



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

**Conestoga Valley School District**  
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**June 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Conestoga Valley School District:

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule - General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions - PSERS on pages 4 through 16 and 58 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Report on Summarized Comparative Information

Conestoga Valley School District's 2023 financial statements were previously audited by BBD, LLP, who joined WithumSmith+Brown, PC on April 1, 2024 and expressed unmodified audit opinions on those financial statements in their report dated November 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from it was derived.

### Supplementary Information

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

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### Other Information

Management is responsible for the other information in the financial statements on pages 79 through 86. The other information does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2025, on our consideration of Conestoga Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Conestoga Valley School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

March 13, 2025

# Conestoga Valley School District Management's Discussion and Analysis - Unaudited June 30, 2024

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

## DISTRICT PROFILE

The District consists of four elementary schools, one middle school, one high school and a virtual academy with a student population of approximately 3,910 students. The District is located in central Lancaster County adjacent to the City of Lancaster, Pennsylvania and covers an area approximately 54 square miles that is comprised of East Lampeter, Upper Leacock and West Earl Townships. During 2023-2024, there were 453 employees in the District consisting of 368 teachers, 31 administrators, including general administration, principals and supervisors and 54 support personnel including administrative assistants and technology staff.

The mission of the District is "To educate all students to strive for personal excellence, while becoming caring and contributing citizens in a global community."

## FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit in total net position at the close of the 2023-2024 fiscal year of \$1,018,201. During the 2023-2024 fiscal year, the District had an increase in total net position of \$11,105,115. The net position of governmental activities increased by \$10,629,727 and the net position of the business-type activities increased by \$475,388.
- The General Fund reported a decrease of fund balance of \$1,323,516, bringing the cumulative balance to \$15,362,291 at the conclusion of the 2024-2024 fiscal year.
- At June 30, 2024, the General Fund fund balance includes:
  - ◆ \$911,870 which is considered non-spendable
  - ◆ \$2,061,059 committed to retirement rate stabilization
  - ◆ \$370,000 committed to health savings account reserves
  - ◆ \$250,000 committed to special education costs
  - ◆ \$1,331,622 committed for future debt service obligations
  - ◆ \$2,350,000 committed for assessment appeals and tax increment financing
  - ◆ \$1,400,000 committed for inflation stabilization

The remaining \$6,687,740 is unassigned and represents 7.18% of the \$93,130,552 2024-2025 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.

- Actual revenues and other financing sources were \$35,127, or 0.04%, more than budgeted amounts and actual expenditures and other financing uses were \$850,975, or 0.90%, less than budgeted amounts resulting in a net positive variance of \$886,102.
- At the end of the current fiscal year, the District had total general obligation debt of \$134,366,222 consisting of \$123,830,000 in bonds payable, \$4,475,000 in notes payable, and net deferred credits of \$6,061,222.

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Management's Discussion and Analysis - Unaudited  
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- The District's general obligation debt is backed by the full faith of the District and decreased by \$3,557,379, or 2.58%, during the fiscal year.
- The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("PSERS"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$78,251,542 as of June 30, 2024. The District's net pension liability decreased by \$9,821,186 or 11.15% during the fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

**Governmental Activities**

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

**Business-Type Activities**

The District charges fees to cover the costs of its food services program.

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

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Management's Discussion and Analysis - Unaudited  
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**FUND FINANCIAL STATEMENTS**

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

**Governmental Funds**

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

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

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

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

The governmental fund financial statements can be found on Pages 19 through 22 of this report.

**Proprietary Funds**

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on Pages 23 through 25 of this report.

**Fiduciary Funds**

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

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The fiduciary fund financial statements can be found on Pages 26 and 27 of this report.

**Notes to the Financial Statements**

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

The notes to the financial statements can be found on Pages 28 through 57 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the District's proportionate share of the net pension liability and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability and OPEB plan contributions-PSERS, as well as additional analysis which consists of combining and individual fund financial statements.

The required supplementary information and additional analysis can be found on Pages 58 through 64 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted above, net position may over time serve as a useful indicator of the District's financial condition. At the close of the 2023-2024 fiscal year, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,018,201. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current assets	\$ 74,541,120	\$ 91,277,558	\$ 2,069,421	\$ 1,879,753	\$ 76,610,541	\$ 93,157,311
Capital assets, net	153,369,304	139,609,595	1,285,935	980,431	154,655,239	140,590,026
Total assets	227,910,424	230,887,153	3,355,356	2,860,184	231,265,780	233,747,337
Deferred outflows of resources	15,824,240	15,278,210	-	-	15,824,240	15,278,210
<b>Liabilities</b>						
Current liabilities	14,240,075	19,558,820	81,712	61,928	14,321,787	19,620,748
Noncurrent liabilities	222,453,683	236,046,653	-	-	222,453,683	236,046,653
Total liabilities	236,693,758	255,605,473	81,712	61,928	236,775,470	255,667,401
Deferred inflows of resources	11,332,751	5,481,462	-	-	11,332,751	5,481,462
<b>Net position (deficit)</b>						
Net investment in capital assets	52,296,823	44,919,116	1,285,935	980,431	53,582,758	45,899,547
Restricted	7,509,112	7,619,758	-	-	7,509,112	7,619,758
Unrestricted (deficit)	(64,097,780)	(67,460,446)	1,987,709	1,817,825	(62,110,071)	(65,642,621)
Total net position (deficit)	\$ (4,291,845)	\$ (14,921,572)	\$ 3,273,644	\$ 2,798,256	\$ (1,018,201)	\$ (12,123,316)

The District's total assets as of June 30, 2024 were \$231,265,780 of which \$65,185,875 or 28.19% consisted of unrestricted cash and investments, and \$154,655,239 or 66.87% consisted of the District's net investment in capital assets. The District's total liabilities as of June 30, 2024 were \$236,775,470 of which \$134,366,222 or 56.75% consisted of general obligation debt used to acquire and construct capital assets, and \$78,251,542 or 33.05% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$62,110,071 at June 30, 2024. The District's unrestricted net position increased by \$3,532,550 during 2023-2024 primarily due to the current year results of operations offset by the change in the District's actuarially determined net pension liability and the related deferred outflows of resources and deferred inflows of resources.

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A portion of the District's net position reflects its restricted net position which totaled \$7,509,112 as of June 30, 2024. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2024, the District's net investment in capital assets totaled \$53,582,758 at June 30, 2024. The District's investment in capital assets increased by \$7,683,211 during 2023-2024 because capital assets acquired and repayment of debt used to acquire capital assets exceeded depreciation expense.

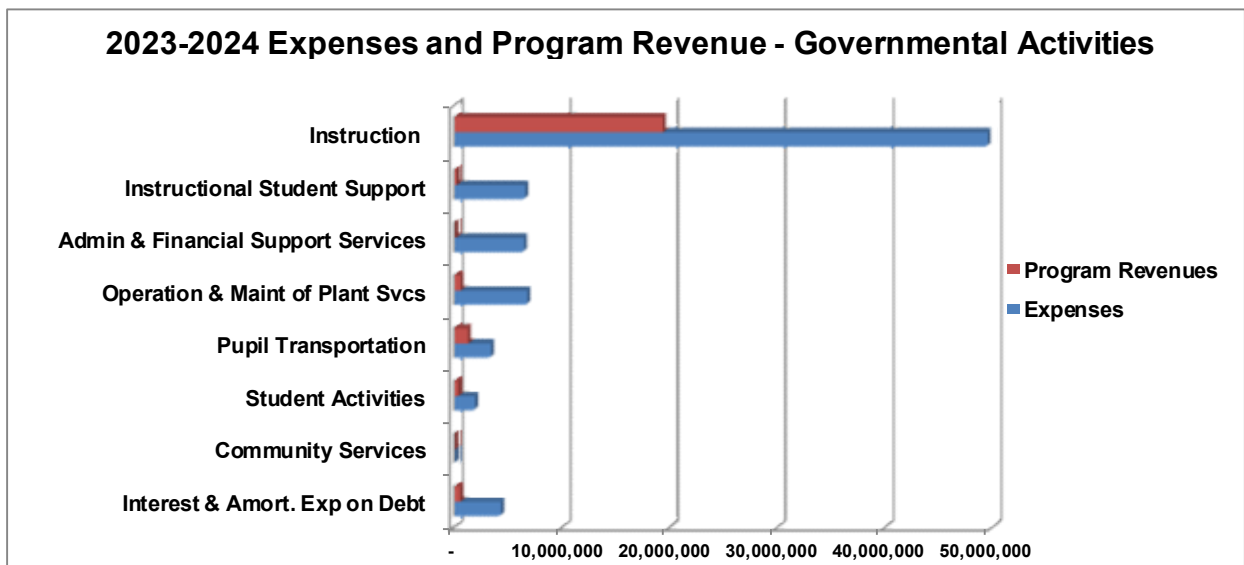
The following table presents condensed information for the Statement of Activities of the District for 2024 and 2023:

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 553,784	\$ 496,314	\$ 614,961	\$ 622,877	\$ 1,168,745	\$ 1,119,191
Operating grants and contributions	17,470,516	17,140,650	2,228,284	2,086,230	19,698,800	19,226,880
Capital grants and contributions	3,521,572	4,108,879	338,393.00	-	3,859,965	4,108,879
General revenues						
Property taxes levied for general purposes	52,896,258	51,137,101	-	-	52,896,258	51,137,101
Earned income taxes levied for general purposes	6,091,678	5,935,811	-	-	6,091,678	5,935,811
Other taxes	1,553,868	2,162,742	-	-	1,553,868	2,162,742
Grants and entitlements not restricted to specific programs	8,304,320	7,134,634	-	-	8,304,320	7,134,634
Investment earnings	4,313,757	2,853,250	37,262	19,202	4,351,019	2,872,452
Total revenues	<u>94,705,753</u>	<u>90,969,381</u>	<u>3,218,900</u>	<u>2,728,309</u>	<u>97,924,653</u>	<u>93,697,690</u>
<b>Expenses</b>						
Instruction	52,752,366	49,430,256	-	-	52,752,366	49,430,256
Instructional student support services	7,488,469	6,487,417	-	-	7,488,469	6,487,417
Administrative and financial support services	6,631,501	6,373,961	-	-	6,631,501	6,373,961
Operation and maintenance of plant services	7,087,479	6,676,060	-	-	7,087,479	6,676,060
Pupil transportation	3,355,433	3,298,199	-	-	3,355,433	3,298,199
Student activities	1,857,063	1,815,201	-	-	1,857,063	1,815,201
Community services	20,406	23,307	-	-	20,406	23,307
Interest and amortization expense related to noncurrent liabilities	4,432,649	4,238,405	-	-	4,432,649	4,238,405
Food service	-	-	2,855,779	2,426,612	2,855,779	2,426,612
Total expenses	<u>83,625,366</u>	<u>78,342,806</u>	<u>2,855,779</u>	<u>2,426,612</u>	<u>86,481,145</u>	<u>80,769,418</u>
Change in net position (deficit) before transfers	11,080,387	12,626,575	363,121	301,697	11,443,508	12,928,272
Transfers	(450,660)	(258,431)	450,660	258,431	-	-
Change in net position (deficit)	<u>\$ 10,629,727</u>	<u>\$ 12,368,144</u>	<u>\$ 813,781</u>	<u>\$ 560,128</u>	<u>\$ 11,443,508</u>	<u>\$ 12,928,272</u>

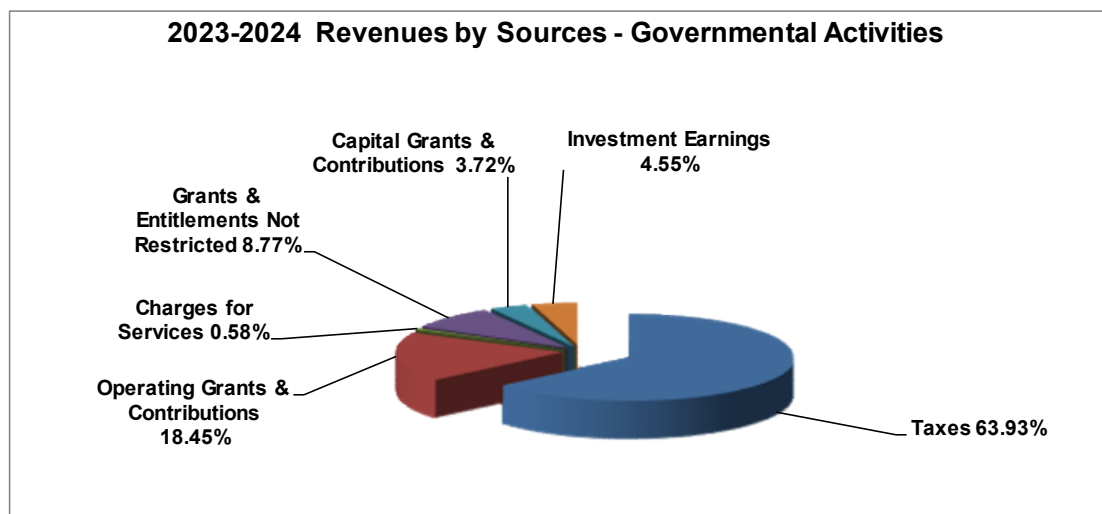
**Conestoga Valley School District  
Management's Discussion and Analysis - Unaudited  
June 30, 2024**

Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in the future. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. The District's property tax base is evenly distributed between residential and commercial properties, which deviates from the County average that tends to be more residential in nature. Successful property value tax assessment appeals related to commercial properties have offset gains in property tax assessments in recent years.

