

**WESTERN WAYNE SCHOOL DISTRICT**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2025**

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*Brian T. Kelly, CPA  
& Associates, LLC*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education of the  
Western Wayne School District:

**Report on the Financial Statements**

***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, 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 (GAAP).

***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.

***Emphasis of Matter***

As discussed in Note 7 to the financial statements, in 2025 the District adopted new accounting guidance related to compensated absences. Our opinions are not modified with respect to this matter.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

### **Required Supplementary Information**

GAAP requires that the Management's Discussion and Analysis on pages 7 through 16, and the Required Supplementary Information on pages 58 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 63, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2026 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "B. Kelly CPA" followed by "ASPECTS L.L.C." in a smaller, less legible font.

Carbondale, Pennsylvania

February 18, 2026

# **WESTERN WAYNE SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 (UNAUDITED)**

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This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Western Wayne School District (District) for the year ended June 30, 2025. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should review the basic financial statements and the notes to the financial statements for a better understanding of the District as a whole.

### **FINANCIAL HIGHLIGHTS**

Total net position (deficit) of the District decreased by \$(3,154,170) in 2025 to \$(19,569,854) at June 30, 2025. Net position of the governmental activities decreased \$(3,028,290). The decrease in the governmental activities includes \$(4,908,856) from the adoption of new accounting guidance on compensated absences. Net position (deficit) of the business-type activity decreased \$(125,880).

The District had \$53,948,745 in expenses related to governmental activities in 2025; only \$14,628,828 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes and state subsidies) of \$41,200,483 were adequate to provide for these programs.

In the District's business-type activity, net position (deficit) decreased by \$(125,880) as a result of an increase in operating costs and the conclusion of supplemental pandemic grants. The District remains a participant in the Community Eligibility Program which allows the District to provide free breakfast and lunch to all students.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

The government-wide financial statements can be found on pages 17-18 of this report.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. The District uses several different types of funds, but the two most significant types are the governmental and proprietary fund types.

### **GOVERNMENTAL FUNDS**

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

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the District's major funds: General Fund, the Capital Projects Fund, Capital Reserve Fund, and the Debt Service Fund.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 23 of this report to demonstrate compliance with this budget.

#### **PROPRIETARY FUND**

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

#### **FIDUCIARY FUND**

The District accounts for its custodial fund as a fiduciary fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

#### **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-57 of this report.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the Board of Education.

The General Fund's approved budget for 2025 included revenues of \$53,153,949 and expenditures and other financing uses of \$53,829,057. There were no amendments.

Actual revenues were higher than budgeted revenues in 2025 by \$2,438,071. Local source revenue was higher by \$1,306,303 due to increased real estate tax (\$372,000) and real estate transfer tax collections (\$191,000), earnings on investments (\$203,000), federal pass-through funds (\$191,000), and tuition from local patrons (\$242,000). State source revenue was higher by \$1,115,559 due to additional basic education (\$151,000), charter school (\$212,000), special education and early intervention (\$185,000), transportation (\$301,000), tuition (\$103,000), and other grants (\$155,000) funding.

Actual expenditures were higher than budgeted expenditures in 2025 by \$2,675,972. Higher than expected salaries (\$418,000), special education and charter school costs (\$909,000), transportation (\$871,000), and maintenance repair and replacement costs (\$472,000) were the primary factors for the overage.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **GOVERNMENTAL ACTIVITIES**

The change in net position (deficit) declined by \$2,819,000 compared to 2024. Revenues increased \$1,510,000 due primarily to increased real estate taxes (\$1,925,000) driven by a 4.75% increase in the tax levy, an increase in basic education (\$325,000) and property tax relief (\$222,000) subsidies, and higher investment earnings (\$270,000). These were offset by a \$1,336,000 decrease in operating grants led by lower federal pandemic funding (\$2,450,000) due to the conclusion of those grants in 2025, offset by increased state funding as described in the preceding section. Expenses increased \$4,329,000 due to increased salaries (\$741,000), benefits (\$764,000), special education and charter school costs (\$919,000), transportation (\$395,000) and maintenance repair and replacement costs (\$1,217,000).

### **BUSINESS-TYPE ACTIVITY**

The change in net position decreased by \$145,000 from 2024 due to higher operating costs (\$115,000) and no transfer from General Fund (\$82,000) in 2025. For 2025-2026, the District has transitioned to an food service management company to control costs and try to alleviate the deficit.

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The District's condensed government-wide financial statements are presented comparatively as follows:

**CONDENSED STATEMENT OF NET ASSETS (IN 000'S)**

	<b>Governmental Activities</b>		<b>Business-type Activity</b>		<b>Totals</b>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current assets	\$ 18,615	\$ 19,093	\$ (101)	\$ 38	\$ 18,514	\$ 19,131
Capital and other assets	46,186	37,127	19	26	46,205	37,153
Deferred outflows of resources	<u>9,587</u>	<u>10,932</u>	<u>-</u>	<u>-</u>	<u>9,587</u>	<u>10,932</u>
Total	<u>\$ 74,388</u>	<u>\$ 67,152</u>	<u>\$ (82)</u>	<u>\$ 64</u>	<u>\$ 74,306</u>	<u>\$ 67,216</u>
Current liabilities	\$ 14,715	\$ 12,098	\$ 16	\$ 18	\$ 14,731	\$ 12,116
Long-term liabilities*	<u>76,145</u>	<u>72,762</u>	<u>28</u>	<u>46</u>	<u>76,173</u>	<u>72,808</u>
Total liabilities	<u>90,860</u>	<u>84,860</u>	<u>44</u>	<u>64</u>	<u>90,904</u>	<u>84,924</u>
Deferred inflows of resources	<u>2,972</u>	<u>3,617</u>	<u>-</u>	<u>-</u>	<u>2,972</u>	<u>3,617</u>
Net investment in capital assets	29,249	28,145	19	26	29,268	28,171
Restricted	821	788	-	-	821	788
Unrestricted*	<u>(49,514)</u>	<u>(50,258)</u>	<u>(145)</u>	<u>(26)</u>	<u>(49,659)</u>	<u>(50,284)</u>
Total net position	<u>(19,444)</u>	<u>(21,325)</u>	<u>(126)</u>	<u>-</u>	<u>(19,570)</u>	<u>(21,325)</u>
Total	<u>\$ 74,388</u>	<u>\$ 67,152</u>	<u>\$ (82)</u>	<u>\$ 64</u>	<u>\$ 74,306</u>	<u>\$ 67,216</u>

\* 2024 restated for effects of adoption of new accounting standard on compensated absences

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**CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)**

	<b>Governmental Activities</b>		<b>Business-type Activity</b>		<b>Totals</b>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Charges for services	\$ 680	\$ 604	\$ 55	\$ 49	\$ 735	\$ 653
Operating grants and contributions	13,948	15,284	1,381	1,364	15,329	16,648
Taxes levied for general purposes	31,681	29,756	-	-	31,681	29,756
Grants, subsidies and contributions	8,479	7,931	-	-	8,479	7,931
Investment earnings	1,040	770	-	-	1,040	770
Transfers	-	(82)	-	82	-	-
Other	1	56	-	1	1	57
<b>Total revenues</b>	<u>55,829</u>	<u>54,319</u>	<u>1,436</u>	<u>1,496</u>	<u>57,265</u>	<u>55,815</u>
Instruction	31,866	29,730	-	-	31,866	29,730
Instructional student support	4,123	3,685	-	-	4,123	3,685
Administration and financial support	4,775	4,726	-	-	4,775	4,726
Operation and maintenance of plant	3,947	2,829	-	-	3,947	2,829
Pupil transportation	5,367	4,913	-	-	5,367	4,913
Student activities	1,215	1,321	-	-	1,215	1,321
Interest	265	171	-	-	265	171
Depreciation	2,390	2,244	-	-	2,390	2,244
Food service	-	-	1,562	1,477	1,562	1,477
<b>Total expenses</b>	<u>53,948</u>	<u>49,619</u>	<u>1,562</u>	<u>1,477</u>	<u>55,510</u>	<u>51,096</u>
Change in net position	1,881	4,700	(126)	19	1,755	4,719
Net position (deficit), beginning*	<u>(21,325)</u>	<u>(26,025)</u>	<u>-</u>	<u>(19)</u>	<u>(21,325)</u>	<u>(26,044)</u>
Net position (deficit), ending	<u><u>\$(19,444)</u></u>	<u><u>\$(21,325)</u></u>	<u><u>\$(126)</u></u>	<u><u>\$ -</u></u>	<u><u>\$(19,570)</u></u>	<u><u>\$(21,325)</u></u>

