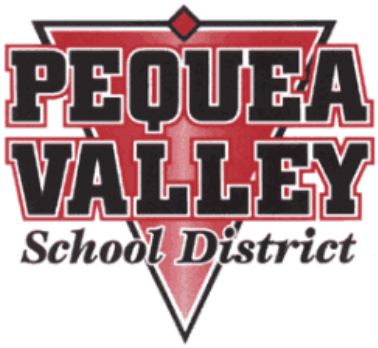


PEQUEA VALLEY SCHOOL DISTRICT
Kinzers, Pennsylvania
Lancaster County
Financial Statements
June 30, 2024
With Independent Auditor's Report

Pequea Valley School District
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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors of
Pequea Valley School District:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pequea Valley School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Pequea Valley School 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 activities, each major fund, and the aggregate remaining fund information of Pequea Valley School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller 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 Pequea Valley School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Pequea Valley School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pequea Valley School 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.

Other Matters

Report on Summarized Comparative Information

The Springfield School District's 2023 financial statements were previously audited by BBD, LLP, who joined WithumSmith+Brown, PC on April 1, 2024 and expressed unmodified audit opinions on those financial statements in their reported dated January 2, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability – PSERS and pension plan contributions – PSERS, schedule of changes in OPEB liability single employer plan and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions – PSERS on pages 4 through 14 and 48 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pequea Valley School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 DATE, on our consideration of Pequea Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Pequea Valley School District's internal control over financial reporting and compliance.

DATE

Management's discussion and analysis ("MD&A") of the financial performance of the Pequea Valley School District (the "District") provides an overview of the District's financial performance for fiscal year ended June 30, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of two elementary schools, one middle school and one high school consisting of approximately 1,411 students. The District covers 81 square miles 12 miles east of the City of Lancaster and is comprised of the Townships of Leacock, Paradise and Salisbury. During 2022-2024, there were 182 employees in the District, consisting of 128 teachers, 15 administrators, including general administration, principals and supervisors, and 39 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff, food service staff, technology staff, school monitors and staff nurses.

The mission of the District is to strive to create an "Ideal Learning Environment" that inspires each learner to excel.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District resulting in total net position at the close of the 2023-2024 fiscal year of $32,586,708. During the 2023-2024 fiscal year, the District had an increase in total net position of $10,835,621. The net position of governmental activities increased by $10,814,426 and the net position of the business-type activities increased by $21,195.

- The General Fund reported an increase in its fund balance of $7,146,427 bringing the cumulative balance to $32,633,969 at the conclusion of the 2023-2024 fiscal year.

- At June 30, 2024, the General Fund fund balance includes $28,950,000 committed to future capital projects, and unassigned amounts of $3,677,391 or 7.99% of the $45,997,746 2024-2025 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund fund balance of 8.00% of the following year's expenditure budget.

- Actual revenues and other financing sources were $4,355,385 more than budgeted amounts and actual expenditures and other financing uses were $3,242,466 less than budgeted amounts resulting in a net overall positive variance of $7,597,851.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional 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 the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

Business-Type Activities
The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

The governmental fund financial statements can be found on Pages 17 through 20 of this report.

Proprietary Funds
The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on Pages 21 through 23 of this report.

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

The notes to the financial statements can be found on Pages 24 through 47 of this report.

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

The required supplementary information can be found on Pages 48 through 53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2023-2024 fiscal year the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $32,586,708. The following table presents condensed information for the Statement of Net Position of the District at June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	$ 70,210,920	$ 104,394,986	$ 428,163	$ 415,873	$ 70,639,083	$ 104,810,859
Noncurrent assets	95,333,676	54,485,269	-	9,597	95,333,676	54,494,866
Total assets	165,544,596	158,880,255	428,163	425,470	165,972,759	159,305,725
Deferred outflows of resources						
Deferred charges - pensions	6,562,796	6,383,552	66,291	64,480	6,629,087	6,448,032
Deferred charges - OPEB	1,188,123	1,410,580	12,002	14,248	1,200,125	1,424,828
Total deferred outflows of resources	7,750,919	7,794,132	78,293	78,728	7,829,212	7,872,860
Liabilities						
Current liabilities	8,520,302	9,128,132	297	6,014	8,520,599	9,134,146
Noncurrent liabilities	128,772,074	131,744,966	447,359	454,391	129,219,433	132,199,357
Total liabilities	137,292,376	140,873,098	447,656	460,405	137,740,032	141,333,503
Deferred inflows of resources						
Deferred credits - pensions	1,582,020	1,993,860	15,980	20,140	1,598,000	2,014,000
Deferred credut - OPEB	1,858,459	2,059,195	18,772	20,800	1,877,231	2,079,995
Total deferred inflows of resources	3,440,479	4,053,055	34,752	40,940	3,475,231	4,093,995
Net position (deficit)						
Net investment in capital assets	40,533,460	38,452,757	-	9,597	40,533,460	38,462,354
Restricted	1,287,081	996,648	-	-	1,287,081	996,648
Unrestricted (deficit)	(9,257,881)	(17,701,171)	24,048	(6,744)	(9,233,833)	(17,707,915)
Total net position (deficit)	$ 32,562,660	$ 21,748,234	$ 24,048	$ 2,853	$ 32,586,708	$ 21,751,087

The District's total assets as of June 30, 2024 were $165,972,759 of which $67,253,405 or 40.52% consisted of cash and investments and $95,333,676 or 57.44% consisted of the District's investment in capital assets net of depreciation. The District's total liabilities as of June 30, 2024 were $137,740,032 of which $82,330,487 or 59.77% consisted of general obligation debt and $41,283,361 or 29.97% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of $9,257,881 at June 30, 2024. The District’s unrestricted net position increased by $8,474,082 during 2023-2024 primarily due to the current results of operations and the change in the actuarially determined net pension liability and related deferred outflows and inflows of resources.

A portion of the District's net position reflects its restricted net position which totaled $1,287,081 as of June 30, 2024. All of the District's restricted net position related to amounts restricted for capital expenditures.

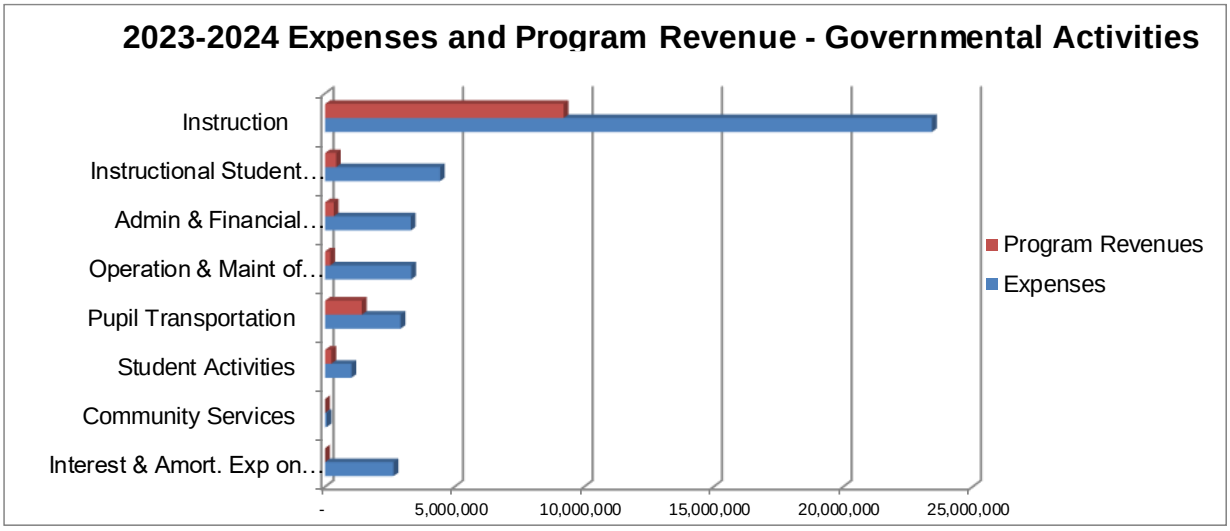
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2024, the District's net investment in capital assets, increased by $2,071,106 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with sources other than long-term debt.

The following table presents condensed information for the Statement of Activities of the District for 2024 and 2023:

