



**GREAT VALLEY SCHOOL DISTRICT
MALVERN, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2025

GREAT VALLEY SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Entity-wide Financial Statements:	
- Statement of Net Position	21
- Statement of Activities	22
Fund Financial Statements:	
- Balance Sheet - Governmental Funds	23
- Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	24
- Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
- Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	26
- Budgetary Comparison Statement - General Fund	27
- Statement of Net Position - Proprietary Funds	28
- Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	29
- Statement of Cash Flows - Proprietary Funds	30
- Statement of Net Position - Fiduciary Funds	31
- Statement of Changes in Net Position - Fiduciary Funds	32
NOTES TO FINANCIAL STATEMENTS	33

GREAT VALLEY SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Net Pension Liability – PSERS	66
Schedule of District Pension Contributions – PSERS	67
Schedule of the District's Proportionate Share of the Net OPEB Liability – PSERS	68
Schedule of District OPEB Contributions – PSERS	69
Schedule of Changes in the District's Net OPEB Liability – Single Employer Plan	70
SINGLE AUDIT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	73
Schedule of Expenditures of Federal Awards	76
Notes to Schedule of Expenditures of Federal Awards	78
Schedule of Findings and Recommendations	79



INDEPENDENT AUDITOR'S REPORT

January 13, 2026

Board of School Directors
Great Valley School District
Malvern, Pennsylvania

Report on the Audit of the Financial Statements

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Valley School District, Malvern, Pennsylvania, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of School Directors
Great Valley School District

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

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

Emphasis of a Matter

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the requirements of GASB Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

Board of School Directors
Great Valley School District

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED
JUNE 30, 2025**

The discussion and analysis of the Great Valley School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year that ended June 30, 2025. The intent of the discussion and analysis is to look at the District's financial performance as a whole. GASB Statement No. 34, issued June 1999, requires that certain comparative information between the current year and the prior year be presented in the MD&A. This discussion and analysis should be read in conjunction with the District's accompanying financial statements. Readers should also review the basic financial statements and the notes thereof to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District has an overall net position of \$57,595,295 as of June 30, 2025. The District's net pension and net OPEB liabilities included in net position total \$134,955,738. Total net position continues to represent an improvement for the year ending June 30, 2025.
- The governmental activities' net position on June 30, 2025, was \$56,506,035. The current year's change in net position was an increase of \$6,853,927, increasing from the prior year's \$49,652,108. Prior year net position was restated due to implementation of GASB 101.
- The business-type activities' net position was a decrease of \$596,293, resulting in a decrease from the prior year's balance of \$1,685,553 to an ending net position of \$1,089,260. The decrease in net position is a result of increased labor and food costs as well as additional costs incurred due to the implementation of GASB 101.
- At the close of the year, the District's governmental funds reported combined ending fund balances of \$40,057,647, which is an \$8,125,787 decrease from the prior year consisting of a \$6,485,153 decrease for the General Fund, and a \$1,640,634 decrease for the Capital Projects Fund.
- The trends of prior years indicated that during the fiscal year 2024-2025, the District's General Fund would experience another year of significant increases in the cost of special education professional services. At the close of the year, revenues exceeded budget projections which reduced the overall net change in fund balance as compared to budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

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

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

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

Figure A-1

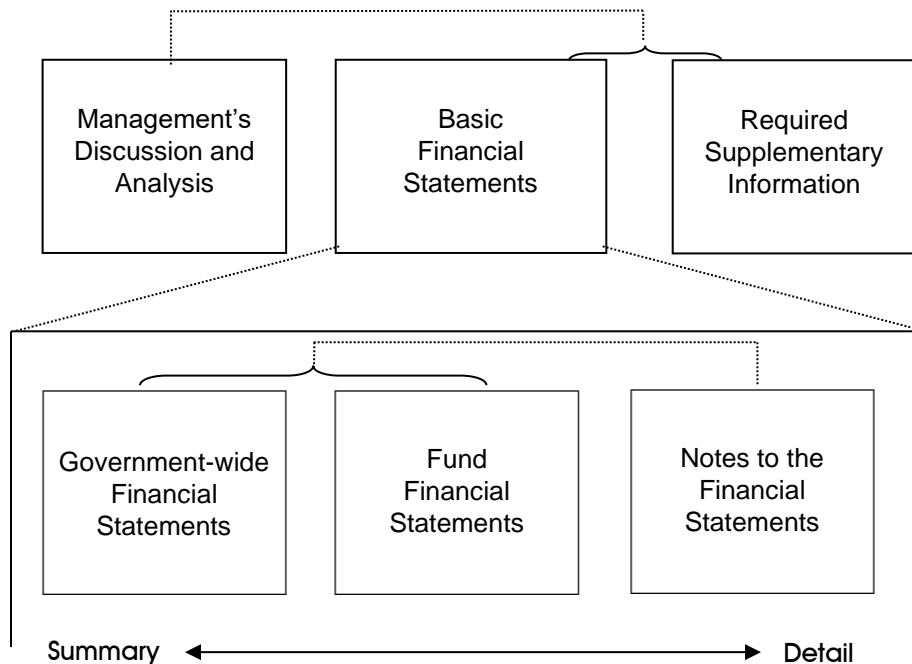


Figure A-2 summarizes the significant features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

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

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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes, state and federal subsidies, and grants finance most activities.
- *Business-type activities* – The District operates a food service program and charges fees to staff, students, and visitors to help cover the costs of the food service operation. The District also receives state and federal subsidies to operate this program.

Fund Financial Statements

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

The District currently only has three kinds of funds:

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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position at June 30, 2025 was \$57,595,295, which is an increase from June 30, 2024. The following table provides comparative financial information for the net position change from the fiscal year 2024 to 2025.