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



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



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June 30, 2024**

**GOVERNMENTAL FUNDS**

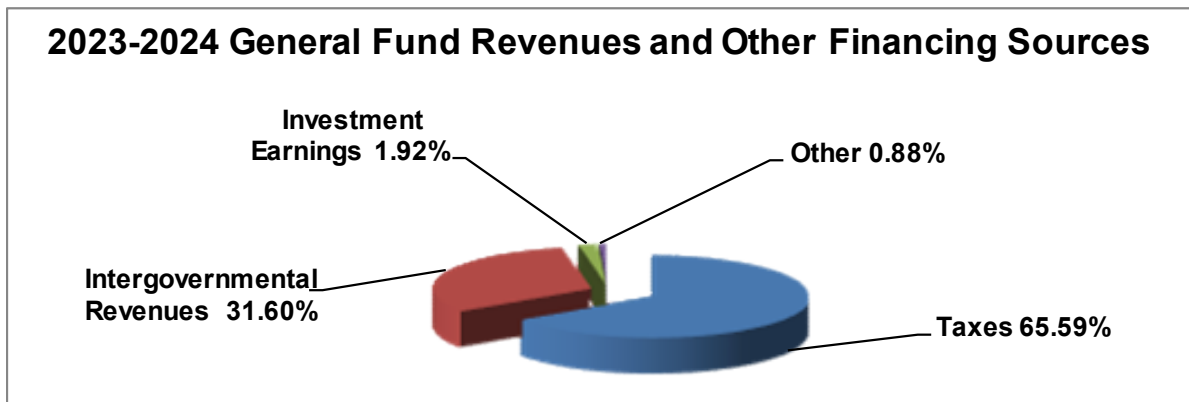
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2024, the District's governmental funds reported a combined fund balance of \$58,066,923 which is a decrease of \$11,297,642 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2024 and 2023, and the total 2024 change in governmental fund balances.

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>
General fund	\$ 15,362,291	\$ 16,685,807	\$ (1,323,516)
Capital projects fund	42,218,119	52,270,585	(10,052,466)
Debt service fund	-	-	-
Nonmajor governmental funds	<u>486,513</u>	<u>408,173</u>	<u>78,340</u>
	<u>\$ 58,066,923</u>	<u>\$ 69,364,565</u>	<u>\$ (11,297,642)</u>

**GENERAL FUND**

The General Fund is the District's primary operating fund. At the conclusion of the 2023-2024 fiscal year, the General Fund fund balance was \$15,362,291, representing a decrease of \$1,323,516 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023-2024 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below indicates 65.59% of General Fund revenues are derived from local taxes.



**General Fund Revenues and Other Financing Sources**

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes revenues	\$ 60,554,858	\$ 59,476,880	\$ 1,077,978	1.81%
Intergovernmental revenues	29,175,492	28,272,470	903,022	3.19%
Investment earnings	1,772,766	1,175,435	597,331	50.82%
Other	<u>815,440</u>	<u>934,320</u>	<u>(118,880)</u>	<u>-12.72%</u>
	<u>\$ 92,318,556</u>	<u>\$ 89,859,105</u>	<u>\$ 2,459,451</u>	<u>2.74%</u>

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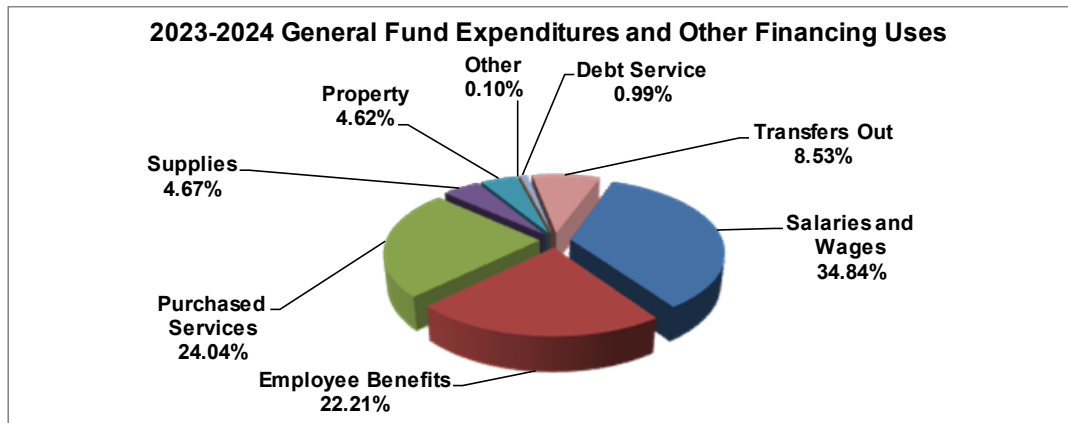
Intergovernmental revenues increased primary due to the state budget allocation provided additional funding to public education which increased the basic education and the special education subsidies.

Investment earnings increased as current interest rates increased from the prior year.

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$ 51,817,097	\$ 50,696,130	\$ 1,120,967	2.21%
Interim tax	299,712	127,444	172,268	135.17%
PURTA tax	52,901	53,216	(315)	-0.59%
Local services tax	273,699	275,885	(2,186)	-0.79%
Earned income tax	6,091,678	5,935,811	155,867	2.63%
Realty transfer tax	878,401	1,484,055	(605,654)	-40.81%
Amusement tax	348,867	348,867	-	0.00%
Delinquent real estate tax	792,503	554,753	237,750	42.86%
Delinquent per capita tax	-	719	(719)	-100.00%
	<u>\$ 60,554,858</u>	<u>\$ 59,476,880</u>	<u>\$ 1,077,978</u>	<u>1.81%</u>

Real estate tax revenue increased due to the milage increase of 2.75% in 2023-2024. Realty transfer tax revenue decreased as less properties were transferred in comparison to the prior year. Delinquent real estate tax increased as there were more collections received on delinquent taxes in the current year compared to the prior year.

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



**Conestoga Valley School District  
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**General Fund Expenditures and Other Financing Uses**

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 32,622,149	\$ 30,449,287	\$ 2,172,862	7.14%
Employee benefits	20,802,062	20,572,077	229,985	1.12%
Purchased services	22,515,958	19,468,929	3,047,029	15.65%
Supplies	4,369,584	3,953,363	416,221	10.53%
Property	4,328,335	3,868,597	459,738	11.88%
Other	95,051	85,493	9,558	11.18%
Debt service	924,632	986,071	(61,439)	-6.23%
Transfers out	7,984,301	10,253,261	(2,268,960)	-22.13%
	<u>\$ 93,642,072</u>	<u>\$ 89,637,078</u>	<u>\$ 4,004,994</u>	<u>4.47%</u>

Salaries and wages increased by \$2,172,862 or 7.14% in 2023-2024 compared to 2022-2024. The scheduled salary increased within the District's negotiated collective bargaining agreement, the salary adjustments done through the compensation study and the additional hiring of staff during the current year.

Purchased services increased by \$3,047,029 or 15.65%. ESSER funds were used towards Pennsylvania Department of Education ("PDE") approved capital projects. Tuition costs and special education costs increased as a result of additional students being placed in specialized programs. The District contracts with a third-party to provide staffing services for custodial, maintenance, grounds, food service, personal care assistants and paraprofessionals. The cost for those services were higher than previous year not only because of the increase in cost of the services but also because there were not as many position vacancies. In addition, costs for providing substitute teachers through a third-party were also higher than previous years due to an increased need for substitute teachers to fill teacher vacancies.

Supplies increased by \$416,221 or 10.53%. The supplies category includes technology items such as software and small equipment purchases. The costs in 2023-2024 include items purchased with ESSER funds to support educational needs.

Equipment increased \$459,738 or 11.88%. ESSER funds were used towards PDE approved capital projects completed during the current year, which included recoating and restoration of roof areas, stadium fencing, and a walking path.

Transfers out decreased \$2,268,960 as more funds were transferred from the General Fund to the Capital Reserve Fund in the prior year to support future construction and renovation costs.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2023-2024, the Capital Projects Fund reported a decrease in fund balance of \$10,052,466 due to capital expenditures in excess of transfers from the General Fund in excess of amounts expended for capital expenditures. The remaining fund balance of \$42,218,119 as of June 30, 2024 is restricted for future capital expenditures.

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**DEBT SERVICE FUND**

The Debt Service Fund accounts for the interest and principal payments due on the District's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due.

**GENERAL FUND BUDGET INFORMATION**

Actual revenues and other financing sources were \$35,127 or 0.04% more than budgeted amounts and actual expenditures and other financing uses were \$850,975 or 0.90% less than budgeted amounts resulting in a net positive variance of \$886,102. Major budgetary highlights for 2023-2024 were as follows:

- Real estate tax collections were approximately \$357 thousand over budget primarily due to a higher collection percentage.
- Realty transfer taxes were approximately \$91 thousand under budget due less property sales than projected.
- Interest income was over budget by approximately \$495 thousand due to the unanticipated increase in interest rates.
- Basic education subsidy was higher than budget by approximately \$239 thousand. The 2023-2024 District budget was approved on June 19, 2023. The state's budget was approved on August 3, 2023 and included additional appropriations being funded for education which was not anticipated during the District's budget preparation process.
- Rental subsidies were approximately \$337 thousand over budget. PDE had placed a moratorium on funding future PlanCon construction and renovation projects. However, PDE began funding the District's projects that were submitted at the time of the moratorium.
- Federal source revenues were approximately \$1.3 million less than budget due to less than anticipated ESSER expenditures in 2023-2024.
- Salaries were under budget by approximately \$389 thousand due to administrative, professional and support staff open positions throughout the year. Additionally, social security and PSERS costs were also under budget as these costs are based upon a percentage of salary.
- The District contracts with a third-party to provide substitute teachers. The cost for this service was approximately \$235 thousand more than budget due to the professional staff vacancies.
- The District contracts with a third-party to provide custodial, maintenance, grounds, food service, personal care assistants and paraprofessional services. The cost for these services was over budget by approximately \$108 thousand primarily due to additional personal care assistants to support the needs of special education students
- Contracted services for transportation were more than original budget by approximately \$15 thousand. During the 2023-2024 year, the District added buses and recognized an overall increase in bus and van mileage. Additionally, the formula to calculate the transportation costs is based on the PDE transportation cost index which increased to 6.50% contributing to the increase in transportation costs.
- Special education contracted services and tuition costs were over budget by approximately \$677 thousand due to an increase in placements of students requiring specialized services.

**BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND**

During 2023-2024, the net position of the business-type activities and Food Service Fund increased by \$475,388. As of June 30, 2024, the business-type activities and Food Service Fund had net position of \$3,273,644.

# Conestoga Valley School District Management's Discussion and Analysis - Unaudited June 30, 2024

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## CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$154,655,239 net of accumulated depreciation. This investment in capital assets includes land, site improvements, buildings and improvements, furniture and equipment including vehicles and right-to-use lease and subscription assets. The total increase in the District's net investment in capital assets for the current fiscal year was \$14,065,213 or 10.00%. The increase was the result of current year capital additions in excess of depreciation expense and loss on disposals.

Current year capital expenditures were \$18,927,514 and depreciation expense was \$4,862,301

Major capital additions for the current fiscal year included the following:

- Leola Elementary - construction in progress \$5,194,913
- Smoketown Elementary School - construction in progress \$8,289,076

## NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$134,366,222 consisting of \$123,830,000 in bonds payable, \$4,475,000 in notes payable, and net deferred credits of \$6,061,222. The District's general obligation debt is backed by the full faith of the District and decreased by \$3,557,379 or 2.58% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$197,041,826 which exceeds the District's outstanding general obligation debt as of June 30, 2024.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("PSERS"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$78,251,542 as of June 30, 2024. The District's net pension liability decreased by \$9,821,186 or 11.15% during the fiscal year.

The District reports a liability for its other post-employment benefits ("OPEB") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$6,444,411 as of June 30, 2024. The District's OPEB liability decreased by \$301,650 or 4.47% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for leases payable, subscriptions payable, accrued retirement bonuses, and compensated absences which totaled \$3,391,508 as of June 30, 2024. These liabilities increased by \$87,245 or 2.64% during the fiscal year.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The District adopted a balanced 2024-2025 budget totaling \$93,130,552 which used \$1,120,293 of committed General Fund fund balance as of June 30, 2024 to balance the 2024-2025 budget and raised the real estate tax millage by 2.50%.

The contract between the Conestoga Valley School Board and the Conestoga Valley Education Association expired on June 30, 2024. The District and the Education Association negotiated a five-year contract which will expire June 30, 2029. The contract includes salary increases of approximately 4.00% each year.

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The District contracts with SOS of Lancaster to provide food service, custodial, maintenance, and instructional aide positions. As such, the District continues to recognize annual savings in PSERS retirement and healthcare costs from outsourcing these positions.

Through this contract the District offers a high-deductible health care plan option to its employees. In this plan the employee assumes responsibility for health care expenses up to a \$2,000 deductible (\$4,000 for a family plan). The District will provide a match of employees' contributions up to 50%. Employees will be able to reduce their premium costs by participating in an outcome-based wellness rewards program.

The District contracts with SOS of Lancaster to provide food service, custodial, maintenance, and instructional aide positions. As such, the District continues to recognize annual savings in PSERS retirement and healthcare costs from outsourcing these positions.

The District considers its financial condition to be sound and believes its local community support to be very positive. Future financial condition may be challenged by significant increases in the cost of District contributions to its employees' state retirement plan (contributions are paid by the District on behalf of its participating employees). As the employer contribution rate levels off, increases in the rate are not as significant; however, the rate is projected to be 38.26% in 2031-2032.