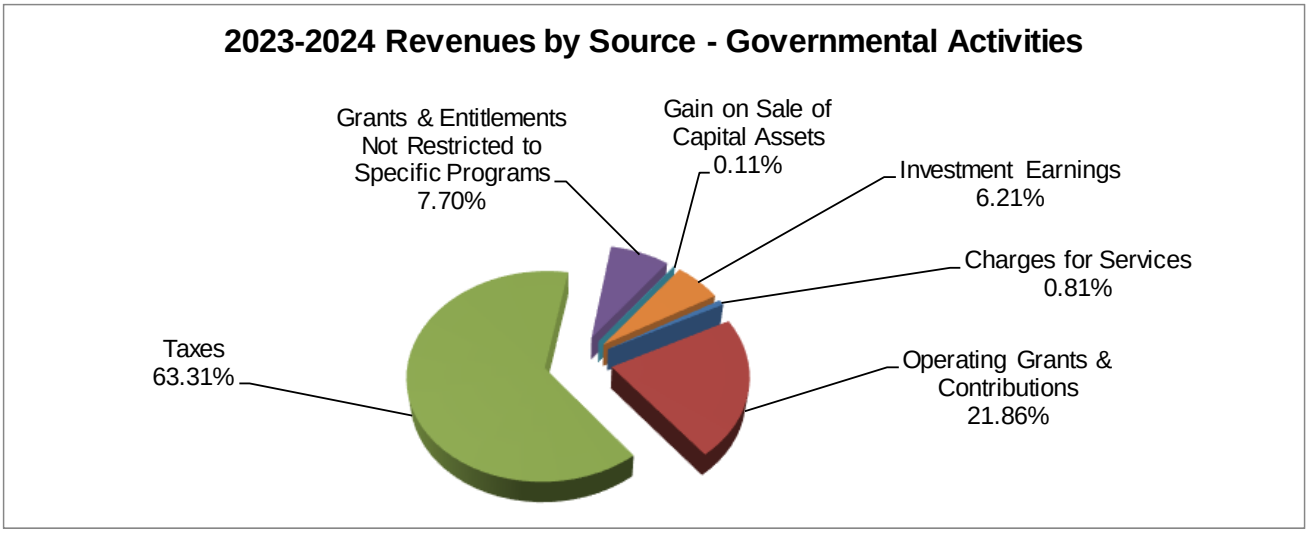
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 425,700	$ 344,001	$ 98,829	$ 184,689	$ 524,529	$ 528,690
Operating grants and contributions	11,396,760	10,796,374	801,977	719,120	12,198,737	11,515,494
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	29,218,415	27,821,283	-	-	29,218,415	27,821,283
Earned income taxes levied for general purposes	3,342,155	3,362,577	-	-	3,342,155	
Other taxes	449,205	546,582	-	-	449,205	546,582
Grants and entitlements not restricted to specific programs	4,017,443	3,771,942	-	-	4,017,443	3,771,942
Investment earnings	3,235,646	3,687,189	34,557	18,535	3,270,203	3,705,724
Gain (loss) on sale of capital assets	56,823	51,155	-	-	56,823	51,155
Total revenues	52,142,147	50,381,103	935,363	922,344	53,077,510	47,940,870
Expenses						
Instruction	23,429,349	22,833,612	-	-	23,429,349	22,833,612
Instructional student support services	4,433,510	4,301,497	-	-	4,433,510	4,301,497
Administrative and financial support services	3,307,926	3,284,135	-	-	3,307,926	3,284,135
Operation and maintenance of plant services	3,525,173	3,690,209	-	-	3,525,173	3,690,209
Pupil transportation	2,910,214	2,868,094	-	-	2,910,214	2,868,094
Student activities	1,015,771	1,060,091	-	-	1,015,771	1,060,091
Community services	62,896	75,818	-	-	62,896	75,818
Interest and amortization expense related to noncurrent liabilities	2,640,177	2,625,660	-	-	2,640,177	2,625,660
Food service	-	-	916,873	844,563	916,873.00	844,563
Total expenses	41,325,016	40,739,116	916,873	844,563	42,241,889	41,583,679
Change in net position before transfers	10,817,131	9,641,987	18,490	77,781	10,835,621	9,719,768
Transfers	(2,705)	(6,190)	2,705	6,190	-	-
Change in net position	$ 10,814,426	$ 9,635,797	$ 21,195	$ 83,971	$ 10,835,621	$ 9,719,768

Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. The property tax base of the District is predominantly agricultural and residential, with some manufacturing and commercial industry.

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



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



GOVERNMENTAL FUNDS

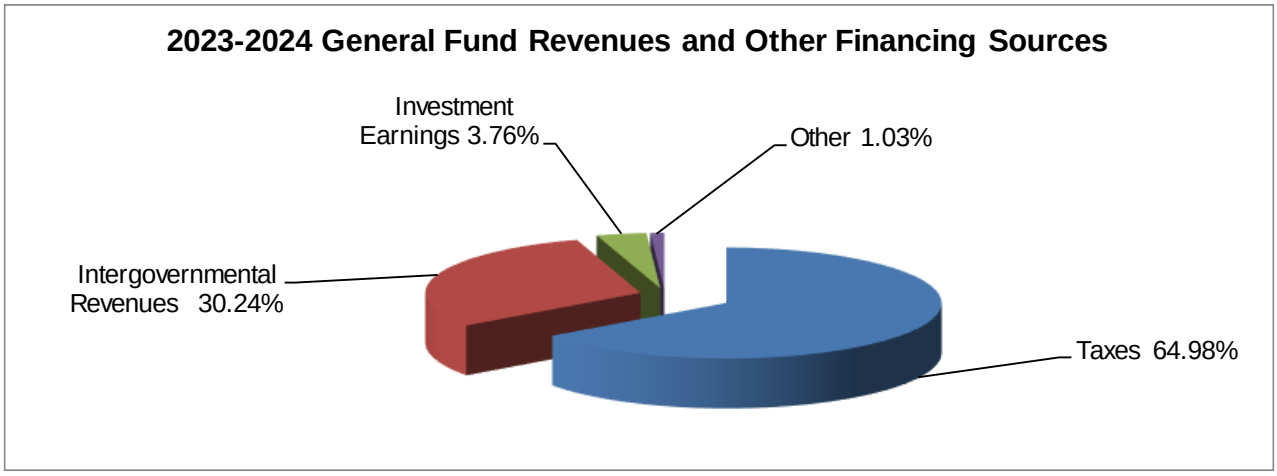
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2024, the District's governmental funds reported a combined fund balance of $61,704,372 which is a decrease of $33,555,564 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2024 and 2023 and the total 2024 change in governmental fund balances.

	2024	2023	$ Change
General fund	$ 32,633,969	$ 25,487,542	$ 7,146,427
Capital projects fund	27,783,322	68,775,746	(40,992,424)
Capital projects fund	1,287,081	996,648	290,433
	$ 61,704,372	$ 95,259,936	$ (33,555,564)

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2023-2024 fiscal year, the General Fund fund balance was $32,633,969, which is an increase of $7,146,427 from the prior year. The results of the District's General Fund is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023-2024 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 64.98% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2024	2023	$ Change	% Change
Taxes revenues	$ 33,037,620	$ 31,698,549	$ 1,339,071	4.22%
Intergovernmental revenues	15,373,369	14,521,640	851,729	5.87%
Investment earnings	1,910,358	1,048,060	862,298	82.28%
Other	523,357	441,833	81,524	18.45%
	$ 50,844,704	$ 47,710,082	$ 3,134,622	6.57%

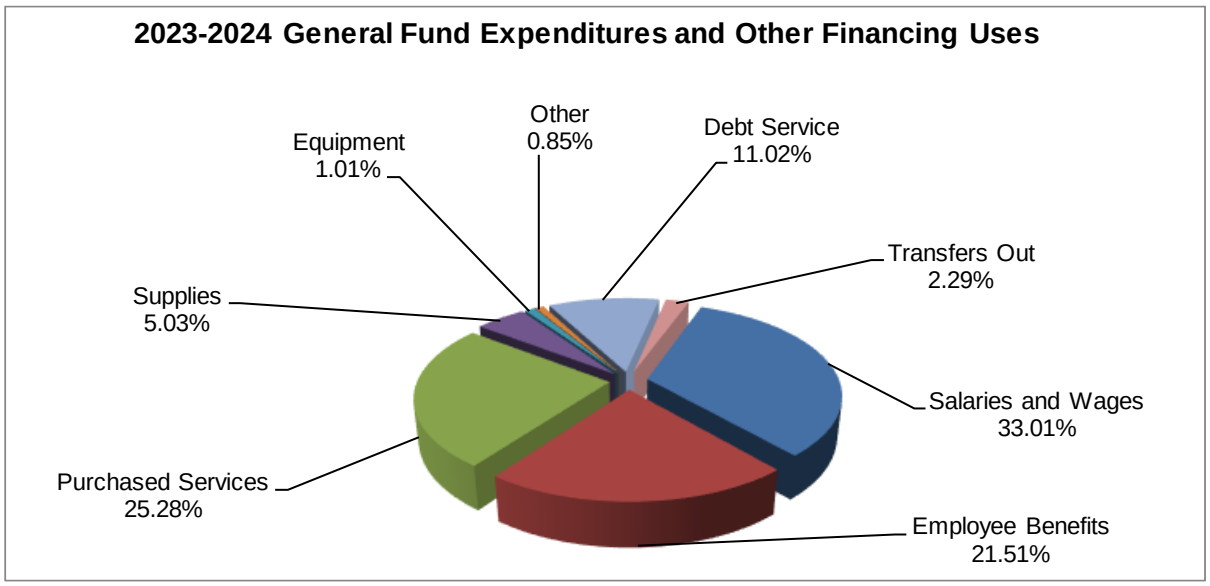
Net tax revenues increased by $1,339,071 or 4.22% due to several factors. A millage increase of 3.95% in 2023-2024, an increase in real estate assessed value and increases in collections for earned income taxes accounted for a majority of the current year increase in tax revenue, which indicates an improvement to the economy of our local community. The following table summarizes the changes in the District's tax revenues for 2024 compared to 2023:

	2024	2023	$ Change	% Change
Real estate tax	$ 28,148,851	$ 26,724,816	$ 1,424,035	5.33%
Interim real estate tax	225,875	249,113	(23,238)	-9.33%
PURTA tax	26,795	28,225	(1,430)	-5.07%
Earned income tax	3,342,155	3,362,577	(20,422)	-0.61%
Transfer tax	422,410	518,357	(95,947)	-18.51%
Deliquent tax	871,534	815,461	56,073	6.88%
	$ 33,037,620	$ 31,698,549	$ 1,339,071	4.22%

Intergovernmental revenues increased primarily due to increases in state grant allocations from the Pennsylvania Department of Education.

Investment earnings increased commensurate with increase in interest rates.

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



General Fund Expenditures and Other Financing Uses

	2024	2023	$ Change	% Change
Salaries and wages	$ 14,425,302	$ 14,114,573	$ 310,729	2.20%
Employee benefits	9,397,192	9,159,891	237,301	2.59%
Purchased services	11,046,433	11,176,525	(130,092)	-1.16%
Supplies	2,198,304	2,125,016	73,288	3.45%
Equipment	442,637	425,023	17,614	4.14%
Other	371,531	352,838	18,693	5.30%
Debt service	4,814,173	5,366,269	(552,096)	-10.29%
Transfers out	1,002,705	6,190	996,515	16098.79%
	$ 43,698,277	$ 42,726,325	$ 971,952	2.27%

Salaries and wages increased by $310,729 or 2.20% in 2023-2024 compared to 2022-2023 as a result scheduled salary increases within the District's collective bargaining agreement negotiated with the professional employee group and salary increases for other employee groups.

