 139,344
Accounts receivable	384	490
TOTAL ASSETS	148,547	139,834
LIABILITIES AND NET POSITION:		
LIABILITIES		
Accounts payable	10,985	132
TOTAL LIABILITIES	10,985	132
NET POSITION	137,562	139,702
TOTAL LIABILITIES AND NET POSITION	$ 148,547	$ 139,834

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

AVON GROVE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
ADDITIONS:		
Fundraising activities	$ 189,296	$ 166,665
TOTAL ADDITIONS	189,296	166,665
DEDUCTIONS:		
Facilities rentals for student events	53,464	64,358
Equipment rentals for student events	8,140	5,860
Field trip transportation	15,044	17,384
Field trip lodging and travel expenses	6,708	4,938
Contracted services	2,995	5,595
Student club supplies and materials	34,698	53,411
Student event meals and refreshments	15,391	7,740
Technology and software expenses	-	2,100
National association membership dues	6,793	3,870
Charitable donations	150	587
Student scholarships	2,725	1,350
Student club field trips and registrations	45,328	21,938
TOTAL DEDUCTIONS	191,436	189,131
NET DECREASE IN FIDUCIARY NET POSITION	(2,140)	(22,466)
FIDUCIARY NET POSITION - BEGINNING BALANCE	139,702	162,168
FIDUCIARY NET POSITION - ENDING BALANCE	$ 137,562	$ 139,702

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Avon Grove School District ("the District") operates two elementary schools, one middle school, and one senior high school to provide education and related services to the residents of Penn, London Grove, New London, Franklin, and London Britain Townships and the Boroughs of Avondale and West Grove. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member Board form of government.

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

Reporting Entity

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

Basis of Presentation

Entity-wide Financial Statements

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

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds in the following paragraphs. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Fund Financial Statements

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

Governmental Funds

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The **Capital Projects Fund** is used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets and to account for funds set aside for future capital needs.

Revenue Recognition

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

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

Expenditure Recognition

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

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the proprietary fund. Thus, general fund expenditures which partially

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

benefit the proprietary fund (utilities, janitorial services, insurance, etc.) are not recognized proportionately within the proprietary fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The District operates two proprietary funds: an enterprise fund and an internal service fund. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses. The District's internal service fund accounts for the District's self-insured healthcare costs. The principal operating revenues are premiums charged to other funds, and the principal operating expenses are payments for healthcare claims and related costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Custodial Fund

Custodial funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in custodial fund. The custodial fund accounts for funds held on behalf of students of the District.

Cash and Cash Equivalents

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

Investments

Investments consist of nonnegotiable certificates of deposit and external investment pools. The investments are recorded at amortized cost. Nonnegotiable certificates of deposit and external investment pools are nonparticipating interest earning investment contracts which are exempt from measurement at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Taxes receivable are presented net of allowances for estimated uncollectibles of $54,168. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which, in the judgment of District management, deserve recognition in estimating possible losses. Management believes that they have adequately provided for future probable losses.

Property Taxes

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

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

An installment payment plan is available to residential property owners, who have been approved as homestead owners by the Chester County Board of Assessments, with three equal installments due as follows:

August 31	-	one third of the gross levy
September 30	-	one third of the gross levy
October 31	-	one third of the gross levy

In order to participate in the installment payment plan, homestead owners must forego the opportunity to make payment at the 2% of gross levy discount rate.

The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2024-2025 was 34.95 mills ($34.95 for $1,000 of assessed valuation) for the entire District.

Inventories

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000; composite assets of more than $10,000; and critical control assets as defined by District policy. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

School buildings	40 - 50 years
Portable classrooms	20 - 25 years
HVAC systems	20 - 25 years
Interior construction	25 - 30 years
Sprinkler/fire system	20 - 25 years
Outdoor equipment	15 - 20 years
Machinery and tools	10 - 15 years
Kitchen equipment	10 - 15 years
Custodian equipment	5 - 7 years
Furniture and accessories	15 - 20 years
Copiers	3 - 5 years
Computers	3 - 5 years
Audio visual	7 - 10 years
Communication	5 - 10 years

Compensated Absences

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

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet - governmental funds will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time.

The District has several items that qualify for reporting in this category. Pension and other postemployment benefit contributions made subsequent to the measurement date and, therefore, not reflected in the net pension or net other postemployment benefits liabilities under full accrual basis reporting are reported as deferred outflows of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and other postemployment benefits liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position. A portion of the District's delinquent taxes have not been collected within 60 days of year end and, therefore, are not available under modified accrual reporting; as a result, this item is reflected as deferred inflows of resources on the general fund balance sheet. An additional deferred inflow of resources has also been recorded on the general fund balance sheet for retirement and social security tax subsidies owed to the District from the Commonwealth of Pennsylvania that were not received within 60 days of year end.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

they are needed. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, then unassigned funds, as needed, unless provided otherwise in commitment or assignment actions.

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Finance Committee, the Superintendent, or the Director of Business Administration may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of Estimates in the Preparation of Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, "Compensated Absences." GASB Statement No. 101 aligns the recognition and measurement guidance for reporting compensated absence liabilities from previous standards under a unified model, and amends certain previously required disclosures. Under GASB Statement No. 101, a liability is recognized for sick, vacation, or other leave time that has not been used as of the financial statement date, and leave that has been used, but has not yet been paid or otherwise settled.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by District officials on a uniform form furnished by such Department and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on July 1.