In May 2017, the School Board authorized the District to move forward with building a new 6-8 middle school and renovating the remaining buildings. The renovation of Brownstown Elementary School is complete. The new middle school was opened for the 2022/2023 school year. The District issued a fourth general obligation bond issue in the amount of \$45,560,000 which settled in May 2022. This bond issue is for the purpose of continued renovations to the remaining District buildings. While this necessitates a substantial increase in debt service as current debt is paid off, the structure and timing of the new bond issues will have minimal impact on the amount of millage needed in the budget. The District approved bids to renovate the existing middle school in July 2022, which is now complete. The renovations to the Leola Elementary School is the next project. Bids were opened in November 2023 and the renovations have commenced.

As referenced above, the 2024-2025 budget uses \$1,120,293 of General Fund committed fund designated for the employer retirement stabilization, health savings account reserves, future debt service obligations, anticipated inflationary factors and increasing special education costs. The 2024-2025 budget continues to reflect the above average cyber charter tuition costs. However, these costs are less than 2023-2024 as the District anticipates that students gradually returning to in-person learning or the Conestoga Valley Virtual Academy.

With the exception of the increase in the state retirement and basic education subsidy, support from the state is budgeted at levels consistent with the previous year. A new basic education subsidy formula was enacted beginning with the 2016-2017 fiscal year. The purpose of this new formula is to distribute this subsidy in an equitable manner according to various student and district factors such as student enrollment and district poverty levels, and provides for a local wealth adjustment and a local tax effort and capacity adjustment.

# **Conestoga Valley School District Management's Discussion and Analysis - Unaudited June 30, 2024**

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The District prepares its budget in accordance with the mandates of Act 1 of 2006 ("Act 1"). Act 1 is likely to continue to have an effect on the financial activity of the District in future years. The Act places an (index) cap on the percent increase that the District may raise its real estate tax millage rate without requiring approval from voters in a back-end referendum. The index for the 2023-2024 fiscal year was 4.10%, the index for 2024-2025 was 5.30%, and the index for 2025-2026 will be 4.00%. Certain exceptions may be approved by the Pennsylvania Department of Education for retirement or special education costs that would permit the District to exceed this index without requiring voter approval. The available exceptions have been reduced from the 10 exceptions that had been available to the District in previous years under Act 1 of 2006. In the event that the rate of increase would exceed this Act 1 index rate, including any permissible exceptions, the District would be required to place a referendum question on the primary election ballot asking the taxpayers to approve the higher millage rate increase. School districts also have the option to adopt a resolution that the final budget will not exceed the (index) percent in the real estate tax rate to be assessed on properties located in the school district. The final date for availability for public inspection for the 2025-2026 preliminary budget or for adoption of a resolution not to exceed the index will be December 9, 2024.

The District was awarded a total amount of \$13,371,048 in ESSER II and III funding. The ESSER II grant in the amount of \$4,423,529 was spent by September 30, 2023, as required, and the ESSER III (referred to as ARP ESSER) grant in the amount of \$8,947,519 must be spent by September 30, 2024. Each of these grants have very specific guidelines on the allowable uses of the funds as it relates to COVID-19. The District developed a plan for the use of these funds over the applicable fiscal years and has shared that information publicly during the 2021-2022 and 2022-2023 budget presentations. The 2023-2024 budget includes \$6,779,221 of ESSER II and ESSER III funding. The District anticipates that the ESSER III grant was obligated by September 30, 2024, and paid by December 31, 2024.

The District maintains an AA rating (the second highest rating) from Standard & Poor's Corp., one of America's top bond credit rating agencies. Standard & Poor's comment included the following: "After strong financial performance in the past four years, the District is well-positioned to navigate the post-pandemic recovery period through its very strong available fund balance that will provide ample cushion against potential revenue losses due to any lingering financial and economic effects from the recent recession. Recent and ongoing development within the local economy continues to provide stability since property tax revenue accounts almost three-quarters of general fund revenue. S&P Global Ratings is optimistic that the recovery is beginning to accelerate, which is expected to result in additional GDP growth (see S&P Global Economics' report "Economic Outlook U.S. Q2 2021: Let The Good Times Roll," published March 24, 2021, on RatingsDirect). The stable outlook reflects our expectation that management will continue to steer the District's return to an operationally balanced budget for fiscal 2024 and beyond, thereby maintaining the very strong reserves and flexibility this provides if revenues fluctuate."

The District maintains an Aa2 rating (the third highest rating) from Moody's, one of America's top bond credit rating agencies. Calling the District's financial position "healthy with strong reserves and liquidity," Moody's states that the District is "best characterized by its high degree of stability". As challenges, the agency listed the expected increase in the District's debt burden as a result of forthcoming new issuances of debt.

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

## **CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Finance and Operations Officer or the Director of Finance, Conestoga Valley School District, 2110 Horseshoe Road, Lancaster, PA 17601.

**Conestoga Valley School District  
Statement of Net Position (Deficit)  
June 30, 2024 With Summarized Comparative Totals for 2023**

	Governmental	Business-type	Totals	
	Activities	Activities	2024	2023
<b>Assets and Deferred Outflows of Resources</b>				
Current assets				
Cash	\$ 46,914,933	\$ 3,216,506	\$ 50,131,439	\$ 41,427,006
Investments	15,054,436	-	15,054,436	38,799,190
Taxes receivable	1,827,636	-	1,827,636	2,236,057
Due from other governments	3,487,615	19,127	3,506,742	5,948,928
Internal balances	1,328,212	(1,328,212)	-	-
Other receivables	1,029,292	68,846	1,098,138	781,706
Escrow deposits	3,508,434	-	3,508,434	3,497,570
Prepaid expenses	1,390,562	-	1,390,562	397,687
Inventories	-	93,154	93,154	69,167
Total current assets	<u>74,541,120</u>	<u>2,069,421</u>	<u>76,610,541</u>	<u>93,157,311</u>
Noncurrent assets				
Capital assets, net	<u>153,369,304</u>	<u>1,285,935</u>	<u>154,655,239</u>	<u>140,590,026</u>
Total assets	<u>227,910,424</u>	<u>3,355,356</u>	<u>231,265,780</u>	<u>233,747,337</u>
Deferred outflows of resources				
Deferred charges on proportionate share of pension - PSERS	14,430,848	-	14,430,848	13,686,467
Deferred charges OPEB - single employer	801,824	-	801,824	819,560
Deferred charges on proportionate share of OPEB - PSERS	<u>591,568</u>	<u>-</u>	<u>591,568</u>	<u>772,183</u>
Total deferred outflows of resources	<u>15,824,240</u>	<u>-</u>	<u>15,824,240</u>	<u>15,278,210</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>				
Current liabilities				
Accounts payable	4,434,111	4,367	4,438,478	8,845,360
Accrued salaries, payroll withholdings and benefits	7,972,857	813	7,973,670	7,540,043
Accrued interest payable	1,654,886	-	1,654,886	1,698,568
Grants received in advance	241	-	241	1,307,836
Unearned revenue	<u>177,980</u>	<u>76,532</u>	<u>254,512</u>	<u>228,941</u>
Total current liabilities	<u>14,240,075</u>	<u>81,712</u>	<u>14,321,787</u>	<u>19,620,748</u>
Noncurrent liabilities				
Due within one year	4,629,578	-	4,629,578	4,219,810
Due in more than one year	<u>217,824,105</u>	<u>-</u>	<u>217,824,105</u>	<u>231,826,843</u>
Total noncurrent liabilities	<u>222,453,683</u>	<u>-</u>	<u>222,453,683</u>	<u>236,046,653</u>
Total liabilities	<u>236,693,758</u>	<u>81,712</u>	<u>236,775,470</u>	<u>255,667,401</u>
Deferred Inflows of resources				
Deferred credits on proportionate share of pension - PSERS	9,038,000	-	9,038,000	3,155,000
Deferred credits OPEB - single employer	1,246,751	-	1,246,751	1,400,462
Deferred credits on proportionate share of OPEB - PSERS	<u>1,048,000</u>	<u>-</u>	<u>1,048,000</u>	<u>926,000</u>
Total deferred inflows of resources	<u>11,332,751</u>	<u>-</u>	<u>11,332,751</u>	<u>5,481,462</u>
Net position (deficit)				
Net investment in capital assets	52,296,823	1,285,935	53,582,758	45,899,547
Restricted	7,509,112	-	7,509,112	7,619,758
Unrestricted (deficit)	<u>(64,097,780)</u>	<u>1,987,709</u>	<u>(62,110,071)</u>	<u>(65,642,621)</u>
Total net position (deficit)	<u>\$ (4,291,845)</u>	<u>\$ 3,273,644</u>	<u>\$ (1,018,201)</u>	<u>\$ (12,123,316)</u>

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

**Conestoga Valley School District  
Statement of Activities  
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2024	2023
<b>Governmental activities</b>								
Instruction	\$ 52,752,366	\$ 258,135	\$ 13,738,287	\$ -	\$ (38,755,944)	\$ -	\$ (38,755,944)	\$ (36,060,513)
Instructional student support	7,488,469	-	815,391	-	(6,673,078)	-	(6,673,078)	(5,697,426)
Administrative and financial support services	6,631,501	-	811,098	-	(5,820,403)	-	(5,820,403)	(5,592,422)
Operation and maintenance of plant services	7,087,479	134,489	334,803	3,521,572	(3,096,615)	-	(3,096,615)	(2,303,695)
Pupil transportation	3,355,433	-	1,161,846	-	(2,193,587)	-	(2,193,587)	(2,151,583)
Student activities	1,857,063	161,160	221,913	-	(1,473,990)	-	(1,473,990)	(1,428,551)
Community services	20,406	-	-	-	(20,406)	-	(20,406)	(23,307)
Interest, swap termination fees and amortization expense related to noncurrent liabilities	4,432,649	-	387,178	-	(4,045,471)	-	(4,045,471)	(3,339,466)
Total governmental activities	<u>83,625,366</u>	<u>553,784</u>	<u>17,470,516</u>	<u>3,521,572</u>	<u>(62,079,494)</u>	<u>-</u>	<u>(62,079,494)</u>	<u>(56,596,963)</u>
<b>Business-type activities</b>								
Food service	2,855,779	614,961	2,228,284	-	-	(12,534)	(12,534)	282,495
Total primary government	<u>\$ 86,481,145</u>	<u>\$ 1,168,745</u>	<u>\$ 19,698,800</u>	<u>\$ 3,521,572</u>	<u>(62,079,494)</u>	<u>(12,534)</u>	<u>(62,092,028)</u>	<u>(56,314,468)</u>
<b>General revenues</b>								
Property taxes levied for general purposes					52,896,258	-	52,896,258	51,137,101
Earned income taxes levied for general purposes					6,091,678	-	6,091,678	5,935,811
Other taxes					1,553,868	-	1,553,868	2,162,742
Grants and entitlements not restricted to specific programs					8,304,320	-	8,304,320	7,134,634
Investment earnings					4,313,757	37,262	4,351,019	2,872,452
<b>Transfers</b>					(450,660)	450,660	-	-
Total general revenues and transfers					<u>72,709,221</u>	<u>487,922</u>	<u>73,197,143</u>	<u>69,242,740</u>
Change in net position (deficit)					10,629,727	475,388	11,105,115	12,928,272
<b>Net position (deficit)</b>								
Beginning of year					<u>(14,921,572)</u>	<u>2,798,256</u>	<u>(12,123,316)</u>	<u>(25,051,588)</u>
End of year					<u>\$ (4,291,845)</u>	<u>\$ 3,273,644</u>	<u>\$ (1,018,201)</u>	<u>\$ (12,123,316)</u>

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

**Conestoga Valley School District  
Balance Sheet – Governmental Funds  
June 30, 2024 With Summarized Comparative Totals for 2023**

	Major Funds			Nonmajor Governmental Funds	Totals	
	General	Capital	Debt		2024	2023
	Fund	Projects Fund	Service Fund			
<b>Assets</b>						
Cash	\$ 13,408,283	\$ 29,879,477	\$ -	\$ 477,666	\$ 43,765,426	\$ 37,207,022
Investments	1,180,000	13,874,436	-	-	15,054,436	38,799,190
Taxes receivable	1,827,636	-	-	-	1,827,636	2,236,057
Due from other funds	1,333,584	-	-	1,310	1,334,894	2,993,346
Due from other governments	3,487,615	-	-	-	3,487,615	5,920,591
Other receivables	674,640	121,588	-	13,488	809,716	657,040
Escrow deposits	3,508,434	-	-	-	3,508,434	3,497,570
Prepaid items	911,870	478,692	-	-	1,390,562	395,212
<b>Total assets</b>	<b>\$ 26,332,062</b>	<b>\$ 44,354,193</b>	<b>\$ -</b>	<b>\$ 492,464</b>	<b>\$ 71,178,719</b>	<b>\$ 91,706,028</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,727,934	\$ 2,131,412	\$ -	5,251	\$ 3,864,597	\$ 8,476,398
Due to other funds	857,135	4,662	-	700	862,497	4,602,425
Accrued salaries, payroll withholdings and benefits	7,972,857	-	-	-	7,972,857	7,538,805
Grants received in advance	241	-	-	-	241	1,307,836
Unearned revenue	177,980	-	-	-	177,980	169,321
<b>Total liabilities</b>	<b>10,736,147</b>	<b>2,136,074</b>	<b>-</b>	<b>5,951</b>	<b>12,878,172</b>	<b>22,094,785</b>
<b>Deferred inflows of resources</b>						
Unavailable revenues - property and per capita taxes	233,624	-	-	-	233,624	246,678
<b>Fund balances</b>						
<b>Nonspendable</b>						
Prepaid expenses	911,870	478,692	-	-	1,390,562	395,212
<b>Restricted for</b>						
Capital projects	-	41,739,427	-	-	41,739,427	51,993,158
Debt service	-	-	-	-	-	-
Athletic facilities improvement	-	-	-	260,151	260,151	203,698
Extra-curricular activities	-	-	-	183,511	183,511	157,571
Student sponsored activities	-	-	-	42,851	42,851	46,904
<b>Committed to</b>						
Retirement rate stabilization	2,061,059	-	-	-	2,061,059	2,240,809
Health savings accounts	370,000	-	-	-	370,000	370,000
Special education costs	250,000	-	-	-	250,000	500,000
Future debt service obligations	1,331,622	-	-	-	1,331,622	1,836,000
Property tax assessment appeals and tax increment financing	2,350,000	-	-	-	2,350,000	2,350,000
Inflation stabilization	1,400,000	-	-	-	1,400,000	1,900,000
Unassigned	6,687,740	-	-	-	6,687,740	7,371,213
<b>Total fund balances</b>	<b>15,362,291</b>	<b>42,218,119</b>	<b>-</b>	<b>486,513</b>	<b>58,066,923</b>	<b>69,364,565</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,332,062</b>	<b>\$ 44,354,193</b>	<b>\$ -</b>	<b>\$ 492,464</b>	<b>\$ 71,178,719</b>	<b>\$ 91,706,028</b>