Employee benefits increased by $237,301 or 2.59% due to an increase in PSERS retirement costs and payroll taxes commensurate with the increase in salaries and wages.

Debt service decreased by $552,096 or 10.29% commensurate with debt service maturities on general obligation debt.

Transfers out in 2023-2024 largely consist of a transfer to the capital reserve fund in the amount of $1 million.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2024-2023, the Capital Projects Fund reported a decrease in fund balance of $40,992,424 primarily due to capital expenditures from previously issued general obligation debt primarily related to the construction in progress for the new middle/high school. The remaining fund balance of $27,783,322 as of June 30, 2024 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were $4,355,385 more than budgeted amounts and actual expenditures and other financing uses were $3,242,466 less than budgeted amounts resulting in a net overall positive variance of $7,597,851. Major budgetary highlights for 2023-2024 were as follows:

- Actual local revenues received were $2,748,826 more than budgeted amounts primarily due to more than expected collections for earned income taxes and more than expected investment income.
- Total instructional expenditures were $655,211 less than budgeted amounts primarily due to less than budgeted expenditures for special education services.
- Instructional staff services were $437,669 less than budgeted amounts due to less than budgeted expenditures for equipment replacement and salaries.

- Other financing sources and uses were $2,327,063 less than budget because the District did not transfer entire budgeted amount to the capital reserve fund.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2023-2024, the net position of the business-type activities and Food Service Fund increased by $21,195. As of June 30, 2024, the business-type activities and Food Service Fund had net position of $24,048.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to $95,333,676 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, right-to-use lease and subscription assets and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was $41,591,983 or 74.94%. The increase was the result of current year capital additions in excess of depreciation expense.

Current year capital expenditures were $43,105,856 and depreciation expense and the net book value of disposed capital assets were $2,257,449. The major capital addition for 2023-2024 was construction in progress for the new middle/high school totaling $42,275,313.

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $82,330,487 consisting of $78,500,000 in bonds payable and net deferred credits of $3,830,487. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by $2,085,668 or 2.47% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District was $107,639,547 as of June 30, 2024.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("PSERS"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $41,283,361 as of June 30, 2024. The District's net pension liability decreased by $730,131 or 1.74% during the fiscal year.

The District maintains an AA rating from Standard and Poor's.

The District reports a liability for its other post-employment benefits ("OPEB") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District’s OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $3,448,491 as of June 30, 2024. The District’s OPEB liability increased by $22,872 or 0.67% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for accrued retirement bonuses, compensated absences, leases payable and subscriptions payable which totaled $2,157,094 as of June 30, 2024. These liabilities decreased by $186,997 or 7.98% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While the District continues to be strong financially, there continues to be concerns regarding the economic and political outlook for the state and the local community. As the preceding information shows, the District maintains a healthy investment in capital assets to support and provide comprehensive educational services. The District also considers future implications of current and ongoing financial obligations and prudently manages its financial assets. Strong academic performance is supported by reasonable and competitive per pupil spending. Balanced payment schedules on existing debt obligations should mean steady tax implications in the future.

The District adopted a balanced 2024-2025 budget totaling $45,997,746, which includes a tax increase of 0.488 mills or 3.0%.

The District is in the process of constructing a new middle/high school building to be located in the center of the current intermediate/high school campus with a total project cost of approximately $92 million. Base bids were awarded totaling approximately $78 million in August 2022 and construction substantially commenced in 2023. The target date for substantial completion is December 2025. The District continues to evaluate its options for the two existing intermediate/high school buildings based on cost considerations which will be partially raised and renovated.

As we have seen throughout the nation, the economic situation is having an effect on the public sector. Challenges face many school districts in Pennsylvania on a number of issues. With the passage of Act 1 of 2006, our District is faced with a cap on the amount of money that can be funded from a property tax increase without voter referendums. This cap is based upon a percentage calculated and provided by the Pennsylvania Department of Education. While some exceptions may apply that would allow for a tax increase in excess of the index, the District will face pressure to keep tax increases at or below the allowable increase for the foreseeable future. In addition, recent legislation has severely hampered the potential benefits of using special exceptions in future years. Another implication of the new law includes earlier budgetary planning cycles.

In addition to meeting Pennsylvania Academic Standards for school districts, there is the additional challenge of the Every Student Succeeds Act ("ESSA") mandate imposed by the Federal government. This legislation replaced the No Child Left Behind ("NCLB") and has far-reaching requirements on academic performance, adequate yearly progress, teacher qualifications and training, disaggregation of student achievement data, and extensive reporting to the community. It will require a continued, and possibly greater, emphasis on investment in technology, staff development and communication to comply with the requirements of ESSA.

Many school districts face the common problem of escalating costs for employee benefits, particularly the retirement expenses of the Public School Employees' Retirement System ("PSERS") system and, as in the case for our District, self-insured medical costs. Both of these costs are set by outside influences and, therefore, are not discretionary costs that can be controlled by District management.

Market performance of the invested PSERS funds have resulted in estimated increases that will affect our employer contributions for years to come. While the actual effect of the current market has yet to be determined, higher employer costs in the short term and dramatically higher rates in the future are being planned for by the District through the use of a committed fund balance integrated with millage increases. This condition continues to have an alarming effect on school district budgeting across the Commonwealth. The portion of funds committed in the District's fund balance to be used to contain the projected increases in the employer share of PSERS will not be enough to alleviate the problem, but it will allow the District to prudently plan for any potential changes. The District is fortunate to have anticipated the looming crisis and fortunate to have committed funds to help lessen the dramatic impact that other school districts may experience.

The costs of medical benefits will continue to have an effect on the District budget, as the District continues to offer a competitive benefits package to employees through the District's self-insured plan. The District continues to implement various strategies to lower the pace of medical inflation. The current collective bargaining agreement, which expires June 30, 2025, will continue to provide some relief to these costs through a qualified high deductible health plan that is combined with a health savings account.

Maintaining an appropriate physical environment for learning requires investment in the construction, expansion, and renovation of school facilities. This is a well-planned and ongoing process in our District, accompanied by constant monitoring of enrollment trends and financial implications for the District. In fact, Crabtree, Rohrbaugh & Associates is performing a study of the demographics and community growth patterns in the District including aggregate projections of public school enrollments by grade. Crabtree, Rohrbaugh & Associates will then update their previous District-wide facility study, which assesses the current conditions of the buildings and to provide options for renovations and/or additions to the existing school facilities to accommodate future enrollment and/or program needs.

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

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief of Finance and Operations, Pequea Valley School District, 166 South New Holland Road, P.O. Box 130, Kinzers, PA 17535.

Pequea Valley School District
Statement of Financial Position
June 30, 2024 with Summarized Comparative Totals for 2023

	Governmental Activities	Business-type Activities	Totals 2024	Totals 2023
Assets and Deferred Outflows of Resources				
Current assets				
Cash	$ 32,255,735	$ 857,662	$ 33,113,397	$ 67,132,598
Cash held in escrow	3,063,294	-	3,063,294	4,179,750
Investments	31,076,714	-	31,076,714	30,703,552
Taxes receivable	1,093,703	-	1,093,703	1,187,895
Internal balances	462,802	(462,802)	-	-
Due from other governments	2,112,806	990	2,113,796	1,409,151
Other receivables	139,288	1,227	140,515	168,237
Prepaid expenses	6,578	-	6,578	1,603
Inventories	-	31,086	31,086	28,073
Total current assets	70,210,920	428,163	70,639,083	104,810,859
Noncurrent assets				
Capital assets, net	95,333,676	-	95,333,676	54,494,866
Total assets	165,544,596	428,163	165,972,759	159,305,725
Deferred outfows of resources				
Deferred charges OPEB - single employer	897,963	9,071	907,034	984,458
Deferred charges on proportionate share of OPEB-PSERS	290,160	2,931	293,091	440,370
Deferred charges on proportionate share of pension-PSERS	6,562,796	66,291	6,629,087	6,448,032
Total deferred outflows of resources	7,750,919	78,293	7,829,212	7,872,860
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Accounts payable	3,905,926	-	3,905,926	3,776,663
Accrued salaries, payroll withholdings and benefits	3,130,562	297	3,130,859	2,875,026
Due to other governments	948,078	-	948,078	1,006,717
Accrued interest payable	348,922	-	348,922	356,095
Unearned revenues	186,814	-	186,814	1,119,645
Other liabilities	-	-	-	-
Total current liabilities	8,520,302	297	8,520,599	9,134,146
Noncurrent liabilities				
Due within one year	2,096,611	-	2,096,611	2,224,718
Due in more than one year	126,675,463	447,359	127,122,822	129,974,639
Total noncurrent liabilities	128,772,074	447,359	129,219,433	132,199,357
Total liabilities	137,292,376	447,656	137,740,032	141,333,503

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Statement of Financial Position
June 30, 2024 with Summarized Comparative Totals for 2023

Deferred inflows of resources				
Deferred credits OPEB - single employer	1,450,579	14,652	1,465,231	1,600,995
Deferred credits on proportionate share of OPEB-PSERS	407,880	4,120	412,000	479,000
Deferred credits on proportionate share of pension-PSERS	1,582,020	15,980	1,598,000	2,014,000
Total deferred inflows of resources	3,440,479	34,752	3,475,231	4,093,995
Net position				
Net investment in capital assets	40,533,460	-	40,533,460	38,462,354
Restricted	1,287,081	-	1,287,081	996,648
Unrestricted (deficit)	(9,257,881)	24,048	(9,233,833)	(17,707,915)
Total net position	$ 32,562,660	$ 24,048	$ 32,586,708	$ 21,751,087