\* 2024 restated for effects of adoption of new accounting standard on compensated absences

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**FINANCIAL ANALYSIS OF THE FUNDS**

**GENERAL FUND (MAJOR)**

The following represents a summary of General Fund revenue, by source, along with changes from 2024:

	<u>2025</u> <u>Amount</u>	<u>2024</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$33,772,262	\$31,772,734	\$1,999,528	6.29%
State sources	20,880,649	19,476,522	1,404,127	7.21%
Federal sources	<u>939,109</u>	<u>3,183,730</u>	<u>(2,244,621)</u>	<u>(70.50%)</u>
Total	<u>\$55,592,020</u>	<u>\$54,432,986</u>	<u>\$1,159,034</u>	<u>2.13%</u>

**LOCAL SOURCES**

The majority of the increase in local source revenue is mainly attributable to increased current and delinquent real estate tax collections (\$1,866,000).

**STATE SOURCES**

The District saw increases in basic education (\$325,000), special education and early intervention (\$130,000), Social Security/retirement (\$137,000), transportation (\$214,000), tuition (\$103,000) and property tax relief (\$222,000) funding along with a new subsidy to reimburse us for charter school costs (\$212,000).

**FEDERAL SOURCES**

\$2,478,000 of the decrease is due to the conclusion of the Elementary and Secondary School Emergency Relief (ESSER) pandemic-related funds in early 2024-2025. This was offset by the draw down of ACCESS (\$191,000) funds.

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The following represents a summary of General Fund expenditures, by function, along with changes from 2024:

	<u>2025</u> <u>Amount</u>	<u>2024</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Instruction	\$33,166,512	\$30,829,676	\$ 2,336,836	7.58%
Support services	18,595,992	19,798,608	(1,202,616)	(6.07%)
Noninstructional services	1,254,893	1,368,556	(113,663)	(8.31%)
Transfers out	<u>3,492,131</u>	<u>3,575,631</u>	<u>(83,500)</u>	<u>(2.34%)</u>
Total	<u>\$56,509,528</u>	<u>\$55,572,471</u>	<u>\$ 937,057</u>	<u>1.69%</u>

**INSTRUCTION**

The District saw higher costs in salaries (\$492,000), including scheduled contractual increases, and employee benefits (\$943,000) as well as special education and charter school costs (\$919,000).

**SUPPORT SERVICES**

The District saw higher costs in salaries (\$256,000), including scheduled contractual increases, employee benefits (\$142,000) and transportation (\$404,000); these were offset by lower property costs (\$2,072,000) related to ESSER projects in 2024.

**NONINSTRUCTIONAL SERVICES**

In 2025, the District reclassified an employee from this area to support services to more accurately reflect their position. This accounted for primarily all of the decrease from 2024.

**TRANSFERS OUT**

The decrease is related to a transfer to the Food Service Fund (\$82,500) in 2024 that did not recur in 2025. The transfer out to the Debt Service Fund was consistent with 2024.

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**CAPITAL RESERVE AND CAPITAL PROJECTS FUNDS (MAJOR)**

These funds account for major construction projects in the District. In 2025, the District issued \$9,255,000 of general obligation bonds (Series of 2024) to finance upgrades to HVAC systems at the middle and high schools as well as rehabilitation of the District's wastewater treatment plant. The District spent \$5.5 million on these projects in 2025. In November 2025, the District issued another \$3,845,000 of general obligation bonds (Series of 2025) to provide additional funds for these projects plus electrical upgrades to the schools. The total estimated costs of the projects is \$12.6 million.

The combined total fund balance at June 30, 2025 was \$5,228,953 and is restricted to capital improvements.

**DEBT SERVICE FUND (MAJOR)**

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations, primarily bonds payable. In 2025, the District paid approximately \$3.5 million of debt service, including \$3.275 million of principal. Debt service requirements increase to \$4.066 million in 2026 (including the Series of 2025 bonds) and then decrease to \$2.98 million for the next 5 years.

**CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2025 is summarized below.

	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITY</u>	<u>TOTALS</u>
Land	\$ 539,550	\$ -	\$ 539,550
Construction in progress	5,395,205	-	5,395,205
Land improvements	5,087,803	-	5,087,803
Buildings and improvements	69,870,145	-	69,870,145
Furniture and equipment	<u>5,605,382</u>	<u>174,299</u>	<u>5,779,681</u>
Total	86,498,085	174,299	86,672,384
Less accumulated depreciation	<u>(46,970,231)</u>	<u>(155,325)</u>	<u>(47,125,556)</u>
Net	<u>\$ 39,527,854</u>	<u>\$ 18,974</u>	<u>\$39,546,828</u>

Additional information on the District's capital assets can be found on page 39 of this report.

## **LONG TERM DEBT**

At June 30, 2025, the District's general obligation debt was \$14,030,000. This amount is approximately 12.0% of its legal limit of \$115 million. The District's bonds have an Aa3 rating from Moody's Investors Service.

As noted above, the District issued its Series of 2024 general obligation bonds for \$9,255,000 in October 2024 and the Series of 2025 general obligation bonds for \$3,845,000 in November 2025 to finance capital improvements. Rates range from 3.00% -5.00% for the Series of 2024 and are 5.00% for the Series of 2025. Principal is due in varying installments through 2031 (Series of 2024) and 2032 (Series of 2025). \$3,435,000 of this debt is scheduled for payment in 2026.

Additional information on the District's long-term debt can be found on page 40 of this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The District is residential in nature and has experienced only modest growth in its tax base and a slight increase in student enrollment in recent years.

The District continues to experience pressure from rising salaries, benefits, and other costs. While offset to some degree by recent increases in state basic education funding, the District continues to rely on its real estate tax levy to cover the increased costs. For fiscal 2026, the District raised its levy by 4.00% to offset some of these costs and plans to use a portion of its fund balance (\$657,377) to cover the rest. For fiscal 2027, the District can raise taxes without state approval or voter referendum by a 3.5% index.

The District recently concluded the successful negotiation of new labor contracts with both the professional and support professional unions that run through the end of fiscal 2030.

## **REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rose E. Emmett, Business Manager, Western Wayne School District, 1970C Easton Turnpike, Lake Ariel, PA 18436.

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITY	TOTAL
<u><b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b></u>			
Current assets:			
Cash and cash equivalents	\$ 6,833,308	\$ 386,921	\$ 7,220,229
Investments	5,000,000	-	5,000,000
Taxes receivable, net	1,517,172	-	1,517,172
Due from other governments	4,485,260	165,827	4,651,087
Internal balances	667,307	(667,307)	-
Other receivables	111,725	-	111,725
Inventories	-	13,635	13,635
Total current assets	18,614,772	(100,924)	18,513,848
CAPITAL ASSETS	39,527,854	18,974	39,546,828
ASSETS HELD FOR CAPITAL PROJECTS	6,658,381	-	6,658,381
Total assets	64,801,007	(81,950)	64,719,057
DEFERRED OUTFLOWS OF RESOURCES - PENSION AND OPEB	9,586,896	-	9,586,896
TOTAL	<u>\$ 74,387,903</u>	<u>\$ (81,950)</u>	<u>\$ 74,305,953</u>
<u><b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION (DEFICIT)</b></u>			
Current liabilities:			
Accounts payable	\$ 3,016,097	\$ -	\$ 3,016,097
Accrued salaries and benefits	6,936,763	-	6,936,763
Payroll deductions and withholdings	223,804	-	223,804
Other current liabilities	2,476	-	2,476
Current maturities of bonds payable	3,430,000	-	3,430,000
Current portion of special termination benefits	287,000	-	287,000
Current portion of compensated absences	633,152	3,058	636,210
Accrued interest	147,598	-	147,598
Unearned revenues	37,950	13,282	51,232
Total current liabilities	14,714,840	16,340	14,731,180
BONDS PAYABLE	11,256,569	-	11,256,569
SPECIAL TERMINATION BENEFITS	349,000	-	349,000
OTHER POSTEMPLOYMENT BENEFITS	3,257,919	-	3,257,919
COMPENSATED ABSENCES	5,698,572	27,522	5,726,094
NET PENSION LIABILITY	55,583,000	-	55,583,000
Total liabilities	90,859,900	43,862	90,903,762
DEFERRED INFLOWS OF RESOURCES - PENSION AND OPEB	2,972,045	-	2,972,045
NET POSITION (DEFICIT):			
Net investment in capital assets	29,249,411	18,974	29,268,385
Restricted	820,827	-	820,827
Unrestricted	(49,514,280)	(144,786)	(49,659,066)
Total net position (deficit)	(19,444,042)	(125,812)	(19,569,854)
TOTAL	<u>\$ 74,387,903</u>	<u>\$ (81,950)</u>	<u>\$ 74,305,953</u>

