



**GREAT VALLEY SCHOOL DISTRICT
MALVERN, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2024

GREAT VALLEY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

January 8, 2025

Board of School Directors
Great Valley School District
Malvern, Pennsylvania

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Valley School District ("the District"), Malvern, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Valley School District, Malvern, Pennsylvania, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of School Directors
Great Valley School District

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20, and the schedule of the District's proportionate share of the net pension liability – PSERS, schedule of District pension contributions – PSERS, schedule of District's proportionate share of the net OPEB liability – PSERS, schedule of District OPEB contributions – PSERS, and schedule of changes in the District's net OPEB liability – single employer plan on pages 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Board of School Directors
Great Valley School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED
JUNE 30, 2024**

The discussion and analysis of the Great Valley School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year that ended June 30, 2024. The intent of the discussion and analysis is to look at the District's financial performance as a whole. GASB Statement No. 34, issued June 1999, requires that certain comparative information between the current year and the prior year be presented in the MD&A. This discussion and analysis should be read in conjunction with the District's accompanying financial statements. Readers should also review the basic financial statements and the notes thereof to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District has an overall net position of \$52,527,299 as of June 30, 2024. The District's net pension and net OPEB liabilities included in net position total \$148,866,713. Total net position continues to represent an improvement for the year ending June 30, 2024.
- The governmental activities' net position on June 30, 2024, was \$50,826,880. The current year's change in net position was an increase of \$11,493,548, increasing from the prior year's \$39,333,332.
- The business-type activities' net position was an increase of \$444,911, resulting in an increase from the prior year's balance of \$1,255,508 to an ending net position of \$1,700,419. The continued improvement in net position is a result of an increase of interest income because of favorable rates and the federal reimbursement provided for free meals for all students during the year.
- At the close of the year, the District's governmental funds reported combined ending fund balances of \$47,182,099, which is a \$39,833,490 decrease from the prior year consisting of a \$3,067,783 decrease for the General Fund, and a \$36,765,707 decrease for the Capital Projects Fund.
- The trends of prior years indicated that during the fiscal year 2023-2024, the District's General Fund would experience another year of significant increases in the cost of special education professional services. At the close of the year, revenues exceeded budget projections which reduced the overall net change in fund balance as compared to budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information (RSI). The basic financial statements include two types of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

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

- The *governmental fund statements* demonstrate how basic services such as regular and special education were financed in the short-term and what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the District operates like *businesses*, such as food services.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with schedules of the District's proportionate share of pension liability and contributions. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

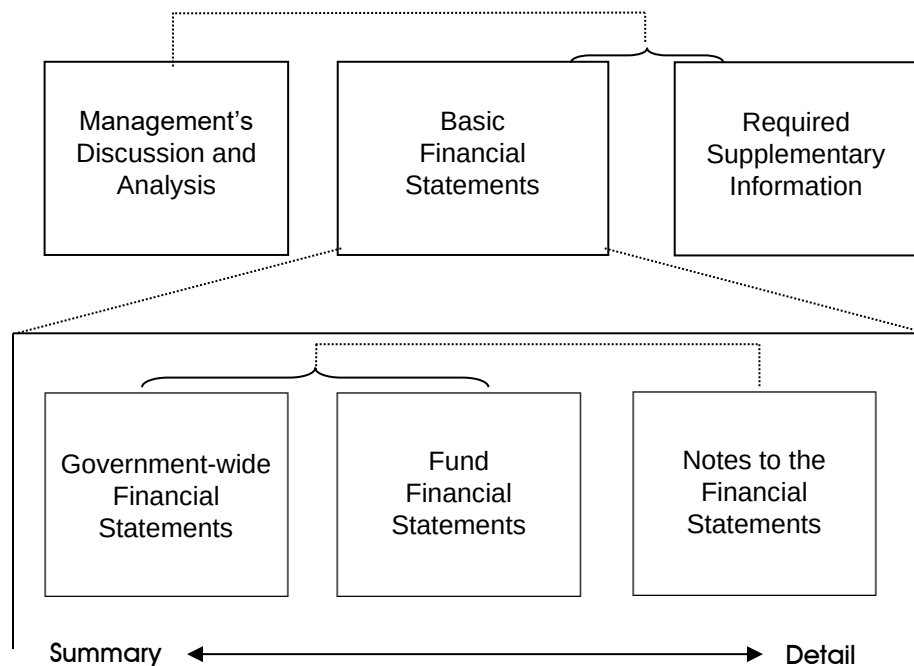


Figure A-2 summarizes the significant features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

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

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Scholarship, Activity, and Custodial Funds
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources measurement focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and liabilities, both short- term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities as soon as underlying events giving rise to the change occurs.

The two government-wide statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets, liabilities, and deferred inflows/outflows, is one way to measure the District's financial health.

- Over time, increases or decreases in net position indicate whether financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base and the condition of the school buildings and other facilities.

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, transportation, and administration. Property taxes, state and federal subsidies, and grants finance most activities.
- *Business-type activities* – The District operates a food service program and charges fees to staff, students, and visitors to help cover the costs of the food service operation. The District also receives state and federal subsidies to operate this program.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting categories used to track specific sources of revenue and expenditures for particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for specific purposes.

The District currently only has three kinds of funds:

- *Governmental funds* – Most of the District's core services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end. Consequently, the governmental funds statements provide a detailed *short-term* view that helps determine financial resources that can be used in the near future to finance the District's programs. Because this information does not

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

encompass the additional long-term focus of the government-wide statements, additional reconciliation information is provided behind all of the governmental funds statement that explains the relationship (or differences) between them.

- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The District's *Enterprise funds* (one type of proprietary fund and one internal service fund) are the same as the business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for its scholarship program and other items listed as private-purpose trust. In addition, the District is the agent for funds held on behalf of students of the District. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. Fiduciary funds include a scholarship fund, student activity funds, and escheat funds. These assets are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position at June 30, 2024 was \$52,527,299, which is an increase from June 30, 2023. The following table provides comparative financial information for the net position change from the fiscal year 2023 to 2024.

Table A-1
Comparative Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 79,751,879	\$119,296,708	\$ 1,747,735	\$ 2,365,534	\$ 81,499,614	\$121,662,242
Capital assets	<u>202,536,336</u>	<u>156,848,250</u>	<u>1,005,737</u>	<u>155,611</u>	<u>203,542,073</u>	<u>157,003,861</u>
Total Assets	<u>282,288,215</u>	<u>276,144,958</u>	<u>2,753,472</u>	<u>2,521,145</u>	<u>285,041,687</u>	<u>278,666,103</u>
Deferred Outflows of Resources	<u>38,736,156</u>	<u>24,345,142</u>	<u>267,505</u>	<u>207,869</u>	<u>39,003,661</u>	<u>24,553,011</u>
Liabilities:						
Current liabilities	27,184,311	27,132,892	175,037	241,167	27,359,348	27,374,059
Long-term liabilities	<u>225,612,038</u>	<u>207,752,097</u>	<u>1,048,590</u>	<u>893,903</u>	<u>226,660,628</u>	<u>208,646,000</u>
Total Liabilities	<u>252,796,349</u>	<u>234,884,989</u>	<u>1,223,627</u>	<u>1,135,070</u>	<u>254,019,976</u>	<u>236,020,059</u>
Deferred Inflows of Resources	<u>17,401,142</u>	<u>26,271,779</u>	<u>96,931</u>	<u>338,436</u>	<u>17,498,073</u>	<u>26,610,215</u>
Net Position:						
Net investment in capital assets	137,816,787	109,622,206	1,005,737	155,611	138,822,524	109,777,817
Restricted for capital project	5,863,173	16,392,150	-	-	5,863,173	16,392,150
Restricted for other purposes	-	2,692,870	-	-	-	2,692,870
Unrestricted (deficit)	<u>(92,853,080)</u>	<u>(89,373,894)</u>	<u>694,682</u>	<u>1,099,897</u>	<u>(92,158,398)</u>	<u>(88,273,997)</u>
Total Net Position (Deficit)	<u>\$ 50,826,880</u>	<u>\$ 39,333,332</u>	<u>\$ 1,700,419</u>	<u>\$ 1,255,508</u>	<u>\$ 52,527,299</u>	<u>\$ 40,588,840</u>

GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The three largest general revenues are the local taxes assessed to taxpayers, investment earnings, and grants and entitlements not restricted to specific programs, the majority of which is the basic education subsidy provided by the Commonwealth of Pennsylvania.

The following table shows the changes in net position for fiscal year 2023 to 2024.

Table A-2
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for services	\$ 662,684	\$ 622,675	\$ 1,632,673	\$ 1,493,190	\$ 2,295,357	\$ 2,115,865
Operating grants and contributions	10,580,620	15,547,297	1,457,842	1,334,993	12,038,462	16,882,290
Capital grants and contributions	6,198,538	110,430	-	-	6,198,538	110,430
General Revenues:						
Property taxes and other levied for general purpose	97,909,292	94,924,618	-	-	97,909,292	94,924,618
Other taxes	3,608,115	3,25,016	-	-	3,608,115	3,025,016
Grants, subsidies, and contributions:						
Unrestricted	5,329,941	4,966,096	-	-	5,329,941	4,966,096
Other Revenue	6,425,094	5,395,476	119,418	73,793	6,544,512	5,469,269
Total Revenues	<u>\$130,714,284</u>	<u>\$124,591,608</u>	<u>\$ 3,209,933</u>	<u>\$ 2,901,976</u>	<u>\$133,924,217</u>	<u>\$127,493,584</u>
EXPENSES						
Instruction	\$ 80,396,459	\$ 67,020,734	\$ -	\$ -	\$ 80,396,459	\$ 67,020,734
Instructional student support	10,117,913	7,952,473	-	-	10,117,913	7,952,473
Administrative and financial support services	11,802,552	10,292,623	-	-	11,802,552	10,292,623
Operation and maintenance of plant services	7,539,115	9,605,309	-	-	7,539,115	9,605,309
Pupil transportation	5,275,446	4,735,384	-	-	5,275,446	4,735,384
Student activities	2,100,768	2,030,898	-	-	2,100,768	2,30,896
Community services	-	4,252	-	-	-	4,252
Interest on long-term debt	1,977,795	2,487,909	-	-	1,977,795	2,487,909
Food service	-	-	2,775,710	2,393,941	2,775,710	2,393,941
Total Expenses	<u>\$119,210,048</u>	<u>\$104,129,582</u>	<u>\$ 2,775,710</u>	<u>\$2,393,941</u>	<u>\$121,985,758</u>	<u>\$106,523,523</u>
Excess (Deficit) before Transfers	11,504,236	20,462,026	434,223	508,035	11,938,459	20,970,061
Transfers	(10,688)	(17,709)	10,688	17,709	-	-
Change in Net Position	11,493,548	20,444,317	444,911	525,744	11,938,459	20,970,061
Net Position Beginning	39,333,332	18,889,015	1,255,508	729,764	40,588,840	19,618,779
Net Position Ending	<u>\$ 50,826,880</u>	<u>\$ 39,333,332</u>	<u>\$ 1,700,419</u>	<u>\$ 1,255,508</u>	<u>\$ 52,527,299</u>	<u>\$ 40,588,840</u>

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

Governmental Activities

Total governmental activities expenses of \$119,210,048 include \$3,986,673 of depreciation expense. Total business-type activities (food service) expenses of \$2,775,710 include the costs necessary to operate the cafeterias in all schools and indirect expenses, such as utilities and cleaning costs.