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Statement of Activities
Year Ended June 30, 2024 with Summarized Comparative Totals for 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for	Operating Grants and	Capital Grants and			Totals	
	Expenses	Services	Contributions	Contributions	Governmental Activities	Business-type Activities	2024	2023
Governmental activities								
Instruction	$ 23,429,349	$ 246,149	$ 8,961,683	$ -	$ (14,221,517)	$ -	$ (14,221,517)	$ (13,853,088)
Instructional student support	4,433,510	-	423,105	-	(4,010,405)	-	(4,010,405)	(3,946,423)
Administrative and financial support services	3,307,926	-	333,280	-	(2,974,646)	-	(2,974,646)	(3,009,165)
Operation and maintenance of plant services	3,525,173	39,006	157,756	-	(3,328,411)	-	(3,328,411)	(3,488,513)
Pupil transportation	2,910,214	-	1,417,719	-	(1,492,495)	-	(1,492,495)	(1,745,929)
Student activities	1,015,771	140,545	103,217	-	(772,009)	-	(772,009)	(854,145)
Community services	62,896	-	-	-	(62,896)	-	(62,896)	(75,818)
Interest and amortization expense related to noncurrent liabilities	2,640,177	-	-	-	(2,640,177)	-	(2,640,177)	(2,625,660)
Total governmental activities	41,325,016	425,700	11,396,760	-	(29,502,556)	-	(29,502,556)	(29,598,741)
Business-type activities								
Food service	916,873	98,829	801,977	-	-	(16,067)	(16,067)	59,246
Total primary government	$ 42,241,889	$ 524,529	$ 12,198,737	$ -	(29,502,556)	(16,067)	(29,518,623)	(29,539,495)
General revenues								
Property taxes levied for general purposes					29,218,415	-	29,218,415	27,821,283
Earned income taxes levied for general purposes					3,342,155	-	3,342,155	3,362,577
Other taxes					449,205	-	449,205	546,582
Grants and entitlements not restricted to specific programs					4,017,443	-	4,017,443	3,771,942
Gain (loss) on sale of capital assets					56,823	-	56,823	51,155
Investment earnings					3,235,646	34,557	3,270,203	3,705,724
Transfers					(2,705)	2,705	-	-
Total general revenues and transfers					40,316,982	37,262	40,354,244	39,259,263
Change in net position					10,814,426	21,195	10,835,621	9,719,768
Net position								
Beginning of year					21,748,234	2,853	21,751,087	12,031,319
End of year					$ 32,562,660	$ 24,048	$ 32,586,708	$ 21,751,087

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Balance Sheet – Governmental Funds
June 30, 2024 with Summarized Comparative Totals for 2023

	Major Funds			Totals	
	General Fund	Capital Projects Fund	Capital Reserve Fund	2024	2023
Assets					
Cash	$ 31,749,562	$ 83,251	$ 422,922	$ 32,255,735	$ 66,343,787
Cash held in escrow	3,063,294	-	-	3,063,294	4,179,750
Investments	-	31,076,714	-	31,076,714	30,703,552
Taxes receivable	1,093,703	-	-	1,093,703	1,187,895
Due from other funds	462,802	98,428	1,121,774	1,683,004	595,651
Due from other governments	2,112,806	-	-	2,112,806	1,336,285
Other receivables	133,499	5,789	-	139,288	168,237
Prepaid items	6,578	-	-	6,578	1,603
Total assets	$ 38,622,244	$ 31,264,182	$ 1,544,696	$ 71,431,122	$ 104,516,760
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 387,653	$ 3,359,086	$ 159,187	$ 3,905,926	$ 3,776,492
Due to other funds	1,000,000	121,774	98,428	1,220,202	121,774
Accrued salaries, payroll withholdings and benefits	3,130,562	-	-	3,130,562	2,874,794
Due to other governments	948,078	-	-	948,078	1,006,717
Unearned revenues	186,814	-	-	186,814	1,114,034
Other liabilities	-	-	-	-	-
Total liabilities	5,653,107	3,480,860	257,615	9,391,582	8,893,811
Deferreed inflows of resources					
Unavailable revenues - property taxes	335,168	-	-	335,168	363,013
Fund balances					
Nonspendable					
Prepaid items	6,578	-	-	6,578	1,603
Restricted for					
Capital projects	-	27,783,322	1,287,081	29,070,403	69,772,394
Committed to					
Future healthcare increases	-	-	-	-	3,500,000
Future capital projects	29,300,000	-	-	29,300,000	19,800,000
Assigned for future capital projects	-	-	-	-	-
Unassigned	3,327,391	-	-	3,327,391	2,185,939
Total fund balances	32,633,969	27,783,322	1,287,081	61,704,372	95,259,936
Total liabilities, deferred inflows of resources and fund balances	$ 38,622,244	$ 31,264,182	$ 1,544,696	$ 71,431,122	$ 104,516,760

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities on the Statement of Net Position
June 30, 2024

TOTAL GOVERNMENTAL FUND BALANCES	$	61,704,372
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.		95,333,676
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.		4,310,440
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.		335,168
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.		(348,922)
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.		(128,772,074)
	$	32,562,660

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024 with Summarized Comparative Totals for 2023

	Major Funds			Totals	
	General Fund	Capital Projects Fund	Capital Reserve Fund	2024	2023
Revenues					
Local sources	$ 35,450,638	$ 1,277,100	$ 48,188	$ 36,775,926	$ 35,799,662
State sources	9,624,255	-	-	9,624,255	8,861,205
Federal sources	5,712,988	-	-	5,712,988	5,637,189
Total revenues	50,787,881	1,277,100	48,188	52,113,169	50,298,056
Expenditures					
Current					
Instruction	22,830,303	-	-	22,830,303	22,916,498
Support services	13,939,885	113,185	722,645	14,775,715	13,718,728
Operation of noninstructional services	1,053,316	-	-	1,053,316	1,371,700
Facilities acquisition, construction and improvement services	-	42,156,339	35,110	42,191,449	17,930,829
Debt service	4,814,173	-	-	4,814,173	5,366,269
Total expenditures	42,637,677	42,269,524	757,755	85,664,956	61,304,024
Excess (deficiency) of revenues over (under) expenditures	8,150,204	(40,992,424)	(709,567)	(33,551,787)	(11,005,968)
Other financing sources (uses)					
Sale of/compensation for capital assets	56,823	-	-	56,823	51,155
Insurance recoveries	-	-	-	-	-
Refund of prior year receipts	(57,895)	-	-	(57,895)	(10,978)
Proceeds from lease and subscription right-to-use arrangements	-	-	-	-	409,687
Proceeds from issuance of bonds payable	-	-	-	-	-
Transfers in	-	-	1,000,000	1,000,000	-
Transfers out	(1,002,705)	-	-	(1,002,705)	(6,190)
Total other financing sources (uses)	(1,003,777)	-	1,000,000	(3,777)	443,674
Net change in fund balances	7,146,427	(40,992,424)	290,433	(33,555,564)	(10,562,294)
Fund balances					
Beginning of year	25,487,542	68,775,746	996,648	95,259,936	105,822,230
End of year	$ 32,633,969	$ 27,783,322	$ 1,287,081	$ 61,704,372	$ 95,259,936

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities on the Statement of Activities
Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (33,555,564)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and the net book value of disposed capital assets in the current period.		
Capital outlay expenditures	$ 43,105,856	
Net book value of disposed capital assets	(1,306)	
Depreciation expense	(2,256,143)	40,848,407
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount in the current period.		
Deferred inflows of resources June 30, 2023	(363,013)	
Deferred inflows of resources June 30, 2024	335,168	(27,845)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of bonds payable	1,815,000	
Repayment of leases and subscription right-to-use arrangements	139,052	
Amortization of bond discounts and premiums	270,668	2,224,720
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.		
Current year change in accrued interest payable	7,173	
Change in net pension liability and related deferred inflows and outflows	1,313,914	
Current year change in accrued retirement bonuses	55,775	
Current year change in compensated absences	(7,830)	
Current year change in net post-employment benefit (OPEB) liability and related deferred inflows and outflows	(44,324)	1,324,708
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 10,814,426

The Notes to Financial Statements are an integral part of this statement.

Pequea Valley School District
Statement of Net Position - Proprietary Funds
June 30, 2024 with Summarized Comparative Totals for 2023

	Major Fund	Totals	
	Food Service Fund	2024	2023
Assets and Deferred Outflows of Resources			
Current assets			
Cash	$ 857,662	$ 857,662	$ 788,811
Investments	-	-	-
Other receivables	1,227	1,227	-
Due from other governments	990	990	72,866
Inventories	31,086	31,086	28,073
Total current assets	890,965	890,965	889,750
Noncurrent assets			
Capital assets, net	-	-	9,597
Total assets	890,965	890,965	899,347
Deferred outflows of resources			
Deferred charges OPEB - single employer	9,071	9,071	9,844
Deferred charges on proportionate share of OPEB - PSERS	2,931	2,931	4,404
Deferred charges on proportionate share of pension - PSERS	66,291	66,291	64,480
Total deferred outflows of resources	78,293	78,293	78,728
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	-	-	171
Accrued salaries, payroll withholdings and benefits	297	297	232
Due to other funds	462,802	462,802	473,877
Unearned revenue	-	-	5,611
Total current liabilities	463,099	463,099	479,891
Noncurrent liabilities			
Net pension liability - PSERS	412,834	412,834	420,135
Net OPEB liability - PSERS	16,717	16,717	17,340
Net OPEB liability - single employer	17,808	17,808	16,916
Total noncurrent liabilities	447,359	447,359	454,391
Total liabilities	910,458	910,458	934,282
Deferred inflows of resources			
Deferred credits OPEB - single employer	14,652	14,652	16,010
Deferred credits on proportionate share of OPEB - PSERS	4,120	4,120	4,790
Deferred credits on proportionate share of pension - PSERS	15,980	15,980	20,140
Total deferred inflows of resources	34,752	34,752	40,940
Net position (deficit)			
Net investment in capital assets	-	-	9,597
Unrestricted (deficit)	24,048	24,048	(6,744)
Total net position (deficit)	$ 24,048	$ 24,048	$ 2,853

The Notes to Financial Statements are an integral part of this statement.