See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION (DEFICIT)		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>						
Instruction	\$ (31,865,449)	\$ 664,691	\$ 8,847,533	\$ (22,353,225)		\$ (22,353,225)
Instructional student support	(4,123,440)	-	613,824	(3,509,616)		(3,509,616)
Administration and financial support services	(4,775,400)	-	399,331	(4,376,069)		(4,376,069)
Operation and maintenance of plant services	(3,947,567)	450	331,977	(3,615,140)		(3,615,140)
Pupil transportation	(5,366,680)	-	3,649,041	(1,717,639)		(1,717,639)
Student activities	(1,215,208)	15,301	106,680	(1,093,227)		(1,093,227)
Interest	(265,202)	-	-	(265,202)		(265,202)
Depreciation	(2,389,799)	-	-	(2,389,799)		(2,389,799)
Total governmental activities	(53,948,745)	680,442	13,948,386	(39,319,917)		(39,319,917)
BUSINESS-TYPE ACTIVITY, FOOD SERVICE	(1,562,306)	54,907	1,381,301	-	\$(126,098)	(126,098)
<b>TOTAL</b>	<b>\$(55,511,051)</b>	<b>\$735,349</b>	<b>\$15,329,687</b>	<b>(39,319,917)</b>	<b>(126,098)</b>	<b>(39,446,015)</b>
<b>GENERAL REVENUES:</b>						
Taxes levied for general purposes, net				31,680,562	-	31,680,562
Grants, subsidies and contributions not restricted				8,478,903	-	8,478,903
Miscellaneous income				924	-	924
Investment earnings				1,040,094	218	1,040,312
Total general revenues				41,200,483	218	41,200,701
CHANGE IN NET POSITION				1,880,566	(125,880)	1,754,686
NET POSITION (DEFICIT), BEGINNING, AS PREVIOUSLY REPORTED				(16,415,752)	68	(16,415,684)
ADOPTION OF NEW ACCOUNTING PRINCIPLE - NOTE 7				(4,908,856)	-	(4,908,856)
NET POSITION (DEFICIT), BEGINNING, AS RESTATED				(21,324,608)	68	(21,324,540)
NET POSITION (DEFICIT), ENDING				<u>\$(19,444,042)</u>	<u>\$(125,812)</u>	<u>\$(19,569,854)</u>

See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2025

	MAJOR FUNDS			TOTALS
	GENERAL	CAPITAL RESERVE	CAPITAL PROJECTS	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 6,833,308	\$ -	\$ -	\$ 6,833,308
Investments	5,000,000	-	-	5,000,000
Assets held for capital projects	-	820,827	5,837,554	6,658,381
Taxes receivable, net	1,517,172	-	-	1,517,172
Due from other funds	667,307	-	-	667,307
Due from other governments	4,485,260	-	-	4,485,260
Other receivables	111,725	-	-	111,725
	<u>18,614,772</u>	<u>820,827</u>	<u>5,837,554</u>	<u>25,273,153</u>
<b>TOTAL</b>	<b>\$ 18,614,772</b>	<b>\$ 820,827</b>	<b>\$ 5,837,554</b>	<b>\$ 25,273,153</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,586,669	\$ -	\$ 1,429,428	\$ 3,016,097
Accrued salaries and benefits	6,936,763	-	-	6,936,763
Payroll deductions and withholdings	223,804	-	-	223,804
Special termination benefits	287,000	-	-	287,000
Unearned revenues	37,950	-	-	37,950
Other current liabilities	2,476	-	-	2,476
	<u>9,074,662</u>	<u>-</u>	<u>1,429,428</u>	<u>10,504,090</u>
<b>Total liabilities</b>	<b>9,074,662</b>	<b>-</b>	<b>1,429,428</b>	<b>10,504,090</b>
<b>DEFERRED INFLOWS OF RESOURCES,</b>				
Unavailable revenue - real estate taxes	902,855	-	-	902,855
<b>FUND BALANCES:</b>				
Restricted	-	820,827	4,408,126	5,228,953
Committed	1,324,803	-	-	1,324,803
Assigned	4,424,754	-	-	4,424,754
Unassigned	2,887,698	-	-	2,887,698
	<u>8,637,255</u>	<u>820,827</u>	<u>4,408,126</u>	<u>13,866,208</u>
<b>Total fund balances</b>	<b>8,637,255</b>	<b>820,827</b>	<b>4,408,126</b>	<b>13,866,208</b>
	<u>\$ 18,614,772</u>	<u>\$ 820,827</u>	<u>\$ 5,837,554</u>	<u>\$ 25,273,153</u>
<b>TOTAL</b>	<b>\$ 18,614,772</b>	<b>\$ 820,827</b>	<b>\$ 5,837,554</b>	<b>\$ 25,273,153</b>

See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2025

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TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 13,866,208
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	39,527,854
Real estate taxes receivable will not be collected soon enough to pay for the current period's expenditures and therefore are deferred in the funds	902,855
Accrued interest payable is included in the statement of net position (deficit)	(147,598)
Deferred outflows of resources related to the net pension and other postemployment liabilities are included in the statement of net position (deficit)	9,586,896
Deferred inflows of resources related to the net pension and other postemployment liabilities are included in the statement of net position (deficit)	(2,972,045)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:	
Bonds payable	(14,686,569)
Special termination benefits	(349,000)
Other postemployment benefits (OPEB)	(3,257,919)
Compensated absences	(6,331,724)
Net pension liability	<u>(55,583,000)</u>
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	<u>\$ (19,444,042)</u>

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See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	MAJOR FUNDS				TOTALS
	GENERAL	CAPITAL RESERVE	CAPITAL PROJECTS	DEBT SERVICE	
<b>REVENUES:</b>					
Local sources	\$ 33,772,262	\$ 32,727	\$ 229,373	\$ -	\$ 34,034,362
State sources	20,880,649	-	-	-	20,880,649
Federal sources	939,109	-	-	-	939,109
<b>Total revenues</b>	<b>55,592,020</b>	<b>32,727</b>	<b>229,373</b>	<b>-</b>	<b>55,854,120</b>
<b>EXPENDITURES:</b>					
Instruction	33,166,512	-	-	-	33,166,512
Support services	18,595,992	5	156,425	-	18,752,422
Noninstructional services	1,254,893	-	-	-	1,254,893
Capital outlay	-	-	5,507,377	-	5,507,377
Debt service	-	-	201,346	3,492,131	3,693,477
<b>Total expenditures</b>	<b>53,017,397</b>	<b>5</b>	<b>5,865,148</b>	<b>3,492,131</b>	<b>62,374,681</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,574,623</b>	<b>32,722</b>	<b>(5,635,775)</b>	<b>(3,492,131)</b>	<b>(6,520,561)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Face value of bond proceeds	-	-	9,255,000	-	9,255,000
Bond premium	-	-	743,262	-	743,262
Sale of assets	4,800	-	-	-	4,800
Transfers in	-	-	-	3,492,131	3,492,131
Transfers out	(3,492,131)	-	-	-	(3,492,131)
<b>Total other financing sources (uses)</b>	<b>(3,487,331)</b>	<b>-</b>	<b>9,998,262</b>	<b>3,492,131</b>	<b>10,003,062</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(912,708)</b>	<b>32,722</b>	<b>4,362,487</b>	<b>-</b>	<b>3,482,501</b>
<b>FUND BALANCE, BEGINNING</b>	<b>9,549,963</b>	<b>788,105</b>	<b>45,639</b>	<b>-</b>	<b>10,383,707</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 8,637,255</b>	<b>\$ 820,827</b>	<b>\$ 4,408,126</b>	<b>\$ -</b>	<b>\$ 13,866,208</b>