Table A-1
Comparative Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 67,851,767	\$ 79,751,879	\$ 1,563,531	\$ 1,747,735	\$ 69,415,298	\$ 81,499,614
Capital assets	<u>207,023,366</u>	<u>202,536,336</u>	<u>1,041,182</u>	<u>1,005,737</u>	<u>208,064,548</u>	<u>203,542,073</u>
Total Assets	<u>274,875,133</u>	<u>282,288,215</u>	<u>2,604,713</u>	<u>2,753,472</u>	<u>277,479,846</u>	<u>285,041,687</u>
Deferred Outflows of Resources	<u>30,869,554</u>	<u>38,736,156</u>	<u>312,687</u>	<u>267,505</u>	<u>31,182,241</u>	<u>39,003,661</u>
Liabilities:						
Current liabilities	28,276,606	27,184,311	329,720	175,037	28,606,326	33,059,382
Long-term liabilities	<u>203,870,114</u>	<u>226,786,810</u>	<u>1,370,479</u>	<u>1,063,456</u>	<u>205,240,593</u>	<u>222,150,232</u>
Total Liabilities	<u>232,146,720</u>	<u>253,971,121</u>	<u>1,700,199</u>	<u>1,238,493</u>	<u>233,846,919</u>	<u>255,209,614</u>
Deferred Inflows of Resources	<u>17,091,932</u>	<u>17,401,142</u>	<u>127,941</u>	<u>96,931</u>	<u>17,219,873</u>	<u>17,498,073</u>
Net Position:						
Net investment in capital assets	143,672,292	137,816,787	1,041,182	1,005,737	144,713,474	138,822,524
Restricted for capital project	8,080,824	5,863,173	-	-	8,080,824	5,863,173
Unrestricted (deficit)	<u>(95,247,081)</u>	<u>(94,027,852)</u>	<u>48,078</u>	<u>679,816</u>	<u>(95,199,003)</u>	<u>(93,348,036)</u>
Total Net Position (Deficit)	<u>\$ 56,506,035</u>	<u>\$ 49,652,108</u>	<u>\$ 1,089,260</u>	<u>\$ 1,685,553</u>	<u>\$ 57,595,295</u>	<u>\$ 51,337,661</u>

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

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

The following table shows the changes in net position for fiscal year 2024 to 2025.

**Table A-2
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for services	\$ 815,389	\$ 662,684	\$ 1,723,018	\$ 1,632,673	\$ 2,538,407	\$ 2,295,357
Operating grants and contributions	10,850,123	10,580,620	1,402,800	1,457,842	12,252,923	12,038,462
Capital grants and contributions	6,983,359	6,198,538	-	-	6,983,359	6,198,538
General Revenues:						
Property taxes and other levied for general purpose	104,347,613	97,909,292	-	-	104,347,613	97,909,292
Other taxes	2,733,551	3,608,115	-	-	2,733,551	3,608,115
Grants, subsidies, and contributions:						
Unrestricted	6,038,411	5,329,941	-	-	6,038,411	5,329,941
Other Revenue	4,347,499	6,425,094	79,601	119,418	4,427,100	6,544,512
Total Revenues	\$136,115,945	\$130,714,284	\$ 3,205,419	\$ 3,209,933	\$139,321,364	\$133,924,217
EXPENSES						
Instruction	\$ 88,879,509	\$ 80,396,459	\$ -	\$ -	\$ 88,879,509	\$ 80,396,459
Instructional student support	9,652,662	10,117,913	-	-	9,652,662	10,117,913
Administrative and financial support services	11,180,684	11,802,552	-	-	11,180,684	11,802,552
Operation and maintenance of plant services	7,607,609	7,539,115	-	-	7,607,609	7,539,115
Pupil transportation	7,334,368	5,275,446	-	-	7,334,368	5,275,446
Student activities	2,268,840	2,100,768	-	-	2,268,840	2,100,768
Community services	2,000	-	-	-	2,000	-
Interest on long-term debt	2,318,279	1,977,795	-	-	2,318,279	1,977,795
Food service	-	-	3,819,779	2,775,710	3,819,779	2,775,710
Total Expenses	\$129,243,951	\$119,210,048	\$ 3,819,779	\$ 2,775,710	\$133,063,730	\$121,985,758
Excess (Deficit) before Transfers	6,871,994	11,504,236	(614,360)	434,223	6,257,634	11,938,459
Transfers	(18,067)	(10,688)	18,067	10,688	-	-
Change in Net Position	6,853,927	11,493,548	(596,293)	444,911	6,257,634	11,938,459
Net Position Beginning	49,652,108	38,158,560	1,685,553	1,240,642	51,337,661	39,399,202
Net Position Ending	\$ 56,506,035	\$ 49,652,108	\$ 1,089,260	\$ 1,685,553	\$ 57,595,295	\$ 51,337,661

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

Governmental Activities

Total governmental activities expenses of \$129,243,951 include \$4,809,522 of depreciation expense. Total business-type activities (food service) expenses of \$3,819,779 include the costs necessary to operate the cafeterias in all schools and indirect expenses, such as utilities and cleaning costs.

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

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

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 88,879,509	\$ 80,396,459	\$ 77,103,742	\$ 68,450,783
Instructional student support	9,652,662	10,117,913	7,233,565	8,600,557
Administrative and financial support services	11,180,684	11,802,552	10,278,746	10,803,688
Operation and maintenance of plant services	7,607,609	7,539,115	6,616,736	6,581,858
Transportation	7,334,368	5,275,446	5,856,093	4,146,070
Student activities	2,268,840	2,100,768	1,797,926	1,674,772
Community services	2,000	-	1,839	-
Interest on long-term debt	2,318,279	1,977,795	1,706,433	1,510,478
Total Governmental Activities	<u>\$ 129,243,951</u>	<u>\$ 119,210,048</u>	110,595,080	101,768,206
Less: unrestricted grants and subsidies			6,038,411	5,329,941
Total Needs from Local Taxes and Other Revenues			<u>\$ 104,556,669</u>	<u>\$ 96,438,265</u>

The cost of all *governmental* activities this year was \$129,243,951.

The state government subsidized certain programs with grants and unrestricted contributions totaling \$6,038,411.

Business-type Activities

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

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

Functions/Programs:	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Food services	\$ 3,819,779	\$ 2,775,710	\$ 693,961	\$ (314,805)

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2025, the District governmental funds reported a combined fund balance of \$40,057,647 which is a decrease of \$8,125,787. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2025 and 2024.

Table A-5
Fund Balances

	2025	2024	Difference	Percent of Increase
General Fund	\$ 31,172,187	\$ 37,657,340	\$ (6,485,153)	(17.2)%
Capital Projects Fund	8,885,460	10,526,094	(1,640,634)	(15.6)%
Total	<u>\$ 40,057,647</u>	<u>\$ 48,183,434</u>	<u>\$ (8,125,787)</u>	<u>(16.9)%</u>

In fiscal year 2025, the General Fund had revenue of \$132,916,114 and expenditures of \$127,262,951 plus net other financing sources (uses) of (\$12,138,316). Revenues increased 2.39% over 2023-2024. Expenditures in the General Fund increased by .94%.