Generic Company, Inc.
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2024 with Summarized Comparative Totals for 2023

	Major Fund	Totals	
	Food Service Fund	2024	2023
Operating revenues			
Food service revenue	$ 98,829	$ 98,829	$ 184,689
Charges for services	-	-	-
	98,829	98,829	184,689
Operating expenses			
Salaries	126,113	126,113	142,210
Employee benefits	76,388	76,388	102,010
Purchased professional and technical services	282,210	282,210	231,292
Purchased property services	20,267	20,267	12,116
Other purchased services	946	946	4,551
Supplies	401,352	401,352	333,190
Depreciation	9,597	9,597	19,194
Total operating expenses	916,873	916,873	844,563
Operating loss	(818,044)	(818,044)	(659,874)
Nonoperating revenues (expenses)			
Earnings on investments	34,557	34,557	18,535
State sources	92,022	92,022	91,544
Federal sources	709,955	709,955	627,576
Total nonoperating revenues (expenses)	836,534	836,534	737,655
Change in net position before transfers	18,490	18,490	77,781
Transfers	2,705	2,705	6,190
Change in net position (deficit)	21,195	21,195	83,971
Net position (deficit)			
Beginning of year	2,853	2,853	(81,118)
End of year	$ 24,048	$ 24,048	$ 2,853

The Notes to Financial Statements are an integral part of this statement.

Generic Company, Inc.
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2024 with Summarized Comparative Totals for 2023

	Major Fund	Totals	
	Food Service Fund	2024	2023
Operating activities			
Cash received from charges for services	$ 91,991	$ 91,991	$ 168,226
Cash payments to employees for services	(226,297)	(226,297)	(241,157)
Cash payments to suppliers for goods and services	(663,951)	(663,951)	(541,516)
Net cash provided by (used in) operating activities	(798,257)	(798,257)	(614,447)
Noncapital financing activities			
State sources	100,269	100,269	86,440
Federal sources	729,577	729,577	624,227
Transfers in	2,705	2,705.00	6,109
Net cash provided by noncapital financing activities	832,551	832,551	716,776
Investing activities			
Earnings on investments	34,557	34,557	18,535
Net sale (purchase) of investments	-	-	-
Net cash provided by investing activities	34,557	34,557	18,535
Net change in cash	68,851	68,851	120,864
Cash			
Beginning of year	788,811	788,811	667,947
End of year	$ 857,662	$ 857,662	$ 788,811
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	$ (818,044)	$ (818,044)	$ (659,874)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Depreciation	9,597	9,597	19,194
Donated commodities used	44,007	44,007	41,360
(Increase) decrease in			
Due from other funds	-	-	-
Other receivables	(1,227)	(1,227)	-
Inventories	(3,012)	(3,012)	(1,437)
Deferred outflows of resources	435	435	16,772
Increase (decrease) in			
Accounts payable	(171)	(171)	(290)
Accrued salaries, payroll withholdings and benefits	64	64	(496)
Due to other funds	(11,075)	(11,075)	39,456
Unearned revenues	(5,611)	(5,611)	(16,463)
Deferred inflows of resources	(6,188)	(6,188)	(49,060)
Net pension liability	(7,301)	(7,301)	13,135
Net OPEB liability	269	269	(16,744)
Net cash provided by (used in) operating activities	$ (798,257)	$ (798,257)	$ (614,447)
Supplemental disclosure			
Noncash noncapital financing activity			
USDA donated commodities	$ 44,007	$ 44,007	$ 41,360

The Notes to Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pequea Valley School District (the "District") operates two elementary schools, one middle school and one high school to provide education and related services to the residents in the Townships of Leacock, Paradise and Salisbury. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "School Board").

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

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

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

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

The Capital Reserve Fund accounts for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

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

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

The Internal Service Fund is used to account for the District's self-funded health insurance program. The Internal Service fund was closed during the year ended June 30, 2023.

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

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

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

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

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

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

The County Board of Assessments determines assessed valuations of property and the Lancaster County Tax Collection Bureau bills and collects the District's property taxes. The tax on real estate for public school purposes for fiscal 2023-2024 was 16.2980 mills ($16.298 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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

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

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

Capital Assets
Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $4,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: land improvements – 20 years; buildings and improvements – 20-40 years; furniture and equipment – 5-12 years; and vehicles – 5-10 years.

Impairment of Long-Lived Assets
The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2024.

Compensated Absences
District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

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

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

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

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

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

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

Assigned
Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Chief of Finance and Operations or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

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

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

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

Comparative Data
Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

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

Implementation of New Accounting Pronouncements
Effective July 1, 2023, the District adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections.*

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

New Accounting Pronouncements
GASB Statement No. 101, *Compensated Absences,* will be effective for the District for the year ended June 30, 2025. GASB Statement No. 101 will update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

3. DEPOSITS AND INVESTMENTS

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the District's deposits was $36,176,690 and the bank balance was $36,879,175. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $250,000 was covered by federal depository insurance and $9,759,456 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net assets value of $1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2024, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

Cash Held in Escrow

The District was required by Leacock Township to obtain a letter or credit for 100% of the estimated construction costs for the completion of stormwater facilities for the construction of the new middle/high school. The letter of credit is in an account with a financial institution in the name of the District and totaled $3,063,294 as of June 30, 2024. As construction is completed the letter of credit will be reduced.

Investments

At June 30, 2024, the District had the following investments:

Investments due within one year –	
U.S. Treasury and agency securities	$31,076,714

U.S. Treasury and agency securities were valued using Level 2 inputs.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2024.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal and state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 598,048	$ -	$ -	$ 598,048
Construction in progress	22,484,145	42,717,975	370,482	64,831,638
Total capital assets not being depreciated	23,082,193	42,717,975	370,482	65,429,686
Capital assets being depreciated				
Land improvements	2,436,177	-	-	2,436,177
Buildings and improvements	67,403,002	400,422	-	67,803,424
Right-to-use lease assets	344,053	-	-	344,053
Right-to-use subscription assets	317,935	-	-	317,935
Furniture and equipment	7,316,912	217,154	89,453	7,444,613
Vehicles	366,914	140,787	73,324	434,377
Total capital assets being depreciated	78,184,993	758,363	162,777	78,780,579
Less accumulated depreciation for				
Land improvements	(1,684,134)	(92,738)	-	(1,776,872)
Buildings and improvements	(39,030,686)	(1,715,254)	-	(40,745,940)
Right-to-use lease assets	(237,108)	(76,013)	-	(313,121)
Right-to-use subscription assets	(90,533)	(63,753)	-	(154,286)
Furniture and equipment	(5,462,629)	(290,907)	(88,147)	(5,665,389)
Vehicles	(276,827)	(17,478)	(73,324)	(220,981)
Total accumulated depreciation	(46,781,917)	(2,256,143)	(161,471)	(48,876,589)
Total capital assets being depreciated, net	31,403,076	(1,497,780)	1,306	29,903,990
Governmental activities, net	$ 54,485,269	$ 41,220,195	$ 371,788	$ 95,333,676
Business-type activities				
Capital assets being depreciated				
Machinery and equipment	$ 775,870	$ -	$ -	$ 775,870
Less: Accumulated depreciation	(766,273)	(9,597)	-	(775,870)
Business-type activities, net	$ 9,597	$ (9,597)	$ -	$ -

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

Governmental activities	
Instruction	1,479,129
Instructional student support	279,352
Administrative and financial suipport services	209,242
Operation and maintenance of plan services	224,253
Nonstructional services	64,167
Total depreciation expense - governmental activities	$ 2,256,143

As of June 30, 2024, the District had outstanding construction commitments related to the new Middle/High School project and the Salisbury Elementary School HVAC project totaling $21,139,435.

5. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024 is as follows:

Receivable To	Amount	Payable From	Amount
Capital reserve fund	$ 23,346	Capital projects fund	$ 23,346
Capital reserve fund	1,000,000	General fund	1,000,000
General fund	462,802	Food service fund	462,802
	$ 1,486,148		$ 1,486,148

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

A summary of interfund transfers for the year ended June 30, 2024 is as follows:

Transfers In	Amount	Transfers Out	Amount
Food service fund	$ 2,705	General fund	$ 2,705
Capital reserve fund	1,000,000	General fund	1,000,000
	$ 1,002,705		$ 1,002,705

Transfers are made from the General Fund to the Food Service Fund to subsidize food service operations.

6. NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amount Due Within One Year
Governmental activities					
General obligation debt					
Bonds payable	$ 80,315,000	$ -	$ 1,815,000	$ 78,500,000	$ 1,700,000
Bond premiums	4,519,648	-	290,612	4,229,036	281,638
Bond discounts	(418,493)	-	(19,944)	(398,549)	(19,940)
Total general obligation debt	84,416,155	-	2,085,668	82,330,487	1,961,698
Other noncurrent liabilities					
Accrued retirement bonuses	860,205	7,830	-	868,035	-
Compensated absences	1,091,783	-	55,775	1,036,008	-
Leases payable	168,881	-	79,311	89,570	82,542
Subscriptions payable	223,222	-	59,741	163,481	52,371
OPEB liability	1,674,697	88,261	-	1,762,958	-
Net pension liability - PSERS	41,593,357	-	722,830	40,870,527	-
Net OPEB liability - PSERS	1,716,666	-	65,658	1,651,008	-
Total other noncurrent liabilities	47,328,811	96,091	983,315	46,441,587	134,913
Total governmental activities	131,744,966	96,091	3,068,983	128,772,074	2,096,611
Business-type activities					
Net pension liability - PSERS	420,135	-	7,301	412,834	-
Net OPEB liability - PSERS	17,340	-	623	16,717	-
OPEB liability	16,916	892	-	17,808	-
Total business-type activities	454,391	892	7,924	447,359	-
Total noncurrent liabilities	$ 132,199,357	$ 96,983	$ 3,076,907	$ 129,219,433	$ 2,096,611

Noncurrent liabilities are of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are liquidated by the Food Service Fund.