Table A-3 represents the cost of the District's nine functions in governmental activities as well as each program's net cost (total cost less revenues generated by the activities). This table shows the net costs offset by the other unrestricted grants, subsidies, and contributions, to show the financial burden placed on the District's taxpayers by each of these functions.

**Table A-3
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction	\$ 80,396,459	\$ 67,020,734	\$ 68,450,783	\$ 55,538,739
Instructional student support	10,117,913	7,952,473	8,600,557	6,676,508
Administrative and financial support services	11,802,552	10,292,623	10,803,688	9,371,540
Operation and maintenance of plant services	7,539,115	9,605,309	6,581,858	8,846,741
Transportation	5,275,446	4,735,384	4,146,070	3,878,711
Student activities	2,100,768	2,030,898	1,674,772	1,155,210
Community services	-	4,252	-	4,252
Interest on long-term debt	1,977,795	2,487,909	1,510,478	2,377,479
Total Governmental Activities	<u>\$ 119,210,048</u>	<u>\$ 104,129,582</u>	<u>101,768,206</u>	<u>87,849,180</u>
Less: unrestricted grants and subsidies			<u>5,329,941</u>	<u>4,966,096</u>
Total Needs from Local Taxes and Other Revenues			<u>\$ 96,438,265</u>	<u>\$ 82,883,084</u>

The cost of all *governmental* activities this year was \$119,210,048.

The state government subsidized certain programs with grants and unrestricted contributions totaling \$5,329,941.

Business-type Activities

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

**Table A-4
Net Cost of Business-type Activities**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Functions/Programs:				
Food services	\$ 2,775,710	\$ 2,393,941	\$ (314,805)	\$ (434,242)

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

The statement of revenues, expenses, and changes in fund net position for this proprietary fund further details the actual results of operations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2024, the District governmental funds reported a combined fund balance of \$47,182,099 which is a decrease of \$39,833,490. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2023 and 2024.

Table A-5
Fund Balances

	2024	2023	Difference	Percent of Increase
General Fund	\$ 36,656,005	\$ 39,723,788	\$ (3,067,783)	(7.7)%
Capital Projects Fund	10,526,094	47,291,801	(36,765,707)	(77.7)%
Total	<u>\$ 47,182,099</u>	<u>\$ 87,015,589</u>	<u>\$ (39,833,490)</u>	<u>(45.8)%</u>

In fiscal year 2024, the General Fund had revenue of \$129,810,214 and expenditures of \$115,752,933 plus net other financing sources (uses) of (\$17,125,064). Revenues increased 6.74% over 2022-2023. Expenditures in the General Fund increased by 10.04%.

Expenditures for the Capital Projects Fund were \$50,144,355 with revenues of \$1,578,648. The Capital Projects Fund had other financing sources of \$11,800,000, which consists of transfers from the General Fund.

Revenues

General Fund revenues totaling \$129,810,214 increased \$8,195,932 over 2022-2023. Revenues from Real Estate Taxes increased 3.1% from 2022-2023. The following table reflects a comparison of current year revenues with the revenues recognized in the prior year.

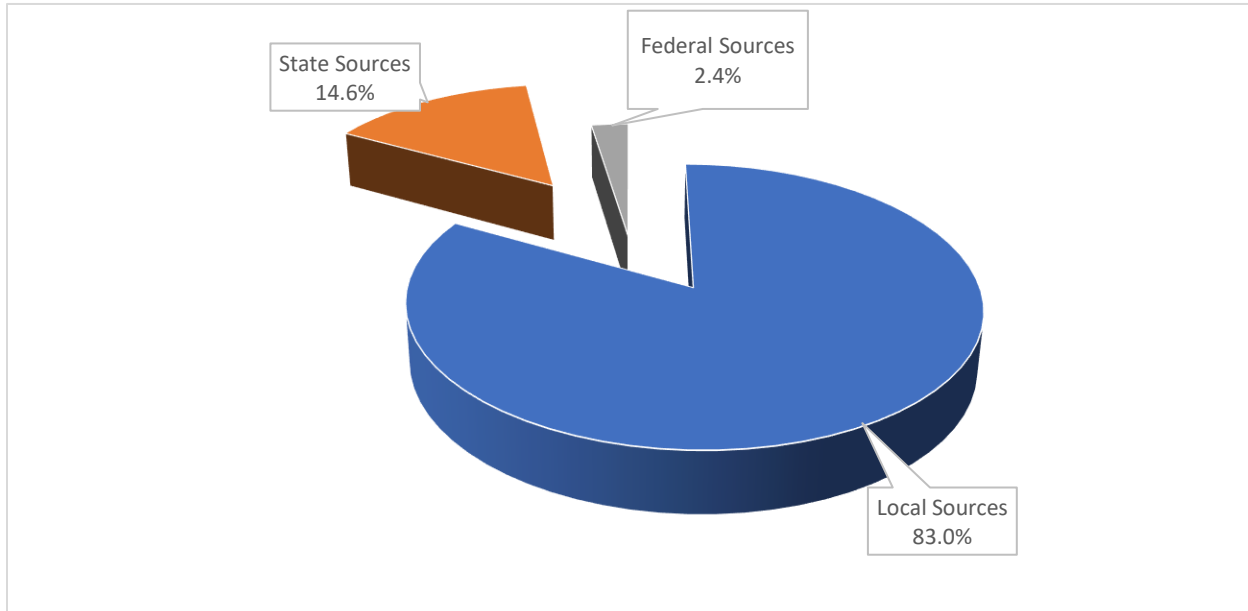
Table A-6

	2024	2023	Increase (Decrease) from 2024-2023	Percent of Increase
Local sources	\$ 107,701,115	\$ 102,248,482	\$ 5,452,633	5.33%
State sources	18,928,393	17,576,745	1,351,648	7.69%
Federal sources	3,180,706	1,789,056	1,391,650	77.79%
Total Revenues	<u>\$ 129,810,214</u>	<u>\$ 121,614,283</u>	<u>\$ 8,195,931</u>	<u>6.74%</u>

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

The District's general fund revenue distribution is demonstrated by the graph below that indicates 83.0% of total revenues come from local sources. Real estate tax (including interim) is 90.5% of local sources and 75.0% of total revenues.

Distribution of General Fund Revenues for Fiscal 2024



The District's reliance upon tax revenue is demonstrated in the table below.

**Table A-7
Real Estate Taxes**

	2024	2023	Difference	% of Increase (Decrease)
Real estate taxes	\$ 96,267,488	\$ 92,608,346	\$ 3,659,142	4.0%
Interim taxes	1,153,265	909,146	244,119	26.9%
Delinquent tax	1,515,821	1,388,767	127,054	9.1%
Real estate transfer tax	3,521,268	2,939,043	582,225	19.8%
Total	<u>\$ 102,457,842</u>	<u>\$ 97,845,302</u>	<u>\$ 4,612,540</u>	<u>4.7%</u>

Although the real estate millage rate was only increased by 3.25%, the overall increase in real estate collection was 4.0% due to an increase in assessed values and a decrease in removals/reassessments.

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

Expenditures

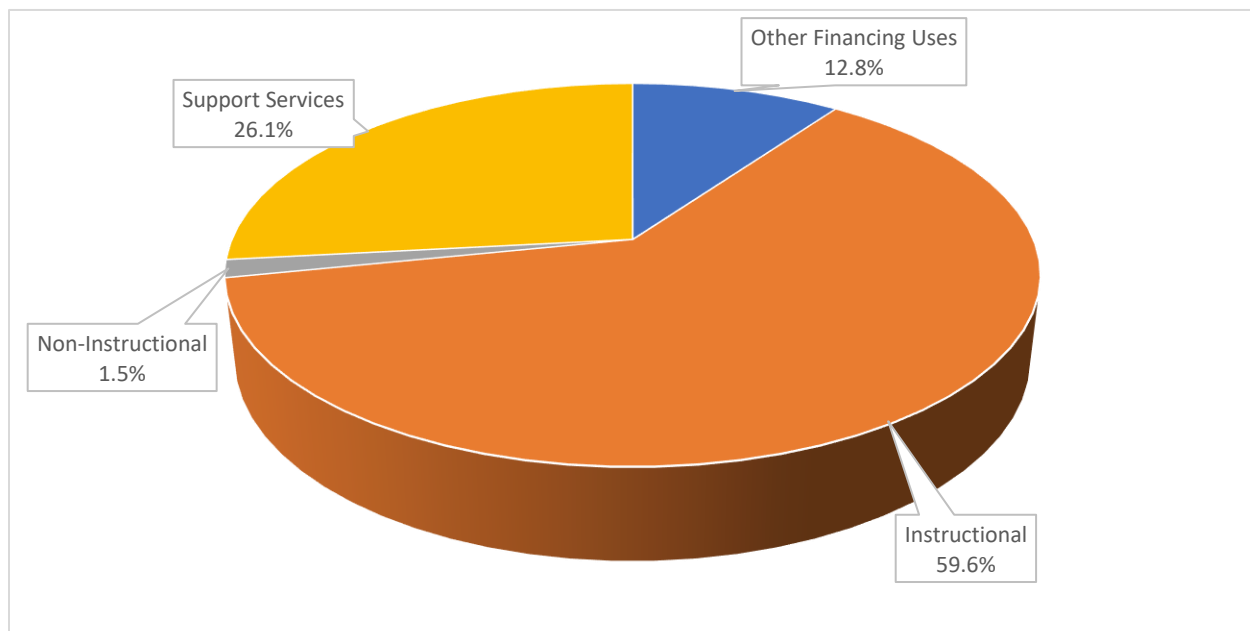
General fund expenditures and other financing (uses) totaling \$132,889,004 increased \$16,133,630 or 13.8% over 2022-2023 expenses. These expenditures were segregated into various programs depending on the functions of the activity. The following table shows these programs, and the costs associated with each, as well as comparison to the costs incurred in the prior year.