See Notes to Financial Statements

## WESTERN WAYNE SCHOOL DISTRICT

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

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TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS     \$ 3,482,501

Amounts reported for governmental activities  
in the statement of activities are different because:

Capital asset additions are reported as expenditures in the funds     5,624,888

Depreciation expense is reported in the statement of activities     (2,389,799)

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds.  
This amount is the net change in revenue accrued between the  
prior and current year     (29,609)

Issuance of long-term obligations provides current financial resources  
in the funds     (9,998,262)

Repayment of bonds payable uses current financial resources  
and is reported in the funds but not the statement of activities     3,275,000

Amortization of premium on bonds payable     230,229

Change in accrued interest on bonds payable     (76,954)

Change in OPEB liability and related deferred outflows  
and inflows of resources     164,845

Change in special termination benefits     19,640

Change in compensated absences     51,087

Change in net pension liability and related deferred outflows  
and inflows of resources     1,527,000

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES     \$ 1,880,566

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See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
Local sources	\$ 32,465,959	\$33,772,262	\$ 1,306,303
State sources	19,765,090	20,880,649	1,115,559
Federal sources	922,900	939,109	16,209
Total revenues	<u>53,153,949</u>	<u>55,592,020</u>	<u>2,438,071</u>
<b>EXPENDITURES:</b>			
Instruction	31,785,907	33,166,512	(1,380,605)
Support services	17,411,886	18,595,992	(1,184,106)
Noninstructional services	1,143,632	1,254,893	(111,261)
Total expenditures	<u>50,341,425</u>	<u>53,017,397</u>	<u>(2,675,972)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,812,524</u>	<u>2,574,623</u>	<u>(237,901)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of assets	-	4,800	4,800
Transfers out	(3,487,632)	(3,492,131)	(4,499)
Total other financing sources (uses)	<u>(3,487,632)</u>	<u>(3,487,331)</u>	<u>301</u>
<b>NET CHANGE IN FUND BALANCE</b>	(675,108)	(912,708)	(237,600)
<b>FUND BALANCE, BEGINNING</b>	<u>9,240,490</u>	<u>9,549,963</u>	<u>309,473</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 8,565,382</u>	<u>\$ 8,637,255</u>	<u>\$ 71,873</u>

See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

**STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUND  
JUNE 30, 2025**

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ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 386,921
Due from other governments	165,827
Inventories	<u>13,635</u>

Total current assets 566,383

CAPITAL ASSETS

18,974

TOTAL \$ 585,357

LIABILITIES AND NET POSITION (DEFICIT)

LIABILITIES:

Current liabilities:

Due to other funds	\$ 667,307
Unearned revenues	13,282
Current portion of compensated absences	<u>3,058</u>

Total current liabilities 683,647

COMPENSATED ABSENCES

27,522

Total liabilities 711,169

NET POSITION (DEFICIT):

Net investment in capital assets	18,974
Unrestricted	<u>(144,786)</u>

Total net position (deficit) (125,812)

TOTAL \$ 585,357

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See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION (DEFICIT) -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2025

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OPERATING REVENUES,	
Food service revenue	<u>\$ 54,907</u>
OPERATING EXPENSES:	
Salaries	553,158
Employee benefits	371,970
Purchased professional services	11,150
Purchased property services	15,034
Other purchased services	1,622
Food and supplies	602,773
Depreciation	<u>6,599</u>
Total operating expenses	<u>1,562,306</u>
OPERATING LOSS	<u>(1,507,399)</u>
NONOPERATING REVENUES:	
Earnings on investments	218
State sources	193,791
Federal sources	<u>1,187,510</u>
Total nonoperating revenues	<u>1,381,519</u>
CHANGE IN NET POSITION	(125,880)
NET POSITION (DEFICIT), BEGINNING	<u>68</u>
NET POSITION (DEFICIT), ENDING	<u><u>\$ (125,812)</u></u>

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See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS-  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2025

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 54,859
Cash payments to employees for services	(1,514,466)
Cash paid to suppliers for goods and services	<u>(557,602)</u>
Net cash used in operating activities	<u>(2,017,209)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	89,220
Federal sources	1,099,629
Transfers in	<u>82,500</u>
Net cash provided by noncapital financing activities	<u>1,271,349</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,	
Earnings on investments	<u>218</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(745,642)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,132,563</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 386,921</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS,	
USDA donated commodities	<u><u>\$ 72,853</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (1,507,399)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,599
USDA donated commodities	72,853
Increase or decrease in:	
Inventory	124
Due to other funds	(570,011)
Unearned revenues	417
Compensated absences	<u>(19,792)</u>
Net cash used in operating activities	<u><u>\$ (2,017,209)</u></u>

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See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND  
JUNE 30, 2025

---

ASSETS

CASH \$ 90,658

NET POSITION

NET POSITION,  
Restricted for student activities \$ 90,658

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See Notes to Financial Statements

**WESTERN WAYNE SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

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ADDITIONS:	
Student activity revenues	\$ 66,108
Interest income	<u>20</u>
Total additions	66,128
DEDUCTIONS,	
Student activity expenses	<u>74,691</u>
CHANGE IN NET POSITION	(8,563)
NET POSITION, BEGINNING	<u>99,221</u>
NET POSITION, ENDING	<u><u>\$ 90,658</u></u>

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See Notes to Financial Statements

# WESTERN WAYNE SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

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### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major accounting principles and practices followed by the Western Wayne School District (District) are summarized below:

#### NATURE OF OPERATIONS

The District provides elementary and secondary education to the residents of the following municipalities: The Borough of Waymart, Canaan Township, South Canaan Township, Clinton Township, Salem Township, Sterling Township and Lake Township.

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

#### REPORTING ENTITY

The reporting entity has been defined in accordance with the criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency, and legal separation.

Based on these criteria, the District has determined that there are no related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

#### BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position (deficit) and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General, Capital Reserve, Capital Projects, and Debt Service Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

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

#### **BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS**

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

#### **GOVERNMENTAL FUND TYPES**

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

##### **GENERAL FUND (MAJOR)**

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

##### **CAPITAL PROJECTS FUNDS**

Capital Projects fund accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The District uses the following Capital Project sub-funds which it has elected to report as major funds:

### **CAPITAL RESERVE FUND (MAJOR)**

The Capital Reserve Fund was established under the Pennsylvania Municipal Code to account for (1) moneys transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the District at the end of a fiscal year, and (3) interest earnings of the fund itself. Bond proceeds and other local, state, and federal revenue may not be deposited in this fund. No transfers out of this fund are allowable for any purpose. Expenditures from this fund are limited to capital improvements, replacement and additions to public works and improvements, for deferred maintenance, for the purchase or replacement of school buses, and for no other purpose.

### **OTHER CAPITAL PROJECTS FUND (MAJOR)**

The Other Capital Projects Fund accounts for the financial resources to be used for acquisition, renovation, or construction of major capital facilities which are financed through the issuance of bonds or notes.

### **DEBT SERVICE FUND (MAJOR)**

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations.

## **PROPRIETARY FUND TYPE**

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund which accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

## **FIDUCIARY FUND TYPE**

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The fund included in this category is:

### **CUSTODIAL FUND**

The Custodial Fund accounts for assets held, collected, and disbursed on behalf of various student activities and clubs.

## **MEASUREMENT FOCUS**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

### **FUND FINANCIAL STATEMENTS**

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

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

## **BASIS OF ACCOUNTING**

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

### **ACCRUAL BASIS**

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

### **MODIFIED ACCRUAL BASIS**

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

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

### **ALLOCATION OF INDIRECT EXPENSES**

The District does not allocate any indirect expenses, including depreciation.

### **BUDGETARY DATA**

An operating budget is adopted each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the administration to prepare and submit a plan of financial operation to the Board of Education.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand, demand deposits, and investments purchased with an original maturity of three months or less.

### **INVESTMENTS**

Investments consist of a certificate of deposit reported at cost, which approximates fair value.