Expenditures for the Capital Projects Fund were \$9,182,527 with revenues of \$746,880. The Capital Projects Fund had other financing sources of \$6,795,013, which consists of transfers from the General Fund.

Revenues

General Fund revenues totaling \$132,916,114 increased \$3,105,900 over 2024-2025. Revenues from Local Sources increased 1.3% from 2024-2025. The following table reflects a comparison of current year revenues with the revenues recognized in the prior year.

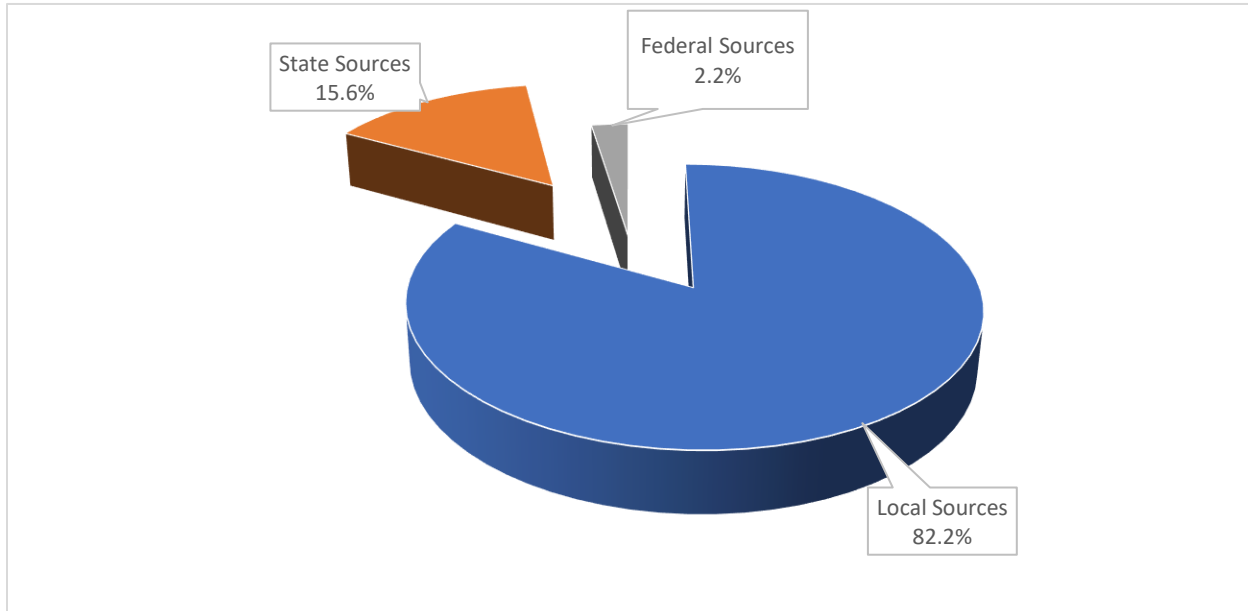
Table A-6

	2025	2024	Increase (Decrease) from 2023-2024	Percent of Increase
Local sources	\$ 109,214,871	\$ 107,810,930	\$ 1,403,941	1.30%
State sources	20,786,495	18,928,393	1,858,102	9.82%
Federal sources	2,914,748	3,070,891	(156,143)	(5.08)%
Total Revenues	<u>\$ 132,916,114</u>	<u>\$ 129,810,214</u>	<u>\$ 3,105,900</u>	<u>2.39%</u>

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

The District's general fund revenue distribution is demonstrated by the graph below that indicates 82.2% of total revenues come from local sources. Real estate tax (including interim) is 92.2% of local sources and 75.8% of total revenues.

Distribution of General Fund Revenues for Fiscal 2025



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

**Table A-7
Real Estate Taxes**

	2025	2024	Difference	% of Increase (Decrease)
Real estate taxes	\$ 99,414,400	\$ 96,267,488	\$ 3,146,912	3.3%
Interim taxes	1,320,171	1,153,265	166,906	14.5%
Delinquent tax	1,497,248	1,515,821	(18,573)	(1.2)%
Real estate transfer tax	2,640,350	3,521,268	(880,918)	(25.0)%
Total	\$ 104,872,169	\$ 102,457,842	\$ 2,414,327	2.4%

The real estate millage rate increased by 3.48% is comparable to the overall increase in real estate collection of 3.3%.

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

Expenditures

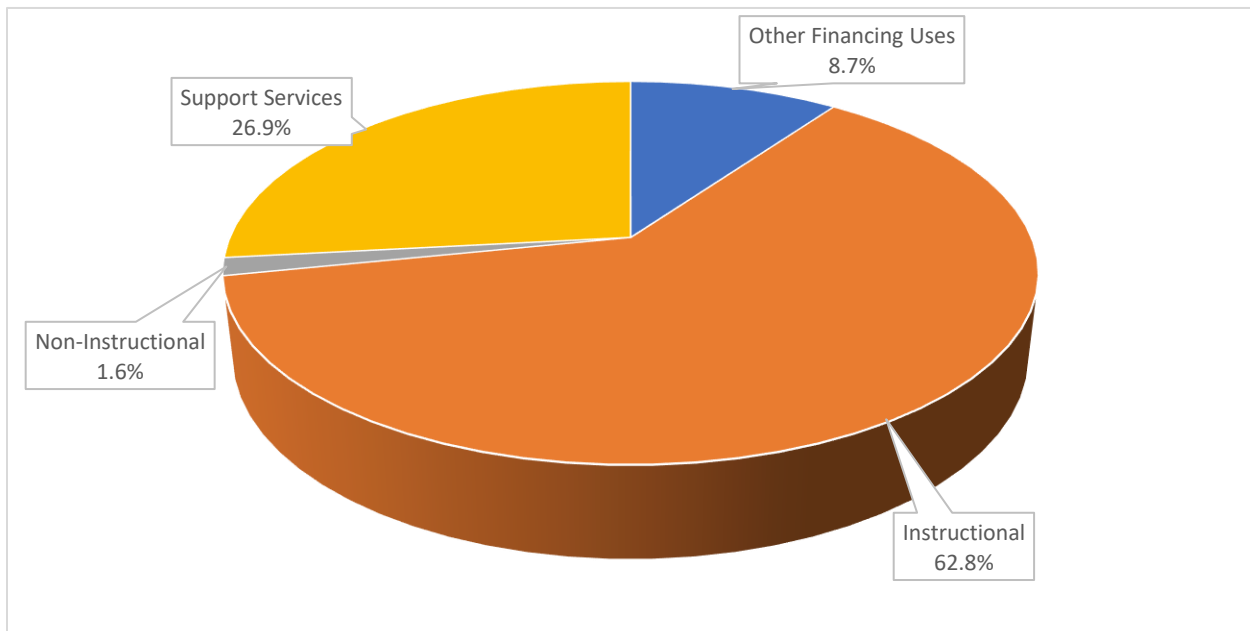
General fund expenditures and other financing (uses) totaling \$139,401,267 increased \$6,512,263 or 4.9% over 2023-2024 expenses. These expenditures were segregated into various programs depending on the functions of the activity. The following table shows these programs, and the costs associated with each, as well as comparison to the costs incurred in the prior year.