Table A-8
Comparison of Expenditures – General Fund

	2024	2023	Increase (Decrease) from 2024-2023	Percent of Increase (Decrease)
Current:				
Instruction	\$ 79,169,020	\$ 72,206,177	\$ 6,962,843	9.6%
Supporting services	34,649,333	31,204,166	3,445,167	11.0%
Non-instructional services	1,934,580	1,777,677	156,903	8.8%
Other financing uses	17,136,071	11,567,354	5,568,717	48.1%
Total Expenditures	<u>\$ 132,889,004</u>	<u>\$ 116,755,374</u>	<u>\$ 16,133,630</u>	<u>13.8%</u>

The chart below shows the percentage in each area to the total expenditures.

Distribution of Expenditures for Fiscal 2024



**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

As the following schedule illustrates, the largest portion of General Fund expenditures is for salaries and fringe benefits. The District is a service entity and, as such, is labor intensive.

Table A-9

	2024	2023	from 2024-2023	Percent of Increase (Decrease)
Salaries and wages	\$ 49,940,247	\$ 46,927,585	\$ 3,012,662	6.4%
Fringe benefits	29,291,832	25,038,298	4,253,534	17.0%
Purchased and technical services	17,253,749	14,070,877	3,182,872	22.6%
Purchased property services	3,220,355	2,567,792	652,563	25.4%
Other purchased services	11,219,800	11,847,259	(627,459)	(5.3)%
Supplies	4,375,034	4,047,909	327,125	8.1%
Property	250,489	418,674	(168,185)	(40.2)%
Other objects	201,427	269,626	(68,199)	(25.3)%
Capital and debt services transfers	17,136,071	11,567,354	5,568,717	48.1%
Total	<u>\$ 132,889,004</u>	<u>\$ 116,755,374</u>	<u>\$ 16,133,630</u>	<u>13.8%</u>

Salaries and benefits are 59.6% of the total expenditures, and 40.4% are from other expenditures such as other purchased services, supplies, and debt service transfer. The overall increase can primarily be attributed to debt services and capital transfers as well as salaries and wages and purchased and technical services.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors ("the Board") authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. This is after the end of the fiscal year, which is not prohibited by law. A schedule showing the District's original and final budget amounts compared with actual revenues and expenditures is provided. The local economy is improving, which is why we have a positive variance in our tax revenue.

The pandemic impact on the final budget was especially in the areas of Special Education, Pupil Services, Instructional Staff Services, and Transportation. Final budget comparison to actual results are detailed in the following table.

Table A-10

	Budget	Actual	Variance
Revenues	\$ 126,051,679	\$129,810,214	\$ 3,758,535
Expenditures	113,467,631	115,752,933	(2,285,302)
Other financing sources/uses	<u>(19,446,684)</u>	<u>(17,125,064)</u>	<u>2,321,620</u>
Net	<u>\$ (6,862,636)</u>	<u>\$ (3,067,783)</u>	<u>\$ 3,794,853</u>

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

Table A-10

	Budget	Actual	Variance
(cont'd)			
Contributing Line Items			
Revenues:			
Local Revenue:			
Delinquent taxes	\$ 1,275,000	\$ 1,515,821	\$ 240,821
Real estate transfer tax	2,600,000	3,521,268	921,268
Earnings on investments	1,300,000	4,403,895	3,103,895
State Revenues:			
Basic education state subsidy	3,921,294	4,039,030	117,736
Student transportation subsidy	1,430,398	485,921	(944,477)
State share-retirement employer	8,292,391	8,785,281	492,890
Expenditures and Other Financing Uses:			
Salaries	46,927,585	49,940,247	3,012,662
Benefits	25,038,298	29,291,832	4,253,534
Professional educational services	14,070,877	17,253,749	3,182,872
Other professional services	2,567,792	3,220,355	652,563
Other purchased services	11,847,259	11,219,800	(627,459)
Supplies	4,047,909	4,375,034	327,125
Property	418,674	250,489	(168,185)
Other objects	269,626	201,427	(68,199)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2024 fiscal year, the District had net investment of \$202,536,336 in a broad range of governmental capital assets and \$1,005,737 in business-type assets, including buildings, sites, library books, and equipment (See Table A-11). Total accumulated depreciation on these assets was \$96,640,577 for governmental activities and \$532,532 for business-type activities. See Note 7 to the financial statements for additional information.

Table A-11
Capital Assets (Net Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and improvements	\$ 14,465,697	\$ 14,838,089	\$ -	\$ -	\$ 14,465,697	\$ 14,838,089
Construction-in-progress	87,080,812	49,988,300	-	-	87,080,812	49,988,300
Building and improvements	99,058,500	89,767,937	-	-	99,058,500	89,767,937
Equipment and furniture	1,787,275	2,130,611	1,005,737	155,611	2,793,012	2,286,222
Vehicles	65,069	77,447	-	-	65,069	77,447
Library books	78,983	45,566	-	-	78,983	45,866
Total	<u>\$202,536,336</u>	<u>\$156,848,250</u>	<u>\$ 1,005,737</u>	<u>\$ 155,611</u>	<u>\$203,542,073</u>	<u>\$157,003,861</u>

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

Long-term Debt

At year-end, the District had \$77,768,188 for governmental activities in general obligation bonds and other long-term liabilities outstanding (not including pension and other post-employment benefits). More detailed information about the District's long-term liabilities is presented in Note 7 of the financial statements.

Table A-12
Outstanding Long-term Debt

	<u>2024</u>	<u>2023</u>
General Obligation Debt and Compensated Absences	<u>\$ 77,768,188</u>	<u>\$ 80,544,673</u>

Other obligations include accrued vacation pay and sick leave for District employees and early retirement incentive payments.

FACTORS BEARING ON THE DISTRICT'S FUTURE

When these financial statements were prepared and audited, the District was aware of the following circumstances that will impact its future economic position.

The impact of the pandemic continued in 2023-2024 school year but to a lesser degree. The District fully utilized all grant funding awards related to COVID-19, and are providing free breakfast to all students through the 2023-2024 school year according to the provisions offered by the Department of Education. The District will continue to follow all associated guidelines.

The District is progressing with the process of building the new school which will address growing enrollment. The new facility will be a 5/6 Center that will welcome all fifth and sixth grade students district-wide, shifting that enrollment out of our current elementary and middle schools. The 5/6 Center will be a state-of-the art facility that will be located on the site adjacent to the current K.D. Markley Elementary School – The new school is on track and scheduled to open in the fall of 2024. The District secured a bond issue to finance the construction of the new school.

The 5/6 Center construction displaced the District's Administrative Offices. The District purchased a building at the end of 2022 and opened the newly renovated facility, 100 Lindenwood Drive Malvern, PA 19355 in December 2023.

Special Session Act 1 of 2006, known as the Taxpayer Relief Act – The law intends to ease the financial burden of home ownership by providing school districts the means to lower property taxes to homeowners, especially senior citizens. The legislation is complex, setting rules for gaming revenue allocations, requiring front-end voter referenda on tax shifting, mandating new school district budget

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

restrictions, and requiring back-end voter referenda on future real estate tax increases above an "index".

Below is a table of historical and future indices:

2021 - 2022	3.00%
2022 - 2023	3.40%
2023 - 2024	4.10%
2024 - 2025	5.30%
2025 - 2026	4.00%

School districts cannot increase the real estate tax rate above an inflationary index percentage as determined by the state with an adjustment provided for less wealthy schools. School districts that wish to increase millage beyond the index to maintain or improve existing programs must either apply for exceptions from the Department of Education or receive voter approval for an increase via a tax increase referendum question during the May primary election.

There are referendum exceptions built into Act 1 should a district need to raise taxes beyond the new inflationary index cap. The exception categories provide partial relief for increase in the cost of special education, retirement and healthcare expenses, emergencies and disasters, and some school construction projects.

About the Pennsylvania Public School Employees' Retirement System

PSERS is the sixteenth largest state-sponsored defined benefit pension fund in the nation and has a membership of more than 256,000 active members and over 240,000 annuitants and beneficiaries receiving benefits. For more information visit PSERS' website at www.psers.state.pa.us.

The Public School Employees' Retirement System ("PSERS") is a defined benefit plan. PSERS is funded through three sources: contributions from employees (members), the employer contribution rate which is contributions from employers (generally school districts) and the Commonwealth, and investment returns from the System.

Employee (Member) contributions range from 5.25% to 10.30% of payroll depending on the class of membership of the employee and when they joined PSERS.

As of July 1, 2011, new members bear some of the investment risk via the shared risk provisions of Act 120 of 2010. With a "shared risk" program, new members since July 1, 2011 benefit when investments of the fund are doing well and share some of the risk when investments underperform.

Both the employer and the Commonwealth are responsible for paying a portion of the employer contribution rate. Employers are divided into two groups: school entities and non-school entities.

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

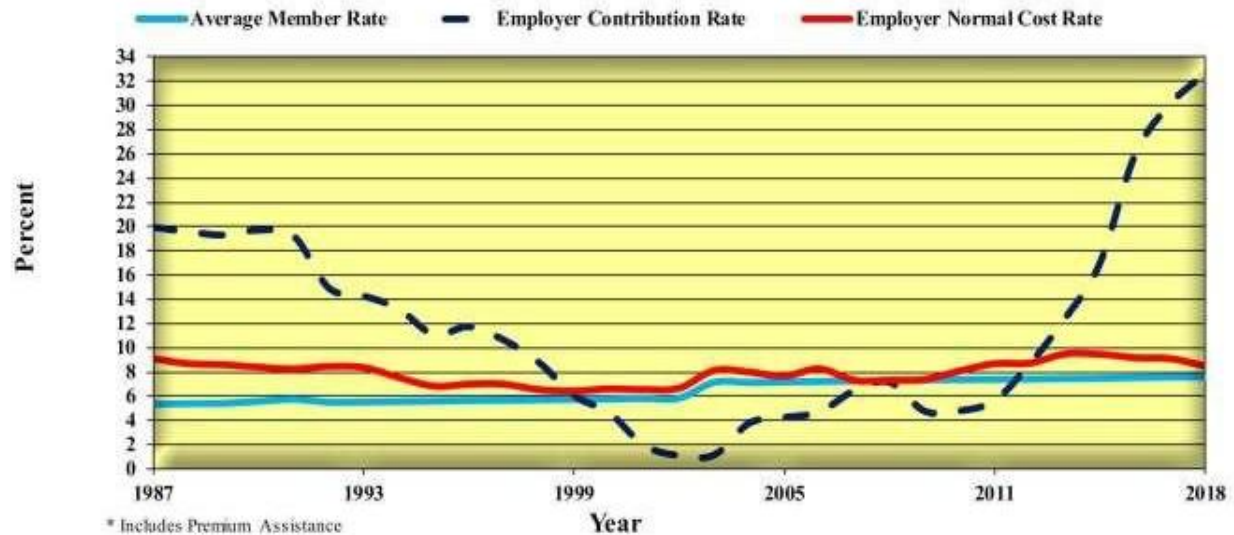
School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses school entities for one-half the payment for employees hired on or before June 30, 1994. School entities are reimbursed by the Commonwealth based on a statutory formula for employees hired after June 30, 1994, but not less than one-half of the payment. Non-school entities and the Commonwealth each contribute one-half of the total employer rate.