**ASSETS HELD FOR CAPITAL PROJECTS**

Assets held for capital purposes consist of money market funds restricted for the acquisition of capital assets.

**INVENTORIES**

Food Service inventories are valued at the lower of cost (first-in, first-out method) or market except for donated inventories, which are valued at fair market value as determined by the U.S. Department of Agriculture at the date of donation.

**CAPITAL ASSETS**

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

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

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

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

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Land improvements	15 - 20 years	N/A
Buildings and improvements	30 - 40 years	N/A
Furniture and equipment	5 - 20 years	5 - 10 years

The District does not have any infrastructure capital assets.

### **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position (deficit) in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Under the modified accrual basis of accounting, the District has an item that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from real estate taxes not yet collected which are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position (deficit) in this category.

### **COMPENSATED ABSENCES**

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements provide for payment of accumulated sick leave, at retirement, based fixed rates specified in the agreements. Vacation leave is available only to administrative and twelve-month support employees and may carry over from year to year. The District accrues for compensated absences based on expected usage as time off and expected payment at termination/retirement.

### **PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

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

#### **GOVERNMENT FUND BALANCE CLASSIFICATIONS**

Fund balances are classified on the level of constraints placed on the usage of fund resources as follows:

- *Nonspendable* fund balances are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District has no nonspendable fund balances.
- *Restricted* fund balances are amounts that are restricted to specific purposes by constraints placed on their use that are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- *Committed* fund balances are amounts that can only be used for specific purposes imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removed or changes the specific use by taking the same action it employed to previously commit the amounts. At June 30, 2025, the Board of Education has committed \$1,324,803 of General Fund balance for retirement incentives, healthcare, and to balance the 2025-2026 budget.
- *Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Education has designated the Business Manager to assign fund balance amounts as deemed financially necessary and appropriate. At June 30, 2025, the Business Manager has assigned General Fund balance of \$4,424,754 for healthcare, retirement, and capital improvements.
- *Unassigned* fund balance is a residual classification and represents amounts that have not been assigned to other funds, and has not been restricted, committed, or assigned to a specific purpose within the General Fund.

### **ELIMINATIONS AND INTERNAL BALANCES**

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

### **USE OF RESTRICTED RESOURCES**

When an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District’s policy is to use restricted resources first, and then unrestricted resources as needed.

### **USE OF ESTIMATES**

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

## **2. DEPOSITS AND INVESTMENTS**

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District’s deposits and investments adhere to those statutes.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The District does not have a formal policy for custodial credit risk. At June 30, 2025, the bank balance of the District’s deposits with financial institutions including cash equivalents and certificates of deposit was \$19,866,402 compared to the carrying amount of \$18,969,268. The difference is primarily caused by items in-transit and outstanding checks. \$19,116,402 of the District’s deposits were exposed to custodial credit risk and were uninsured but collateralized by securities pledged by the financial institutions for such funds but not in the District’s name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

### 3. REAL ESTATE TAXES

The tax on real estate, as levied by the Board of Education, was 12.2811 mills (\$12.2811 per \$1,000 of assessed valuation) for fiscal 2025. Assessed valuations of property are determined by Wayne County and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

August 1	Levy Date
August 1 - September 30	2% discount period
October 1 – November 30	Face payment period
December 1 - December 31	10% penalty period
January 1	Lien date

Delinquent real estate taxes receivable at June 30, 2025 amounted to \$1,517,172. The amount of taxes receivable is reported net of an allowance for doubtful collections of \$1,379,734.

### 4. DUE FROM OTHER GOVERNMENTS

Due from other governments in the General Fund at June 30, 2025 is summarized below:

Pennsylvania Department of Education (PDE):	
State source revenue	\$2,685,648
Federal source revenue	351,139
Pennsylvania Commission on Crime and Delinquency,	
State source revenue	76,857
Federal source revenue	67,345
Northeastern Educational Intermediate Unit #19,	
Local source revenue	551,669
Pennsylvania Department of Human Services,	
Federal source revenue	145,759
Other, local source revenues	<u>606,843</u>
Total	<u>\$4,485,260</u>

The Food Service Fund reports due from other governments of \$165,827 representing \$12,057 due from the PDE for state meal subsidies, as well as \$153,770 in federal funds passed through the PDE.

## 5. CAPITAL ASSETS

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

	BALANCE JULY 1, <u>2024</u>	<u>INCREASE</u>	<u>DECREASE/ TRANSFER</u>	BALANCE JUNE 30, <u>2025</u>
<u>Governmental activities:</u>				
Cost:				
Land	\$ 539,550	\$ -	\$ -	\$ 539,550
Construction in progress	3,103,004	5,431,099	(3,138,898)	5,395,205
Land improvements	5,035,803	-	52,000	5,087,803
Buildings and improvements	66,670,232	113,015	3,086,898	69,870,145
Furniture and equipment	<u>5,524,608</u>	<u>80,774</u>	<u>-</u>	<u>5,605,382</u>
Total cost	<u>80,873,197</u>	<u>5,624,888</u>	<u>-</u>	<u>86,498,085</u>
Less accumulated depreciation:				
Land improvements	(3,379,736)	(239,877)	-	(3,619,613)
Buildings and improvements	(37,076,334)	(2,001,283)	-	(39,077,617)
Furniture and equipment	<u>(4,124,362)</u>	<u>(148,639)</u>	<u>-</u>	<u>(4,273,001)</u>
Total accumulated depreciation	<u>(44,580,432)</u>	<u>(2,389,799)</u>	<u>-</u>	<u>(46,970,231)</u>
Governmental activities capital assets, net	<u>\$ 36,292,765</u>	<u>\$ 3,235,089</u>	<u>\$ -</u>	<u>\$39,527,854</u>
<u>Business – type activity:</u>				
Furniture and equipment	\$ 174,299	\$ -	\$ -	\$ 174,299
Less accumulated depreciation	<u>(148,726)</u>	<u>(6,599)</u>	<u>-</u>	<u>(155,325)</u>
Business-type activity capital assets, net	<u>\$ 25,573</u>	<u>\$ (6,599)</u>	<u>\$ -</u>	<u>\$ 18,974</u>

Constriction in progress consists of costs incurred for HVAC, electrical, and wastewater treatment plant rehabilitation projects. The total estimated cost of the projects is approximately \$12.6 million and the District is committed to the full amount of the projects, which are being financed with bond proceeds.

## 6. BONDS PAYABLE/SUBSEQUENT EVENT

In fiscal 2019, the District issued \$7,550,000 of general obligation bonds (Series of 2019) to refund a note payable and to finance various capital improvements. These bonds are due in varying annual installments plus interest at rates ranging from 2.125% to 4.00%, with final maturity scheduled for 2027.

In fiscal 2025, the District issued \$9,255,000 of general obligation bonds (Series of 2024) to finance capital improvements. These bonds are due in varying annual installments plus interest at rates ranging from 3.00% to 5.00%, with final maturity scheduled for 2031.

All bond issues are considered direct placement borrowings.

The following summarizes the changes in bonds payable in 2025:

	<u>BALANCE</u> <u>JULY 1, 2024</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>JUNE 30, 2025</u>
Series of 2019	\$ 7,490,000	\$ -	\$(2,710,000)	\$ 4,780,000
Series of 2021	560,000	-	(560,000)	-
Series of 2024	<u>-</u>	<u>9,255,000</u>	<u>(5,000)</u>	<u>9,250,000</u>
Total face value	8,050,000	9,255,000	(3,275,000)	14,030,000
Bond premiums	<u>143,536</u>	<u>743,262</u>	<u>(230,229)</u>	<u>656,569</u>
Total	<u>\$ 8,193,536</u>	<u>\$ 9,998,262</u>	<u>\$(3,505,229)</u>	<u>\$ 14,686,569</u>

Total interest paid on these bonds in 2025 was \$418,477. No interest is reported as a direct expense in the statement of activities.

In November 2025, the District issued \$3,845,000 of general obligation bonds (Series of 2025) to finance capital improvements. These bonds are due in varying annual installments plus interest at 5.00%, with final maturity scheduled for 2032.