**Table A-8
Comparison of Expenditures – General Fund**

	2025	2024	Increase (Decrease) from 2023-2024	Percent of Increase (Decrease)
Current:				
Instruction	\$ 87,574,684	\$ 79,169,020	\$ 8,405,664	10.6%
Supporting services	37,548,726	34,649,333	2,899,393	8.4%
Non-instructional services	2,139,541	1,934,580	204,961	10.6%
Other financing uses	12,138,316	17,136,071	(4,997,755)	(29.2)%
Total Expenditures	\$ 139,401,267	\$ 132,889,004	\$ 6,512,263	4.9%

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

Distribution of Expenditures for Fiscal 2025



**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

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

Table A-9

	2025	2024	from 2023-2024	Percent of Increase (Decrease)
Salaries and wages	\$ 52,469,941	\$ 49,940,247	\$ 2,529,694	5.1%
Fringe benefits	29,413,612	29,291,832	121,780	0.4%
Purchased and technical services	22,554,310	17,253,749	5,300,561	30.7%
Purchased property services	3,019,663	3,220,355	(200,692)	(6.2)%
Other purchased services	14,276,663	11,219,800	3,056,863	27.2%
Supplies	5,115,560	4,375,034	740,526	16.9%
Property	112,864	250,489	(137,625)	(54.9)%
Other objects	241,379	201,427	39,952	19.8%
Capital and debt services transfers	12,197,275	17,136,071	(4,938,796)	(28.8)%
Total	\$ 139,401,267	\$ 132,889,004	\$ 6,512,263	4.9%

Salaries and benefits are 58.7% of the total expenditures, and 41.3% are from other expenditures such as other purchased services, supplies, and debt service transfer. The overall increase can primarily be attributed to purchased and technical services and other purchased services as a result of the District's increasing special education needs.

General Fund Budgetary Highlights

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

Actual expenditures in the areas of Special Education, Pupil Services, Instructional Staff Services, and Transportation exceeded the final budget and were offset by the positive variance in our tax revenue. Final budget comparison to actual results are detailed in the following table.

Table A-10

	Budget	Actual	Variance
Revenues	\$ 128,399,911	\$ 132,916,114	\$ 4,516,203
Expenditures	126,232,820	127,262,951	(1,030,131)
Other financing sources/uses	(12,167,091)	(12,138,316)	28,775
Net	\$ (10,000,000)	\$ (6,485,153)	\$ 3,514,847

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

Table A-10

(cont'd)	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Contributing Line Items			
Revenues:			
Local Revenue:			
Real estate taxes	\$ 98,933,762	\$ 99,414,400	\$ 480,638
Delinquent real estate tax	1,275,000	1,497,248	222,248
Earnings on investments	1,500,000	3,119,692	1,619,692
State Revenues:			
Sinking fund	171,700	581,287	409,587
PCCD safety grant	-	333,116	333,116
Expenditures and Other Financing Uses:			
Salaries	52,468,982	52,469,941	959
Benefits	29,286,746	29,413,612	126,866
Professional educational services	21,692,683	22,554,310	861,627
Other professional services	3,091,441	3,019,663	(71,778)
Other purchased services	14,333,460	14,276,663	(56,797)
Supplies	5,024,264	5,115,560	91,296
Property	116,466	112,864	(3,602)
Other objects	218,778	241,379	22,601

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2025 fiscal year, the District had net investment of \$207,023,366 in a broad range of governmental capital assets and \$1,041,182 in business-type assets, including buildings, sites, library books, and equipment (See Table A-11). Total accumulated depreciation on these assets was \$101,396,534 for governmental activities and \$666,308 for business-type activities. See Note 7 to the financial statements for additional information.

Table A-11
Capital Assets (Net Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 14,103,027	\$ 14,465,697	\$ -	\$ -	\$ 14,103,027	\$ 14,465,697
Construction-in-progress	2,003,686	87,080,812	-	-	2,003,686	87,080,812
Building and improvements	189,125,738	99,058,500	-	-	189,125,738	99,058,500
Equipment and furniture	1,595,226	1,787,275	1,041,182	1,005,737	2,600,963	2,793,012
Vehicles	55,453	65,069	-	-	55,453	65,069
Library books	140,236	78,983	-	-	140,236	78,983
Total	\$207,023,366	\$202,536,336	\$ 1,041,182	\$ 1,005,737	\$208,064,548	\$203,542,073

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

Long-term Debt

At year-end, the District had \$75,845,737 for governmental activities in general obligation bonds and other long-term liabilities outstanding (not including pension and other post-employment benefits). More detailed information about the District's long-term liabilities is presented in Note 7 of the financial statements.

Table A-12
Outstanding Long-term Debt

	2025	2024
General Obligation Debt and Compensated Absences	\$ 75,845,737	\$ 78,983,553

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

By the end of the 2024-2025 school year, the measurable impacts of the pandemic have subsided. The District fully utilized all grant funding awards related to COVID-19 and are providing free breakfast to all students through the 2024-2025 school year according to the provisions offered by the Department of Education. The District will continue to follow all associated guidelines.