Under the Taxpayer Relief Act, the District must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption, the Board of School Directors may hold a public hearing on the budget, and the Board must give at least 10 days' public notice of its intent to adopt such budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education ("PDE") no later than 85 days prior to the date of the election immediately preceding the fiscal year. The PDE is to compare the proposed percentage increase in the rate of any tax with the District's Index and within 10 days, but no later than 75 days, prior to the upcoming election, and to inform the District whether the proposed percentage increase is less than or equal to the Index. If the PDE determines that a proposed tax increase will exceed the Index, the District must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one or more of the referendum exceptions authorized by the Taxpayer Relief Act.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required, the District must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to the PDE and, if the PDE determines to schedule a public hearing on the request, a notice of the date, time, and place of such hearing. The PDE is required by the Taxpayer Relief Act to rule on the District's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if the PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the District must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the District must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the District of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court, in approving the petition, shall determine the dollar amount for which the exception is granted, the tax rate increase required to fund the exception, and the appropriate duration of the tax increase. If the court denies the District's petition, such Act permits the District to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If the District seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one or more of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the Board of School Directors may not approve an increase in the tax rate greater than the applicable Index.

The above budgetary procedures will not apply if the District adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least 10 days' public notice be given of the Board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Legal budgetary control is maintained at the sub-function/major object level. The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank's failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2025, the carrying amount of the District's deposits was $1,921,257, and the bank balance was $2,094,711. Of the bank balance, $250,000 was covered by federal depository insurance, and $1,844,711 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name.

Investments

Statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds. During the year ended June 30, 2016, the Pennsylvania Legislature passed Act 10 of 2016, which expanded allowable investments to include commercial paper, bankers' acceptances, and negotiable certificates of deposit that are highly rated by at least two national rating agencies.

The District's investments are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and the Pennsylvania Treasurer's Program for Local Governments ("INVEST"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and INVEST act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. Additionally, the District has invested in certificates of deposit with maturity dates of less than one year.

The carrying value of the District's investments at June 30, 2025 was $50,530,071. Of the investments, $7,795,600 is invested in non-negotiable certificates of deposits with maturities of less than one year. The remaining $42,734,471 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees.

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm. INVEST is administered by the Pennsylvania Treasury.

Credit Risk

The District has an investment policy that limits its investment choices in local government investment pools only to the extent it is rated in the highest rating category by a nationally recognized rating agency. As of June 30, 2025, PSDLAF and INVEST were rated as AAAm by a nationally recognized statistical rating organization.

NOTE 4 UNEARNED REVENUES

Unearned revenues reported in the governmental and proprietary funds, and at the entity-wide level, resulted from revenue received but not yet earned.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 11,035,789	$ -	$ -	$ 11,035,789
Construction in progress	1,311,049	5,526,806	4,191,693	2,646,162
Total Capital Assets Not Being Depreciated	12,346,838	5,526,806	4,191,693	13,681,951
Capital assets being depreciated:				
Buildings and improvements	202,961,183	4,841,747	367,404	207,435,526
Furniture and equipment	14,333,068	1,824,933	1,083,208	15,074,793
Total Capital Assets Being Depreciated	217,294,251	6,666,680	1,450,612	222,510,319
Less accumulated depreciation for:				
Buildings and improvements	62,436,988	5,051,775	347,749	67,141,014
Furniture and equipment	9,295,707	1,258,391	1,083,208	9,470,890
Total accumulated depreciation	71,732,695	6,310,166	1,430,957	76,611,904
Total Capital Assets Being Depreciated, Net	145,561,556	356,514	19,655	145,898,415
Governmental Activities Assets, Net	$157,908,394	$5,883,320	$4,211,348	$159,580,366

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets being depreciated:				
Furniture and equipment	$ 391,368	$ -	$ -	$ 391,368
Less accumulated depreciation	132,753	25,981	-	158,734
Business-type Capital Assets, Net	$ 258,615	$ (25,981)	$ -	$ 232,634

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

Governmental Activities:	
Instruction	$ 4,489,482
Instructional student support	484,393
Administrative and financial support services	568,185
Operation and maintenance of plant services	320,113
Pupil transportation	353,199
Student activities	94,794
Total Depreciation Expense - Governmental Activities	$ 6,310,166

Business-type Activities:	
Food Service	$ 25,981

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
General Fund	$ 119	Food Service Fund	$ 119
Capital Projects Fund	1,467,260	General Fund	1,467,260
Internal Service Fund	3,413,817	General Fund	3,413,817
	$ 4,881,196		$ 4,881,196

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses, as well as transfers determined but not made by year end. The balances generally are paid shortly after year end. During 2024-2025, the

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS (cont'd)

general fund transferred $2,879,732 to the capital projects fund for the purpose of funding current and future capital projects.