The following summarizes the District's scheduled debt service on its bonds payable (as adjusted for the Series of 2025 bond issue):

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	\$ 3,435,000	\$ 631,083	\$ 4,066,083
2027	2,310,000	671,650	2,981,650
2028	2,395,000	583,250	2,978,250
2029	2,515,000	463,500	2,978,500
2030	2,645,000	337,750	2,982,750
2031	2,775,000	205,500	2,980,500
2032	<u>1,800,000</u>	<u>90,000</u>	<u>1,890,000</u>
Total	<u>\$17,875,000</u>	<u>\$ 2,982,733</u>	<u>\$ 20,857,733</u>

## 7. COMPENSATED ABSENCES

The following summarizes the changes in compensated absences in 2025:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Balance, July 1, 2024, as restated	\$6,382,811	\$ 50,372
Net change	<u>(51,087)</u>	<u>(19,792)</u>
Balance, June 30, 2025	6,331,724	30,580
Less current portion	<u>633,152</u>	<u>3,058</u>
Long-term compensated absences	<u>\$5,698,572</u>	<u>\$ 27,522</u>

The District adopted the provisions of GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024. GASB 101 required the District to recognize a liability for leave that is more likely than not to be used for time off or settled in cash. Previously, the District had generally recognized a liability only for leave paid upon retirement. The adoption of GASB 101 increased the District's governmental activities liability for compensated absences by \$4,908,856 and decreased the District's governmental activities net position (deficit) at the beginning of the year by the same amount. There was no effect on the business-type activity or fund financial statements.

## 8. RETIREMENT PLAN

### PLAN DESCRIPTION

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

### BENEFITS PROVIDED

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Class T-E and 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1% to 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of 5 years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of 5 years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon death of an active member who has reached age 62 with at least 1 year of credited service (age 65 with at least 3 years of credited service for Class T-E and Class T-F members) or who has at least 5 years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

#### **MEMBER CONTRIBUTIONS**

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

Members who joined PSERS on or after July 22, 1983, contribute 6.25% (Membership Class T-C) or 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 1, 2011 who elected Membership Class T-E or T-F contribute 7.50% or 10.30% (base rates), respectively, of the member's qualifying compensation. Class T-E and Class T-F members are affected by a "shared risk" provision that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 5.50% and 9.50% and the Class T-F contribution rate to fluctuate between 8.30% and 12.30%. The contribution rates for Class T-E and T-F are 8.00% and 10.80%, respectively, for periods after July 1, 2021 due to the shared risk provision.

Members who joined PSERS after June 30, 2019 and elected Membership Class T-G or T-H contribute 5.50% or 4.50% (base rates), respectively, of the member's qualifying compensation. Class T-G and Class T-H members are also subject to the shared risk provision that in future fiscal years could cause the Class T-G contribution rate to fluctuate between 2.50% and 8.50% and the Class T-H contribution rate to fluctuate between 1.50% and 7.50%. The contribution rates for Class T-G and T-H are 6.25% and 5.25%, respectively, for periods after July 1, 2021 due to the shared risk provision. In addition, these members contribute 2.75% (Class T-G) and 3.00% (Class T-H) to a defined contribution plan.

**DISTRICT CONTRIBUTIONS**

The District's contractually required contribution rate for PSERS for the fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were approximately \$7,203,000 for the year ended June 30, 2025.

**PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION**

At June 30, 2025, the District reported a liability of \$55,583,000 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 total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability is calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was .1328%, which was an increase of .0026% from its proportion calculated as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$5,676,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 920,000	\$ -
Changes in proportion	842,000	817,000
Difference between expected and actual experience	-	874,000
Contributions after the measurement date	<u>7,203,000</u>	<u>-</u>
Total	<u>\$ 8,965,000</u>	<u>\$ 1,691,000</u>

The District will recognize the \$7,203,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the net pension liability in the year ended June 30, 2026.

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

YEAR ENDING JUNE 30

2026	\$(1,724,000)
2027	1,455,000
2028	526,000
2029	<u>(186,000)</u>
Total	<u>\$ 71,000</u>

**CHANGES IN ACTUARIAL ASSUMPTIONS**

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

WESTERN WAYNE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

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

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

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

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

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

**DISCOUNT RATE**

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

**SENSITIVITY OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the District’s proportionate share of the net pension liability, calculated using the current discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or higher than the current rate:

	1% Decrease <u>6.00%</u>	Current Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District’s proportionate share of the net pension liability	<u>\$73,220,000</u>	<u>\$55,583,000</u>	<u>\$40,690,000</u>

**PENSION PLAN FIDUCIARY NET POSITION**

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

**9. SPECIAL TERMINATION BENEFITS**

The District’s collective bargaining agreements provide an early retirement incentive for those employees who retire with a specified level of service to the District and with PSERS. The District pays eligible employees a specified amount, depending on their position, annually for a maximum of five years. The number of payments is reduced by one for each year worked after initial eligibility for this benefit. 15 retirees are receiving this benefit as of June 30, 2025. Payments are made from the General Fund.

Changes in the special termination benefits liability in 2025 were as follows:

Balance, July 1, 2024	\$ 632,000
Additions	271,000
Payments	<u>(267,000)</u>
Balance, June 30, 2025	636,000
Less current portion	<u>287,000</u>
Long-term special termination benefits	<u>\$ 349,000</u>

## 10. INTERNAL BALANCES / INTERFUND TRANSFERS

The Food Service Fund owed the General Fund \$667,307 at June 30, 2025 for reimbursement of salaries and benefits, net of subsidies. This balance is expected to be paid in 2026.

The General Fund transferred \$3,492,131 to the Debt Service Fund to pay long-term debt as it came due.

## 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

### DISTRICT OPEB PLAN (DISTRICT PLAN)

#### *PLAN DESCRIPTION AND BENEFITS*

The District provides postemployment healthcare benefits for its employees who meet minimum District and PSERS service requirements under a plan that is considered a single employer plan. For teachers that retired prior to July 1, 2014, benefits include payment of 100% of the premiums for medical, prescription drug, dental, and vision for the employees and their spouse until age 65.

In addition, under Act 110 of 1998 and Act 43 of 1989, other eligible retired employees may continue to receive benefits by paying 100% of the cost of such coverage until age 65.

The contribution requirements of plan members and the District are established and may be amended by the Board of Education. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. As such, the plan is unfunded, there is no underlying trust, and no financial report is prepared.

**EMPLOYEES COVERED BY THE DISTRICT PLAN**

At July 1, 2023, a total of 308 participants were covered by the District Plan, including 297 active participants and 11 retired participants currently receiving benefits. There were no participants entitled to but not receiving benefits under the District Plan.

**DISTRICT PLAN TOTAL OPEB LIABILITY**

The District Plan's total OPEB liability of \$910,919 was measured as of June 30, 2025, as rolled forward from an actuarial valuation as of July 1, 2023.

**CHANGES IN THE DISTRICT PLAN TOTAL OPEB LIABILITY**

Balance at July 1, 2024	\$ 964,958
Service cost	35,179
Interest	38,444
Changes in assumptions	260
Benefit payments	<u>(127,922)</u>
Balance at June 30, 2025	<u>\$ 910,919</u>

The changes in assumptions amount results from a change in the discount rate from 4.13% to 4.29%. The trend assumption was also updated.