General obligation debt outstanding as of June 30, 2024 consisted of the following:

Description	Interest Rate(s)	Issue Amount	Final Maturity	Principal Outstanding
General obligation bonds				
Series of 2021	1.000% - 4.00%	$ 55,400,000	05/15/2049	$ 49,245,000
Series of 2022	3.375% - 4.00%	$ 29,265,000	05/15/2052	29,255,000
Total general obligation debt				$ 78,500,000

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2025	$ 1,700,000	$ 2,791,381	$ 4,491,381
2026	1,755,000	2,738,381	4,493,381
2027	1,810,000	2,683,181	4,493,181
2028	1,885,000	2,610,781	4,495,781
2029	1,960,000	2,535,381	4,495,381
2030-2034	10,980,000	11,488,206	22,468,206
2035-2039	12,895,000	9,571,613	22,466,613
2040-2044	15,035,000	7,432,906	22,467,906
2045-2049	17,950,000	4,516,094	22,466,094
2050-2052	12,530,000	951,188	13,481,188
	$ 78,500,000	$ 47,319,113	$ 125,819,113

7. LIABILITIES PAYABLE

The District has entered into a 72-month lease as a lessee for the use of multi-function devices. An initial lease liability was recorded in the amount of $513,164. As of June 30, 2024, the value of the lease liability is $89,570. The District is required to make monthly fixed payments of $7,052. The lease has an imputed interest rate of 4.00% and a useful life of 5 years at contract commencement. The value of the right-to-use asset as of June 30, 2024 was $30,932 net of accumulated amortization of $313,121 and is included with noncurrent assets on the statement of net position (deficit).

The net present value of minimum non-cancelable lease payments under these lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 82,542	$ 2,080	$ 84,622
2026	7,028	24	7,052
	$ 89,570	$ 2,104	$ 91,674

8. SUBSCRIPTIONS PAYABLE

The District has entered into long-term lease agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of $317,935. As of June 30, 2024, the value of the subscription liabilities is $163,481. The District is required to make annual fixed payments ranging from $9,760 to $58,910. The subscriptions payable have an imputed interest rate of 4.00% and a useful lives ranging from 3 to 5 years at contract commencement. The value of the right-to-use asset as of June 30, 2024 of $163,649, net of accumulated amortization of $154,286, and is included with noncurrent assets on the statement of net position (deficit).

The net present value of minimum non-cancelable lease payments under these lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 52,371	$ 6,539	$ 58,910
2026	54,466	4,444	58,910
2027	56,644	2,266	58,910
	$ 163,481	$ 13,249	$ 176,730

9. OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2022:

Active plan members	178
Inactive plan members entitled to but not yet receiving benefits	-
Inactive plan members or beneficiaries currently receiving benefits	6
Total	184

Funding Policy

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

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and by rolling forward the liabilities from the July 1, 2022 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $1,780,766, all of which is unfunded. As of June 30, 2024, the OPEB liability of $1,762,958 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining $17,808 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position.

The District's change in its OPEB liability for the year ended June 30, 2024 was as follows:

Balances as of July 1, 2023	$ 1,691,613
Changes for the year:	
Service cost	87,906
Interest on total OPEB liability	70,292
Differences between expected and actual experience	-
Changes of assumptions	19,905
Benefit payments	(88,950)
Net changes	89,153
Balances as of June 30, 2024	$ 1,780,766

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

For the year ended June 30, 2024, the District recognized OPEB expense of $118,410. At June 30, 2024, the District had deferred inflows of resources and deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	$ 572,085	$ 402,198
Changes of assumptions	247,352	1,063,033
Contributions subsequent to the measurement date	87,597	-
	$ 907,034	$ 1,465,231

$87,597 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. 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 Ended December 31,	
2025	$ (39,788)
2026	(39,788)
2027	(39,788)
2028	(39,788)
2029	(39,788)
Thereafter	(446,854)
	$ (645,794)

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

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

	1% Decrease	Trend Rate	1% Increase
OPEB liability	$ 1,517,464	$ 1,691,613	$ 1,898,049

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 4.13%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
OPEB liability	$ 1,826,997	$ 1,691,613	$ 1,563,435

Actuarial Methods and Significant Assumptions

The OPEB liability as of June 30, 2024, was determined by rolling forward the OPEB liability as of July 1, 2022 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate – 4.13% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.06% to 4.13%.
- Salary growth – salary increases are composed of 2.50% costs of living adjustment, 1.50% for real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0.00%.
- Assumed healthcare cost trends – 7.00%% in 2023 and 5.50% in 2026. Rates gradually decrease from 5.40% in 2027 to 4.1% in 2075 and later.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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

Plan Description

The Public School Employees Retirement System ("PSERS") provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

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

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

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

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $105,667 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $1,671,725 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0924 percent, which was a decrease of 0.0018 percent from its proportion measured as of June 30, 2023. As of June 30, 2024, the OPEB liability of $1,655,008 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining $16,717 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position.

For the year ended June 30, 2024, the District recognized OPEB expense of $60,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,000	$ 17,000
Changes of assumptions	144,000	316,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportions	41,000	79,000
Contributions subsequent to the measurement date	93,091	-
	$ 293,091	$ 412,000

$93,091 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2025	$ (32,000)
2026	(42,000)
2027	(57,000)
2028	(71,000)
2029	(10,000)
	$ (212,000)

Actuarial Assumptions

The OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 4.13% - Standard & Poors 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, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- 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 OPEB 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 OPEB plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.00%	1.20%

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, 2023.

Discount Rate

The discount rate used to measure the OPEB liability was 4.13%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the Standard & Poor's 20-year municipal bond rate at June 30, 2023, was applied to all projected benefit payments to measure the total net OPEB liability.

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

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

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

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,671,568	$ 1,671,725	$ 1,671,851

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proporationate share of the net OPEB liability	$ 1,890,081	$ 1,671,725	$ 1,488,947

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

10. PENSION PLAN

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

Plan Description

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

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, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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 1.00% to 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	**Continuous Employment Since**	**Defined Benefit (DB) Contribution Rate**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions
The District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were $4,859,485 for the year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2024, the District reported a liability of $41,283,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0928 percent, which was an decrease of 0.0017 percent from its proportion measured as of June 30, 2024. As of June 30, 2024, the net pension liability of $40,870,527 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining $412,834 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position.

For the year ended June 30, 2024, the District recognized pension expense of $3,515,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 9,000	$ 565,000
Changes in assumptions	616,000	-
Net difference between projected and actual investment earnings	1,168,000	-
Changes in proportions	23,000	1,033,000
Contributions subsequent to the measurement date	4,813,087	-
	$ 6,629,087	$ 1,598,000

$4,813,087 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	$ (236,000)
2026	(988,000)
2027	1,052,000
2028	390,000
	$ 218,000

Actuarial Assumptions

The total pension liability as of June 30, 2023 was determined by rolling forward PSERS' total pension liability at June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2022
- 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, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial valuation 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.00%	5.20%
Private equity	12.00%	7.90%
Fixed income	33.00%	3.20%
Commodities	7.50%	2.70%
Infrastructure/MLPs	10.00%	5.40%
Real estate	11.00%	5.70%
Absolute return	4.00%	4.10%
Cash	3.00%	1.20%
Leverage	-10.50%	1.20%
	100.00%	

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, 2023.

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 net pension liability.

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 53,514,617	$ 41,283,361	$ 30,963,840

Pension Plan Fiduciary Net Position

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

11. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Joint Ventures

Lancaster County Career and Technology Center

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("LCCTC"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2023-2024 was $415,982.

Lancaster County Career and Technology Center Authority

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "Authority"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2023-2024 was $57,269.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds (the "Revenue Bonds"), in the maximum aggregate principal amount of $43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreements with the Authority stipulating that each school district pay its proportionate share of the lease rentals in order to retire the Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed $10,000,000 without the participating school districts' approval. On June 29, 2012, the Authority issued the first of three series in the total amount of $9,995,000 which was refinanced in February 2018. On September 20, 2013, the Authority issued the second of three series in the total amount of $9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of $3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of $11,145,000. The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

Year Ended June 30,	
2025	$ 57,419
2026	57,719
2027	57,326
2028	56,982
2029	56,612
2030-2034	280,296
2035-2037	167,306
	$ 733,660

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

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "LLIU"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2023-2024, the District contracted with the LLIU for special education services which totaled $756,999.

Lancaster-Lebanon Joint Authority

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the "Authority"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2023-2024, the District did not have any financial transactions with the Authority. Both the LLIU and the Authority prepare financial statements that are available to the public from their administrative office located at 1020 New Holland Pike, Lancaster, PA 17601.

Lancaster County Tax Collection Bureau

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "Bureau") for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The District contracts with the Bureau for the collection of property and earned income taxes. During 2023-2024, the District contracted with the Bureau for tax collection services which totaled $57,641.

Lancaster County Academy

The Lancaster County Academy (the "Academy") is an alternative public school organized by the District and other Lancaster County school districts to provide services in the County. Each of the participating school districts appoints one member to serve on the joint operating committee. The District is considered to have an ongoing financial responsibility to fund the operations of the Academy. During 2023-2024, the District's portion of operating expenditures for the Academy totaled $22,482.

12. CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

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

13. RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District was limited in liability to $100,000 per individual and $3,603,009 in total for self-insurance medical claims for the year ended June 30, 2024.