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

**Conestoga Valley School District  
Reconciliation of Governmental Funds Balance Sheet to Net Position (Deficit) of  
Governmental Activities on the Statement of Net Position (Deficit)  
June 30, 2024**

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<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 58,066,923</b>
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	153,369,304
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	4,491,489
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	233,624
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	3,655,384
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(222,453,683)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(1,654,886)</u>
<b>NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (4,291,845)</u></b>

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

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

	Major Funds			Nonmajor Governmental Funds	Totals	
	General Fund	Capital Projects Fund	Debt Service Fund		2024	2023
<b>Revenues</b>						
Local sources	\$ 63,408,251	\$ 2,533,964	\$ -	\$ 140,073	\$ 66,082,288	\$ 63,684,771
State sources	20,137,789	-	-	-	20,137,789	18,596,818
Federal sources	8,766,498	-	-	-	8,766,498	9,376,535
Total revenues	<u>92,312,538</u>	<u>2,533,964</u>	<u>-</u>	<u>140,073</u>	<u>94,986,575</u>	<u>91,658,124</u>
<b>Expenditures</b>						
Current						
Instruction	53,641,446	1,064,393	-	-	54,705,839	53,439,025
Support services	25,593,661	1,288,619	-	-	26,882,280	23,635,850
Operation of noninstructional services	1,972,367	6,470	-	61,733	2,040,570	1,816,435
Facilities acquisition, construction and improvement services	3,525,635	10,649,102	-	-	14,174,737	23,368,728
Debt service	924,632	-	7,984,301	-	8,908,933	8,390,348
Total expenditures	<u>85,657,741</u>	<u>13,008,584</u>	<u>7,984,301</u>	<u>61,733</u>	<u>106,712,359</u>	<u>110,650,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,654,797</u>	<u>(10,474,620)</u>	<u>(7,984,301)</u>	<u>78,340</u>	<u>(11,725,784)</u>	<u>(18,992,262)</u>
<b>Other financing sources (uses)</b>						
Refund of prior year receipts	(30)	-	-	-	(30.00)	-
Sale of/compensation for capital assets	6,018	-	-	-	6,018	17,052
Proceeds from right-to-use arrangements	-	872,814	-	-	872,814	1,329,287
Transfers in	-	-	7,984,301	-	7,984,301	10,253,261
Transfers out	<u>(7,984,301)</u>	<u>(450,660)</u>	<u>-</u>	<u>-</u>	<u>(8,434,961)</u>	<u>(10,511,692)</u>
Total other financing sources (uses)	<u>(7,978,313)</u>	<u>422,154</u>	<u>7,984,301</u>	<u>-</u>	<u>428,142</u>	<u>1,087,908</u>
Net change in fund balances	(1,323,516)	(10,052,466)	-	78,340	(11,297,642)	(17,904,354)
<b>Fund balances</b>						
Beginning of year	<u>16,685,807</u>	<u>52,270,585</u>	<u>-</u>	<u>408,173</u>	<u>69,364,565</u>	<u>87,268,919</u>
End of year	<u>\$ 15,362,291</u>	<u>\$ 42,218,119</u>	<u>\$ -</u>	<u>\$ 486,513</u>	<u>\$ 58,066,923</u>	<u>\$ 69,364,565</u>

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

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

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**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (11,297,642)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceed depreciation expense and the net book value of disposed of capital assets in the current period.

Capital outlay expenditures	\$ 18,476,854	
Depreciation expense	<u>(4,717,145)</u>	13,759,709

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

Deferred inflows of resources June 30, 2023	(246,678)	
Deferred inflows of resources June 30, 2024	<u>233,624</u>	(13,054)

The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.

(150,679)

while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds and notes payable	3,143,343	
Proceeds from leases and subscriptions payable	(872,814)	
Repayment of leases and subscriptions payable	875,253	
Amortization of discounts, premiums and deferred amounts on refunding	<u>414,036</u>	3,559,818

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Current year change in accrued interest payable	43,682	
Current year change in compensated absences	(55,146)	
Current year change in accrued retirement bonus	(34,538)	
Current year change in net pension liability - PSERS and deferred outflows and inflows	4,682,567	
Current year change in OPEB liability - single employer and deferred outflows and inflows	(22,769)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>157,779</u>	<u>4,771,575</u>

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** \$ 10,629,727

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

**Conestoga Valley School District**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2024 With Summarized Comparative Totals for 2023**

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Fund</u>		
<b>Assets</b>				
Current assets				
Cash	\$ 3,216,506	\$ 3,149,507	\$ 6,366,013	\$ 4,219,984
Due from other governments	19,127	-	19,127	28,337
Due from other funds	710	855,815	856,525	1,741,024
Other receivables	68,846	219,576	288,422	124,666
Prepaid expenses	-	-	-	2,475
Inventories	93,154	-	93,154	69,167
Total current assets	<u>3,398,343</u>	<u>4,224,898</u>	<u>7,623,241</u>	<u>6,185,653</u>
Noncurrent assets				
Capital assets, net	<u>1,285,935</u>	<u>-</u>	<u>1,285,935</u>	<u>980,431</u>
Total assets	<u>4,684,278</u>	<u>4,224,898</u>	<u>8,909,176</u>	<u>7,166,084</u>
<b>Liabilities and Net Position</b>				
Liabilities				
Accounts payable	4,367	569,514	573,881	368,962
Due to other funds	1,328,922	-	1,328,922	131,945
Accrued salaries, payroll withholdings and benefits	813	-	813	1,238
Unearned revenue	<u>76,532</u>	<u>-</u>	<u>76,532</u>	<u>59,620</u>
Total liabilities	<u>1,410,634</u>	<u>569,514</u>	<u>1,980,148</u>	<u>561,765</u>
Net position				
Net investment in capital assets	1,285,935	-	1,285,935	980,431
Unrestricted	<u>1,987,709</u>	<u>3,655,384</u>	<u>5,643,093</u>	<u>5,623,888</u>
Total net position	<u>\$ 3,273,644</u>	<u>\$ 3,655,384</u>	<u>\$ 6,929,028</u>	<u>\$ 6,604,319</u>

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

**Conestoga Valley School District**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds**  
**Year Ended, June 30, 2024 With Summarized Comparative Totals for 2023**

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Fund</u>		
<b>Operating revenues</b>				
Charges for services	\$ 614,961	\$ 6,929,629	\$ 7,544,590	\$ 8,076,325
<b>Operating expenses</b>				
Salaries	149,365	-	149,365	132,944
Employee benefits	81,486	6,077,169	6,158,655	5,433,261
Purchased services - food service management	1,021,534	-	1,021,534	864,551
Purchased professional and technical services	7,464	1,062,415	1,069,879	795,383
Purchased property services	22,165	-	22,165	11,346
Other purchased services	3,025	-	3,025	4,468
Supplies	1,425,064	-	1,425,064	1,229,006
Depreciation	145,156	-	145,156	109,122
Other	520	-	520	885
Total operating expenses	<u>2,855,779</u>	<u>7,139,584</u>	<u>9,995,363</u>	<u>8,580,966</u>
Operating loss	<u>(2,240,818)</u>	<u>(209,955)</u>	<u>(2,450,773)</u>	<u>(504,641)</u>
<b>Nonoperating revenues (expenses)</b>				
Earnings on investments	37,262	59,276	96,538	116,566
State sources	290,405	-	290,405	225,205
Federal sources	1,937,879	-	1,937,879	1,861,025
Gain on sale of capital assets	-	-	-	5,334
Total nonoperating revenues (expenses)	<u>2,265,546</u>	<u>59,276</u>	<u>2,324,822</u>	<u>2,208,130</u>
Change in net position before transfer	24,728	(150,679)	(125,951)	1,703,489
<b>Transfers in</b>	<u>450,660</u>	<u>-</u>	<u>450,660</u>	<u>258,431</u>
Change in net position	475,388	(150,679)	324,709	1,961,920
<b>Net position</b>				
Beginning of year	<u>2,798,256</u>	<u>3,806,063</u>	<u>6,604,319</u>	<u>4,642,399</u>
End of year	<u>\$ 3,273,644</u>	<u>\$ 3,655,384</u>	<u>\$ 6,929,028</u>	<u>\$ 6,604,319</u>

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

**Conestoga Valley School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023**

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Fund</u>		
<b>Operating activities</b>				
Cash received from charges for services	\$ 596,406	\$ -	\$ 596,406	\$ 584,774
Cash received from assessments made to other funds	-	7,423,564	7,423,564	6,606,019
Cash payments to employees for services	(231,275)	-	(231,275)	(224,700)
Cash payments for insurance claims	-	(5,873,447)	(5,873,447)	(5,195,576)
Cash payments to suppliers for goods and services	(853,043)	-	(853,043)	(2,202,757)
Cash payments for other operating expenses	-	(1,062,415)	(1,062,415)	(789,571)
Net cash provided by (used in) operating activities	<u>(487,912)</u>	<u>487,702</u>	<u>(210)</u>	<u>(1,221,811)</u>
<b>Noncapital financing activities</b>				
State sources	316,251	-	316,251	196,868
Federal sources	<u>1,733,450</u>	<u>-</u>	<u>1,733,450</u>	<u>1,667,467</u>
Net cash provided by noncapital financing activities	<u>2,049,701</u>	<u>-</u>	<u>2,049,701</u>	<u>1,864,335</u>
<b>Capital and related financing activities</b>				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,334</u>
<b>Investing activities</b>				
Earnings on investments	<u>37,262</u>	<u>59,276</u>	<u>96,538</u>	<u>116,566</u>
<b>Net change in cash</b>	1,599,051	546,978	2,146,029	764,424
<b>Cash</b>				
Beginning of year	<u>1,617,455</u>	<u>2,602,529</u>	<u>4,219,984</u>	<u>3,455,560</u>
<b>End of year</b>	<u>\$ 3,216,506</u>	<u>\$ 3,149,507</u>	<u>\$ 6,366,013</u>	<u>\$ 4,219,984</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>				
Operating loss	\$ (2,240,818)	\$ (209,955)	\$ (2,450,773)	\$ (504,641)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	145,156	-	145,156	109,122
Donated commodities used	187,791	-	187,791	193,558
(Increase) decrease in				
Due from other funds	262,275	622,226	884,501	(1,068,102)
Other receivables	(35,467)	(128,291)	(163,758)	(70,934)
Prepaid expenses	375	2,100	2,475	31,303
Inventories	(23,987)	-	(23,987)	1,458
Increase (decrease) in				
Accounts payable	3,298	201,622	204,920	132,654
Due to other funds	1,196,977	-	1,196,977	(18,803)
Accrued salaries, payroll withholdings and benefits	(424)	-	(424)	(17,944)
Unearned revenue	<u>16,912</u>	<u>-</u>	<u>16,912</u>	<u>(9,482)</u>
Net cash provided by (used in) operating activities	<u>\$ (487,912)</u>	<u>\$ 487,702</u>	<u>\$ (210)</u>	<u>\$ (1,221,811)</u>
<b>Supplemental disclosure</b>				
Noncash noncapital financing activity				
USDA donated commodities	<u>\$ 187,791</u>	<u>\$ -</u>	<u>\$ 187,791</u>	<u>\$ 193,558</u>
Noncash capital and related financing activity				
Capital contribution	<u>\$ 450,660</u>	<u>\$ -</u>	<u>\$ 450,660</u>	<u>\$ 258,431</u>

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

**Conestoga Valley School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2024 With Summarized Comparative Totals for 2023**

	Private- Purpose Trust	Custodial	Totals	
			2024	2023
<b>Assets</b>				
Cash	\$ 198,761	\$ 139,827	\$ 338,588	\$ 306,197
Other receivables	-	3,897	3,897	24,532
Total assets	<u>198,761</u>	<u>143,724</u>	<u>342,485</u>	<u>330,729</u>
<b>Liabilities and Net Position</b>				
Liabilities				
Accounts payable	-	-	-	301
Net position				
Restricted for student activities	-	143,724	143,724	138,978
Net assets held in trust for scholarships	<u>198,761</u>	<u>-</u>	<u>198,761</u>	<u>191,450</u>
	<u>\$ 198,761</u>	<u>\$ 143,724</u>	<u>\$ 342,485</u>	<u>\$ 330,428</u>

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

**Conestoga Valley School District**  
**Statement of Changes in Net Position – Fiduciary Funds**  
**Year Ended June 30, 2024 With Summarized Comparative Totals for 2023**

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	Private- Purpose Trust	Custodial	Totals	
			2024	2023
<b>Additions</b>				
Receipts from student groups	\$ -	\$ 146,347	\$ 146,347	\$ 91,817
Local contributions	28,326	-	28,326	19,197
Total additions	<u>28,326</u>	<u>146,347</u>	<u>174,673</u>	<u>111,014</u>
<b>Deductions</b>				
Scholarships awarded and fees paid	21,015	-	21,015	14,425
Student activities disbursements	-	141,601	141,601	85,812
Total deductions	<u>21,015</u>	<u>141,601</u>	<u>162,616</u>	<u>100,237</u>
Change in net position	7,311	4,746	12,057	10,777
<b>Net position</b>				
Beginning of year	<u>191,450</u>	<u>138,978</u>	<u>330,428</u>	<u>319,651</u>
End of year	<u>\$ 198,761</u>	<u>\$ 143,724</u>	<u>\$ 342,485</u>	<u>\$ 330,428</u>

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**1. ORGANIZATION AND PURPOSE**

Conestoga Valley School District (the "District") operates four elementary schools, one middle school and a high school and a virtual academy to provide education and related services to the residents in the Townships of East Lampeter, Upper Leacock and West Earl. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the "School Board").