**DISTRICT PLAN OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

For the year ended June 30, 2025, the District recognized OPEB expense of \$(15,094) for the District Plan. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the District Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 111,145	\$ 312,835
Difference between expected and actual experience	-	514,210
District contributions after the measurement date	<u>121,751</u>	<u>-</u>
Total	<u>\$ 232,896</u>	<u>\$ 827,045</u>

The \$121,751 reported as deferred outflows of resources from District contributions after the measurement date will be recognized as a reduction of the District Plan's total OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30

2026	\$ (88,717)
2027	(88,717)
2028	(88,717)
2029	(88,716)
2030	(76,957)
Thereafter	<u>(284,076)</u>
Total	<u>\$ (715,900)</u>

***DISTRICT PLAN ACTUARIAL ASSUMPTIONS***

The District Plan's total OPEB liability was determined by rolling forward the District Plan's total OPEB liability as of the July 1, 2023 actuarial valuation to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – July 1, 2023.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Discount rate – 4.29% based on the S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024.
- Salary growth - 2.50% cost of living adjustment, 1.50% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates – 7.00% in 2024 with .50% decrease per year until 5.50% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.00% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

***SENSITIVITY TO CHANGES IN THE DISCOUNT RATE***

The following presents the District Plan's total OPEB liability, as well as what the District Plan's total OPEB liability would be if it were calculated a discount rate that is 1% lower and higher than the current discount rate:

	<u>1% Decrease</u> 3.29%	<u>Current Rate</u> 4.29%	<u>1% Increase</u> 5.29%
District Plan total OPEB liability	<u>\$972,246</u>	<u>\$910,919</u>	<u>\$852,563</u>

***SENSITIVITY TO CHANGES IN THE HEALTHCARE COST TREND RATES***

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

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
District Plan total OPEB liability	<u>\$820,390</u>	<u>\$910,919</u>	<u>\$1,016,359</u>

**PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (PSERS PLAN)**

***GENERAL INFORMATION ABOUT THE HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM***

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

***PREMIUM ASSISTANCE ELIGIBILITY CRITERIA***

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

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

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

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

***DISTRICT CONTRIBUTIONS***

The District's contractually required contribution rate for the 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 PSERS plan from the District were approximately \$138,000 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$2,347,000 for its proportionate share of the PSERS Plan's net OPEB liability. The PSERS Plan's net OPEB liability was measured as of June 30, 2024, and the PSERS Plan's total OPEB liability used to calculate the PSERS Plan's net OPEB liability was determined by rolling forward the PSERS Plan's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the PSERS Plan's net OPEB liability was calculated utilizing the District's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was .1321%, which was an increase of .0023% from its proportion calculated as of June 30, 2024.

WESTERN WAYNE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

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For the year ended June 30, 2025, the District recognized OPEB expense of \$110,000 for the PSERS Plan. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the PSERS Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 2,000	\$ -
Changes in proportion	97,000	61,000
Changes in assumptions	143,000	358,000
Difference between expected and actual experience	9,000	35,000
District contributions after the measurement date	<u>138,000</u>	<u>-</u>
Total	<u>\$ 389,000</u>	<u>\$ 454,000</u>

The District will recognize the \$389,000 reported as deferred outflows of resources resulting from PSERS Plan OPEB contributions after the measurement date as a reduction of the PSERS Plan's total OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30

2026	\$ (50,000)
2027	(65,000)
2028	(75,000)
2029	(14,000)
2030	<u>1,000</u>
Total	<u>\$ (203,000)</u>

### ***Actuarial Assumptions***

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

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market value.
- Participation rate: The actual data for retirees benefiting under the PSERS 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 PSERS Plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0 %	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 PSERS Plan's total OPEB liability was 4.21%. Under the PSERS 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 PSERS 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 PSERS Plan’s total OPEB liability.

***Sensitivity to Change in Healthcare Cost Trend Rates***

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

The following presents the District's proportionate share of the PSERS Plan's net OPEB liability, as well as what the proportionate share of the PSERS Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
District's proportionate share of the PSERS Plan's net OPEB liability	<u>\$2,346,000</u>	<u>\$2,347,000</u>	<u>\$2,347,000</u>

***SENSITIVITY TO CHANGES IN DISCOUNT RATE***

The following presents the District's proportionate share of the PSERS Plan's net OPEB liability, as well as what the proportionate share of the PSERS Plan's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

	<u>1% Decrease</u> <u>3.21%</u>	<u>Current Rate</u> <u>4.21%</u>	<u>1% Increase</u> <u>5.21%</u>
District's proportionate share of the PSERS Plan's net OPEB liability	<u>\$2,651,000</u>	<u>\$2,347,000</u>	<u>\$2,092,000</u>

***OPEB Plan Fiduciary Net Position***

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

**12. CONTINGENCIES**

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

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

### **13. PROPRIETARY FUND DEFICIT**

The Food Service Fund has a fund deficit of \$125,812 at June 30, 2025. The deficit was the result of flat revenues not being able to cover the increased operating costs of the food service operation. The District entered into an agreement with a food service management company, beginning with the 2025-2026 school year, to control costs and alleviate the deficit. The District participates in the Community Eligibility Program which allows it to provide free breakfast and lunch to all students. This program is funded by state and federal subsidies based on meals served.

### **14. FUTURE ACCOUNTING STANDARDS**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This objective of the guidance is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. It also addresses certain application issues. Among other things, it limits the topics of discussion in the Management's Discussion and Analysis and requires explanations be provided for changes. It also requires the budgetary comparison information to be presented as required supplementary information (RSI) and that explanations of significant variances be presented as notes to the RSI. The District will adopt this guidance in 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This guidance requires certain types of capital assets (such as lease assets, intangible right-to-use assets, subscription assets and other intangible assets) to be disclosed separately in the capital asset footnote. It also adds additional disclosures for capital assets held for sale. The District will adopt this guidance in 2026.

**WESTERN WAYNE SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE PSERS NET PENSION LIABILITY  
YEARS ENDED JUNE 30  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the PSERS net pension liability	0.1328%	0.1302%	0.1328%	0.1349%	0.1288%	0.1287%	0.1271%	0.1227%	0.1243%	0.1130%
District's proportionate share of the PSERS net pension liability	<u>\$ 55,583</u>	<u>\$ 57,921</u>	<u>\$ 59,041</u>	<u>\$ 55,386</u>	<u>\$ 63,420</u>	<u>\$ 60,209</u>	<u>\$ 61,014</u>	<u>\$ 60,600</u>	<u>\$ 61,599</u>	<u>\$ 48,946</u>
District's covered employee payroll	<u>\$ 21,881</u>	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>	<u>\$ 16,102</u>	<u>\$ 14,535</u>
District's proportionate share of the PSERS net pension liability as a percentage of its covered employee payroll	<u>254.02%</u>	<u>274.78%</u>	<u>302.71%</u>	<u>290.09%</u>	<u>350.93%</u>	<u>339.32%</u>	<u>356.54%</u>	<u>371.03%</u>	<u>382.55%</u>	<u>336.75%</u>
PSERS plan fiduciary net position as a percentage of the PSERS total pension liability	<u>64.63%</u>	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>

**WESTERN WAYNE SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PSERS PENSION CONTRIBUTIONS  
YEARS ENDED JUNE 30  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PSERS contractually required contribution	\$ 7,203	\$ 6,975	\$ 6,906	\$ 6,683	\$ 6,361	\$ 6,017	\$ 5,763	\$ 5,493	\$ 4,821	\$ 3,940
Contributions in relation to the contractually required contribution	<u>(7,203)</u>	<u>(6,975)</u>	<u>(6,906)</u>	<u>(6,683)</u>	<u>(6,361)</u>	<u>(6,017)</u>	<u>(5,763)</u>	<u>(5,493)</u>	<u>(4,821)</u>	<u>(3,940)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 21,881</u>	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>	<u>\$ 16,102</u>	<u>\$ 14,535</u>
Contributions as a percentage of covered employee payroll	<u>32.92%</u>	<u>33.09%</u>	<u>35.41%</u>	<u>35.00%</u>	<u>35.20%</u>	<u>33.91%</u>	<u>33.68%</u>	<u>33.63%</u>	<u>29.94%</u>	<u>27.11%</u>

**WESTERN WAYNE SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE PSERS NET OPEB LIABILITY  
YEARS ENDED JUNE 30  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the PSERS net OPEB liability	0.1321%	0.1298%	0.1300%	0.1328%	0.1349%	0.1288%	0.1287%	0.1271%
District's proportionate share of the PSERS net OPEB liability	<u>\$ 2,347</u>	<u>\$ 2,348</u>	<u>\$ 2,441</u>	<u>\$ 3,192</u>	<u>\$ 2,783</u>	<u>\$ 2,737</u>	<u>\$ 2,650</u>	<u>\$ 2,500</u>
District's covered employee payroll	<u>\$ 21,881</u>	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>
District's proportionate share of the PSERS net OPEB liability as a percentage of its covered employee payroll	<u>10.73%</u>	<u>11.14%</u>	<u>12.52%</u>	<u>16.72%</u>	<u>15.40%</u>	<u>15.42%</u>	<u>15.49%</u>	<u>15.31%</u>
PSERS plan fiduciary net position as a percentage of the PSERS total OPEB liability	<u>7.13%</u>	<u>7.22%</u>	<u>6.86%</u>	<u>5.30%</u>	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

Information for years prior to 2018 is not available.