NOTE 7 GENERAL LONG-TERM LIABILITIES

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due In One Year
Bonds payable, net	$125,984,868	$ -	$ 5,147,886	$120,836,982	$ 5,307,885
Lease liability	108,808	-	33,241	75,567	35,177
Subscription-based information technology liability	103,566	85,345	134,301	54,610	30,705
Accumulated compensated absences (restated)	10,027,038	361,196	-	10,388,234	1,757,223
Arbitrage rebate liability	138,054	10,471	-	148,525	-
Net OPEB liability	18,840,217	334,967	-	19,175,184	-
Net pension liability	106,887,296	-	9,530,224	97,357,072	-
TOTALS	$262,089,847	$ 791,979	$ 14,845,652	$248,036,174	$ 7,130,990

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due In One Year
Accumulated compensated absences (restated)	$ 194,138	$ 9,307	$ -	$ 203,445	$ 13,598
Net OPEB liability	76,743	-	3,875	72,868	-
Net pension liability	1,881,704	-	167,776	1,713,928	-
TOTALS	$ 2,152,585	$ 9,307	$ 171,651	$ 1,990,241	$ 13,598

For clarity of presentation, additions and reductions to the accumulated compensated absence liabilities shown above have been presented as a net addition or reduction. The July 1, 2024 compensated absence balance has been restated for the adoption of GASB Statement No. 101, "Compensated Absences."

Governmental activities long-term liabilities are anticipated to be liquidated by the general fund. Business-type activities long-term liabilities are anticipated to be liquidated by the food service fund.

NOTE 7 GENERAL LONG-TERM LIABILITIES (cont'd)

Bonds payable are comprised of the following:

Bonds payable, at face	$109,120,000
Unamortized discount	(737,590)
Unamortized premium	12,454,572
Bonds payable, net	$120,836,982

Payments of long-term debt are expected to be funded by the general fund.

General Obligation Bonds

Series of 2018, maturing through November 15, 2033, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on May 15 and November 15. This Series of 2018 provided funds to finance various capital projects of the District and pay the costs of issuing the bonds.	$ 28,710,000
Series A of 2021, maturing through November 15, 2041, bearing interest ranging from 0.25% to 4.00%, interest payable semi-annually on May 15 and November 15. This Series A of 2021 provided funds to finance various capital projects of the District and pay the costs of issuing the bonds.	49,620,000
Series B of 2021, maturing through November 15, 2041, bearing interest ranging from 0.30% to 4.00%, interest payable semi-annually on May 15 and November 15. This Series B of 2021 provided funds to terminate the District's Series 2020 and Series 2021 interest rate swaps.	6,455,000
Series C of 2021, maturing through November 15, 2027, bearing interest ranging from 0.25% to 4.00%, interest payable semi-annually on May 15 and November 15. This Series C of 2021 provided funds to refund the Series A of 2012 bonds.	1,935,000
Series of 2022, maturing through November 15, 2041, bearing of 4.00%, interest payable semi-annually on May 15 and November 15. This Series of 2022 provided funds to finance various capital projects of the District and pay the costs of issuing the bonds.	22,400,000
TOTAL	$109,120,000

NOTE 7 GENERAL LONG-TERM LIABILITIES (cont'd)

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 4,465,000	$ 4,413,175	$ 8,878,175
2027	4,645,000	4,231,475	8,876,475
2028	4,855,000	4,022,625	8,877,625
2029	5,085,000	3,794,950	8,879,950
2030	5,325,000	3,552,325	8,877,325
2031 - 2035	30,540,000	13,849,488	44,389,488
2036 - 2040	37,140,000	7,246,000	44,386,000
2041 - 2042	17,065,000	689,500	17,754,500
	$ 109,120,000	$ 41,799,538	$ 150,919,538

NOTE 8 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.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

NOTE 8 PENSION PLAN (cont'd)

benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service.

Act 5 of 2017 ("Act 5") introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G ("Class T-G") and Membership Class T-H ("Class T-H") and the separate defined contribution membership class, Membership Class DC ("Class DC"). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% or 2½%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Member Contributions

The following contribution rates were based on qualified member compensation:

NOTE 8 PENSION PLAN (cont'd)

Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
	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%
	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 July 1, 2021 – 7.50% After July 1, 2021 – 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to July 1, 2021 – 10.30% After July 1, 2021 – 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to July 1, 2021 – 8.25% After July 1, 2021 – 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to July 1, 2021 – 7.50% After July 1, 2021 – 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

A summary of the shared risk parameters by membership class is presented below:

Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum Contribution Rate	Maximum Contribution Rate
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%

NOTE 8 PENSION PLAN (cont'd)

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 the pension plan from the District were $13,013,518 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $99,071,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2367%, which was a decrease of 0.0078% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $10,169,420. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,640,000	$ -
Changes in proportions	1,313,000	2,525,000
Difference between employer contributions and proportionate share of total contributions	-	86,523
Difference between expected and actual experience	-	1,558,000
Contributions subsequent to the date of measurement	13,013,518	-
	$ 15,966,518	$ 4,169,523

An amount of $13,013,518 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts will be

NOTE 8 PENSION PLAN (cont'd)

reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ended June 30,	
2026	$ (2,761,561)
2027	2,272,063
2028	(394,025)
2029	(333,000)
	$ (1,216,523)

Actuarial Assumptions

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

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

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

NOTE 8 PENSION PLAN (cont'd)

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global public equity	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 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.