The chart below shows the employer contribution rate history over the past 10 years.

History of Employer Contribution Rates

Fiscal Year	Employer Normal Cost %	Preliminary Employer Pension Rate %	Act 5 Defined Contribution %	Health Care Contributions	Total Employer Contribution %
2014 - 2015	8.46	20.50	n/a	0.90	21.40
2015 - 2016	8.38	25.00	n/a	0.84	25.84
2016 - 2017	8.31	29.20	n/a	0.83	30.03
2017 - 2018	7.70	31.74	n/a	0.83	32.57
2018 - 2019	7.59	32.60	n/a	0.83	33.43
2019 - 2020	7.49	33.36	.09	0.84	34.29
2020 - 2021	7.37	33.51	.18	0.82	34.51
2021 - 2022	7.20	33.99	.15	0.80	34.94
2022 - 2023	6.07	34.31	.20	0.75	35.26
2023 - 2024	5.86	33.09	.27	0.64	34.00

History of PSERS' Contribution Rates as of Recent Payroll



**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2024**

The chart below shows the history and projected employer contribution rates using the June 30, 2023 valuation.

History and Projected Employer Contribution Rates
*(Presumes a 7.00% rate of return)

<u>Fiscal Year Ending June</u>	<u>Total Employer Contribution Rate %</u>	<u>Projected Total Employer Contribution (thousands) %</u>
2015 - 2016	25.84	3,576,651
2016 - 2017	30.03	4,160,639
2017 - 2018	32.57	4,380,339
2018 - 2019	33.43	4,604,983
2019 - 2020	34.29	4,863,594
2020 - 2021	34.51	4,888,867
2021 - 2022	34.94	4,992,577
2022 - 2023	35.26	5,111,642
2023 - 2024	34.00	5,188,400
2024 - 2025	34.73	5,339,013
2025 - 2026	34.72	5,465,631

**The projection of contribution rates is based on the assumption that there are no changes in demographics or economic assumptions, no changes in benefit provisions, and no actuarial gains or losses other than gains or losses on the actuarial value of assets that result from recognizing currently deferred gains or losses on the market value of assets. Those assumptions may vary from actual experience and as a result projected employer contribution rates will increase or decrease.*

Investment Returns

- PSERS' rate of return for fiscal year ended June 30, 2023 was 3.54%. The fund had plan net assets of \$72.8 billion at June 30, 2023.
- The employer normal cost continues to decrease as the impact of the benefit reductions in Act 120 is realized.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Great Valley School District, at 100 Lindenwood Drive, Malvern, PA 19355.

GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	\$ 30,819,422	\$ 2,321,438	\$ 33,140,860
Investments	40,772,364	-	40,772,364
Taxes receivable	1,235,920	-	1,235,920
Due from other governments	5,531,414	51,037	5,582,451
Prepaid expenses	300,765	-	300,765
Internal balances	785,852	(785,852)	-
Other receivables	306,142	38,014	344,156
Inventories	-	123,098	123,098
Land	10,256,390	-	10,256,390
Construction-in-progress	87,080,812	-	87,080,812
Capital assets, net of accumulated depreciation	105,199,134	1,005,737	106,204,871
TOTAL ASSETS	<u>282,288,215</u>	<u>2,753,472</u>	<u>285,041,687</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on bond refunding	51,460	-	51,460
Deferred outflows relating to pension	36,236,671	244,423	36,481,094
Deferred outflows relating to OPEB	2,448,025	23,082	2,471,107
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>38,736,156</u>	<u>267,505</u>	<u>39,003,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 321,024,371</u>	<u>\$ 3,020,977</u>	<u>\$ 324,045,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	\$ 9,833,354	\$ 54,105	\$ 9,887,459
Accrued salaries and benefits	12,556,900	23,129	12,580,029
Accrued interest	925,303	-	925,303
Retainage payable	3,852,506	-	3,852,506
Unearned revenue	16,248	97,803	114,051
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable, net	3,060,569	-	3,060,569
Accumulated compensated absences	1,080,305	21,384	1,101,689
Portion due or payable after one year:			
Bonds and notes payable, net	72,236,534	-	72,236,534
Accumulated compensated absences	1,390,780	4,343	1,395,123
Net pension liability	138,618,988	935,012	139,554,000
Net OPEB liability	9,224,862	87,851	9,312,713
TOTAL LIABILITIES	<u>252,796,349</u>	<u>1,223,627</u>	<u>254,019,976</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pension	9,249,610	62,390	9,312,000
Deferred inflows relating to OPEB	8,151,532	34,541	8,186,073
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,401,142</u>	<u>96,931</u>	<u>17,498,073</u>
NET POSITION (DEFICIT):			
Net investment in capital assets	137,816,787	1,005,737	138,822,524
Restricted	5,863,173	-	5,863,173
Unrestricted (deficit)	(92,853,080)	694,682	(92,158,398)
TOTAL NET POSITION	<u>50,826,880</u>	<u>1,700,419</u>	<u>52,527,299</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 321,024,371</u>	<u>\$ 3,020,977</u>	<u>\$ 324,045,348</u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 80,396,459	\$ 117,247	\$ 6,916,989	\$ 4,911,440	\$ (68,450,783)	\$ -	\$ (68,450,783)
Instructional student support	10,117,913	-	906,754	610,602	(8,600,557)	-	(8,600,557)
Administrative and financial support services	11,802,552	-	998,864	-	(10,803,688)	-	(10,803,688)
Operation and maintenance of plant services	7,539,115	288,465	668,792	-	(6,581,858)	-	(6,581,858)
Pupil transportation	5,275,446	-	452,880	676,496	(4,146,070)	-	(4,146,070)
Student activities	2,100,768	256,972	169,024	-	(1,674,772)	-	(1,674,772)
Interest on long-term debt	1,977,795	-	467,317	-	(1,510,478)	-	(1,510,478)
TOTAL GOVERNMENTAL ACTIVITIES	119,210,048	662,684	10,580,620	6,198,538	(101,768,206)	-	(101,768,206)
BUSINESS-TYPE ACTIVITIES:							
Food service	2,775,710	1,632,673	1,457,842	-	-	314,805	314,805
TOTAL BUSINESS-TYPE ACTIVITIES	2,775,710	1,632,673	1,457,842	-	-	314,805	314,805
TOTAL PRIMARY GOVERNMENT	\$ 121,985,758	\$ 2,295,357	\$ 12,038,462	\$ 6,198,538	(101,768,206)	314,805	(101,453,401)
GENERAL REVENUES							
Property taxes, levied for general purposes					97,909,292	-	97,909,292
Taxes levied for specific purposes					3,608,115	-	3,608,115
Grants and entitlements not restricted to specific programs					5,329,941	-	5,329,941
Investment earnings					6,324,240	119,418	6,443,658
Miscellaneous					100,854	-	100,854
Transfers					(10,688)	10,688	-
TOTAL GENERAL REVENUES					113,261,754	130,106	113,391,860
CHANGE IN NET POSITION					11,493,548	444,911	11,938,459
NET POSITION, BEGINNING OF YEAR					39,333,332	1,255,508	40,588,840
NET POSITION, END OF YEAR					\$ 50,826,880	\$ 1,700,419	\$ 52,527,299

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

**GREAT VALLEY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 7,349,830	\$ 16,276,845	\$ -	\$ 23,626,675
Investments	40,772,364	-	-	40,772,364
Taxes receivable	1,235,920	-	-	1,235,920
Due from other funds	4,016,273	2,598,800	-	6,615,073
Due from other governments	5,531,414	-	-	5,531,414
Prepaid expenditures	162,556	138,209	-	300,765
Other current assets	79,859	-	-	79,859
TOTAL ASSETS	<u>\$ 59,148,216</u>	<u>\$ 19,013,854</u>	<u>\$ -</u>	<u>\$ 78,162,070</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 3,551,347	\$ 3,915,521	\$ -	\$ 7,466,868
Retainage payable	-	3,852,506	-	3,852,506
Due to other funds	2,609,650	719,733	-	3,329,383
Accrued salaries and benefits	12,556,900	-	-	12,556,900
Unearned revenues	16,248	-	-	16,248
Accumulated compensated absences	1,080,306	-	-	1,080,306
TOTAL LIABILITIES	<u>19,814,451</u>	<u>8,487,760</u>	<u>-</u>	<u>28,302,211</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	2,677,760	-	-	2,677,760
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,677,760</u>	<u>-</u>	<u>-</u>	<u>2,677,760</u>
FUND BALANCES:				
Nonspendable	490,552	4,662,921	-	5,153,473
Restricted for capital projects	-	5,863,173	-	5,863,173
Assigned for future capital projects	17,093,117	-	-	17,093,117
Assigned for special education settlements	2,500,000	-	-	2,500,000
Assigned for charter school costs	500,000	-	-	500,000
Assigned capital project appropriation	10,000,000	-	-	10,000,000
Unassigned	6,072,336	-	-	6,072,336
TOTAL FUND BALANCES	<u>36,656,005</u>	<u>10,526,094</u>	<u>-</u>	<u>47,182,099</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 59,148,216</u>	<u>\$ 19,013,854</u>	<u>\$ -</u>	<u>\$ 78,162,070</u>

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

**GREAT VALLEY SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2024**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 47,182,099
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 10,256,390	
Construction-in-progress	87,080,812	
Accumulated depreciation	<u>105,199,134</u>	202,536,336

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds/Notes payable in future years, net	(75,297,103)	
Accumulated compensated absences	(1,390,780)	
Accrued interest	(925,303)	
Net OPEB liability	(9,224,862)	
Net pension liability	<u>(138,618,988)</u>	(225,457,036)

Refunded debt resulted in deferred outflows of resources which will be amortized over the life of new debt but do not represent current rights.	51,460
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Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred outflows related to pension	36,236,671	
Deferred outflows related to OPEB	2,448,025	
Deferred inflows of resources:		
Deferred inflows related to pension	(9,249,610)	
Deferred inflows related to OPEB	<u>(8,151,532)</u>	21,283,554

Internal service funds who serve the governmental activities of the District are reported as proprietary funds at the fund level but governmental activities at the entity-wide level.	2,552,706
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Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	<u>2,677,761</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 50,826,880</u></u>
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The accompanying notes are an integral part of these financial statements.

GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES				
Local sources	\$ 107,810,930	\$ 1,578,648	\$ 23,341	\$ 109,412,919
State sources	18,928,393	-	-	18,928,393
Federal sources	3,070,891	-	-	3,070,891
TOTAL REVENUES	<u>129,810,214</u>	<u>1,578,648</u>	<u>23,341</u>	<u>131,412,203</u>
EXPENDITURES				
Current:				
Instruction	79,169,020	-	-	79,169,020
Support services	34,649,333	695,889	-	35,345,222
Operation of noninstructional services	1,934,580	-	-	1,934,580
Capital outlays	-	49,448,466	-	49,448,466
Debt service	-	-	5,348,724	5,348,724
TOTAL EXPENDITURES	<u>115,752,933</u>	<u>50,144,355</u>	<u>5,348,724</u>	<u>171,246,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,057,281</u>	<u>(48,565,707)</u>	<u>(5,325,383)</u>	<u>(39,833,809)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	(17,136,071)	11,800,000	5,325,383	(10,688)
Proceeds from sales of equipment	11,007	-	-	11,007
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,125,064)</u>	<u>11,800,000</u>	<u>5,325,383</u>	<u>319</u>
NET CHANGES IN FUND BALANCES	(3,067,783)	(36,765,707)	-	(39,833,490)
FUND BALANCES, BEGINNING OF YEAR	<u>39,723,788</u>	<u>47,291,801</u>	<u>-</u>	<u>87,015,589</u>
FUND BALANCES, END OF YEAR	<u>\$ 36,656,005</u>	<u>\$ 10,526,094</u>	<u>\$ -</u>	<u>\$ 47,182,099</u>

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

**GREAT VALLEY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (39,833,490)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and writeoffs in the period.

45,688,086

Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues decreased by this amount this year.

(565,349)

The issuance of long-term debt (e.g. bonds/notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.

2,488,376

An internal service fund has been established to account for self-insured healthcare costs. The net revenue is reported in governmental activities.

665,586

Governmental funds report bond discounts as other financing uses and deferred bond refunding option proceeds and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.

506,651

Governmental funds report deferred bond refunding option proceeds as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt.

(114,975)

In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(168,324)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

28,944

In the statement of activities, OPEB expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and deferred inflows and outflows of resources related to OPEB exceeded OPEB expenditures in the governmental funds during the year.

775,518

In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceeded pension contributions during the year.

2,022,525

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 11,493,548

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

**GREAT VALLEY SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 105,243,889	\$ 105,243,889	\$ 107,810,930	\$ 2,567,041
State sources	18,604,031	18,604,031	18,928,393	324,362
Federal sources	2,203,759	2,203,759	3,070,891	867,132
TOTAL REVENUES	<u>126,051,679</u>	<u>126,051,679</u>	<u>129,810,214</u>	<u>3,758,535</u>
EXPENDITURES				
Instruction:				
Regular programs	52,198,789	52,802,981	53,446,844	(643,863)
Special programs	21,828,683	22,753,245	24,519,085	(1,765,840)
Vocational programs	1,155,661	987,852	1,054,664	(66,812)
Nonpublic school programs	422,428	144,276	141,136	3,140
Other instructional programs	-	-	7,291	(7,291)
Total Instruction	<u>75,605,561</u>	<u>76,688,354</u>	<u>79,169,020</u>	<u>(2,480,666)</u>
Support Services:				
Pupil personnel services	4,645,572	4,626,413	4,751,470	(125,057)
Instructional staff services	4,029,494	4,143,870	4,146,255	(2,385)
Administrative services	6,894,696	7,002,577	6,911,732	90,845
Pupil health	1,073,086	1,483,086	1,480,608	2,478
Business services	1,364,681	1,355,481	1,350,872	4,609
Operation and maintenance of plant services	8,228,908	7,678,908	7,654,720	24,188
Student transportation services	5,249,290	5,183,990	5,183,477	513
Data processing services	2,163,290	3,187,093	3,120,848	66,245
Other support services	47,147	47,147	49,351	(2,204)
Total Support Services	<u>33,696,164</u>	<u>34,708,565</u>	<u>34,649,333</u>	<u>59,232</u>
Operation of Noninstructional Activities:				
Student activities	1,925,906	2,070,712	1,934,580	136,132
Total Operation of Noninstructional Services	<u>1,925,906</u>	<u>2,070,712</u>	<u>1,934,580</u>	<u>136,132</u>
TOTAL EXPENDITURES	<u>111,227,631</u>	<u>113,467,631</u>	<u>115,752,933</u>	<u>(2,285,302)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,824,048</u>	<u>12,584,048</u>	<u>14,057,281</u>	<u>1,473,233</u>
OTHER FINANCING USES				
Budgetary reserve	(200,000)	-	-	-
Proceeds from sales of equipment	-	-	11,007	11,007
Transfers out	(21,486,684)	(19,446,684)	(17,136,071)	2,310,613
TOTAL OTHER FINANCING USES	<u>(21,686,684)</u>	<u>(19,446,684)</u>	<u>(17,125,064)</u>	<u>2,321,620</u>
NET CHANGE IN FUND BALANCE	(6,862,636)	(6,862,636)	(3,067,783)	3,794,853
FUND BALANCE, BEGINNING OF YEAR	<u>39,723,788</u>	<u>39,723,788</u>	<u>39,723,788</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 32,861,152</u>	<u>\$ 32,861,152</u>	<u>\$ 36,656,005</u>	<u>\$ 3,794,853</u>

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

GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Enterprise Fund Food Service	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,321,438	\$ 7,192,747
Due from other governments	51,037	-
Accounts receivable	38,014	226,283
Due from other funds	10,688	162
Inventories	123,098	-
Total Current Assets	<u>2,544,275</u>	<u>7,419,192</u>
PROPERTY AND EQUIPMENT:		
Net furniture and equipment	<u>1,005,737</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pension	244,423	-
Deferred outflows relating to OPEB	23,082	-
Total Deferred Outflows of Resources	<u>267,505</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,817,517</u></u>	<u><u>\$ 7,419,192</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 54,105	\$ 2,366,486
Accrued salaries and benefits	23,129	-
Compensated absences	21,384	-
Due to other funds	796,540	2,500,000
Unearned revenue	97,803	-
Total Current Liabilities	<u>992,961</u>	<u>4,866,486</u>
NONCURRENT LIABILITIES:		
Compensated absences	4,343	-
Net pension liability	935,012	-
Net OPEB liability	87,851	-
Total Noncurrent Liabilities	<u>1,027,206</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to pension	62,390	-
Deferred inflows relating to OPEB	34,541	-
Total Deferred Inflows of Resources	<u>96,931</u>	<u>-</u>
NET POSITION		
Investment in capital assets	1,005,737	-
Unrestricted	694,682	2,552,706
Total Net Position	<u>1,700,419</u>	<u>2,552,706</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 3,817,517</u></u>	<u><u>\$ 7,419,192</u></u>

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

GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service	Internal Service Fund
OPERATING REVENUES		
Food service revenues	\$ 1,632,673	\$ -
Charges for services	-	10,426,569
TOTAL OPERATING REVENUES	<u>1,632,673</u>	<u>10,426,569</u>
OPERATING EXPENSES		
Salaries	504,705	-
Employee benefits	6,480	-
Purchased professional and technical services	584,052	-
Other operating expenses	81,625	-
Supplies	1,480,569	-
Depreciation	118,279	-
Payment for health claims and administrative services	-	10,079,339
TOTAL OPERATING EXPENSES	<u>2,775,710</u>	<u>10,079,339</u>
OPERATING INCOME (LOSS)	<u>(1,143,037)</u>	<u>347,230</u>
NONOPERATING REVENUES		
Earnings on investments	119,418	318,356
State sources	312,397	-
Federal sources	1,145,445	-
TOTAL NONOPERATING REVENUES	<u>1,577,260</u>	<u>318,356</u>
OPERATING TRANSFERS		
Transfer from general fund	10,688	-
TOTAL OPERATING TRANSFERS	<u>10,688</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	444,911	665,586
NET DEFICIT, BEGINNING OF YEAR	<u>1,255,508</u>	<u>1,887,120</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ 1,700,419</u>	<u>\$ 2,552,706</u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Enterprise Fund Food Service	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,602,727	\$ 10,403,052
Payments to suppliers	(1,464,687)	-
Payments to employees	(658,475)	-
Payments to health claims and administrative services	-	(10,096,656)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(520,435)</u>	<u>306,396</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	311,103	-
Federal sources	901,616	-
Transfers from general fund	10,688	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>1,223,407</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Equipment acquisition	(969,450)	-
Sale of fixed assets	1,045	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(968,405)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	119,418	318,356
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>119,418</u>	<u>318,356</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(146,015)	624,752
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,467,453</u>	<u>6,567,995</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,321,438</u></u>	<u><u>\$ 7,192,747</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,143,037)	\$ 199,864
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	118,279	-
Donated commodities	247,593	-
(Increase) Decrease in:		
Accounts receivable	(17,364)	(23,517)
Inventories	(17,813)	-
Deferred outflows relating to pension	(95,733)	-
Deferred outflows relating to OPEB	36,097	-
Increase (Decrease) in:		
Accounts payable	(52,712)	63,716
Accrued salaries and benefits	1,164	-
Compensated absences	5,937	-
Due to other funds	504,491	66,333
Unearned revenue	(12,582)	-
Net OPEB liability	(16,896)	-
Net pension liability	163,646	-
Deferred inflows relating to OPEB	13,320	-
Deferred inflows relating to pension	(254,825)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (520,435)</u></u>	<u><u>\$ 306,396</u></u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
NONCASH NONCAPITAL FINANCING ACTIVITY:		
USDA donated commodities	<u><u>\$ 247,593</u></u>	<u><u>\$ 143,927</u></u>

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

GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2024

	Private- Purpose Trust	Custodial Fund Student Activities
ASSETS		
Cash and cash equivalents	<u>\$ 2,434,987</u>	<u>\$ 402,130</u>
TOTAL ASSETS	<u><u>\$ 2,434,987</u></u>	<u><u>\$ 402,130</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Other current liabilities	<u>\$ 2,800</u>	<u>\$ -</u>
NET POSITION:		
Reserved for student activities	-	402,130
Reserved for trust	<u>2,432,187</u>	<u>-</u>
TOTAL NET POSITION	<u><u>2,432,187</u></u>	<u><u>402,130</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,434,987</u></u>	<u><u>\$ 402,130</u></u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Private- Purpose Trust	Custodial Fund Student Activities
ADDITIONS		
Local contributions	\$ 140,406	\$ -
Member contributions	-	432,236
TOTAL ADDITIONS	<u>140,406</u>	<u>432,236</u>
DEDUCTIONS		
Fees paid and scholarships awarded	21,500	-
Student activities	-	409,695
TOTAL DEDUCTIONS	<u>21,500</u>	<u>409,695</u>
CHANGE IN NET POSITION	118,906	22,541
NET POSITION, BEGINNING OF YEAR	<u>2,313,281</u>	<u>379,589</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,432,187</u></u>	<u><u>\$ 402,130</u></u>

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Great Valley School District ("the District") operates four elementary schools, one middle school, and one senior high school to provide education and related services to the residents of Charlestown, East Whiteland, and Willistown Townships and the Borough of Malvern. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the District Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government.