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

**Basis of Presentation**

*Government-Wide Financial Statements*

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

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

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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

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

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

*Fund Financial Statements*

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

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

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term principal, interest and other related costs.

In addition, the District reports the following nonmajor governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. These funds include the District's Athletic Facilities Improvement Fund, Extra-Curricular Fund and Student Sponsored Activity Fund.

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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*Revenue Recognition*

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

*Expenditure Recognition*

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

*Proprietary Funds*

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

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

The Internal Service Fund is used to account for the District's self-funded health insurance program.

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

*Fiduciary Funds*

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. 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. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are , therefore not available to support the District's own programs. The District has one custodial consisting of funds held on behalf of the students.

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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**Cash and Cash Equivalents**

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

**Investments**

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

**Fair Value Measurements of Assets and Liabilities**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

*Level 1* - Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

*Level 2* - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* - Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

**Interfund Receivables and Payables**

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

**Property Taxes**

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

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

**Conestoga Valley School District**  
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The County Board of Assessments determines assessed valuations of property and the Lancaster County Tax Collection Bureau bills and collects the District's property taxes. The tax on real estate for public school purposes for fiscal 2023-2024 was 15.3776 mills (\$15.3776 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	-	August 31
Installment Two	-	October 31
Installment Three	-	December 31

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

**Unearned Revenues**

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

**Prepaid Items and Inventories**

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

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

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: site improvements - 15 years; buildings and improvements - 20-50 years; furniture and equipment - 3-10 years.

**Leases - Lessee**

The District has entered in noncancellable leases as the lessee. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

**Conestoga Valley School District**  
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At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**Impairment of Long-Lived Assets**

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

**Compensated Absences**

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

**Accrued Retirement Bonus**

Upon voluntary retirement, employees with qualifying years of service according to their respective employment contract are eligible to receive a lump sum retirement bonus.

**Long-Term Obligations**

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

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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**Fund Equity**

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

*Non-spendable*

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

*Restricted*

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

*Committed*

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

*Assigned*

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned amounts are reviewed and approved by the Board.

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

*Unassigned*

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

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

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

**Comparative Data**

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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**Use of Estimates**

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

**Implementation of New Accounting Pronouncements**

GASB Statement No. 100, *Accounting Changes and Error Corrections*, was effective for the District for the year ended June 30, 2023. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 had no impact on the financial statements of the District for the year ended June 30, 2024.

**New Accounting Pronouncements**

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

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

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

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

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

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

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

**4. DEPOSITS AND INVESTMENTS**

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

**Deposits**

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the District's deposits was \$50,470,027 and the bank balance was \$51,358,588. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$464,899 was covered by federal depository insurance and \$6,936,552 was collateralized by the District's depositories in accordance with Act 72. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization and are subject to an independent annual audit. As of June 30, 2024, PSDLAF and PLGIT were rated as AAA by a nationally recognized statistical rating agency.

*Escrow Deposits*

The District has entered into development agreements with East Lampeter Township and Upper Leacock Township (the "Townships") to provide financial security to the Townships to guaranty that required improvements be made related to the property development associated with the new Gerald G. Huesken middle school and Smoketown Elementary. The development agreements required deposits totaling \$7,058,129, which will be released to the District as the improvements are completed. The escrow deposits are in an account with a financial institution in the name of the Townships and totaled \$3,580,434 as of June 30, 2024.

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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**Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 - 6</u>	<u>6 - 10</u>	<u>11 - 15</u>
Certificates of deposit	\$ 1,180,000	\$ 1,180,000	\$ -	\$ -	\$ -
U.S. Treasury and agency securities	<u>13,874,436</u>	<u>13,874,436</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,054,436</u>	<u>\$ 15,054,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

*Custodial Credit Risk*

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

*Interest Rate Risk*

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment in U.S. Treasury and agency securities are subject to interest rate risk.

*Credit Risk*

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

**Conestoga Valley School District**  
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**5. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 2,306,905	\$ -	\$ -	\$ 2,306,905
Collections	635,000	-	-	635,000
Construction in progress	<u>73,360,858</u>	<u>14,122,133</u>	<u>56,693,608</u>	<u>30,789,383</u>
Total capital assets not being depreciated	<u>76,302,763</u>	<u>14,122,133</u>	<u>56,693,608</u>	<u>33,731,288</u>
Capital assets being depreciated				
Site improvements	3,229,495	-	-	3,229,495
Buildings and improvements	112,639,779	56,296,749	-	168,936,528
Right-to-use lease assets	2,695,258	755,556	-	3,450,814
Right-to-use subscription assets	652,908	117,258	-	770,166
Furniture and equipment	<u>12,946,050</u>	<u>3,878,766</u>	-	<u>16,824,816</u>
Total capital assets being depreciated	<u>132,163,490</u>	<u>61,048,329</u>	-	<u>193,211,819</u>
Less accumulated depreciation for				
Site improvements	(2,183,460)	(2,486,174)	-	(4,669,634)
Buildings and improvements	(57,728,394)	(110,207)	-	(57,838,601)
Right-to-use lease assets	(1,542,851)	(683,471)	-	(2,226,322)
Right-to-use subscription assets	(144,545)	(256,396)	-	(400,941)
Furniture and equipment	<u>(7,257,408)</u>	<u>(1,180,897)</u>	-	<u>(8,438,305)</u>
Total accumulated depreciation	<u>(68,856,658)</u>	<u>(4,717,145)</u>	-	<u>(73,573,803)</u>
Total capital assets being depreciated, net	<u>63,306,832</u>	<u>56,331,184</u>	-	<u>119,638,016</u>
Governmental activities, net	<u>\$ 139,609,595</u>	<u>\$ 70,453,317</u>	<u>\$ 56,693,608</u>	<u>\$ 153,369,304</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Construction in progress	<u>\$ 74,249</u>	<u>\$ 7,660</u>	<u>\$ 74,249</u>	<u>\$ 7,660</u>
Capital assets being depreciated				
Machinery and equipment	1,987,932	517,249	-	2,505,181
Less: Accumulated depreciation	<u>(1,081,750)</u>	<u>(145,156)</u>	-	<u>(1,226,906)</u>
Total business-type capital assets being depreciated, net	<u>906,182</u>	<u>372,093</u>	-	<u>1,278,275</u>
Business-type activities, net	<u>\$ 980,431</u>	<u>\$ 379,753</u>	<u>\$ 74,249</u>	<u>\$ 1,285,935</u>

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

<b>Governmental activities</b>	
Instruction	\$ 2,903,519
Instructional student support	72,156
Administrative and financial support services	393,591
Operation and maintenance of plan services	1,187,859
Pupil transportation	5,450
Student activities	<u>154,570</u>
Total depreciation expense - governmental activities	<u>\$ 4,717,145</u>
<b>Business-type activities</b>	
Food service	<u>\$ 145,156</u>

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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As of June 30, 2024, the District had the following outstanding amounts remaining related to construction projects to be completed:

- Leola Elementary School - \$18,659,428
- Smoketown Elementary School - \$561,342
- Gerald G. Huesken Middle School - \$60,849

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

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

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Internal service fund	\$ 855,815	General fund	\$ 855,815
General fund	4,662	Capital projects fund	4,662
General fund	1,328,922	Food service fund	1,328,922
Food service fund	10	General fund	10
Food service fund	700	Nonmajor governmental funds	700
Nonmajor governmental funds	<u>1,310</u>	General fund	<u>1,310</u>
	<u>\$ 2,191,419</u>		<u>\$ 2,191,419</u>

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

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

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Food service fund	\$ 450,660	Capital projects fund	\$ 450,660
Debt service fund	<u>7,984,301</u>	General fund	<u>7,984,301</u>
	<u>\$ 8,434,961</u>		<u>\$ 8,434,961</u>

Transfers from the General Fund represent transfers to subsidize costs associated with the acquisition of capital assets and debt service requirements.

**Conestoga Valley School District  
Notes to Financial Statements  
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**7. CHANGE IN NONCURRENT LIABILITIES**

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Amount Due Within One Year
<b>Governmental activities</b>					
General obligation debt					
Bonds payable	\$ 126,935,000	\$ -	\$ 3,105,000	\$ 123,830,000	\$ 215,000
Notes payable	4,513,343	-	38,343	4,475,000	3,450,000
Bond premiums (discounts)	6,475,258	-	414,036	6,061,222	390,583
Total general obligation debt	<u>137,923,601</u>	<u>-</u>	<u>3,557,379</u>	<u>134,366,222</u>	<u>4,055,583</u>
Other noncurrent liabilities					
Leases payable	1,113,241	755,556	648,029	1,220,768	411,347
Subscriptions payable	304,464	117,258	227,224	194,498	162,648
Compensated absences	1,104,644	55,147	-	1,159,791	-
Accrued retirement bonuses	781,914	34,538	-	816,452	-
OPEB liability	3,106,857	158,744	-	3,265,601	-
Net OPEB liability - PSERS	3,639,204	-	460,394	3,178,810	-
Net pension liability - PSERS	88,072,728	-	9,821,186	78,251,542	-
Total other noncurrent liabilities	<u>98,123,052</u>	<u>1,121,243</u>	<u>11,156,833</u>	<u>88,087,462</u>	<u>573,995</u>
Total governmental activities	<u>\$ 236,046,653</u>	<u>\$ 1,121,243</u>	<u>\$ 14,714,212</u>	<u>\$ 222,453,684</u>	<u>\$ 4,629,578</u>

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund.

**8. GENERAL OBLIGATION DEBT**

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

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

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
<b>General obligation bonds</b>				
Series of 2019	1.20% - 4.00%	\$ 38,745,000	02/01/2044	\$ 38,720,000
Series A of 2021	1.00% - 4.00%	\$ 34,265,000	02/01/2044	34,250,000
Series B of 2021	1.00% - 4.00%	\$ 5,830,000	02/01/2044	5,310,000
Series of 2022	2.88% - 4.00%	\$ 45,560,000	02/01/2051	45,550,000
Total general obligation bonds				<u>123,830,000</u>
<b>General obligation notes</b>				
Series A of 2019	2.000%	\$ 2,365,000	01/15/2025	2,365,000
Series B of 2019	1.15% - 4.00%	\$ 2,135,000	04/01/2026	2,110,000
Total general obligation notes				<u>4,475,000</u>
Total general obligation debt				<u>\$ 128,305,000</u>

**Conestoga Valley School District**  
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Annual debt service requirements to maturity on these obligations are as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2025	\$ 3,665,000	\$ 4,729,147	\$ 8,394,147
2026	2,980,000	4,636,180	7,616,180
2027	3,060,000	4,558,606	7,618,606
2028	3,170,000	4,448,113	7,618,113
2029	3,295,000	4,324,488	7,619,488
2030-2034	18,480,000	19,600,552	38,080,552
2035-2039	22,040,000	16,034,626	38,074,626
2040-2051	<u>71,615,000</u>	<u>19,423,046</u>	<u>91,038,046</u>
	<u>\$ 128,305,000</u>	<u>\$ 77,754,758</u>	<u>\$ 206,059,758</u>

**9. LEASES PAYABLE**

The District has entered into a 36-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$392,701. As of June 30, 2024, the value of the lease liability is \$317,569. The District is required to make monthly fixed payments of \$6,981. The lease has an imputed interest rate of 2.66% and an estimated useful life of 5 years as of the contract commencement. The value of the right-to-use assets as of June 30, 2024 was \$298,925 with accumulated amortization of \$78,540 and included with noncurrent assets on the statement of net position (deficit).

Annually, the District enters into 48-month leases for personal technology devices for students. An initial lease liability was recorded in the amount of \$2,836,794. As of June 30, 2024, the value of the lease liabilities is \$903,199. The District is required to make annual payments ranging from \$73,763 to \$230,353. The leases have interest rates ranging from 1.88% to 3.33% and an estimated useful life of 4 years as of the contract commencement. The value of the right-to-use assets as of June 30, 2024 was \$1,724,569 with accumulated amortization of \$1,127,461 and included with noncurrent assets on the statement of net position (deficit).