The District has recorded a liability in the General Fund for claims incurred through June 30, 2024 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the years ended June 30, 2024 and 2023:

	2024	2023
Insurance claims liability - beginning of year	$ 237,290	$ 366,649
Current year insurance claims, fees and changes in estimates	2,798,741	2,739,364
Insurance claims and fees paid	(2,881,291)	(2,868,723)
Insurance claims liability - end of year	$ 154,740	$ 237,290

Property and Liability

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the "Pool"), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance. As of June 30, 2024, the District is not aware of any additional assessments relating to the Pool.

Workers' Compensation

The District and 16 participating member school districts, the LLIU and Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the "Fund"), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2024, the District is not aware of any additional assessments relating to this Fund.

Other Risks

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

14. TAX ABATEMENTS

The Pennsylvania General Assembly enacted the Keystone Opportunity Zone ("KOZ") Act Program authorizing certain exemptions, abatements, credits and deductions from certain state and local taxes within the state in order to promote economic development and job creation. The District entered into property tax abatement with a local business under the KOZ Program that commenced on January 1, 2014, and will conclude on December 31, 2023. The property tax abatement is equal to 100% of the real property tax on the assessed value of property within the Keystone Opportunity Expansion Zone. The abatement is available only as long as the initial qualified business obtains annual renewal of its certification as a qualified business from the Pennsylvania Department of Community and Economic Development and is not transferable.

If the initial qualified business relocated within the first five years, the qualified business shall refund to the District the real estate tax from which it was exempted based on percentages set forth in the Act, unless waived pursuant to the Act. During the terms of this agreement, the local business will make an annual payment in lieu of real estate taxes, which increases annually by the increase in tax levy mills for the fiscal year.

For the year ended June 30, 2024, the District abated approximately $659,000 of property taxes under this agreement.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through DATE, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Pequea Valley School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Local sources	$ 32,701,812	$ 32,701,812	$ 35,450,638	$ 2,748,826
State sources	9,126,540	9,126,540	9,624,255	497,715
Federal sources	4,660,967	4,660,967	5,712,988	1,052,021
Total revenues	46,489,319	46,489,319	50,787,881	4,298,562
Expenditures				
Instruction				
Regular programs	15,857,686	15,857,686	15,744,971	112,715
Special programs	6,254,959	6,254,959	5,617,680	637,279
Vocational programs	777,240	777,240	776,828	412
Other instructional programs	470,611	470,611	551,116	(80,505)
Nonpublic school programs	125,018	125,018	139,708	(14,690)
Prekindergarden programs	-	-	-	-
Total instruction	23,485,514	23,485,514	22,830,303	655,211
Support services				
Pupil support services	1,958,312	1,958,312	1,918,131	40,181
Instructional staff services	2,177,399	2,177,399	1,739,730	437,669
Administrative services	2,288,465	2,288,465	2,120,080	168,385
Pupil health	520,075	520,075	653,935	(133,860)
Business services	874,070	874,070	869,687	4,383
Operation and maintenance of plant services	3,584,657	3,584,657	3,461,338	123,319
Student transportation services	2,856,838	2,856,838	2,917,306	(60,468)
Support services - central	282,615	282,615	239,871	42,744
Other support services	2,500	2,500	19,807	(17,307)
Total support services	14,544,931	14,544,931	13,939,885	605,046
Operation of non-instructional services				
Student activities	852,085	852,085	990,420	(138,335)
Community services	66,736	66,736	62,896	3,840
Total operation of non-instructional services	918,821	918,821	1,053,316	(134,495)
Facilities acquisition, construction and improvement services	-	-	-	-
Debt service	4,660,637	4,660,637	4,814,173	(153,536)
Total expenditures	43,609,903	43,609,903	42,637,677	972,226
Excess (deficiencies) of revenues over (under) expenditures	2,879,416	2,879,416	8,150,204	5,270,788

See Independent Auditor's Report.

Sale of/compensation for capital assets	-	-	56,823	56,823
Budgetary reserve	-	-	-	-
Insurance recoveries	-	-	-	-
Refund of prior year receipts	-	-	(57,895)	(57,895)
Transfers out	(3,330,840)	(3,330,840)	(1,002,705)	2,328,135
Total other financing sources (uses)	(3,330,840)	(3,330,840)	(1,003,777)	2,327,063
Net change in fund balance	$ (451,424)	$ (451,424)	7,146,427	$ 7,597,851
Fund balance				
Beginning of year			25,487,542	
End of year			$ 32,633,969	

See Independent Auditor's Report.

Pequea Valley School District
Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS
Year Ended June 30

	Measurement Date									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0928%	0.0945%	0.0944%	0.0983%	0.0958%	0.0930%	0.0924%	0.0886%	0.0852%	0.0855%
District's proportionate share of the net pension liability	$ 41,283,361	$ 42,013,492	$ 38,758,000	$ 48,410,600	$ 44,818,600	$ 44,645,000	$ 45,635,000	$ 43,907,000	$ 36,905,000	$ 33,842,000
District's covered-employee payroll	$ 14,163,162	$ 13,852,058	$ 13,344,003	$ 13,773,863	$ 13,214,541	$ 12,520,972	$ 12,291,107	$ 11,480,587	$ 10,967,393	$ 10,915,904
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	291.48%	303.30%	290.45%	351.47%	339.16%	356.56%	371.28%	382.45%	336.50%	310.02%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

See Independent Auditor’s Report.

Pequea Valley School District
Schedule of Changes in OPEB Liability - Single Employer Plan
Year Ended June 30

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	$ 87,906	$ 197,086	$ 198,590	$ 168,187	$ 169,959	$ 91,005	$ 90,485
Interest on total OPEB liability	70,292	69,553	55,425	83,894	72,136	40,594	32,812
Changes of benefit terms	-	-	-	210,030	-	-	-
Differences between expected and actual experience	-	(271,969)	-	(240,899)	-	1,001,151	-
Change of assumptions	19,905	(1,113,879)	(91,093)	319,355	(75,276)	(971)	1,728
Benefit payments	(88,950)	(93,133)	(87,763)	(88,228)	(89,648)	(83,837)	(220,267)
Net change in total OPEB liability	89,153	(1,212,342)	75,159	452,339	77,171	1,047,942	(95,242)
Total OPEB liability, beginning	1,691,613	2,903,955	2,828,796	2,376,457	2,299,286	1,251,344	1,346,586
Total OPEB liability, ending	$ 1,780,766	$ 1,691,613	$ 2,903,955	$ 2,828,796	$ 2,376,457	$ 2,299,286	$ 1,251,344
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 13,856,065	$ 13,856,065	$ 13,139,464	$ 13,139,463	$ 12,797,939	$ 12,797,939	$ 10,000,537
Net OPEB liability as a % of covered payroll	12.85%	12.21%	22.10%	21.53%	18.57%	17.97%	12.51%

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

See Independent Auditor's Report.

Pequea Valley School District
Schedule of the District's Pension Plan Contributions – PSERS
Year Ended June 30

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,859,485	$ 4,710,559	$ 4,739,000	$ 4,482,000	$ 4,608,000	$ 4,326,000	$ 3,974,000	$ 3,675,000	$ 2,818,386	$ 2,199,016
Contributions in relation to the contractually required contribution	4,859,485	4,710,559	4,739,000	4,482,000	4,608,000	4,326,000	3,974,000	3,675,000	2,818,386	2,199,016
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 14,153,937	$ 13,344,003	$ 13,850,958	$ 13,344,003	$ 13,773,863	$ 13,214,541	$ 12,520,972	$ 12,291,107	$ 11,480,587	$ 10,967,393
Contributions as a percentage of covered-employee payroll	34.33%	35.30%	34.21%	33.59%	33.45%	32.74%	31.74%	29.90%	24.55%	20.05%

See Independent Auditor's Report.

Pequea Valley School District
Schedule of the District's Proportionate Share of the OPEB Liability – PSERS
Year Ended June 30

	Measurement Date							
	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.0924%	0.0942%	0.0941%	0.0981%	0.0958%	0.0930%	0.0924%	0.0886%
District's proportionate share of the net OPEB liability	$ 1,671,725	$ 1,734,006	$ 2,231,000	$ 2,120,000	$ 2,038,000	$ 1,939,000	$ 1,883,000	$ 1,908,000
District's covered-employee payroll	$ 14,153,937	$ 13,852,058	$ 13,344,003	$ 13,773,863	$ 13,214,541	$ 12,520,972	$ 12,305,469	$ 11,480,587
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.49%	15.30%	16.62%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

See Independent Auditor’s Report.

Pequea Valley School District
Schedule of the District's OPEB Plan Contributions – PSERS
Year Ended June 30

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 105,667	$ 110,000	$ 111,000	$ 110,000	$ 116,000	$ 109,000	$ 104,000	$ 102,000	$ 97,000	$ 99,000
Contributions in relation to the contractually required contribution	105,667	110,000	111,000	110,000	116,000	109,000	104,000	102,000	97,000	99,000
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 14,153,937	$ 13,852,058	$ 13,850,958	$ 13,344,003	$ 13,773,863	$ 13,214,541	$ 12,520,972	$ 12,291,107	$ 11,480,587	$ 10,967,393
Contributions as a percentage of covered-employee payroll	0.75%	0.79%	0.80%	0.82%	0.84%	0.82%	0.83%	0.83%	0.84%	0.90%

See Independent Auditor's Report.