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

Reporting Entity

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

Basis of Presentation

Entity-wide Financial Statements

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

The entity-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental 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.

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

Fund Financial Statements

During the District 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. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

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

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.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

The **Debt Service Fund** is used to account for funds segregated to pay for future debt service payments.

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 government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. During the year ended June 30, 2024, the District recognized certain revenues from the Commonwealth of Pennsylvania which were received more than 60 days after year end but are usually received within 60 days of year end. The District determined that their exclusion would be misleading to the financial statements.

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

Expenditure Recognition

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

Proprietary Fund

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

refunds these costs to the general fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

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

Fiduciary Funds

Custodial funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a private-purpose trust and a custodial fund. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The custodial fund accounts for funds held on behalf of students of the District. The measurement focus and basis of accounting for the private-purpose trust and custodial fund is the same as for proprietary funds.

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

The District does not record an allowance for uncollectible taxes because it is considered to be immaterial.

Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. 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
February 28	-	Lien date

Real estate taxes for the District are collected from the Townships of Charlestown, East Whiteland, and Willistown and the Borough of Malvern. The tax on real estate in those municipalities for public school purposes for fiscal year 2023-2024 was 23.66 mills (\$23.66 per \$1,000 of assessed valuation) as levied by the Board of School Directors. Assessed valuations of property are determined by the Delaware County Board of Assessment.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both entity-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 entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. 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.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	50 years
Site improvements	20 years
Furniture and equipment	3 - 20 years
Library books	10 years
Vehicles	8 years

Compensated Absences

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

Long-term Obligations

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

Bond premiums and bond discounts are reported as netting items against the outstanding bond liability and amortized over the term of the related debt. All amounts are amortized using the straight-line method. Bond issuance costs are expensed at the time of issuance.

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District currently has four types of items that qualify for reporting in this category. Deferred amounts on the refunding of bonds are reflected as deferred outflows

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

of resources on the entity-wide statement of net position. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. Pension and OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net pension and OPEB liabilities under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The proprietary funds report the same three components of net position as do the entity-wide financial statements. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board, Finance Committee, or Director of Management Services has provided otherwise in their commitment or assignment actions.

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

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

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

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

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

Unassigned – all other spendable amounts.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

In the general fund, the District strives to maintain an unassigned fund balance of not less than 2% and not more than 8% of budgeted expenditures.

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 10 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 the date final action on adoption is taken by the Board.

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

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the District's deposits

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

was \$35,977,977, and the bank balance was \$38,982,800. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$7,933,609 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the District's name. The remaining \$30,549,191 of 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 asset 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 AAAM by a nationally recognized statistical rating organization.

Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows: Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania; (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (d) shares of an investment company registered under the Investment Company Act of 1940; or (e) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF") to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

All of the District's \$40,772,364 in investments are invested in PSDLAF. Of the investments, the entire amount of \$40,772,364 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the deposits with PLGIT act like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2024, PLGIT had a credit rating of AAAM.

Interest Rate Risk

The District's investment policy follows the Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Credit Risk

The District's investment policy follows the Pennsylvania School Code in limiting its investment choices to those with certain credit ratings. All certificates of deposit are fully covered by FDIC insurance.

Concentration Risk

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

NOTE 4 UNEARNED REVENUES

The District records unearned revenue for resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue reported in the governmental funds resulted from revenue received but not yet earned. Unearned revenue in the proprietary funds and the entity-wide financial statements represents resources that have been received but not yet earned.

NOTE 5 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	\$ 10,256,390	\$ -	\$ -	\$ 10,256,390
Construction-in-progress	49,988,300	44,498,464	7,405,952	87,080,812
Total Capital Assets Not Being Depreciated/Amortized	<u>60,244,690</u>	<u>44,498,464</u>	<u>7,405,952</u>	<u>97,337,202</u>
Capital assets being depreciated				
Buildings	52,794,325	12,424,556	-	65,218,881
Buildings and improvements	94,974,721	-	-	94,974,721
Site improvements	11,339,187	8,163	-	11,347,350
Furniture and equipment	28,064,816	107,069	14,790	28,157,095
Library books	1,819,627	42,459	-	1,862,086
Vehicles	279,578	-	-	279,578
Total Capital Assets Being Depreciated	<u>189,272,254</u>	<u>12,582,247</u>	<u>14,790</u>	<u>201,839,711</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
(cont'd)				
Less accumulated depreciation for:				
Buildings	27,842,275	1,141,914	-	28,984,189
Buildings and improvements	30,158,834	1,992,079	-	32,150,913
Site improvements	6,757,488	380,555	-	7,138,043
Furniture and equipment	25,934,205	450,405	14,790	26,369,820
Library books	1,773,761	9,342	-	1,783,103
Vehicles	202,131	12,378	-	214,509
Total accumulated depreciation	<u>92,668,694</u>	<u>3,986,673</u>	<u>14,790</u>	<u>96,640,577</u>
Total Capital Assets Being Depreciated, Net	<u>96,603,560</u>	<u>8,595,574</u>	<u>-</u>	<u>105,199,134</u>
GOVERNMENTAL ACTIVITIES ASSETS, NET	<u>\$156,848,250</u>	<u>\$53,094,038</u>	<u>\$ 7,405,952</u>	<u>\$202,536,336</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated:				
Machinery and equipment	\$ 621,729	\$ 969,450	\$ 52,910	\$ 1,538,269
Less accumulated depreciation	<u>466,118</u>	<u>118,279</u>	<u>51,865</u>	<u>532,532</u>
BUSINESS-TYPE ACTIVITIES, NET	<u>\$ 155,611</u>	<u>\$ 851,171</u>	<u>\$ 1,045</u>	<u>\$ 1,005,737</u>

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

Governmental Activities:	
Instruction	\$ 3,280,261
Instructional student support	141,426
Administrative and financial support services	14,779
Operation and maintenance of plant services	78,302
Pupil transportation	272,678
Student activities	<u>199,227</u>
Total Governmental Activities	<u>\$ 3,986,673</u>
Business-type Activities:	
Food service	<u>\$ 118,279</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 **INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS**

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

Due To	Amount	Due From	Amount
General Fund	\$ 4,016,273	Food Service Fund	\$ 796,540
Food Service Fund	10,688	Capital Projects Fund	719,733
Internal Service Fund	162	Internal Service Fund	2,500,000
Capital Projects Fund	<u>2,598,800</u>	General Fund	<u>2,609,650</u>
Total	<u>\$ 6,625,923</u>		<u>\$ 6,625,923</u>

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

The general fund transferred \$11,800,000 to the capital reserve fund to support future capital projects, \$5,325,383 to the debt service fund to cover debt payments, and \$10,688 to the food service fund.

NOTE 7 **GENERAL LONG-TERM DEBT**

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds/Note payable, net	\$ 78,292,130	\$ -	\$ (2,995,027)	\$ 75,297,103	\$ 3,060,569
Accumulated compensated absences	2,252,543	218,542	-	2,471,085	1,080,305
Net OPEB liability	8,596,321	628,541	-	9,224,862	-
Net pension liability	121,667,634	16,951,354	-	138,618,988	-
Arbitrage rebate payable	<u>461,933</u>	<u>233,956</u>	<u>(695,889)</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$211,270,561</u>	<u>\$18,032,393</u>	<u>\$ (3,690,916)</u>	<u>\$225,612,038</u>	<u>\$ 4,140,874</u>

Bonds payable, net consists of the following:

Bonds payable, at face	\$ 70,203,724
Bond premiums	<u>5,093,379</u>
Bonds payable, net	<u>\$ 75,297,103</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Payments of long-term liabilities for governmental activities are expected to be funded by the general fund, capital projects fund, and capital reserve fund.

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Net OPEB liability	\$ 104,747	\$ -	\$ (16,896)	\$ 87,851	\$ -
Net pension liability	771,366	163,646	-	935,012	-
Accrued Compensated absences	19,790	5,937	-	25,727	21,384
TOTALS	\$ 895,903	\$ 169,583	\$ (16,896)	\$ 1,048,590	\$ 21,384

Payments of long-term liabilities for business-type activities are expected to be funded by the food service fund.

General Obligation Bonds and Note

SPSBA, Qualified School Construction Bonds – Series of 2010A, on October 6, 2010, the District entered into a loan agreement with the State Public School Building Authority for \$999,000 of Federally Taxable Revenue Bonds Series A of 2010 Qualified School Construction Bonds. The Bonds provide a federal subsidy to the District for interest paid on the Bonds. The Bonds mature in equal amounts from September 1, 2011, to September 1, 2027. Interest is payable semiannually on March 1 and September 1 beginning March 1, 2011. The stated interest rate for the District is 5.00%. The District is then receiving a federal subsidy at a rate of 4.83% leaving an effective interest rate of 0.17%. The District received a subsidy of \$23,410 for the year ended June 30, 2024. Proceeds from these bonds were used for renovations at the Charlestown Elementary School.

\$ 235,057

SPSBA, Qualified School Construction Bonds – Series of 2011C, On November 1, 2011, the District entered into a loan agreement with the State Public School Building Authority for \$389,000 of Federally Taxable Revenue Bonds Series C of 2011 Qualified School Construction Bonds. The Bonds provide a federal subsidy to the District for interest paid on the Bonds. The Bonds mature in equal amounts from September 1, 2012, to September 1, 2029. Interest is payable semiannually on March 1

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

and September 1 beginning March 1, 2012. The stated interest rate for the District is 5.09%. The District is then receiving a federal subsidy at a rate of 5.09% leaving an effective interest rate of 0.00%. The District received a subsidy of \$9,602 for the year ended June 30, 2024. Proceeds from these bonds were used for renovations at the Charlestown Elementary School.

129,667

Series of 2020, the District issued \$7,567,000 of General Obligation Notes, Series of 2020. The Notes mature in varying amounts from January 25, 2021, to January 25, 2025. Interest is payable monthly on the 25th beginning August 25, 2020, at a fixed interest rate of 0.715%. Proceeds from these bonds were used to currently refund the District's General Obligation Bonds, Series 2012 and pay the costs of issuance.

679,000

Series of 2022, the District issued \$69,885,000 of General Obligation Bonds, Series of 2022. The Bonds mature in varying amounts from September 1, 2022, to September 1, 2042. Interest is payable semiannually on March 1 and September 1 beginning September 1, 2022, at a fixed interest rate of 4.0%. Proceeds from these bonds were used to finance various capital projects and to pay the cost of issuance.