NOTE 8 PENSION PLAN (cont'd)

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

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

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 130,506,000	$ 99,071,000	$ 72,526,000

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.

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The Avon Grove School District Postemployment Benefits Plan ("the District Plan") is a single employer defined benefit healthcare plan. The District Plan provides medical insurance benefits to eligible retirees and their spouses. The Board of School Directors has the authority to establish and amend benefit provisions through the collective bargaining process with members of the professional and support staff, an agreement with administrative employees, and individual employment contracts with certain employees. The District Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

Benefits Provided

The District Plan provides healthcare insurance benefits for retired employees and their dependents. The eligibility requirements and benefits provided are summarized as follows:

Administrators – retired District administrators with at least ten years of service to the District are eligible to receive benefits upon the date of their retirement into PSERS and receive

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

medical, prescription drug, dental, and vision insurance at no cost. Retired professional staff and support staff are eligible to receive medical and prescription drug insurance upon their retirement into PSERS.

Professional staff, retired before July 1, 2013 – retired professional staff are eligible to receive medical and prescription drug insurance benefits. Professional staff retiring before July 1, 2013 pay a percentage of the premium assessed for a single employee ranging from zero to 10% depending upon the year of retirement, plus 20% to 25% of the difference between dependent and single employee coverage for their dependent(s), as applicable.

Professional staff, retired on or after July 1, 2013 – retired professional staff are eligible to receive medical and prescription drug insurance benefits. Professional staff retiring on or after July 1, 2013 with 30 years of PSERS credited service and at least 25 years of service to the District pay 0% of the premium for single employees, plus 25% of the difference between dependent and single employee coverage for their dependent(s), as applicable.

Support staff – retired support staff are eligible to receive medical and prescription drug insurance benefits. Retired support staff with thirty years of PSERS credited service and at least twenty-five years of service to the District pay the same contribution percentage of the premiums as currently active employees.

At July 1, 2023, the following employees were covered by the benefit terms:

Active participants	437
Retired participants currently receiving benefits	46
	483

Total OPEB Liability

The District's total OPEB liability of $15,036,052 was measured as of July 1, 2024, and was determined by rolling forward the District's total OPEB liability as of the July 1, 2023 actuarial valuation to July 1, 2024.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

- Healthcare cost trend rate – 7.0% for 2024, decreasing 0.5% per year to 5.5% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Actuarial cost method – entry age normal
- Interest rate – 4.29% based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2024
- Salary increases – 2.50% cost of living adjustment, 1.50% real wage growth, with a merit increase for professional staff and administrators varying from 0.00% to 2.75%
- Mortality rates were projected using the PubT-2010 Headcount-weighted Mortality Table for Teachers. The PubG-2010 Headcount-weighted Mortality Table was used for all other employees.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability – June 30, 2024	$ 14,480,960
Changes for the year:	
Service cost	588,897
Interest	608,678
Changes of assumptions	(29,802)
Benefit payment	(612,681)
Net changes	555,092
Total OPEB Liability – June 30, 2025	$ 15,036,052

Changes of assumptions include the change in the discount rate from 4.13% to 4.29%. The trend assumption was updated.

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 one percentage point lower (3.29%) or one percentage point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB liability	$ 16,354,336	$ 15,036,052	$ 13,821,103

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs 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 one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.0% Decreasing to 3.0%)	Current Trend Rates (7.0% Decreasing to 4.0%)	1% Increase (8.0% Decreasing to 5.0%)
Total OPEB liability	$ 13,293,274	$ 15,036,052	$ 17,089,417

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

For the year ended June 30, 2025, the District recognized OPEB expense of $231,253. 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 of assumptions	$ 1,756,638	$ 4,674,899
Difference between expected and actual experience	-	5,627,726
Contributions subsequent to the date of measurement	679,234	-
	$ 2,435,872	$ 10,302,625

An amount of $679,234 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a component of OPEB expense in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Year Ended June 30,	
2026	$ (966,322)
2027	(966,322)
2028	(966,322)
2029	(966,322)
2030	(966,322)
Thereafter	(3,714,377)
Total	$(8,545,987)

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

As a member of the PSERS, District employees are eligible to participate in the postemployment healthcare program offered and administered by the PSERS.

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

PSERS retirees can participate in the premium assistance program if they satisfy the following criteria:

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

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

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

- Attain Medicare eligibility with 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $249,044 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $4,212,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2371%, which was a decrease of 0.0081% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of $160,557. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 16,000	$ 63,000
Changes of assumptions	257,000	643,000
Changes in proportion	171,000	185,000
Differences between projected and actual investment earnings	5,000	-
Difference between employer contributions and proportionate share of total contributions	-	1,340
Contributions subsequent to the date of measurement	249,044	-
	$ 698,044	$ 892,340

An amount of $249,044 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a component of OPEB expense in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	$ (114,671)
2027	(132,677)
2028	(126,695)
2029	(31,157)
2030	(38,140)
	$ (443,340)

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 4.21% based on the S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- Participation rate:
    - Eligible retirees will elect to participate pre-age 65 at 50%.
    - Eligible retirees will elect to participate post-age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – the actual data for retirees benefitting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code,

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	100.00%	1.7%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%. 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.