**WESTERN WAYNE SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PSERS OPEB CONTRIBUTIONS  
YEARS ENDED JUNE 30  
(UNAUDITED)  
(DOLLARS IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018
PSERS contractually required contribution	\$ 138	\$ 135	\$ 151	\$ 157	\$ 156	\$ 152	\$ 147	\$ 141
Contributions in relation to the contractually required contribution	<u>(138)</u>	<u>(135)</u>	<u>(151)</u>	<u>(157)</u>	<u>(156)</u>	<u>(152)</u>	<u>(147)</u>	<u>(141)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 21,881</u>	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>
Contributions as a percentage of covered employee payroll	<u>0.63%</u>	<u>0.64%</u>	<u>0.77%</u>	<u>0.82%</u>	<u>0.86%</u>	<u>0.86%</u>	<u>0.86%</u>	<u>0.86%</u>

Information for years prior to 2018 is not available.

**WESTERN WAYNE SCHOOL DISTRICT**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY - DISTRICT PLAN  
YEARS ENDED JUNE 30  
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 35,179	\$ 50,068	\$ 78,900	\$ 84,724	\$ 61,137	\$ 67,532	\$ 63,585	\$ 117,878
Interest	38,444	53,412	41,172	41,309	77,808	87,600	104,240	106,876
Change in benefit terms	-	-	-	(32,387)	-	-	-	(352,872)
Differences between expected and actual experience	-	(323,346)	-	(132,585)	-	(224,940)	-	(131,697)
Changes in assumptions	260	11,729	(347,886)	(41,722)	164,398	(41,970)	12,556	(9,374)
Benefit payments	(127,922)	(201,616)	(271,383)	(396,342)	(451,672)	(569,618)	(581,529)	(705,532)
Net change	(54,039)	(409,753)	(499,197)	(477,003)	(148,329)	(681,396)	(401,148)	(974,721)
Total OPEB liability, beginning	964,958	1,374,711	1,873,908	2,350,911	2,499,240	3,180,636	3,581,784	4,556,505
Total OPEB liability, ending	<u>\$ 910,919</u>	<u>\$ 964,958</u>	<u>\$ 1,374,711</u>	<u>\$ 1,873,908</u>	<u>\$ 2,350,911</u>	<u>\$ 2,499,240</u>	<u>\$ 3,180,636</u>	<u>\$ 3,581,784</u>
Covered employee payroll	<u>\$ 19,450,328</u>	<u>\$ 19,450,328</u>	<u>\$ 18,718,464</u>	<u>\$ 18,718,464</u>	<u>\$ 16,543,726</u>	<u>\$ 16,543,726</u>	<u>\$ 15,369,478</u>	<u>\$ 15,369,478</u>
Total OPEB liability as a percentage of covered employee payroll	<u>4.68%</u>	<u>4.96%</u>	<u>7.34%</u>	<u>10.01%</u>	<u>14.21%</u>	<u>15.11%</u>	<u>20.69%</u>	<u>23.30%</u>

The Plan is unfunded; therefore, total and net OPEB liability are the same.

Information for years prior to 2018 is not available.

**WESTERN WAYNE SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	PASS-THROUGH GRANTOR NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2024	REVENUES RECOGNIZED	FEDERAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2025
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Passed through the Pennsylvania Department of Education (PDE):								
Title 1 Grants to Local Education Agencies	013-230479	84.010	\$ 466,131	\$ 218,314	\$ 124,829	\$ 93,485	\$ 93,485	\$ -
Title 1 Grants to Local Education Agencies	013-240479	84.010	547,030	35,681	99,749	42,974	42,974	107,042
Title 1 Grants to Local Education Agencies	013-250479	84.010	538,550	179,725	-	404,141	404,141	224,416
Total				433,720	224,578	540,600	540,600	331,458
Supporting Effective Instruction State Grants	020-230479	84.367	70,170	18,339	18,339	-	-	-
Supporting Effective Instruction State Grants	020-240479	84.367	69,043	13,859	13,859	-	-	-
Supporting Effective Instruction State Grants	020-250479	84.367	72,815	53,134	-	72,815	72,815	19,681
Total				85,332	32,198	72,815	72,815	19,681
Student Support and Academic Enrichment	144-230479	84.424	38,164	1,809	1,809	-	-	-
Student Support and Academic Enrichment	144-250479	84.424	41,940	41,940	-	41,940	41,940	-
Total				43,749	1,809	41,940	41,940	-
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief Fund (ESSER)	223-210479	84.425U	3,869,657	387,303	338,659	48,644	48,644	-
COVID-19 ARP ESSER	225-210479	84.425U	300,760	23,526	17,829	5,697	5,697	-
COVID-19 ARP ESSER	181-212480	84.425W	15,834	13,804	(1,341)	15,145	15,145	-
Total				424,633	355,147	69,486	69,486	-
Special Education Cluster (IDEA):								
Passed through NEIU # 19:								
Special Education - Grants to States	N/A	84.027	586,765	586,765	508,814	77,951	77,951	-
Special Education - Grants to States	N/A	84.027	512,109	-	-	512,109	512,109	512,109
Special Education - Preschool Grants	N/A	84.173	85,673	85,673	39,560	46,113	46,113	-
Special Education - Preschool Grants	N/A	84.173	39,560	-	-	39,560	39,560	39,560
Total Special Education Cluster (IDEA)				672,438	548,374	675,733	675,733	551,669
Total U.S. Department of Education				1,659,872	1,162,106	1,400,574	1,400,574	902,808
<b>U.S. DEPARTMENT OF TREASURY</b>								
Passed through the Pennsylvania Commission on Crime and Delinquency								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	2023-CM-01-42824	21.027	122,361	32,778	32,778	67,345	67,345	67,345
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
Passed through the Pennsylvania Department of Human Services,								
Medical Assistance Program	N/A	93.778	81,066	78,442	9,121	81,066	81,066	11,745
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
Passed through PDE:								
Child and Adult Care Food Program	164	10.558	5,163	91	91	-	-	-
Child Nutrition Cluster:								
School Breakfast Program	365	10.553		298,432	41,292	300,194	300,194	43,054
National School Lunch Program	356	10.555		-	(346)	346	346	-
National School Lunch Program	362	10.555		801,107	97,706	814,117	814,117	110,716
Passed through the Pennsylvania Department of Agriculture,								
Food Donation	N/A	10.555	72,853	72,853	-	72,853	72,853	-
Total Child Nutrition Cluster				1,172,392	138,652	1,187,510	1,187,510	153,770
Total U.S. Department of Agriculture				1,172,483	138,743	1,187,510	1,187,510	153,770
TOTAL				\$ 2,943,575	\$ 1,342,748	\$ 2,736,495	\$ 2,736,495	\$ 1,135,668

See Notes to Schedule of Expenditures of Federal Awards

# WESTERN WAYNE SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2025

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### 1. BASIS OF PRESENTATION

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures, other than Child Nutrition Cluster expenditures, are reported on the Schedule on the modified accrual basis of accounting. Child Nutrition Cluster expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. If applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### 3. INDIRECT COST RATE

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

*Brian T. Kelly, CPA*  
*& Associates, LLC*

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

To the Board of Education of the  
Western Wayne School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Western Wayne School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in blue ink that reads "B. Kelly CPA & ASSOCIATES L.L.C.".

Carbondale, Pennsylvania  
February 18, 2026

*Brian T. Kelly, CPA*  
*& Associates, LLC*

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

To the Board of Education of the  
Western Wayne School District:

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

***Opinion on the Major Federal Program***

We have audited the Western Wayne School District's (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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of 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 the Major Federal Program***

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for 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.

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

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

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

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

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

## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

A handwritten signature in blue ink that reads "B. Kelly CPA & Associates L.L.C." The signature is written in a cursive style.

Carbondale, Pennsylvania  
February 18, 2026

**WESTERN WAYNE SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes    no
- Significant deficiency(ies) identified?                 yes    none reported

Noncompliance material to financial statements noted?

yes    no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?                     yes    no
- Significant deficiency(ies) identified?                 yes    none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes    no

WESTERN WAYNE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

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Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

10.553/10.555

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

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.