Future minimum lease payments under these leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 411,347	\$ 18,285	\$ 429,632
2026	386,326	22,593	408,919
2027	167,930	10,638	178,568
2028	172,586	5,980	178,566
2029	<u>82,579</u>	<u>1,193</u>	<u>83,772</u>
	<u>\$ 1,220,768</u>	<u>\$ 58,689</u>	<u>\$ 1,279,457</u>

**Conestoga Valley School District**  
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**10. SUBSCRIPTIONS PAYABLE**

The District has entered into long-term lease agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of \$770,166. As of June 30, 2024, the value of the subscription liabilities is \$194,498. The District is required to make annual fixed payments ranging from \$11,866 to \$32,758. The subscriptions payable have interest rates ranging from 2.024%-3.238% and have a useful life of 2 to 4 years at contract commencement. The value of the right-to-use asset as of June 30, 2024 of \$369,225, with accumulated amortization of \$400,941, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 162,648	\$ 6,025	\$ 168,673
2026	<u>31,850</u>	<u>907</u>	<u>32,757</u>
	<u>\$ 194,498</u>	<u>\$ 6,932</u>	<u>\$ 201,430</u>

**11. PENSION PLAN**

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

**Plan Description**

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

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1.00% to 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

**Contributions**

*Member Contributions*

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

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

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

*Employer Contributions*

The District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$10,717,848 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$78,251,542 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 PSERS' 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, 2024, the District's proportion was 0.1759 percent, which was a decrease of 0.1981 percent from its proportion measured as of June 30, 2023. As of June 30, 2024, the net pension liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2024, the District recognized pension expense of \$5,105,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 18,000	\$ 1,071,000
Changes in assumptions	1,168,000	-
Net difference between expected and actual investment earnings	2,214,000	-
Changes in proportions	313,000	7,967,000
Contributions subsequent to the measurement date	10,717,848	-
	<u>\$ 14,430,848</u>	<u>\$ 9,038,000</u>

**Conestoga Valley School District**  
**Notes to Financial Statements**  
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\$10,717,848 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30,**

2025	\$ (1,665,000)
2026	(4,294,000)
2027	(105,000)
2028	<u>739,000</u>
	<u>\$ (5,325,000)</u>

**Actuarial Assumptions**

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

- Valuation date - June 30, 2022
- Actuarial cost method - entry age normal - level % of pay
- Investment return - 7.00%, includes inflation at 2.50%
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 202 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

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

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

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

**Conestoga Valley School District  
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<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	30.00%	5.20%
Private equity	12.00%	7.90%
Fixed income	33.00%	3.20%
Commodities	7.50%	2.70%
Infrastructure/MLPs	10.00%	5.40%
Real estate	11.00%	5.70%
Absolute return	4.00%	4.10%
Cash	3.00%	1.20%
Leverage	<u>-10.50%</u>	1.20%
	<u>100.00%</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 pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the 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 represents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
District's proportionate share of the net pension liability	<u>\$ 101,435,572</u>	<u>\$ 78,251,542</u>	<u>\$ 58,691,158</u>

**Pension Plan Fiduciary Net Position**

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

**Conestoga Valley School District**  
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**12. OTHER POST-EMPLOYMENT BENEFITS**

**Single-Employer Defined Benefit OPEB Plan**

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

**OPEB Plan Membership**

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

Active employees	342
Retirees and beneficiaries currently receiving benefits	24
Terminated OPEB plan members entitled to but not yet receiving benefits	<u>-</u>
	<u>366</u>

**Funding Policy**

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

**OPEB Liability**

The District's OPEB liability has been measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and by rolling forward the liabilities from the July 1, 2022 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is \$3,265,601, all of which is unfunded. As of June 30, 2024, the OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

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

<b>Balances as of July 1, 2023</b>	<u>\$ 3,106,857</u>
Changes for the year:	
Service cost	153,759
Interest on total OPEB liability	128,590
Differences between expected and actual experience	-
Changes in assumptions	48,749
Benefit payments	<u>(172,354)</u>
Net changes	<u>158,744</u>
<b>Balances as of June 30, 2024</b>	<u>\$ 3,265,601</u>

**Conestoga Valley School District**  
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**OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of \$201,534. At June 30, 2024, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual experience	\$ 275,522	\$ 360,152
Changes of assumptions	347,537	886,599
Contributions subsequent to the measurement date	178,765	-
	<u>\$ 801,824</u>	<u>\$ 1,246,751</u>

\$178,765 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ended June 30,**

2025	\$ (80,815)
2026	(80,815)
2027	(80,815)
2028	(80,815)
2029	(80,815)
Thereafter	<u>(219,617)</u>
	<u>\$ (623,692)</u>

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$ 2,929,260</u>	<u>\$ 3,265,601</u>	<u>\$ 3,657,039</u>

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

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>3.13%</b>	<b>4.13%</b>	<b>5.13%</b>
OPEB liability	<u>\$ 3,491,655</u>	<u>\$ 3,265,601</u>	<u>\$ 3,051,084</u>

**Actuarial Methods and Significant Assumptions**

The OPEB liability as of June 30, 2024, was determined by rolling forward the OPEB Liability as of July 1, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate - 4.13% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.06% to 4.13%.
- Salary growth - salary increases are composed of 2.50% cost-of-living adjustment, 1.50% for real wage growth and 0.00% to 2.75% for merit or seniority increases.
- Assumed healthcare cost trends - 7.00% in 2023 with 0.50% decrease per year until 5.50% in 2026. Rates gradually decrease from 5.4% in 2027 4.1% in 2075.
- Mortality rates were based on a PubT-2010 headcount-weighted mortality table for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table for contingent survivors for all other employees.

**Cost Sharing Multiple-Employer Defined Benefit OPEB Plan**

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

**Plan Description**

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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

**Benefits Provided**

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

**Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$234,568 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$3,178,810 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.1757 percent, which was a decrease of 0.0220 percent from its proportion measured as of June 30, 2023. As of June 30, 2024, the net OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

**Conestoga Valley School District**  
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For the year ended June 30, 2024, the District recognized OPEB expense of \$29,000. 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 projected and actual experience	\$ 21,000	\$ 31,000
Changes of assumptions	275,000	602,000
Net difference between expected and actual investment earnings	7,000	-
Changes in proportions	54,000	415,000
Contributions subsequent to the measurement date	<u>234,568</u>	<u>-</u>
	<u>\$ 591,568</u>	<u>\$ 1,048,000</u>

\$234,568 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ended June 30,**

2025	\$ (123,000)
2026	(148,000)
2027	(161,000)
2028	(178,000)
2029	<u>(82,000)</u>
	<u>\$ (692,000)</u>

**Actuarial Assumptions**

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

- Actuarial cost method - entry age normal - level % of pay
- Investment return - 4.13% - Standard & Poors 20 year municipal bond rate
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version 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%

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

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

**Discount Rate**

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2023, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2023, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$ 3,178,511</u>	<u>\$ 3,178,810</u>	<u>\$ 2,831,254</u>

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.13%</u>	<u>4.13%</u>	<u>5.13%</u>
District's proportionate share of the net OPEB liability	<u>\$ 3,594,017</u>	<u>\$ 3,178,810</u>	<u>\$ 2,831,254</u>

**OPEB Plan Fiduciary Net Position**

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

**13. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION**

**Joint Ventures**

*Lancaster County Career and Technology Center*

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center ("LCCTC"). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District’s share of operating costs for the LCCTC fluctuates based on the District’s percentage of enrollment. The District’s share of operating costs for 2023-2024 was \$1,216,985.

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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*Lancaster County Career and Technology Center Authority*

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the "Authority"). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2023-2024 was \$109,700.

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds, Series of 2011 (the "2011 Revenue Bonds"), in the maximum aggregate principal amount of \$43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreement with the Authority stipulating that each school district will pay its proportionate share of the lease rentals in order to retire the 2011 Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The 2011 Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed \$10,000,000 without the participating school districts' approval. The 2011 Revenue Bonds were intended to be repaid over a period not to exceed thirty years, with gross annual debt service not to exceed \$1,985,000 and net annual debt service (after reimbursement by the Commonwealth of Pennsylvania) of \$1,330,000. On June 29, 2012, the Authority issued the first of three series in the total amount of \$9,995,000. On September 20, 2013, the Authority issued the second of three series in the total amount of \$9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of \$3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of \$11,145,000. The District's lease rental obligations for estimated minimum rental payments related to the issued debt are as follows:

**Year Ending June 30,**

2025	\$ 110,014
2026	110,588
2027	109,836
2028	109,178
2029	109,199
2030-2034	540,662
2035-2037	<u>322,714</u>
	<u>\$ 1,412,191</u>

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Jointly Governed Organizations**

*Lancaster-Lebanon Intermediate Unit*

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the "LLIU"). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2024-2024, the District contracted with the LLIU for special education services which totaled \$1,713,836.

*Lancaster-Lebanon Joint Authority*

The District and the other Lancaster and Lebanon County school districts are also participating members of the Lancaster-Lebanon Joint Authority (the "Authority"). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2023-2024, the District did not have any financial transactions with the Authority.

*Lancaster County Tax Collection Bureau*

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the "Bureau"). Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The District contracts with the Bureau for the collection of property and earned incomes taxes. During 2023-2024, the District contracted with the Bureau for tax collection services which totaled \$141,683.

*Lancaster County Academy*

The Lancaster County Academy (the "Academy") is an alternative public school organized by the District and 7 other Lancaster County school districts to provide services in the County. Each of the participating school districts appoints one member to serve on the joint operating committee. The District is considered to have an ongoing financial responsibility to fund the operations of the Academy. During 2023-2024, the District's portion of operating expenditures for the Academy totaled \$57,695.

**14. CONTINGENCIES AND COMMITMENTS**

**Government Grants and Awards**

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

**Litigation**

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

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**15. RISK MANAGEMENT**

**Health Insurance**

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party who approves and process all claims. The District was limited in liability to \$450,000 per individual and \$7,529,530 in total for self-insurance medical claims for the year ended June 30, 2024.

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

	<u>2024</u>	<u>2023</u>
Insurance claims liability - beginning of year	\$ 367,892	\$ 235,697
Current year insurance claims and changes in estimates	7,139,584	6,149,020
Insurance claims paid	<u>(6,937,962)</u>	<u>(6,016,825)</u>
Insurance claims liability - end of year	<u>\$ 569,514</u>	<u>\$ 367,892</u>

**Property and Liability**

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the "Pool"), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than \$100,000 per occurrence. As of June 30, 2024, the District is not aware of any additional assessments relating to the Pool.

**Workers' Compensation**

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

**Unemployment**

The District administers a self-insurance program for unemployment compensation rather than contribute to the state fund. Transactions for this program are reflected in the General Fund.

**Conestoga Valley School District**  
**Notes to Financial Statements**  
**June 30, 2024**

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**Other Risks**

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

**16. TAX INCREMENT FINANCING DISTRICT**

The District, East Lampeter Township and Lancaster County (the "taxing bodies") have entered into a tax increment financing agreement ("TIF agreement") with the East Lampeter Industrial and Commercial Authority (the "Authority"). In conjunction with the TIF agreement, the Authority has created a tax increment financing district ("TIF District") in the Township of East Lampeter and prepared a project plan ("TIF project") which includes, among other things, transportation and related infrastructure improvements for the benefit of the TIF District. Under the TIF agreement, the District will allocate to the Authority 65% of real estate taxes resulting from an increase in the total market value of taxable real property in the TIF District as a result of changes in the assessed valuation in excess of the real estate tax assessment as determined by the Lancaster County Property Assessment Office as of June, 2017. The Authority will expend the real estate tax revenues generated by the TIF District for reasonable and necessary costs of the TIF project. The TIF District will terminate after a period of 20 years and any remaining balance after payment of all costs of the TIF project will be returned to the taxing bodies. During 2023-2024, the District paid the Authority \$150,000 under the TIF agreement.

**17. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 13, 2025, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Budget Positive (Negative)</u>
<b>Revenues</b>				
Local sources	\$ 62,358,120	\$ 62,358,120	\$ 63,408,251	\$ 1,050,131
State sources	19,612,053	19,612,053	20,137,789	525,736
Federal sources	<u>9,783,878</u>	<u>9,783,878</u>	<u>8,766,498</u>	<u>(1,017,380)</u>
Total revenues	<u>91,754,051</u>	<u>91,754,051</u>	<u>92,312,538</u>	<u>558,487</u>
<b>Expenditures</b>				
Instruction				
Regular programs	37,695,703	37,441,909	36,474,405	967,504
Special programs	13,455,612	14,283,595	14,186,418	97,177
Vocational programs	1,539,476	1,615,976	1,615,177	799
Other instructional programs	283,232	330,364	320,051	10,313
Nonpublic school programs	85,335	100,335	83,117	17,218
Pre-kindergarten	<u>557,944</u>	<u>964,044</u>	<u>962,278</u>	<u>1,766</u>
Total instruction	<u>53,617,302</u>	<u>54,736,223</u>	<u>53,641,446</u>	<u>1,094,777</u>
Support services				
Pupil support services	3,150,787	3,181,187	3,142,963	38,224
Instructional staff services	3,370,782	4,107,165	3,960,832	146,333
Administrative services	3,989,801	3,971,449	3,895,011	76,438
Pupil health	766,741	827,661	809,014	18,647
Business services	879,237	915,937	908,601	7,336
Operation and maintenance of plant services	6,641,895	7,310,195	7,208,105	102,090
Student transportation services	3,765,667	3,719,267	3,626,830	92,437
Support services - central	2,136,406	2,010,756	1,998,335	12,421
Other support services	<u>45,000</u>	<u>45,000</u>	<u>43,970</u>	<u>1,030</u>
Total support services	<u>24,746,316</u>	<u>26,088,617</u>	<u>25,593,661</u>	<u>494,956</u>
Operation of noninstructional services				
Student activities	1,584,599	1,959,822	1,951,961	7,861
Community services	<u>15,074</u>	<u>25,529</u>	<u>20,406</u>	<u>5,123</u>
Total operation of noninstructional services	<u>1,599,673</u>	<u>1,985,351</u>	<u>1,972,367</u>	<u>12,984</u>
Facilities acquisition, construction and improvement services	-	<u>3,526,600</u>	<u>3,525,635</u>	<u>965</u>
Debt service	<u>50,000</u>	<u>-</u>	<u>924,632</u>	<u>(924,632)</u>
Total expenditures	<u>80,013,291</u>	<u>86,336,791</u>	<u>85,657,741</u>	<u>679,050</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>11,740,760</u>	<u>5,417,260</u>	<u>6,654,797</u>	<u>1,237,537</u>

See Independent Auditor's Report.