Change in Discount Rate

The discount rate increased from 4.13% at June 30, 2023 to 4.21% at June 30, 2024.

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

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

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

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

	1% Decrease	Current Trend Rates	1% Increase
District's proportionate share of the net OPEB liability	$ 4,212,000	$ 4,212,000	$ 4,212,000

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 one percentage point lower (3.21%) or one percentage-point higher (5.21%) than the current rate:

	1% Decrease 3.21%	Current Rate Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	$ 4,758,000	$ 4,212,000	$ 3,754,000

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.

NOTE 11 SUMMARY OF NET OPEB LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS AND OPEB

The District's aggregate net OPEB liability is as follows:

	Net OPEB Liability
District Plan (See Note 9)	$ 15,036,052
PSERS Plan (See Note 10)	4,212,000
Total	$ 19,248,052

NOTE 11 SUMMARY OF NET OPEB LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS AND OPEB (cont'd)

The District's aggregate deferred inflows and outflows of resources related to pensions and OPEB are as follows:

	Deferred Outflows of Resources - Contributions	Other Deferred Outflows of Resources	Deferred Inflows of Resources
Pension – PSERS (See Note 8)	$ 13,013,518	$ 2,953,000	$ 4,169,523
OPEB – District Plan (See Note 9)	679,234	1,756,638	10,302,625
OPEB – PSERS (See Note 10)	249,044	449,000	892,340
Total	$ 13,941,796	$ 5,158,638	$ 15,364,488

NOTE 12 LEASES

The District leases certain copy machines under various lease agreements that are reported in accordance with GASB Statement No. 87, "Leases."

On June 4, 2021, the District entered into a lease agreement for 24 multi-function digital copiers. The non-cancellable lease term is for a five-year period ending June 4, 2026, with payments due monthly of $1,464. The lease payments include an interest rate of 3.40%.

On June 20, 2023, the District entered into a lease agreement for 23 copy machines. The non-cancellable lease term was for a five-year period ending on June 20, 2028, with payments due monthly of $874. The lease payments included an interest rate of 7.92%.

On June 20, 2023, the District entered into a lease agreement for six high-volume copy machines. The non-cancellable lease term was for a five-year period ending on June 20, 2028, with payments due monthly of $951. The lease payments included an interest rate of 7.92%.

Presented below are summaries of lease payment requirements to maturity by years, and lease asset activity:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 35,177	$ 4,296	$ 39,473
2027	19,399	2,504	21,903
2028	20,991	912	21,903
	$ 75,567	$ 7,712	$ 83,279

NOTE 12 LEASES (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Leased assets being depreciated:				
Leased equipment	$ 170,875	$ -	$ -	$ 170,875
Total Leased Assets Being Depreciated	170,875	-	-	170,875
Less accumulated depreciation for:				
Leased equipment	66,448	34,175	-	100,623
Total accumulated depreciation	66,448	34,175	-	100,623
Total Leased Assets Being Depreciated, Net	104,427	(34,175)	-	70,252
Governmental Activities Assets, Net	$ 104,427	$ (34,175)	$ -	$ 70,252

NOTE 13 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into several multi-year information technology subscription agreements for the use of various software services. Initial lease liabilities were recorded in the amount of $471,703, and include discount rates ranging from 1.86% to 4.29%. The noncancelable agreement terms range from two years to five years, with the last service arrangement terminating on June 29, 2027.

Presented below are summaries of subscription payment requirements to maturity by years, and subscription asset activity:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 30,705	$ 2,325	$ 33,030
2027	23,905	1,025	24,930
	$ 54,610	$ 3,350	$ 57,960

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Subscription assets being amortized	$ 386,477	$ 85,345	$ 363,906	$ 107,916
Less: accumulated amortization	283,581	122,038	363,906	41,713
Total Subscription Assets Being Amortized, Net	102,896	(36,693)	-	66,203
Governmental Activities Subscription Assets, Net	$ 102,896	$ (36,693)	$ -	$ 66,203

NOTE 14 JOINT VENTURES

The District is a participating member of the Center for Arts Technology ("the Vo-Tech"). The Vo-Tech is run by a joint board consisting of school directors from each member district. The board of directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of the debt and operating costs of the Vo-Tech based on the number of students from each district. For fiscal year ended June 30, 2025, the District's share of debt and operating costs was $2,862,317. The Vo-Tech prepares financial statements which are available to the public. The financial statements of the Vo-Tech are available from the Chester County Intermediate Unit located at 455 Boot Road, Downingtown, Pennsylvania 19335.