In 2024-2025, The District successfully finished the construction of a new school building, known as the 5/6 Center, which will address growing enrollment. The new facility has welcomed all fifth and sixth grade students district-wide, shifting that enrollment out of our current elementary and middle schools. The 5/6 Center is a state-of-the art facility that is located adjacent to the current K.D. Markley Elementary School. The District secured a bond issue to finance the construction of the new school.

Looking forward, the District will be engaging in several projects. Field improvement and road repairs at Clark Athletic Field, which is located on a site nearest to the 5/6 Center and K.D. Markley Elementary School, is underway with an expected completion during the 2025-2026 school year. Another project beginning in the 2025-2026 school year is the paving project at the Great Valley High School and Middle School campuses. This project will include site evaluations, geotechnical testing and culminates with restoration work and paving at both school campuses and tennis courts. The District intends to complete this project in the summer of 2026.

In September 2025, the school district entered into a purchase agreement for a property located at 41 Moores Road, Malvern, PA. The property was acquired with the District's capital reserves. This acquisition represents a strategic investment in our long-term educational mission, enabling us to

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

expand buildings based on enrollment needs, enhance learning environments, and support future programmatic growth.

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

Below is a table of historical and future indices:

2022 - 2023	3.40%
2023 - 2024	4.10%
2024 - 2025	5.30%
2025 - 2026	4.00%
2026 - 2027	3.50%

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

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

About the Pennsylvania Public School Employees' Retirement System

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

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

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

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

**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

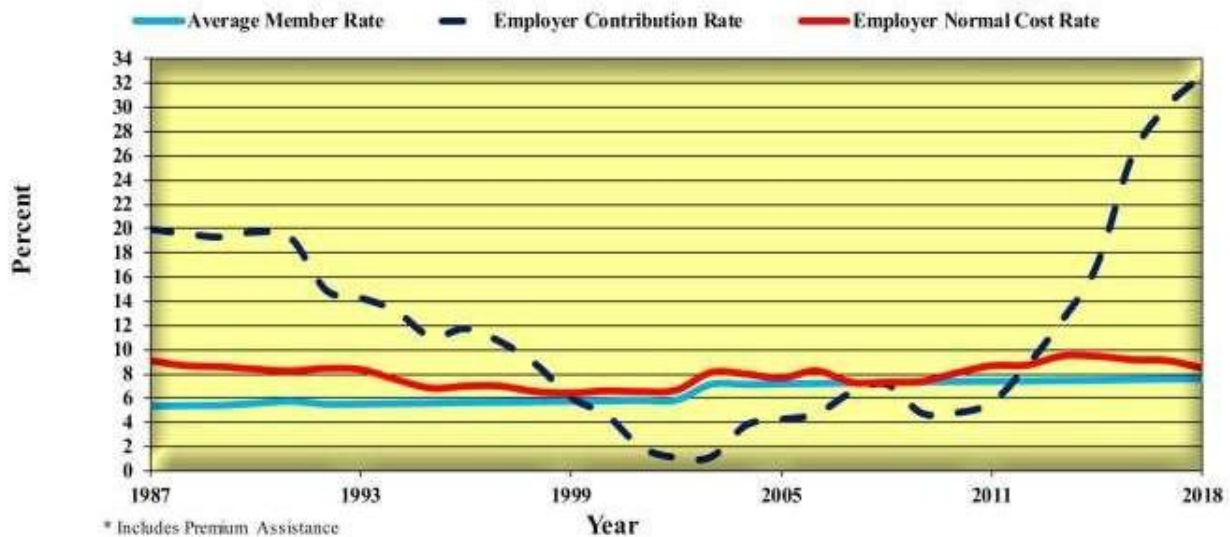
Both the employer and the Commonwealth are responsible for paying a portion of the employer contribution rate. Employers are divided into two groups: school entities and non-school entities. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth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

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

History of Employer Contribution Rates

Fiscal Year	Employer Normal Cost %	Preliminary Employer Pension Rate %	Act 5 Defined Contribution %	Health Care Contributions	Total Employer Contribution %
2015 - 2016	8.38	25.00	n/a	0.84	25.84
2016 - 2017	8.31	29.20	n/a	0.83	30.03
2017 - 2018	7.70	31.74	n/a	0.83	32.57
2018 - 2019	7.59	32.60	n/a	0.83	33.43
2019 - 2020	7.49	33.36	.09	0.84	34.29
2020 - 2021	7.37	33.51	.18	0.82	34.51
2021 - 2022	7.20	33.99	.15	0.80	34.94
2022 - 2023	6.07	34.31	.20	0.75	35.26
2023 - 2024	5.86	33.09	.27	0.64	34.00
2024 - 2025	5.68	32.92	.35	0.63	33.90

History of PSERS' Contribution Rates as of Recent Payroll



**GREAT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – UNAUDITED (CONT'D)
JUNE 30, 2025**

The chart below shows the history and projected employer contribution rates using the June 30, 2024 valuation.

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

Fiscal Year Ending June	Total Employer Contribution Rate %	Projected Total Employer Contribution (thousands) %
2016 - 2017	30.03	4,160,639
2017 - 2018	32.57	4,380,339
2018 - 2019	33.43	4,604,983
2019 - 2020	34.29	4,863,594
2020 - 2021	34.51	4,888,867
2021 - 2022	34.94	4,992,577
2022 - 2023	35.26	5,111,642
2023 - 2024	34.00	5,188,400
2024 - 2025	33.90	5,339,013
2025 - 2026	34.00	5,465,631
2026 - 2027	34.72	5,652,374