69,160,000

TOTAL

\$ 70,203,724

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

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 2,549,376	\$ 2,741,178	\$ 5,290,554
2026	2,640,376	2,650,246	5,290,622
2027	2,745,376	2,544,647	5,290,023
2028	2,855,373	2,433,898	5,289,271
2029	2,956,611	2,317,749	5,274,360
2030-2034	16,656,612	9,678,250	26,334,862
2035-2039	20,335,000	5,991,500	26,326,500
2040-2043	<u>19,465,000</u>	<u>1,595,900</u>	<u>21,060,900</u>
	<u>\$ 70,203,724</u>	<u>\$ 29,953,368</u>	<u>\$ 100,157,092</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.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 one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

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

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

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

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

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the rate of the employer contribution was 34.00% of covered payroll, which was comprised of 33.09% for pension contributions, 0.64% for healthcare contributions, and 0.27% for Act 5 defined contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2024 was \$16,676,397.

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

At June 30, 2024, the District reported a liability of \$139,554,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2022 to June 30, 2023. 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, 2023, the District's proportion was 0.3137%, which was an increase of 0.0383% from its proportion measured as of June 30, 2022.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

For the year ended June 30, 2024, the District recognized pension expense of \$14,466,960. 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
Net difference between projected and actual investment earnings	\$ 3,949,000	\$ -
Difference between expected and actual experience	32,000	1,911,000
Changes in proportions	12,915,000	7,401,000
Changes in assumptions	2,082,000	-
Difference between employer contributions and proportionate share of total contributions	826,697	-
Contributions subsequent to the date of measurement	16,676,397	-
	<u>\$36,481,094</u>	<u>\$ 9,312,000</u>

Deferred outflows of resources of \$16,676,397, resulting from the District's 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:

<u>Year Ended June 30,</u>	
2025	\$ 2,452,932
2026	(1,931,435)
2027	8,702,565
2028	1,268,635
	<u>\$10,492,697</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public entity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$180,900,000	\$139,554,000	\$104,670,000

Pension Plan Fiduciary Net Position

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The District contributes to the Health Insurance Premium Assistance Program, which is a governmental cost sharing, multiple-employer other postemployment benefits ("OPEB") plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

Representatives and sending them to the Governor for approval. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP 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 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the rate of the employer contribution was 34.00% of covered payroll, which was comprised of 33.09% for pension contributions, 0.64% for healthcare contributions, and 0.27% for Act 5 defined contributions. The District's OPEB contribution to PSERS for the year ended June 30, 2023 was \$322,541.

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 \$5,666,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net 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, 2023, the District's proportion was 0.3132%, which was an increase of 0.0386% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$211,295. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 37,000	\$ 56,000
Changes in assumptions	490,000	1,072,000
Net difference between projected and actual investment earnings	13,000	-
Changes in proportions	726,000	465,000
Difference between employer contributions and proportionate share of total contributions	-	3,523
Contributions subsequent to the measurement date	322,541	-
	<u>\$ 1,588,541</u>	<u>\$ 1,596,523</u>

Change in Assumption

The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

An amount of \$322,541 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and 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 June 30,

2025	\$ (66,705)
2026	(104,705)
2027	(124,705)
2028	(156,704)
2029	<u>122,296</u>
	<u>\$ (330,523)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by rolling forward the system's total 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 percentage of pay
- Investment return – 4.13% – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50% comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50%.
 - Eligible retirees will elect to participate post-age 65 at 70%.

The 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.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.
- Morality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	100.0%	1.2%
	<u>100.0%</u>	

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2023, retirees' premium assistance benefits are not subject to future healthcare cost increases. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

The following presents the system's net OPEB liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 5,666,000	\$ 5,666,000	\$ 5,667,000

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

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

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
District's proportionate share of the net OPEB liability	\$ 6,406,000	\$ 5,666,000	\$ 5,047,000

OPEB Plan Fiduciary Net Position

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. Under GASB Statement No. 75, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2024, the District paid \$364,449 to plan members eligible for receiving benefits.

Participants

As of June 30, 2024, the Plan had 490 participants (466 active, 24 retired).

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2023. The total OPEB liability as of July 1, 2023 was determined by rolling forward the plan's total OPEB liability as of the July 1, 2022 actuarial valuation to the July 1, 2023 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 4.13%, based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2023.

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0.0%.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Withdrawal

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

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

Mortality Rates

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

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

Disability

No disability was assumed.

Retirement

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

<u>Age</u>	<u>Age 55 and 25 Years of Service</u>		<u>TC and TD Superannuation</u>		<u>TE, TF, TG, and TH Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Age	Age 55 and 25 Years of Service		TC and TD Superannuation		TE, TF, TG, and TH Superannuation	
	Male	Female	Male	Female	Male	Female
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71 - 73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74 - 79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Percent of Eligible Retirees Electing Coverage in Plan

One hundred percent of administrators who are eligible for HRA benefit will elect. One hundred percent of support staff eligible for subsidized coverage are assumed to elect. Seventy percent of administrators and teachers, and ten percent of support staff are assumed to elect coverage if not eligible for HRA.

Percent Married at Retirement

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

Spouse Age

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

Per Capita Claims Cost

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Age	Medical and Prescription Drug Combined	
	Male	Female
45 - 49	\$ 7,661	\$ 11,064
50 - 54	\$ 10,146	\$ 12,504
55 - 59	\$ 12,357	\$ 13,084
60 - 64	\$ 16,126	\$ 15,030
65+	\$ 4,331	\$ 4,331

Retiree Contributions

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

Healthcare Cost Trend Rate

The healthcare cost trend rate was 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

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

Actuarial Cost Method – Entry Age Normal

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

Participant Data

Participant data is based on census information as of July 2022.

Sensitivity Analysis

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
Total OPEB liability	\$ 3,818,011	\$ 3,646,713	\$ 3,480,273

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

	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,536,232	\$ 3,646,713	\$ 3,771,586

Changes in Total OPEB Liability

Total OPEB obligation as of June 30, 2023	\$ 3,646,068
Service cost	200,645
Interest on OPEB obligation	148,161
Effect of assumption changes or inputs	16,288
Benefit payments	<u>(364,449)</u>
Total OPEB obligation as of June 30, 2024	<u>\$ 3,646,713</u>

The amount of OPEB credit for the single employer plan recognized by the District was \$296,234 for the year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,600,397
Change in assumptions	547,049	989,153
Contributions subsequent to the measurement date	<u>335,517</u>	<u>-</u>
	<u>\$ 882,566</u>	<u>\$ 6,589,550</u>

An amount of \$335,317 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

reduction of the net OPEB liability in the year ended June 30, 2025. Deferred outflows of resources due to the change in assumptions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (645,040)
2026	(645,040)
2027	(645,040)
2028	(645,040)
2029	(645,038)
Thereafter	<u>(2,817,303)</u>
	<u>\$ (6,042,501)</u>

NOTE 11 AGGREGATION OF NET OPEB LIABILITY

The District's reconciliation of the net OPEB liability is as follows:

	PSERS Healthcare Premium Assistance Plan (See Note 9)	District Postemployment Healthcare Benefits Plan (See Note 10)	Total
Deferred Outflows Related to OPEB	\$ 1,588,541	\$ 882,566	\$ 2,471,107
Net OPEB Liability	\$ 5,666,000	\$ 3,646,713	\$ 9,312,713
Deferred Inflows Related to OPEB	\$ 1,596,523	\$ 6,589,550	\$ 8,186,073

NOTE 12 JOINT VENTURES

The District is one of four member school districts of the Chester County Technical College High School - Pickering Campus ("TCHS-Pickering"). TCHS-Pickering is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of TCHS-Pickering operations is the responsibility of the joint board. The District is not responsible for deficits, nor is the District entitled to operating surplus. The District is a guarantor of outstanding debt, but the amount is immaterial. The District's share of annual operating and capital costs for TCHS-Pickering fluctuates based on the percentage of enrollment and is reflected as intergovernmental expenditures of the General Fund. Since there is no clear residual equity, no asset has been reflected in the District's financial statements. Summary financial information as of June 30, 2023 (the most recent information available) is as follows:

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 JOINT VENTURES (cont'd)

Total assets and deferred outflows of resources	\$ 54,031,057
Total liabilities and deferred inflows of resources	<u>89,081,630</u>
Total Net Position (Deficit)	<u><u>\$(35,050,573)</u></u>

Separate financial statements of the Chester County Technical College High School have been prepared and are available.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Government Grants and Awards

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

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

Capital Improvement Commitments

As of June 30, 2024, the District was in the process of several capital projects. Construction commitments completed to date are as follows:

Project	Contract Amount	Completed 6/30/2024	Commitment
New 5/6 Center	\$ 83,708,911	\$ 79,903,442	\$ 3,805,469
N2 Upgrade	2,056,915	1,065,000	991,915
General Wayne Playground Renovations	68,400	40,800	27,600
Renovation of District Libraries	156,544	9,646	146,898
MS Roof	1,250,812	174,488	1,076,324
CTE Roof	2,764,077	1,085,728	1,678,349
Total Commitments Related to Construction-in-progress	<u><u>\$ 90,005,659</u></u>	<u><u>\$ 82,279,104</u></u>	<u><u>\$ 7,726,555</u></u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 COMMITMENTS AND CONTINGENCIES (cont'd)

Additionally, at June 30, 2024, the District had \$4,801,708 in construction-in-progress not subject to construction commitments.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2023-2024 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 15 DEFICIT NET POSITION

For governmental activities the unrestricted net deficit amount of \$92,853,080 includes the effect of the deferring the recognition of pension contributions made subsequent to the measurement date of the net pension liability, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the differences between projected and actual investment earnings.