SINGLE AUDIT

Pequea Valley School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-220332	07/01/21 - 09/30/22	1,558,207	$ -	$ (52,119)	$ 52,119	$ 52,119	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-230332	07/01/22 - 09/30/23	1,430,538	(1,693)	(49,904)	36,578	36,578	(11,633)	-
Title I - Improving Basic Programs	I	84.010	013-240332	07/01/23 - 09/30/24	1,222,163	1,223,204	-	1,193,950	1,193,950	(29,254)	-
Total ALN #84.010						1,221,511	(102,023)	1,282,647	1,282,647	(40,887)	-
Title II - Improving Teacher Quality	I	84.367	020-220332	07/01/21 - 09/30/22	204,526	-	(13,210)	13,210	13,210	-	-
Title II - Improving Teacher Quality	I	84.367	020-230332	07/01/22 - 09/30/23	159,420	-	(34,846)	8,949	8,949	(25,897)	-
Title II - Improving Teacher Quality	I	84.367	020-240332	07/01/23 - 09/30/24	134,088	116,493	-	99,507	99,507	(16,986)	-
Total ALN #84.367						116,493	(48,056)	121,666	121,666	(42,883)	-
Title IV - Student Support and Academic Achievement	I	84.424	144-220332	07/01/21 - 09/30/22	74,102	-	(3,894)	3,894	3,894	-	-
Title IV - Student Support and Academic Achievement	I	84.424	144-230332	07/01/22 - 09/30/23	72,638	82,861	(1,576)	84,437	84,437	-	-
Title IV - Student Support and Academic Achievement	I	84.424	144-240332	07/01/23 - 09/30/24	121,414	67,147	-	87,871	87,871	20,724	-
Total ALN #84.424						150,008	(5,470)	176,202	176,202	20,724	-
COVID-19 Education Stabilization Fund (ESSER III)	I	84.425U	223-210332	03/13/21 - 09/30/25	7,214,616	2,623,497	(942,948)	3,449,102	3,449,102	(117,343)	-
Total ALN #84.425						2,623,497	(942,948)	3,449,102	3,449,102	(117,343)	-

See Independent Auditor's Report.

Pequea Valley School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
Passed Through the Lancaster-Lebanon I.U.											
I.D.E.A. - Part B, Section 611	I	84.027	062-230013	07/01/23 - 09/30/24	415,586	415,586	-	415,586	415,586	-	-
COVID-19 I.D.E.A. - Part B, Section 611 - ARP Funds	I	84.027	062-220013	07/01/22 - 09/30/24	68,124	37,015	-	37,015	37,015	-	-
Total ALN #84.027						452,601	-	452,601	452,601	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-220013	07/01/22 - 06/30/23	642	642	642	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230013	07/01/23 - 06/30/24	1,512	-	-	1,512	1,512	1,512	-
Total ALN #84.173						642	642	1,512	1,512	1,512	-
Total U.S. Department of Education						4,564,752	(1,097,855)	5,483,730	5,483,730	(178,877)	-
U.S. Department of Health and Human Services											
Passed Through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	07/01/22 - 06/30/23	N/A	4,945	4,945	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	1,432	-	2,521	2,521	1,089	-
Total U.S. Department of Health and Human Services						6,377	4,945	2,521	2,521	1,089	-
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education											
P-EBT Local Admin Funds	I	10.649	N/A	07/01/23 - 06/30/24	N/A	653	-	653	653	-	-
Breakfast Program	I	10.553	N/A	07/01/22 - 06/30/23	N/A	15,980	15,980	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	157,391	-	157,594	157,594	203	-
						173,371	15,980	157,594	157,594	203	-
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	48,566	48,566	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	466,168	-	466,883	466,883	715	-
Supply Chain Assistance	I	10.555	N/A	07/01/22 - 06/30/23	N/A	-	(4,633)	4,633	4,633	-	-
Supply Chain Assistance	I	10.555	N/A	07/01/23 - 06/30/24	N/A	36,186	-	36,186	36,186	-	-

See Independent Auditor's Report.

Pequea Valley School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
Passed-Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	44,007	-	44,007	44,007	-	-
Total ALN #10.555						594,927	43,933	551,709	551,709	715	-
Total U.S. Department of Agriculture						768,951	59,913	709,956	709,956	918	-
Total Federal awards						$ 5,340,080	$ (1,032,997)	$ 6,196,207	$ 6,196,207	$ (176,870)	$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						$ 453,243	$ 642	$ 454,113	$ 454,113	$ 1,512	$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						$ 768,298	$ 59,913	$ 709,303	$ 709,303	$ 918	$ -

Source Codes

D - Direct Funding
I - Indirect Funding
ALN - Assistance Listing Number

See Independent Auditor's Report.

Pequea Valley School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

2. BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

3. NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under Assistance Listing #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2023-2024 fiscal year.

4. ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was $.

5. INDIRECT COSTS

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

Pequea Valley School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Findings – Financial Statement Audit

Finding #2022-001
Schedule of Expenditures of Federal Awards
Significant Deficiency

Criteria: A good internal control structure includes procedures to ensure that all federal amounts received, expenditures and accrued/deferred revenues are reported on the schedule of expenditures of federal awards.

Condition: During the audit, prior auditors noted that the schedule of expenditures of federal awards required adjustments. These adjustments pertained to certain expenditures, accrued revenues and deferred revenues.

Cause and effect: When the schedule of expenditures of federal awards is not reconciled to the District's accounting records, omissions of required amounts can occur.

Recommendation: The District should revise its procedures to ensure that all required amounts are included within the schedule of expenditures of federal awards.

Status: In 2022-2023, the District had a second individual review the schedule of expenditures of federal awards to ensure that all required amounts have been included. No significant adjustments to the schedule of expenditures of federal awards were necessary in 2022-2023. This finding is no longer applicable.

Finding #2022-002
Year-End Close Process
Significant Deficiency

Criteria: The financial close process includes preparation of reconciliations, supporting schedules, year-end accruals and adjusting journal entries. A well-designed financial closing process ensures that the accounting records are accurate and that they provide the basis for preparation of financial statements.

Statement of condition: During the audit, prior auditors noted that certain elements related to the year-end close process required adjustments. These adjustments included the following items: adjustments were proposed to deferred revenue within the food service fund and to accounts payable within the general fund.

Cause and effect: When the financial close process does not properly include all year-end adjusting journal entries and accruals, the accounting records do not provide the proper basis for preparation of financial statements.

Recommendation: The District should revise its year-end close procedures to ensure that deferred revenues are recorded and that accounts payable recorded are appropriate.

Status: In 2022-2023 the District's Food Service Department met quarterly with the business office to review all new programs and ensure they are accounted for accurately. At year-end, the District verified that deferred revenue and accounts payable were recorded accurately. We noted no significant adjustments needed to these accruals at June 30, 2023. This finding is no longer applicable.

Finding #2022-003
Food Service Deferred Revenues
Significant Deficiency

Criteria: The District allows students and employees to prefund their future meal purchases using an online software. A good internal control structure includes procedures to reconcile the ending balance per the online software to the related deferred revenues in the Food Service Fund's accounting records on a monthly basis.

Statement of condition: During the audit, prior auditors noted that the prefunded balances account of student and employee future meal purchases (deferred revenue) in the Food Service Fund's accounting records did not agree to the ending report detailing the actual remaining prefunded balances per the online software. Based upon discussions with management, it was noted that each month the adjustment to deferred revenue liability account is actually the difference between breakfast/lunch revenues (provided by the POS system) and cash per the cash registers. This resulted in a difference between the ending balances per the online system and the balance within the deferred revenue account of the Food Service Fund. An adjusting journal entry was proposed to correct the discrepancy.

Cause and effect: The assumption that the differences between the POS system revenue and cash per the cash registers was prefunded account activity (versus performing a monthly reconciliation of actual prefunded accounts to the online system) resulted in the recordation of unsupported amounts to the deferred revenue account throughout the year. Ultimately, there is an increased risk for the misappropriation of cash at the point of sale, as reconciliations of the prefunded accounts does not occur on a monthly basis.

Recommendation: The District should implement a monthly reconciliation process surrounding the prefunded account balances and compare the reconciled balances to the net differences identified between the POS system and actual cash in the registers.

Status: The District's Food Service Department reconciled monthly the prefunded account activity in the cafeteria software to the District's accounting software. We noted no significant adjustments necessary to Food Service deferred revenues as of June 30, 2023. This finding is no longer applicable.

Findings and Questioned Costs – Major Federal Award Programs Audit

Finding SA #2002-004
Federal Agency: U.S. Department of Education
Pass-through Entity: Pennsylvania Department of Education
COVID-19 Education Stabilization Fund – Assistance Listing #84.425D
Significant Deficiency

Criteria: The Pennsylvania Department of Education ("PDE") requires the recipient of ESSER I funding to use the correct number of nonpublic low-income students that proactively affirm participation in the ESSER I grant when calculating the nonpublic schools' funding allocation.

Statement of condition: The District inadvertently excluded two nonpublic students in its allocation of the nonpublic school's calculated share of the ESSER I grant.

Cause and effect: The District did not have a second level review process in place prior to submitting the nonpublic school's allocation amount to PDE. As a result, the per pupil allocation was higher than it should have been.

Recommendation: The District should implement a second-level review process for its submissions to grantors for funding and reporting purposes.

Status: We noted that during 2022-2023, the District's Superintendent, who is responsible for federal programs, reviewed and certified that per pupil calculations for non-public students were recorded accurately. This finding is no longer applicable.

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

To the Board of School Directors of
Pequea Valley School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pequea Valley School District, Kinzers, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Pequea Valley School District's basic financial statements, and have issued our report thereon dated DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pequea Valley School District's internal control over financial reporting (internal control) to determine the 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 Pequea Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pequea Valley School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

DATE

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

To the Board of School Directors of
Pequea Valley School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pequea Valley School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Pequea Valley School District's major federal programs for the year ended June 30, 2024. Pequea Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pequea Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Pequea Valley School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pequea Valley School 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 Pequea Valley School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pequea Valley School 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 generally accepted auditing standards, 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 Pequea Valley School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 Pequea Valley School 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 Pequea Valley School 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 Pequea Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

DATE

Pequea Valley School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Pequea Valley School District were prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Pequea Valley School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

3. No instances of noncompliance material to the financial statements of Pequea Valley School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for Pequea Valley School District expresses an unmodified opinion on all major federal programs.

6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.

7. The programs tested as major programs were:

   Title I -Improving Basic Programs – Assistance Listing #84.010

   Education Stabilization Fund – Assistance Listing #84.425

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. The Pequea Valley School District did qualify as a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None