NOTE 15 FUND BALANCES

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable:			
Prepaid expenditures	$ 15,420	$ 516	$ 15,936
Restricted:			
Capital projects	-	4,758,010	4,758,010
Arbitrage rebate	-	148,525	148,525
Committed:			
Future retirement contributions	4,957,405	-	4,957,405
Assigned:			
Subsequent year's budget	5,840,593	-	5,840,593
Future projects	5,500,000	-	5,500,000
Real estate tax appeal losses	1,500,000	-	1,500,000
Pupil services expenditures	1,000,000	-	1,000,000
Medical insurance costs	1,500,000	-	1,500,000
Unassigned	8,126,894	-	8,126,894
Total Fund Balances	$ 28,440,312	$ 4,907,051	$ 33,347,363

NOTE 16 CONTINGENCIES AND COMMITMENTS

Construction Commitments

As of June 30, 2025, the District had ongoing construction projects yet to be completed. The commitments and amounts completed to date are as follows:

NOTE 16 CONTINGENCIES AND COMMITMENTS (cont'd)

	Project Amount	Completed as of 06/30/2025	Commitments
Intermediate school roof replacement	$ 2,328,875	$ 2,328,875	$ -
High school turf field installation	1,401,667	1,401,667	-
Exterior door replacement project	407,727	407,727	-
Elementary campus HVAC replacement	3,227,504	89,600	3,137,904
Fred S. Engle roof replacement	2,162,400	1,909,200	253,200
Security system improvements	653,243	563,349	89,894
Bathroom door access upgrades	49,530	35,288	14,242
Totals	$ 10,230,946	$ 6,735,706	$ 3,495,240

Of the balance completed as of June 30, 2025, $4,138,269 was substantially completed and placed in service as of June 30, 2025, and $2,597,437 remained in construction in progress as of June 30, 2025. In addition, the District has incurred costs totaling $48,725 that were not under a formal contract at June 30, 2025. These costs include permit fees, architectural design fees billed on an hourly basis, and other expenses of a similar nature.

Government Grants and Awards

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

Standby Letter of Credit

On June 7, 2022, the District issued an irrevocable standby letter of credit in the amount of $892,568 for the purpose of securing collateral required by the Commonwealth of Pennsylvania Department of Transportation ("PennDOT") while the District made certain roadway improvements in conjunction with the construction of a new high school facility. These improvements were satisfactorily completed, and on December 6, 2023, the letter of credit was amended to reduce the available credit amount to $178,514. PennDOT is the named beneficiary of the letter of credit. The letter of credit expires on May 13, 2026, and will be renewed on an annual basis until PennDOT no longer requires the letter of credit for collateralization. As of June 30, 2025, no amounts were drawn on the letter of credit.

NOTE 17 RISK MANAGEMENT

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

NOTE 18 DEFICIT NET POSITION

The unrestricted net deficit amount for governmental activities of $87,593,273 includes the effect of deferring the recognition of pension and postretirement benefit contributions made subsequent to the measurement date of the net pension and net other postemployment benefits liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the differences between projected and actual investment earnings.

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

The District has decreased its July 1, 2023 net position of its governmental activities by $8,674,188, its business type activities by $135,736, and its food service fund net position by $135,736 due to implementation of GASB Statement No. 101, "Compensated Absences." Under GASB Statement No. 101, the District must record a liability of the value of accrued but unused compensated leave time at an estimated rate that accounts for leave that is likely to be used, and leave that is more likely than not to be paid out at a rate different than a given employee's normal pay rate. Net position has been decreased by the amount that the compensated absence liability under GASB Statement No. 101 exceeded the compensated absence liability reported under the previous standard, GASB Statement No. 16, "Accounting for Compensated Absences."

NOTE 20 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through November 26, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	MEASUREMENT DATE									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.2367%	0.2445%	0.2394%	0.2378%	0.2291%	0.2375%	0.2377%	0.2330%	0.2399%	0.2384%
District's proportion of the net pension liability - dollar value	$ 99,071,000	$108,769,000	$106,434,000	$ 97,633,000	$112,807,000	$111,109,000	$114,108,000	$115,075,000	$118,887,000	$103,264,000
District's covered employee payroll	$ 37,680,402	$ 36,520,560	$ 35,303,166	$ 33,826,983	$ 32,994,928	$ 32,776,368	$ 32,239,975	$ 31,017,068	$ 31,066,045	$ 30,675,916
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	262.92%	297.83%	301.49%	288.62%	341.89%	338.99%	353.93%	371.01%	382.69%	336.63%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

AVON GROVE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 13,013,518	$ 12,468,445	$ 12,530,204	$ 11,999,546	$ 11,335,422	$ 11,007,108	$ 10,685,096	$ 10,232,968	$ 9,056,984	$ 7,766,511
Contributions in relation to the contractually required contribution	13,013,518	12,468,445	12,530,204	11,999,546	11,335,422	11,007,108	10,685,096	10,232,968	9,056,984	7,766,511
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 39,530,735	$ 37,680,402	$ 36,520,560	$ 35,303,166	$ 33,826,983	$ 32,994,928	$ 32,776,368	$ 32,239,975	$ 31,017,068	$ 31,066,045
Contributions as a percentage of covered-employee payroll	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%

AVON GROVE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)
Health Insurance Premium Assistance Program

	MEASUREMENT DATE							
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.2371%	0.2452%	0.2400%	0.2379%	0.2293%	0.2375%	0.2377%	0.2330%
District's proportion of the net OPEB liability - dollar value	$ 4,212,000	$ 4,436,000	$ 4,418,000	$ 5,639,000	$ 4,954,000	$ 5,051,000	$ 4,956,000	$ 4,747,000
District's covered employee payroll	$ 37,680,402	$ 36,520,560	$ 35,303,166	$ 33,826,983	$ 32,994,928	$ 32,776,368	$ 32,239,975	$ 31,017,068
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.18%	12.15%	12.51%	16.67%	15.01%	15.41%	15.37%	15.30%
Plan fiduciary 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%