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

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**Other financing sources (uses)**

Refund of prior year expenditures (receipts)	\$ -	\$ -	\$ (30)	\$ (30)
Sale of/compensation for capital assets	25,000	25,000	6,018	(18,982)
Transfers in	504,378	504,378	-	(504,378)
Transfers out	(8,129,546)	(8,156,046)	(7,984,301)	171,745
Budgetary reserve	<u>(6,350,210)</u>	<u>(210)</u>	<u>-</u>	<u>210</u>
Total other financing sources (uses)	<u>(13,950,378)</u>	<u>(7,626,878)</u>	<u>(7,978,313)</u>	<u>(351,435)</u>

Net change in fund balance	\$ <u>(2,209,618)</u>	\$ <u>(2,209,618)</u>	(1,323,516)	\$ <u>886,102</u>
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**Fund balance**

Beginning of year			<u>16,685,807</u>	
End of year				<u>\$ 15,362,291</u>

See Independent Auditor's Report.

**Conestoga Valley School District  
Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS  
Year Ended June 30, 2024**

	Measurement Date									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.1759%	0.1981%	0.2007%	0.1981%	0.1962%	0.1966%	0.1932%	0.1934%	0.2134%	0.2137%
District's proportionate share of the net pension liability	\$ 78,251,542	\$ 88,072,728	\$ 82,400,857	\$ 97,542,491	\$ 91,787,477	\$ 94,377,761	\$ 95,418,398	\$ 95,843,000	\$ 92,434,000	\$ 84,583,000
District's covered-employee payroll	\$ 26,911,899	\$ 29,064,724	\$ 28,386,927	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617	\$ 25,045,713	\$ 27,455,288	\$ 25,751,265
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	290.77%	303.02%	290.28%	351.28%	339.28%	356.43%	370.95%	382.67%	336.67%	328.46%
Plan fiduciary net position as a percentage of the total net pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.00%	54.00%	57.24%

See Independent Auditor's Report.

**Conestoga Valley School District  
Schedule of the District's Pension Plan Contributions - PSERS  
Year Ended June 30, 2024**

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,717,848	\$ 9,211,027	\$ 9,874,728	\$ 9,537,893	\$ 9,495,235	\$ 8,786,299	\$ 8,342,383	\$ 7,389,722	\$ 6,153,000	\$ 5,510,000
Contributions in relation to the contractually required contribution	<u>\$ 10,717,848</u>	<u>\$ 9,211,027</u>	<u>\$ 9,874,728</u>	<u>\$ 9,537,893</u>	<u>\$ 9,495,235</u>	<u>\$ 8,786,299</u>	<u>\$ 8,342,383</u>	<u>\$ 7,389,722</u>	<u>\$ 6,153,000</u>	<u>\$ 5,510,000</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 32,127,842	\$ 26,911,899	\$ 29,064,724	\$ 28,386,927	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617	\$ 25,045,713	\$ 27,455,288
Contributions as a percentage of covered-employee payroll	33.36%	34.23%	33.97%	33.60%	34.20%	32.48%	31.51%	28.73%	24.57%	20.07%

See Independent Auditor's Report.

**Conestoga Valley School District  
Schedule of Changes in OPEB Liability – Single Employer Plan  
Year Ended June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>							
Service cost	\$ 153,759	\$ 223,277	\$ 227,814	\$ 190,331	\$ 193,027	\$ 234,978	\$ 224,316
Interest on total OPEB liability	128,590	80,967	64,627	103,581	88,514	111,769	80,125
Changes of benefit terms	-	-	-	-	-	(91,206)	-
Differences between projected and actual experience	-	330,626	-	(164,671)	-	(500,747)	-
Changes of assumptions	48,749	(801,511)	(93,190)	330,905	(79,087)	(205,304)	178,194
Benefit payments	<u>(172,354)</u>	<u>(118,715)</u>	<u>(117,420)</u>	<u>(92,104)</u>	<u>(81,474)</u>	<u>(139,758)</u>	<u>(140,886)</u>
Net change in total OPEB liability	158,744	(285,356)	81,831	368,042	120,980	(590,268)	341,749
Total OPEB liability, beginning	<u>3,106,857</u>	<u>3,392,213</u>	<u>3,310,382</u>	<u>2,942,340</u>	<u>2,821,360</u>	<u>3,411,628</u>	<u>3,069,879</u>
Total OPEB liability, ending	<u>\$ 3,265,601</u>	<u>\$ 3,106,857</u>	<u>\$ 3,392,213</u>	<u>\$ 3,310,382</u>	<u>\$ 2,942,340</u>	<u>\$ 2,821,360</u>	<u>\$ 3,411,628</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 25,565,188	\$ 25,565,188	\$ 26,248,252	\$ 26,248,252	\$ 24,934,528	\$ 24,934,528	\$ 24,178,245
Net OPEB liability as a % of covered payroll	12.77%	12.15%	12.92%	12.61%	11.80%	11.32%	14.11%

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

See Independent Auditor's Report.

**Conestoga Valley School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS  
Year Ended June 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.1757%	0.1977%	0.2002%	0.1978%	0.1962%	0.1966%	0.1932%
District's proportionate share of the net OPEB liability	\$ 3,178,810	\$ 3,639,204	\$ 4,744,906	\$ 4,273,859	\$ 4,172,864	\$ 4,099,010	\$ 3,936,280
District's covered-employee payroll	\$ 26,911,899	\$ 29,064,724	\$ 28,386,927	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total net OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

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

See Independent Auditor's Report.

**Conestoga Valley School District**  
**Schedule of the District's OPEB Plan Contributions - PSERS**  
**Year Ended June 30, 2024**

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 234,568	\$ 200,927	\$ 230,860	\$ 232,963	\$ 232,856	\$ 224,788	\$ 219,649	\$ 168,206
Contributions in relation to the contractually required contribution	<u>\$ 234,568</u>	<u>\$ 200,927</u>	<u>\$ 230,860</u>	<u>\$ 232,963</u>	<u>\$ 232,856</u>	<u>\$ 224,788</u>	<u>\$ 219,649</u>	<u>\$ 168,206</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 32,127,842	\$ 26,911,899	\$ 29,064,724	\$ 28,386,927	\$ 27,767,388	\$ 27,053,732	\$ 26,478,676	\$ 25,722,617
Contributions as a percentage of covered-employee payroll	0.64%	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%

See Independent Auditor's Report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**Conestoga Valley School District  
Combining Balance Sheet – Capital Projects Fund  
June 30, 2024**

	<b>Capital Reserve Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 7,378,139	\$ 22,501,338	\$ 29,879,477
Investments	-	13,874,436	13,874,436
Other receivables	-	121,588	121,588.00
Prepaid items	<u>130,973</u>	<u>347,719</u>	<u>478,692</u>
 Total assets	 <u>\$ 7,509,112</u>	 <u>\$ 36,845,081</u>	 <u>\$ 44,354,193</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 2,131,412	\$ 2,131,412
Due to other funds	-	<u>4,662</u>	<u>4,662</u>
Total liabilities	<u>-</u>	<u>2,136,074</u>	<u>2,136,074</u>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Prepaid items	130,973	347,719	478,692
<b>Restricted for</b>			
Capital projects	<u>7,378,139</u>	<u>34,361,288</u>	<u>41,739,427</u>
Total fund balances	<u>7,509,112</u>	<u>34,709,007</u>	<u>42,218,119</u>
 Total liabilities and fund balances	 <u>\$ 7,509,112</u>	 <u>\$ 36,845,081</u>	 <u>\$ 44,354,193</u>

**Conestoga Valley School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
Capital Projects Fund  
Year Ended June 30, 2024**

	<b>Capital Reserve Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Revenues</b>			
Local sources	\$ 311,944	\$ 2,222,020	\$ 2,533,964
<b>Expenditures</b>			
Current			
Instruction	-	1,064,393	1,064,393
Support services	398,090	890,529	1,288,619
Operation of noninstructional services	-	6,470	6,470
Facilities acquisition, construction and improvement services	<u>24,500</u>	<u>10,624,602</u>	<u>10,649,102</u>
Total expenditures	<u>422,590</u>	<u>12,585,994</u>	<u>13,008,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,646)</u>	<u>(10,363,974)</u>	<u>(10,474,620)</u>
<b>Other financing sources (uses)</b>			
Proceeds from extended term financing	-	872,814	872,814
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>(450,660)</u>	<u>(450,660)</u>
Total other financing sources (uses)	<u>-</u>	<u>422,154</u>	<u>422,154</u>
Net change in fund balances	(110,646)	(9,941,820)	(10,052,466)
<b>Fund balances</b>			
Beginning of year	<u>7,619,758</u>	<u>44,650,827</u>	<u>52,270,585</u>
End of year	<u>\$ 7,509,112</u>	<u>\$ 34,709,007</u>	<u>\$ 42,218,119</u>

**Conestoga Valley School District  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2024**

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	<u>Athletic Facilities Improvement</u>	<u>Extra- Curricular Fund</u>	<u>Student Sponsored Activity Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 258,841	\$ 172,078	\$ 46,747	\$ 477,666
Accounts receivable	-	12,133	1,355	13,488
Due from other funds	<u>1,310</u>	<u>-</u>	<u>-</u>	<u>1,310</u>
Total assets	<u>\$ 260,151</u>	<u>\$ 184,211</u>	<u>\$ 48,102</u>	<u>\$ 492,464</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 5,251	\$ 5,251
Due to other funds	<u>-</u>	<u>700</u>	<u>-</u>	<u>700</u>
Total liabilities	<u>-</u>	<u>700</u>	<u>5,251</u>	<u>5,951</u>
<b>Fund balances</b>				
Restricted for				
Athletic facilities improvement	260,151	-	-	260,151
Extra-curricular activities	-	183,511	-	183,511
Student sponsored activities	<u>-</u>	<u>-</u>	<u>42,851</u>	<u>42,851</u>
Total fund balances	<u>260,151</u>	<u>183,511</u>	<u>42,851</u>	<u>486,513</u>
Total liabilities and fund balances	<u>\$ 260,151</u>	<u>\$ 184,211</u>	<u>\$ 48,102</u>	<u>\$ 492,464</u>

**Conestoga Valley School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year Ended June 30, 2024**

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	<u>Athletic Facilities Improvement</u>	<u>Extra- Curricular Fund</u>	<u>Sponsored Activity Fund</u>	<u>Total</u>
<b>Revenues</b>				
Local sources	\$ 77,980	\$ 27,649	\$ 34,444	\$ 140,073
<b>Expenditures</b>				
Current				
Operation of noninstructional services	21,527	1,709	38,497	61,733
Excess (deficiency of revenues over (under) expenditures and net change in fund balances	56,453	25,940	(4,053)	78,340
<b>Fund balances</b>				
Beginning of year	203,698	157,571	46,904	408,173
End of year	\$ 260,151	\$ 183,511	\$ 42,851	\$ 486,513

**SINGLE AUDIT**

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

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Numbre</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2024</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Education</u>											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-240096	07/01/23-09/30/24	\$ 1,295,482	\$ 1,102,110	\$ -	\$ 1,257,393	\$ 1,257,393	\$ 155,283	\$ -
Title I - Improving Basic Programs	I	84.010	013-230096	07/01/22-09/30/23	1,514,288	538,639	500,033	38,606	38,606	-	-
Total ALN #84.010						1,640,749	500,033	1,295,999	1,295,999	155,283	-
Title II - Improving Teacher Quality	I	84.367	020-240096	07/01/23-09/30/24	146,288	113,879	-	140,862	140,862	26,983	-
Title II - Improving Teacher Quality	I	84.367	020-230096	07/01/22-09/30/23	162,503	36,699	31,520	5,179	5,179	-	-
Total ALN #84.367						150,578	31,520	146,041	146,041	26,983	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-240096	07/01/23-09/30/24	60,014	27,227	-	26,987	26,987	(240)	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-230096	07/01/22-09/30/23	43,122	8,264	2,325	5,939	5,939	-	-
Total ALN #84.365						35,491	2,325	32,926	32,926	(240)	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240096	07/01/23-09/30/24	118,548	77,056	-	82,045	82,045	4,989	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-230096	07/01/22-09/30/23	128,287	40,996	19,383	21,613	21,613	-	-
Total ALN #84.424						118,052	19,383	103,658	103,658	4,989	-
COVID-19 CRRSA Act - ESSER II	I	84.425D	200-210096	03/13/20-09/30/23	4,423,529	1,851,710	1,788,012	63,698	63,698	-	-
COVID-19 ARP - ESSER III	I	84.425U	223-210096	03/13/20-09/30/24	8,947,519	3,904,372	(1,297,349)	5,528,360	5,528,360	326,639	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210096	03/13/20-09/30/24	695,422	151,728	(9,587)	193,315	193,315	32,000	-
COVID-19 ARP ESSER Homeless Children & Youth	I	84.425W	181-212099	07/01/21-09/30/24	65,583	21,861	21,861	-	-	-	-
Total ALN #84.425						5,929,671	502,937	5,785,373	5,785,373	358,639	-

See Independent Auditor's Report.