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

Investment Returns

- PSERS' rate of return for fiscal year ended June 30, 2025 was 8.14%. The fund had plan net assets of \$77.4 billion at June 30, 2024.
- The employer normal cost continues to decrease as the impact of the benefit reductions in Act 120 is realized.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	\$ 29,804,876	\$ 1,598,200	\$ 31,403,076
Investments	30,062,930	-	30,062,930
Taxes receivable	1,180,547	-	1,180,547
Due from other governments	5,978,389	61,011	6,039,400
Prepaid expenses	181,990	-	181,990
Internal balances	211,727	(211,727)	-
Other receivables	431,308	17,320	448,628
Inventories	-	98,727	98,727
Land	10,256,390	-	10,256,390
Construction-in-progress	2,003,687	-	2,003,687
Capital assets, net of accumulated depreciation	194,763,289	1,041,182	195,804,471
TOTAL ASSETS	274,875,133	2,604,713	277,479,846
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows relating to pension	28,859,967	295,528	29,155,495
Deferred outflows relating to OPEB	2,009,587	17,159	2,026,746
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,869,554	312,687	31,182,241
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 305,744,687	\$ 2,917,400	\$ 308,662,087
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	\$ 7,909,700	\$ 216,859	\$ 8,126,559
Accrued salaries and benefits	13,314,904	23,234	13,338,138
Accrued interest	900,665	-	900,665
Retainage payable	498,916	-	498,916
Unearned revenue	65,383	89,627	155,010
Long-term liabilities:			
Portion due or payable within one year:			
Bonds and notes payable, net	3,151,569	-	3,151,569
Accumulated compensated absences	2,435,469	-	2,435,469
Portion due or payable after one year:			
Bonds and notes payable, net	69,084,965	-	69,084,965
Accumulated compensated absences	1,173,734	26,156	1,199,890
Net pension liability	125,037,604	1,280,396	126,318,000
Net OPEB liability	8,573,811	63,927	8,637,738
TOTAL LIABILITIES	232,146,720	1,700,199	233,846,919
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pension	9,442,310	96,690	9,539,000
Deferred inflows relating to OPEB	7,649,622	31,251	7,680,873
TOTAL DEFERRED INFLOWS OF RESOURCES	17,091,932	127,941	17,219,873
NET POSITION (DEFICIT):			
Net investment in capital assets	143,672,292	1,041,182	144,713,474
Restricted	8,080,824	-	8,080,824
Unrestricted (deficit)	(95,247,081)	48,078	(95,199,003)
TOTAL NET POSITION	56,506,035	1,089,260	57,595,295
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 305,744,687	\$ 2,917,400	\$ 308,662,087

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 88,879,509	\$ 150,096	\$ 7,169,814	\$ 4,455,857	\$ (77,103,742)	\$ -	\$ (77,103,742)
Instructional student support	9,652,662	-	778,350	1,640,747	(7,233,565)	-	(7,233,565)
Administrative and financial support services	11,180,684	-	901,938	-	(10,278,746)	-	(10,278,746)
Operation and maintenance of plant services	7,607,609	377,533	613,340	-	(6,616,736)	-	(6,616,736)
Pupil transportation	7,334,368	-	591,520	886,755	(5,856,093)	-	(5,856,093)
Student activities	2,268,840	287,760	183,154	-	(1,797,926)	-	(1,797,926)
Community services	2,000	-	161	-	(1,839)	-	(1,839)
Interest on long-term debt	2,318,279	-	611,846	-	(1,706,433)	-	(1,706,433)
TOTAL GOVERNMENTAL ACTIVITIES	<u>129,243,951</u>	<u>815,389</u>	<u>10,850,123</u>	<u>6,983,359</u>	<u>(110,595,080)</u>	<u>-</u>	<u>(110,595,080)</u>
BUSINESS-TYPE ACTIVITIES:							
Food service	3,819,779	1,723,018	1,402,800	-	-	(693,961)	(693,961)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,819,779</u>	<u>1,723,018</u>	<u>1,402,800</u>	<u>-</u>	<u>-</u>	<u>(693,961)</u>	<u>(693,961)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 133,063,730</u>	<u>\$ 2,538,407</u>	<u>\$ 12,252,923</u>	<u>\$ 6,983,359</u>	<u>(110,595,080)</u>	<u>(693,961)</u>	<u>(111,289,041)</u>
GENERAL REVENUES							
Property taxes, levied for general purposes					104,347,613	-	104,347,613
Taxes levied for specific purposes					2,733,551	-	2,733,551
Grants and entitlements not restricted to specific programs					6,038,411	-	6,038,411
Investment earnings					4,203,729	79,601	4,283,330
Miscellaneous					143,770	-	143,770
Transfers					(18,067)	18,067	-
TOTAL GENERAL REVENUES					<u>117,449,007</u>	<u>97,668</u>	<u>117,546,675</u>
CHANGE IN NET POSITION					6,853,927	(596,293)	6,257,634
NET POSITION, BEGINNING OF YEAR					49,652,108	1,685,553	51,337,661
NET POSITION, END OF YEAR					<u>\$ 56,506,035</u>	<u>\$ 1,089,260</u>	<u>\$ 57,595,295</u>

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

**GREAT VALLEY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,734,363	\$ 19,029,698	\$ -	\$ 21,764,061
Investments	30,062,930	-	-	30,062,930
Taxes receivable	1,180,547	-	-	1,180,547
Due from other funds	13,555,459	-	-	13,555,459
Due from other governments	5,978,389	-	-	5,978,389
Prepaid expenditures	170,740	11,250	-	181,990
Other current assets	142,118	-	-	142,118
TOTAL ASSETS	\$ 53,824,546	\$ 19,040,948	\$ -	\$ 72,865,494
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 4,376,392	\$ 751,897	\$ -	\$ 5,128,289
Retainage payable	-	498,916	-	498,916
Due to other funds	18,067	8,904,675	-	8,922,742
Accrued salaries and benefits	13,314,904	-	-	13,314,904
Unearned revenues	65,383	-	-	65,383
Accumulated compensated absences	84,059	-	-	84,059
TOTAL LIABILITIES	17,858,805	10,155,488	-	28,014,293
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	4,793,554	-	-	4,793,554
TOTAL DEFERRED INFLOWS OF RESOURCES	4,793,554	-	-	4,793,554
FUND BALANCES:				
Nonspendable	477,518	804,637	-	1,282,155
Restricted for capital projects	-	8,080,823	-	8,080,823
Assigned for future capital projects	20,759,299	-	-	20,759,299
Assigned for special education settlements	2,500,000	-	-	2,500,000
Assigned for charter school costs	500,000	-	-	500,000
Assigned capital project appropriation	-	-	-	-
Unassigned	6,935,370	-	-	6,935,370
TOTAL FUND BALANCES	31,172,187	8,885,460	-	40,057,647
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 53,824,546	\$ 19,040,948	\$ -	\$ 72,865,494

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

**GREAT VALLEY SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2025**

TOTAL GOVERNMENTAL FUND BALANCES \$ 40,057,647

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

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

Land	\$ 10,256,390	
Construction-in-progress	2,003,687	
Capital assets, net of accumulated depreciation	<u>194,763,289</u>	207,023,366