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

AVON GROVE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)
Health Insurance Premium Assistance Program

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 249,044	$ 241,155	$ 273,904	$ 282,425	$ 277,381	$ 277,157	$ 272,044	$ 267,592
Contributions in related to the contractually required contribution	249,044	241,155	273,904	282,425	277,381	277,157	272,044	267,592
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 39,530,735	$ 37,680,402	$ 36,520,560	$ 35,303,166	$ 33,826,983	$ 32,994,928	$ 32,776,368	$ 32,239,975
Contributions as a percentage of covered-employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

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

AVON GROVE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -
SINGLE EMPLOYER PLAN

	MEASUREMENT DATE							
	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY								
Service cost	$ 588,897	$ 785,014	$ 1,046,095	$ 1,084,556	$ 779,244	$ 866,165	$ 816,724	$ 1,079,004
Interest	608,678	708,308	450,494	392,862	578,265	549,270	549,563	545,531
Changes of benefit terms	-	-	-	-	-	-	-	483,830
Differences between expected and actual experience	-	(1,938,681)	-	(1,493,070)	-	(1,339,519)	-	(5,132,266)
Changes of assumptions	(29,802)	(1,464,993)	(2,986,555)	(759,875)	2,818,424	(631,867)	44,442	(415,796)
Benefit payments	(612,681)	(588,422)	(529,641)	(572,052)	(567,421)	(592,074)	(579,300)	(731,345)
NET CHANGE IN TOTAL OPEB LIABILITY	555,092	(2,498,774)	(2,019,607)	(1,347,579)	3,608,512	(1,148,025)	831,429	(4,171,042)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	14,480,960	16,979,734	18,999,341	20,346,920	16,738,408	17,886,433	17,055,004	21,226,046
TOTAL OPEB LIABILITY, END OF YEAR	$ 15,036,052	$ 14,480,960	$ 16,979,734	$ 18,999,341	$ 20,346,920	$ 16,738,408	$ 17,886,433	$ 17,055,004
PLAN FIDUCIARY NET POSITION								
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 15,036,052	$ 14,480,960	$ 16,979,734	$ 18,999,341	$ 20,346,920	$ 16,738,408	$ 17,886,433	$ 17,055,004
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 34,280,721	$ 34,280,721	$ 32,606,170	$ 32,606,170	$ 30,811,258	$ 30,811,258	$ 30,046,491	$ 30,046,491
District's net OPEB liability as a percentage of covered payroll	43.86%	42.24%	52.08%	58.27%	66.04%	54.33%	59.53%	56.76%

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

SINGLE AUDIT SUPPLEMENT

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

November 26, 2025

Members of the Board
Avon Grove School District
West Grove, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Grove School District ("the District"), West Grove, Pennsylvania, 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 November 26, 2025.

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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 District'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.

503 Carr Road ☐ Suite 100 ☐ Wilmington, DE 19809
302.478.8940 ☐ www.btcpa.com

Members of the Board
Avon Grove School District

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 and 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

BTCPA
BARBACANE THORNTON & COMPANY

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

November 26, 2025

Members of the Board
Avon Grove School District
West Grove, Pennsylvania

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Avon Grove 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 the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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 its major federal program for the year ended June 30, 2025.

Basis for Opinion on 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

503 Carr Road ◻ Suite 100 ◻ Wilmington, DE 19809
302.478.8940 ◻ www.btcpa.com

Members of the Board
Avon Grove School District

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 the 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.

Auditor's 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 its 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.

Members of the Board
Avon Grove School District

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 Auditor's 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.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