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2024:

Regular programs	\$ 643,863
Special programs	\$ 1,765,840
Vocational programs	\$ 66,812
Other instructional programs	\$ 7,291
Pupil person services	\$ 125,057
Instructional staff services	\$ 2,385
Other support services	\$ 2,204

The excess of expenditures over appropriations was financed by areas in which expenditures did not exceed budgeted projections and revenues exceeding projections.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 17 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 8, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	MEASUREMENT DATE									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.3137%	0.2754%	0.3075%	0.3058%	0.3018%	0.3033%	0.2992%	0.2971%	0.2852%	0.2823%
District's proportion of the net pension liability - dollar value	\$ 139,554,000	\$ 122,439,000	\$ 126,249,000	\$ 150,573,000	\$ 141,190,000	\$ 145,599,000	\$ 147,770,000	\$ 147,233,000	\$ 123,535,000	\$ 111,736,000
District's covered employee payroll	\$ 46,874,269	\$ 40,379,810	\$ 43,490,210	\$ 42,764,082	\$ 41,623,052	\$ 40,846,930	\$ 39,829,209	\$ 38,472,750	\$ 36,700,194	\$ 36,028,907
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	297.72%	303.22%	290.29%	352.10%	339.21%	356.45%	371.01%	382.69%	336.61%	310.13%
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%

**GREAT VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 16,676,397	\$ 16,183,931	\$ 15,305,939	\$ 14,656,562	\$ 14,273,513	\$ 13,600,452	\$ 12,983,920	\$ 11,731,989	\$ 9,640,430	\$ 7,583,753
Contributions in relation to the contractually required contribution	<u>16,676,397</u>	<u>16,183,931</u>	<u>15,305,939</u>	<u>14,656,562</u>	<u>14,273,513</u>	<u>13,600,452</u>	<u>12,983,920</u>	<u>11,731,989</u>	<u>9,640,430</u>	<u>7,583,753</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 50,397,090	\$ 46,869,189	\$ 40,385,063	\$ 43,491,282	\$ 42,760,674	\$ 41,617,050	\$ 40,842,781	\$ 39,823,452	\$ 38,469,393	\$ 36,707,420
Contributions as a percentage of covered employee payroll	33.09%	34.53%	37.90%	33.70%	33.38%	32.68%	31.79%	29.46%	25.06%	20.66%

**GREAT VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE							
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net OPEB liability	0.3132%	0.2746%	0.3068%	0.3047%	0.3018%	0.3033%	0.2992%	0.2971%
District's proportion of the net OPEB liability - dollar value	\$ 5,666,000	\$ 5,055,000	\$ 7,271,000	\$ 6,584,000	\$ 6,419,000	\$ 6,324,000	\$ 6,096,000	\$ 6,400,000
District's covered employee payroll	\$ 46,874,269	\$ 40,379,810	\$ 43,490,210	\$ 42,764,082	\$ 41,623,052	\$ 40,846,930	\$ 39,829,209	\$ 38,472,750
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.09%	12.52%	16.72%	15.40%	15.42%	15.48%	15.31%	16.64%
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%

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

**GREAT VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 322,541	\$ 353,772	\$ 360,246	\$ 358,649	\$ 359,405	\$ 346,270	\$ 339,529	\$ 333,478	\$ 323,918	\$ 332,945
Contributions in relation to the contractually required contribution	<u>322,541</u>	<u>353,772</u>	<u>360,246</u>	<u>358,649</u>	<u>359,405</u>	<u>346,270</u>	<u>339,529</u>	<u>333,478</u>	<u>323,918</u>	<u>332,945</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 50,397,090	\$ 46,874,269	\$ 40,379,810	\$ 43,490,210	\$ 42,764,082	\$ 41,623,052	\$ 40,846,930	\$ 39,829,209	\$ 38,472,750	\$ 36,700,194
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.89%	0.82%	0.84%	0.83%	0.83%	0.84%	0.84%	0.91%

**GREAT VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY - SINGLE EMPLOYER PLAN**

	MEASUREMENT DATE					
	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
TOTAL OPEB LIABILITY						
Service cost	\$ 200,645	\$ 581,187	\$ 582,005	\$ 836,977	\$ 841,304	\$ 826,658
Interest on total OPEB liability	148,161	199,709	162,300	432,135	368,461	381,926
Change of benefits terms	-	-	-	(3,645,356)	-	374,730
Differences between expected and actual experience	-	(4,471,475)	-	(1,879,216)	-	(1,128,060)
Effect of assumption changes or inputs	16,288	(575,000)	(224,405)	793,053	(342,737)	6,631
Benefit payments	(364,449)	(581,137)	(372,965)	(471,126)	(241,722)	(399,827)
NET CHANGE IN TOTAL OPEB LIABILITY	645	(4,846,716)	146,935	(3,933,533)	625,306	62,058
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	3,646,068	8,492,784	8,345,849	12,279,382	11,654,076	11,592,018
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 3,646,713</u>	<u>\$ 3,646,068</u>	<u>\$ 8,492,784</u>	<u>\$ 8,345,849</u>	<u>\$ 12,279,382</u>	<u>\$ 11,654,076</u>
<u>PLAN FIDUCIARY NET POSITION</u>						
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 3,646,713</u>	<u>\$ 3,646,068</u>	<u>\$ 8,492,784</u>	<u>\$ 8,345,849</u>	<u>\$ 12,279,382</u>	<u>\$ 11,654,076</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 41,551,247	\$ 41,551,247	\$ 40,605,020	\$ 40,605,020	\$ 37,955,147	\$ 37,955,147
District's net OPEB liability as a percentage of covered payroll	8.78%	8.77%	20.92%	20.55%	32.35%	30.70%
Expected average remaining service years of all participants	12	12	12	12	12	12

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

SINGLE AUDIT



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

January 8, 2025

Board of School Directors
Great Valley School District
Malvern, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Valley School District ("the District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

Board of School Directors
Great Valley School District

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

Report on Compliance and Other Matters

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

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP



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

January 8, 2025

Board of School Directors
Great Valley School District
Malvern, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Great Valley School District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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

Basis for Opinion on the Major Federal Program

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

Board of School Directors
Great Valley School District

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Board of School Directors
Great Valley School District

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

Report on Internal Control Over Compliance

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

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

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

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

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/2023	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2024	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-23-0168	07/01/22-09/30/23	\$ 242,112	\$ 16,141	\$ 12,075	\$ 4,066	\$ 4,066	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-24-0168	07/01/23-09/30/24	468,548	158,342	-	462,827	462,827	304,485	-
Total ALN 84.010						174,483	12,075	466,893	466,893	304,485	-
 Title II - Improving Teacher Quality	I	84.367	020-22-0168	07/06/21-09/30/22	67,352	31,463	31,463	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-23-0168	07/01/22-09/30/23	65,357	30,524	(22,306)	52,830	52,830	-	-
Title II - Improving Teacher Quality	I	84.367	020-24-0168	07/01/23-09/30/24	92,631	30,958	-	68,460	68,460	37,502	-
Total ALN 84.367						92,945	9,157	121,290	121,290	37,502	-
 Title III - Student Support and Academic Enrichment Grants	I	84.365	010-23-0168	07/06/22-09/30/23	56,484	31,625	(10,650)	42,275	42,275	-	-
Title III - Student Support and Academic Enrichment Grants	I	84.365	010-24-0168	07/01/23-09/30/24	69,559	18,549	-	2,302	2,302	(16,247)	-
Total ALN 84.365						50,174	(10,650)	44,577	44,577	(16,247)	-
 Title IV - Student Support and Academic Enrichment Grants	I	84.424	144-23-0168	07/06/22-09/30/23	22,350	2,478	(6,713)	9,191	9,191	-	-
Title IV - Student Support and Academic Enrichment Grants	I	84.424	144-24-0168	07/01/23-09/30/24	18,954	5,055	-	14,027	14,027	8,972	-
Total ALN 84.424						7,533	(6,713)	23,218	23,218	8,972	-
 Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-21-0168	03/13/20-09/30/23	1,237,432	29,172	(30,726)	59,898	59,898	-	-
Total ALN 84.425D						29,172	(30,726)	59,898	59,898	-	-
 Elementary and Secondary School Emergency Relief Fund	I	84.425U	223-21-0168	03/13/20-09/30/24	2,502,966	637,119	(39,314)	1,049,679	1,049,679	373,246	-
ARP ESSER After School Set Aside	I	84.425U	225-21-0168	03/13/21-09/30/24	194,535	35,370	35,390	74,259	74,259	74,279	-
Total ALN 84.425U						672,489	(3,924)	1,123,938	1,123,938	447,525	-
Total Passed through Pennsylvania Department of Education						1,026,796	(30,781)	1,839,814	1,839,814	782,237	-
Subgrant from U.S. Department of Education											
Passed through Chester County Intermediate Unit											
IDEA	I	84.027	062-23-0024	07/01/22-06/30/23	632,886	295,347	295,347	-	-	-	-
IDEA	I	84.027	062-24-0024	07/01/23-06/30/24	688,358	688,358	-	688,358	688,358	-	-
Total ALN 84.027						983,705	295,347	688,358	688,358	-	-
 IDEA - Section 619	I	84.173	131-23-0024B	07/01/22-06/30/23	2,688	2,688	2,688	-	-	-	-
IDEA - Section 619	I	84.173	131-24-0024B	07/01/23-06/30/24	2,242	2,242	-	2,242	2,242	-	-
Total ALN 84.173						4,930	2,688	2,242	2,242	-	-
Total Passed through Chester County Intermediate Unit						988,635	298,035	690,600	690,600	-	-
Total Special Education Cluster						988,635	298,035	690,600	690,600	-	-
Total U.S. Department of Education						2,015,431	267,254	2,530,414	2,530,414	782,237	-
U.S. Department of Health and Human Services											
Passed through Pennsylvania Department of Human Services											
Medical Assistance Program	I	93.778	N/A	07/01/22-06/30/23	N/A	3,359	3,359	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/23-06/30/24	N/A	7,465	-	7,465	7,465	-	-
Total ALN# 93.778						10,824	3,359	7,465	7,465	-	-
Total U.S. Department of Health and Human Services						10,824	3,359	7,465	7,465	-	-

Continued on next page.

**GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/2023	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2024	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	233,935	(17,299)	247,593	247,593	(3,641)	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	30,658	30,658	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	583,155	-	610,519	610,519	27,364	-
Supply Chain Assistance	I	10.555	N/A	07/01/23-06/30/24	N/A	112,073	-	112,073	112,073	-	-
Total ALN 10.555						959,821	13,359	970,185	970,185	23,723	-
Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	9,048	9,048	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	160,779	-	169,357	169,357	8,578	-
Total ALN 10.553						169,827	9,048	169,357	169,357	8,578	-
Total Child Nutrition Cluster						1,129,648	22,407	1,139,542	1,139,542	32,301	-
COVID-19 Summer Food Service Program for Children	I	10.559	N/A	07/01/22-06/30/23	N/A	5,250	-	5,250	5,250	-	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22-06/30/23	N/A	653	-	653	653	-	-
Total U.S. Department of Agriculture						1,135,551	22,407	1,145,445	1,145,445	32,301	-
TOTAL FEDERAL AWARDS						\$ 3,161,806	\$ 293,020	\$ 3,683,324	\$ 3,683,324	\$ 814,538	\$ -
Total Education Stabilization Funds (84.425D and 84.425U)						\$ 701,661	\$ (34,650)	\$ 1,183,836	\$ 1,183,836	\$ 447,525	\$ -

Source Code:

I = Indirect Funding

GREAT VALLEY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF SCHEDULE

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555 includes surplus food consumed by the District during the 2023-2024 fiscal year.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was \$500,000.

NOTE E INDIRECT COST RATE

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

NOTE F BUILD AMERICA BONDS

Two of the District's bonds qualify for subsidies under the Build America Bonds program of the American Recovery and Reinvestment Act. These subsidy payments are not considered federal financial assistance. The amount of subsidy funding recognized for the year ended June 30, 2024 was \$33,012.

GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

84.425D, 84.425U

Elementary and Secondary School
Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.