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

Bonds/Notes payable in future years, net	(72,236,534)	
Accumulated compensated absences	(3,525,144)	
Accrued interest	(900,665)	
Net OPEB liability	(8,573,811)	
Net pension liability	<u>(125,037,604)</u>	(210,273,758)

Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred outflows related to pension	28,859,967	
Deferred outflows related to OPEB	2,009,587	
Deferred inflows of resources:		
Deferred inflows related to pension	(9,442,310)	
Deferred inflows related to OPEB	<u>(7,649,622)</u>	13,777,622

Internal service funds who serve the governmental activities of the District are reported as proprietary funds at the fund level but governmental activities at the entity-wide level. 1,127,604

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 4,793,554

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 56,506,035

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

GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES				
Local sources	\$ 109,214,871	\$ 746,880	\$ 26,790	\$ 109,988,541
State sources	20,786,495	-	-	20,786,495
Federal sources	2,914,748	-	-	2,914,748
TOTAL REVENUES	132,916,114	746,880	26,790	133,689,784
EXPENDITURES				
Current:				
Instruction	87,574,684	-	-	87,574,684
Support services	37,548,726	-	-	37,548,726
Operation of noninstructional services	2,139,541	-	-	2,139,541
Capital outlays	-	9,182,527	-	9,182,527
Debt service	-	-	5,352,026	5,352,026
TOTAL EXPENDITURES	127,262,951	9,182,527	5,352,026	141,797,504
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,653,163	(8,435,647)	(5,325,236)	(8,107,720)
OTHER FINANCING SOURCES (USES)				
Transfers in/(out)	(12,138,316)	6,795,013	5,325,236	(18,067)
TOTAL OTHER FINANCING SOURCES (USES)	(12,138,316)	6,795,013	5,325,236	(18,067)
NET CHANGES IN FUND BALANCES	(6,485,153)	(1,640,634)	-	(8,125,787)
FUND BALANCES, BEGINNING OF YEAR (RESTATED)	37,657,340	10,526,094	-	48,183,434
FUND BALANCES, END OF YEAR	\$ 31,172,187	\$ 8,885,460	\$ -	\$ 40,057,647

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (8,125,787)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and writeoffs in the period. 4,487,030

Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues decreased by this amount this year. 2,115,794

The issuance of long-term debt (e.g. bonds/notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. 2,549,376

An internal service fund has been established to account for self-insured healthcare costs. The net revenue is reported in governmental activities. (1,425,102)

Governmental funds report bond discounts as other financing uses and deferred bond refunding option proceeds and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt. 511,193

Governmental funds report deferred bond refunding option proceeds as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt. (51,460)

In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 41,742

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 24,638

In the statement of activities, OPEB expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and deferred inflows and outflows of resources related to OPEB exceeded OPEB expenditures in the governmental funds during the year. 714,493

In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceeded pension contributions during the year. 6,012,010

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,853,927

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

**GREAT VALLEY SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 107,417,520	\$ 107,417,520	\$ 109,214,871	\$ 1,797,351
State sources	19,442,977	19,442,977	20,786,495	1,343,518
Federal sources	1,539,414	1,539,414	2,914,748	1,375,334
TOTAL REVENUES	<u>128,399,911</u>	<u>128,399,911</u>	<u>132,916,114</u>	<u>4,516,203</u>
EXPENDITURES				
Instruction:				
Regular programs	54,232,547	54,640,551	54,770,115	(129,564)
Special programs	22,121,417	29,785,677	31,350,577	(1,564,900)
Vocational programs	1,263,697	1,263,697	1,245,961	17,736
Nonpublic school programs	-	48,000	47,726	274
Other instructional programs	458,692	213,949	160,305	53,644
Total Instruction	<u>78,076,353</u>	<u>85,951,874</u>	<u>87,574,684</u>	<u>(1,622,810)</u>
Support Services:				
Pupil personnel services	4,716,897	4,714,697	4,748,664	(33,967)
Instructional staff services	4,021,123	4,187,083	4,135,859	51,224
Administrative services	7,477,189	7,269,666	7,239,527	30,139
Pupil health	1,285,930	1,409,431	1,397,884	11,547
Business services	1,525,941	1,585,941	1,487,622	98,319
Operation and maintenance of plant services	9,033,206	8,183,206	7,989,546	193,660
Student transportation services	5,141,425	7,367,627	7,463,742	(96,115)
Data processing services	3,871,659	3,361,659	3,035,883	325,776
Other support services	47,747	49,999	49,999	-
Total Support Services	<u>37,121,117</u>	<u>38,129,309</u>	<u>37,548,726</u>	<u>580,583</u>
Operation of Noninstructional Activities:				
Student activities	2,091,637	2,149,637	2,137,541	12,096
Community services	-	2,000	2,000	-
Total Operation of Noninstructional Services	<u>2,091,637</u>	<u>2,151,637</u>	<u>2,139,541</u>	<u>12,096</u>
TOTAL EXPENDITURES	<u>117,289,107</u>	<u>126,232,820</u>	<u>127,262,951</u>	<u>(1,030,131)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,110,804</u>	<u>2,167,091</u>	<u>5,653,163</u>	<u>3,486,072</u>
OTHER FINANCING USES				
Budgetary reserve	(200,000)	-	-	-
Transfers out	(20,910,804)	(12,167,091)	(12,138,316)	28,775
TOTAL OTHER FINANCING USES	<u>(21,110,804)</u>	<u>(12,167,091)</u>	<u>(12,138,316)</u>	<u>28,775</u>
NET CHANGE IN FUND BALANCE	(10,000,000)	(10,000,000)	(6,485,153)	3,514,847
FUND BALANCE, BEGINNING OF YEAR (RESTATEd)	<u>37,657,340</u>	<u>37,657,340</u>	<u>37,657,340</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 27,657,340</u>	<u>\$ 27,657,340</u>	<u>\$ 31,172,187</u>	<u>\$ 3,514,847</u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025**