AVON GROVE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/24	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/25	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-24-0017	08/08/23-09/30/25	$ 584,584	$ 208,304	$ 108,720	$ 99,584	$ 99,584	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-25-0017	08/21/24-09/30/25	542,328	309,518	-	446,949	446,949	137,431	-
Total ALN 84.010						517,822	108,720	546,533	546,533	137,431	-
Title II - Supporting Effective Instructions	I	84.367	020-24-0017	08/08/23-09/30/25	105,238	53,049	8,198	40,731	40,731	(4,120)	-
Title II - Supporting Effective Instructions	I	84.367	020-25-0017	08/21/24-09/30/25	89,618	88,759	-	83,694	83,694	(5,065)	-
Total ALN 84.367						141,808	8,198	124,425	124,425	(9,185)	-
Title III - English Language Acquisition Grants	I	84.365	010-23-0017	08/16/22-09/30/24	94,056	(4,654)	(4,654)	-	-	-	-
Title III - English Language Acquisition Grants	I	84.365	010-24-0017	08/08/23-09/30/24	99,614	37,888	16,832	21,534	21,534	478	-
Title III - English Language Acquisition Grants	I	84.365	010-25-0017	08/21/24-09/30/25	82,864	41,432	-	55,636	55,636	14,204	-
Total ALN 84.365						74,666	12,178	77,170	77,170	14,682	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-24-0017	08/08/23-09/30/24	27,170	17,466	17,466	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-25-0017	08/21/24-09/30/25	44,024	31,446	-	41,058	41,058	9,612	-
Total ALN 84.424						48,912	17,466	41,058	41,058	9,612	-
Subgrant from U.S. Department of Education											
Passed through Chester County Intermediate Unit (CCIU)											
IDEA Part B	I	84.027	062-25-0024	07/01/24-09/30/25	554,975	-	-	554,975	554,975	554,975	-
Total IDEA Part B - CCIU						-	-	554,975	554,975	554,975	-
Total ALN 84.027						-	-	554,975	554,975	554,975	-
Passed through Chester County Intermediate Unit (CCIU)											
IDEA Part B 619	I	84.173	131-240024B	07/01/24-06/30/25	2,070	-	-	2,070	2,070	2,070	-
Total ALN 84.173						-	-	2,070	2,070	2,070	-
Total Special Education Cluster						-	-	557,045	557,045	557,045	-
Passed through Pennsylvania Department of Education											
Education Stabilization Fund:											
Elementary and Secondary School Emergency Relief:											
ARP - ESSER III 7% Learning Loss Set Aside	I	84.425U	225-21-0017	03/13/20-09/30/24	199,187	19,918	19,918	-	-	-	-
ARP - ESSER III 7% After School Program Set Aside	I	84.425U	225-21-0017	03/13/20-09/30/24	39,837	7,967	7,967	-	-	-	-
ARP - ESSER III 7% Summer School Program Set Aside	I	84.425U	225-21-0017	03/13/20-09/30/24	39,837	(11,240)	(16,870)	5,630	5,630	-	-
ARP HCY II - Homeless Children and Youth	I	84.425W	181-21-2019	07/01/21-09/30/24	53,501	48,014	(5,487)	53,501	53,501	-	-
Total ESSER - PDE						64,659	5,528	59,131	59,131	-	-
Total ALN 84.425U						16,645	11,015	5,630	5,630	-	-
Total ALN 84.425W						48,014	(5,487)	53,501	53,501	-	-
Total ALN 84.425						64,659	5,528	59,131	59,131	-	-
Total U.S. Department of Education						847,867	152,090	1,405,362	1,405,362	709,585	-

AVON GROVE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/24	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/25	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Agriculture											
National School Lunch Program											
Passed through Pennsylvania Department of Agriculture											
Value of USDA Donated Commodities	I	10.555	N/A	07/01/24-06/30/25	N/A	225,280	-	225,280	225,280	-	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	142,641	142,641	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	907,409	-	927,183	927,183	19,774	-
National School Lunch Program - Supply Chain Assistance	I	10.555	N/A	07/01/24-06/30/25	119,435	-	(97,474)	97,474	97,474	-	-
Total ALN 10.555						1,275,330	45,167	1,249,937	1,249,937	19,774	-
Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	36,577	36,577	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	255,333	-	262,362	262,362	7,029	-
Total ALN 10.553						291,910	36,577	262,362	262,362	7,029	-
Total Child Nutrition Cluster						1,567,240	81,744	1,512,299	1,512,299	26,803	-
Passed through Pennsylvania State University											
Child Nutrition School Breakfast Expansion Grant	I	10.579	N/A	05/13/24-06/30/25	5,754	5,754	-	5,580	5,580	(174)	-
Total ALN 10.579						5,754	-	5,580	5,580	(174)	-
Passed through Pennsylvania Department of Agriculture and through Pennsylvania Department of Education											
Local Food for Schools Cooperative Agreement Program	I	10.185	2-08-15-050	07/01/24-06/30/26	20,328	-	-	11,106	11,106	11,106	-
Total ALN 10.185						-	-	11,106	11,106	11,106	-
Total U.S. Department of Agriculture						1,572,994	81,744	1,528,985	1,528,985	37,735	-
U.S. Department of Health and Human Services											
Passed through Pennsylvania Department of Public Welfare											
Title XIX Medical Assistance Program	I	93.778	N/A	07/01/24-06/30/25	N/A	15,904	6,391	12,621	12,621	3,108	-
Total ALN 93.778						15,904	6,391	12,621	12,621	3,108	-
Total U.S. Department of Health and Human Services						15,904	6,391	12,621	12,621	3,108	-
U.S. Treasury Department											
Passed through Pennsylvania Commission on Crime and Delinquency (PCCD)											
COVID-SFR School Mental Health Grants	I	21.027	2023-CM-01-42909	01/01/24-12/31/25	172,104	172,104	153,704	18,400	18,400	-	-
Total ALN 21.027						172,104	153,704	18,400	18,400	-	-
Total U.S. Treasury Department						172,104	153,704	18,400	18,400	-	-
TOTAL FEDERAL AWARDS						$ 2,608,869	$ 393,929	$ 2,965,368	$ 2,965,368	$ 750,428	$ -

Source Codes:

D = Direct Funding
I = Indirect Funding

AVON GROVE SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555 include surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was $443,822.

NOTE E INDIRECT COST RATE

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

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X None reported
• Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major program:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ Yes	X No

Identification of major program:

Assistance Listing Numbers	*Name of Federal Program or Cluster*
10.555, 10.553	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	X Yes	______ No

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

APPENDIX F

BOND AMORTIZATION SCHEDULE