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

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Numbre</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2024</u>	<u>Passed Through to Subrecipients</u>
Passed Through the Lancaster-Lebanon I.U.											
COVID-19 I.D.E.A. - Part B, Section 611	I	84.027	062-220013	07/01/21-09/30/23	141,835	117,809	40,743	77,066	77,066	-	-
PA Training and Technical Assistance	I	84.027	062-240033	07/01/23-09/30/24	50,000	5,916	-	9,515	9,515	3,599	-
I.D.E.A. - Part B, Section 611	I	84.027	062-240013	07/01/22-09/30/23	904,083	349,091	-	904,083	904,083	554,992	-
I.D.E.A. - Part B, Section 611	I	84.027	062-230013	07/01/22-09/30/23	821,574	506,069	506,069	-	-	-	-
Total ALN #84.027						978,885	546,812	990,664	990,664	558,591	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230013	07/01/23-09/30/24	6,426	-	-	6,426	6,426	6,426	-
I.D.E.A. - Part B, Section 619	I	84.173	131-220013	07/01/22-09/30/23	5,564	5,564	5,564	-	-	-	-
Total ALN #84.173						5,564	5,564	6,426	6,426	6,426	-
Total U.S. Department of Education						8,858,990	1,608,574	8,361,087	8,361,087	1,110,671	-
<u>U.S. Department of Health and Human Services</u>											
Passed Through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	07/01/22-06/30/23	N/A	4,915	-	4,915	4,915	-	-
<u>U.S. Department of Agriculture</u>											
Passed-Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	447,833	-	452,381	452,381	4,548	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22-06/30/23	N/A	5,763	-	5,763	5,763	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	1,279,854	-	1,291,944	1,291,944	12,090	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	a) 216,044	b) (17,947) c)	187,791	187,791	d) (46,200)	-
Total ALN #10.555						1,495,898	(17,947)	1,479,735	1,479,735	(34,110)	-
Total U.S. Department of Agriculture						1,949,494	(17,947)	1,937,879	1,937,879	(29,562)	-

See Independent Auditor's Report.

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

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass- Through Grantor's Numbre</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2024</u>	<u>Passed Through to Subrecipients</u>
Total Federal awards						\$ 10,813,399	\$ 1,590,627	\$ 10,303,881	\$ 10,303,881	\$ 1,081,109	\$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						\$ 984,449	\$ 552,376	\$ 997,090	\$ 997,090	\$ 565,017	\$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						\$ 1,943,731	\$ (17,947)	\$ 1,932,116	\$ 1,932,116	\$ (29,562)	\$ -
Medicaid Cluster (ALN #93.778)						\$ 4,915	\$ -	\$ 4,915	\$ 4,915	\$ -	\$ -

Footnotes

- a) Total amount of commodities received
- b) Beginning inventory July 1
- c) Total amount of commodities used
- d) Ending inventory June 30

Source Codes

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

See Independent Auditor's Report.

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

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**1. FEDERAL EXPENDITURES**

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

**2. BASIS OF ACCOUNTING**

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

**3. NONMONETARY FEDERAL AWARDS - DONATED FOOD**

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

**4. ACCESS PROGRAM**

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was \$400,497.

**5. INDIRECT COSTS**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District's Federal awards for the year ended June 30, 2024.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Conestoga Valley School District, Lancaster, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Conestoga Valley School District's basic financial statements, and have issued our report thereon dated March 13, 2025.

### **Report on Internal Control Over Financial Reporting**

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

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

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

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

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

### Purpose of this Report

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

*Withum Smith + Brown, PC*

March 13, 2025

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

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

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

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

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

#### **Basis for Opinion on Each Major Federal Program**

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

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

#### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Withum Smith + Brown, PC*

March 13, 2025

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

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**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Conestoga Valley School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Conestoga Valley School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Conestoga Valley School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Conestoga Valley School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:  
  
Special Education Cluster  
I.D.E.A. - Part B, Section 611 - Assistance Listing #84.027  
I.D.E.A. - Part B, Section 619 - Assistance Listing #84.173  
  
Education Stabilization Fund - Assistance Listing #84.425
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Conestoga Valley School District did qualify as a low-risk auditee.

**Findings—Financial Statement Audit**

None.

**Findings and Questioned Costs—Major Federal Award Programs Audit**

None.

**Summary Schedule of Prior Year Audit Findings**

None.

## **OTHER INFORMATION**

**Conestoga Valley School District  
Real Estate Tax Levies and Collections  
Last Ten Fiscal Years Ending June 30**

<u>School Year</u>	<u>Assessed Value</u>	<u>Base Millage</u>	<u>Gross Tax Levy</u>	<u>Act 1 Property Tax Reduction Allocation</u>	<u>Gross Adjusted Tax Levy</u>	<u>Current Collections Amount</u>	<u>Current Year Collections As a Percentage of Adjusted Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections Amount</u>	<u>Total Collection As a Percentage</u>
2014-2015	\$2,681,997,700	14.8330	\$ 39,782,072	\$ 699,065	\$ 39,083,007	\$ 37,842,885	96.83%	\$ 717,398	\$ 38,560,283	98.66%
2015-2016	2,688,355,900	15.2064	40,880,215	700,553	40,179,662	39,129,793	97.39%	630,670	39,760,463	98.96%
2016-2017	2,706,397,200	15.9240	43,096,669	701,315	42,395,354	41,272,962	97.35%	534,577	41,807,539	98.61%
2017-2018	2,718,332,800	16.3220	44,368,628	707,426	43,661,202	42,346,972	96.99%	674,669	43,021,641	98.54%
2018-2019	3,467,500,300	13.3940	46,443,699	706,526	45,737,173	44,381,363	97.04%	663,179	45,044,542	98.49%
2019-2020	3,444,267,500	13.7940	47,510,226	708,652	46,801,574	45,363,642	96.93%	585,388	45,949,030	98.18%
2020-2021	3,467,515,900	14.1526	49,074,366	710,016	48,364,350	46,820,764	96.81%	791,847	47,612,611	98.45%
2021-2022	3,472,515,800	14.4739	50,260,846	708,652	49,552,194	48,123,504	97.12%	460,197	48,583,701	98.05%
2022-2023	3,504,470,800	14.9660	52,447,910	898,677	51,549,233	50,696,130	98.35%	554,753	51,251,603	99.42%
2023-2024	3,529,481,000	15.3776	54,274,947	903,565	53,371,382	51,817,097	97.09%	792,503	52,609,600	98.57%
2024-2025	3,544,188,800	15.7620	55,863,504	1,043,169	54,820,335	N/A	N/A	N/A	N/A	N/A

**Conestoga Valley School District  
Real Estate Tax Rates (Mills)  
Last Ten Fiscal Years Ending June 30**

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<u>Municipality</u>	<u>2014-2015 School District</u>	<u>2014 Municipal</u>	<u>2014 County</u>
East Lampeter Township	14.833	1.600	3.735
Upper Leacock Township	14.833	1.700	3.735
West Earl Township	14.833	1.590	3.735

<u>Municipality</u>	<u>2015-2016 School District</u>	<u>2015 Municipal</u>	<u>2015 County</u>
East Lampeter Township	15.2064	1.600	3.735
Upper Leacock Township	15.2064	1.700	3.735
West Earl Township	15.2064	1.590	3.735

<u>Municipality</u>	<u>2016-2017 School District</u>	<u>2016 Municipal</u>	<u>2016 County</u>
East Lampeter Township	15.9240	1.730	3.735
Upper Leacock Township	15.9240	1.700	3.735
West Earl Township	15.9240	1.590	3.735

<u>Municipality</u>	<u>2017-2018 School District</u>	<u>2017 Municipal</u>	<u>2017 County</u>
East Lampeter Township	16.3220	1.990	3.735
Upper Leacock Township	16.3220	2.000	3.735
West Earl Township	16.3220	1.590	3.735

<u>Municipality</u>	<u>2018-2019 School District</u>	<u>2018 Municipal</u>	<u>2018 County</u>
East Lampeter Township	13.3940	1.750	2.910
Upper Leacock Township	13.3940	1.695	2.910
West Earl Township	13.3940	1.267	2.910

<u>Municipality</u>	<u>2019-2020 School District</u>	<u>2019 Municipal</u>	<u>2019 County</u>
East Lampeter Township	13.7940	1.900	2.911
Upper Leacock Township	13.7940	1.695	2.911
West Earl Township	13.7940	1.267	2.911

**Conestoga Valley School District  
Real Estate Tax Rates (Mills) (Continued)  
Last Ten Fiscal Years Ending June 30**

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<u>Municipality</u>	<u>2020-2021 School District</u>	<u>2020 Municipal</u>	<u>2020 County</u>
East Lampeter Township	14.1526	1.900	2.911
Upper Leacock Township	14.1526	1.695	2.911
West Earl Township	14.1526	1.267	2.911

<u>Municipality</u>	<u>2021-2022 School District</u>	<u>2021 Municipal</u>	<u>2021 County</u>
East Lampeter Township	14.4739	1.900	2.911
Upper Leacock Township	14.4739	1.695	2.911
West Earl Township	14.4739	1.267	2.911

<u>Municipality</u>	<u>2022-2023 School District</u>	<u>2022 Municipal</u>	<u>2022 County</u>
East Lampeter Township	14.9660	1.900	2.911
Upper Leacock Township	14.9660	1.695	2.911
West Earl Township	14.9660	1.267	2.911

<u>Municipality</u>	<u>2023-2024 School District</u>	<u>2023 Municipal</u>	<u>2023 County</u>
East Lampeter Township	15.3776	1.900	2.911
Upper Leacock Township	15.3776	1.695	2.911
West Earl Township	15.3776	1.561	2.911

<u>Municipality</u>	<u>2024-2025 School District</u>	<u>2024 Municipal</u>	<u>2024 County</u>
East Lampeter Township	15.7620	1.957	2.911
Upper Leacock Township	15.7620	1.695	2.911
West Earl Township	15.7620	1.615	2.911

**Conestoga Valley School District  
Non-Real Estate Tax Rates  
Last Ten Fiscal Years Ending June 30**

<b>2015 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2016 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2017 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2018 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2019 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2020 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

**Conestoga Valley School District  
 Non-Real Estate Tax Rates (Continued)  
 Last Ten Fiscal Years Ending June 30**

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<b>2020 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2021 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2022 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2023 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

<b>2024 Municipality</b>	<b>Realty Transfer Tax</b>		<b>Earned Income Tax</b>		<b>Local Services</b>		<b>Amusement Tax</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
East Lampeter Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10	5.0%	2.0%
Upper Leacock Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%
West Earl Township	0.5%	0.5%	0.5%	0.5%	\$ 42	\$ 10		2.0%

**Conestoga Valley School District  
Principal Taxpayers  
June 30, 2024**

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<u>Taxpayer</u>	<u>Assessed Valuation</u>
High Properties	\$ 347,504,900
Dart Container Corp Of PA	54,094,900
Lancaster New Holland Real Estate	44,124,600
Tanger Properties Limited PRTN	38,802,000
TKG Mill Creek Shopping Center	31,833,800
Calumet Enterprises LLC	20,810,400
Fairmount Homes	20,539,800
East Lampeter Associates	15,886,100
Cedar Acres East	14,961,500
LSC Communications US LLC/Donnelly	<u>13,159,400</u>
	<u>\$ 601,717,400</u>
Total Taxable Assessed Value	<u>\$ 3,529,481,000</u>
10 Largest as a Percentage of Total Assessment	<u>17.05%</u>

Above assessment values are based upon July 1, 2023 values.

**Conestoga Valley School District  
Property Assessment Data  
June 30, 2024**

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<u>Calendar Year</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Common Ratio</u>
2014	\$ 2,676,741,600	\$ 2,926,156,117	77.50%
2015	2,680,065,800	2,929,799,573	75.50%
2016	2,694,851,500	3,060,134,766	73.70%
2017	2,717,612,600	3,088,259,918	100.00%
2018 *	3,450,025,400	3,222,605,595	87.00%
2019	3,437,429,800	3,214,897,729	83.40%
2020	3,455,027,100	3,359,373,093	78.10%
2021	3,452,905,400	3,356,241,036	68.10%
2022	3,487,393,500	3,607,315,713	60.40%
2023	3,501,899,700	3,623,307,153	56.40%

Source: *Pennsylvania State Tax Equalization Board*

\* Lancaster County underwent a countywide reassessment in 2018.

**Conestoga Valley School District  
Enrollment Data  
June 30, 2024**

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<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	
2014-2015	2175	2064	4239
2015-2016	2228	1990	4218
2016-2017	2151	2025	4176
2017-2018	2291	1900	4191
2018-2019	2200	1945	4145
2019-2020	2218	1933	4151
2020-2021	1963	1854	3817
2021-2022	2095	1953	4048
2022-2023	2017	1956	3973
2023-2024	1988	1922	3910
2024-2025*	1683	2161	3844

\* Projected