	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Food Service</u>	<u>Service Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,598,200	\$ 8,040,815
Due from other governments	61,011	-
Accounts receivable	17,320	289,190
Due from other funds	18,067	-
Inventories	98,727	-
Total Current Assets	<u>1,793,325</u>	<u>8,330,005</u>
PROPERTY AND EQUIPMENT:		
Net furniture and equipment	<u>1,041,182</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pension	295,528	-
Deferred outflows relating to OPEB	17,159	-
Total Deferred Outflows of Resources	<u>312,687</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,147,194</u>	<u>\$ 8,330,005</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 216,859	\$ 2,781,411
Accrued salaries and benefits	23,234	-
Due to other funds	229,794	4,420,990
Unearned revenue	89,627	-
Total Current Liabilities	<u>559,514</u>	<u>7,202,401</u>
NONCURRENT LIABILITIES:		
Compensated absences	26,156	-
Net pension liability	1,280,396	-
Net OPEB liability	63,927	-
Total Noncurrent Liabilities	<u>1,370,479</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to pension	96,690	-
Deferred inflows relating to OPEB	31,251	-
Total Deferred Inflows of Resources	<u>127,941</u>	<u>-</u>
NET POSITION		
Investment in capital assets	1,041,182	-
Unrestricted	48,078	1,127,604
Total Net Position	<u>1,089,260</u>	<u>1,127,604</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 3,147,194</u>	<u>\$ 8,330,005</u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Enterprise Fund</u> <u>Food Service</u>	<u>Internal</u> <u>Service Fund</u>
OPERATING REVENUES		
Food service revenues	\$ 1,723,018	\$ -
Charges for services	-	9,376,079
TOTAL OPERATING REVENUES	<u>1,723,018</u>	<u>9,376,079</u>
OPERATING EXPENSES		
Salaries	536,881	-
Employee benefits	485,190	-
Purchased professional and technical services	776,161	-
Other operating expenses	101,763	-
Supplies	1,786,008	-
Depreciation	133,776	-
Payment for health claims and administrative services	-	11,111,548
TOTAL OPERATING EXPENSES	<u>3,819,779</u>	<u>11,111,548</u>
OPERATING INCOME (LOSS)	<u>(2,096,761)</u>	<u>(1,735,469)</u>
NONOPERATING REVENUES		
Earnings on investments	79,601	310,367
State sources	383,639	-
Federal sources	1,019,161	-
TOTAL NONOPERATING REVENUES	<u>1,482,401</u>	<u>310,367</u>
OPERATING TRANSFERS		
Transfer from general fund	18,067	-
TOTAL OPERATING TRANSFERS	<u>18,067</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	(596,293)	(1,425,102)
NET DEFICIT, BEGINNING OF YEAR (RESTATED)	<u>1,685,553</u>	<u>2,552,706</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ 1,089,260</u>	<u>\$ 1,127,604</u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Enterprise Fund</u> <u>Food Service</u>	<u>Internal</u> <u>Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,735,536	\$ 9,313,172
Payments to suppliers	(2,843,482)	-
Payments to employees	(729,115)	-
Payments to health claims and administrative services	-	(8,775,471)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,837,061)</u>	<u>537,701</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	378,129	-
Federal sources	807,247	-
Transfers from general fund	18,067	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>1,203,443</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Equipment acquisition	(169,221)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(169,221)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	79,601	310,367
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>79,601</u>	<u>310,367</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(723,238)	848,068
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,321,438</u>	<u>7,192,747</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,598,200</u>	<u>\$ 8,040,815</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (2,096,761)	\$ (1,735,469)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	133,776	-
Donated commodities	207,450	-
(Increase) Decrease in:		
Accounts receivable	20,694	(62,907)
Inventories	24,371	-
Deferred outflows relating to pension	(51,105)	-
Deferred outflows relating to OPEB	5,923	-
Increase (Decrease) in:		
Accounts payable	162,754	414,925
Accrued salaries and benefits	105	-
Compensated absences	(14,437)	-
Due to other funds	(574,125)	1,921,152
Unearned revenue	(8,176)	-
Net OPEB liability	(23,924)	-
Net pension liability	345,384	-
Deferred inflows relating to OPEB	(3,290)	-
Deferred inflows relating to pension	34,300	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,837,061)</u>	<u>\$ 537,701</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
NONCASH NONCAPITAL FINANCING ACTIVITY:		
USDA donated commodities	<u>\$ 207,450</u>	<u>\$ -</u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025**

	<u>Private- Purpose Trust</u>	<u>Custodial Fund Student Activities</u>
ASSETS		
Cash and cash equivalents	<u>\$ 2,489,924</u>	<u>\$ 422,436</u>
TOTAL ASSETS	<u><u>\$ 2,489,924</u></u>	<u><u>\$ 422,436</u></u>
 LIABILITIES AND NET POSITION		
LIABILITIES:		
Other current liabilities	<u>\$ 10,400</u>	<u>\$ 31,404</u>
 NET POSITION:		
Reserved for student activities	-	391,032
Reserved for trust	<u>2,479,524</u>	<u>-</u>
TOTAL NET POSITION	<u><u>2,479,524</u></u>	<u><u>391,032</u></u>
 TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,489,924</u></u>	<u><u>\$ 422,436</u></u>

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

**GREAT VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Private- Purpose Trust	<u>Custodial Fund</u> Student Activities
ADDITIONS		
Local contributions	\$ 139,487	\$ -
Member contributions	<u>-</u>	<u>400,775</u>
TOTAL ADDITIONS	<u>139,487</u>	<u>400,775</u>
DEDUCTIONS		
Fees paid and scholarships awarded	92,150	-
Student activities	<u>-</u>	<u>411,873</u>
TOTAL DEDUCTIONS	<u>92,150</u>	<u>411,873</u>
CHANGE IN NET POSITION	47,337	(11,098)
NET POSITION, BEGINNING OF YEAR	<u>2,432,187</u>	<u>402,130</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,479,524</u></u>	<u><u>\$ 391,032</u></u>

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Basis of Presentation

Entity-wide Financial Statements

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. During the year ended June 30, 2025, the District recognized certain revenues from the Commonwealth of Pennsylvania which were received more than 60 days after year end but are usually received within 60 days of year end. The District determined that their exclusion would be misleading to the financial statements.

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

Expenditure Recognition

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

Proprietary Fund

The proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

goods in connection with the proprietary fund's principal ongoing operations. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major proprietary funds:

- **Food Service Fund** – This fund is used to account for the District's food service operations that are financed and operated in a manner similar to private business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for its food service program.
- **Internal Service Fund** – The internal service fund is used to account for the District's self-insured healthcare costs. The principal operating revenues are premiums charged to other funds, and the principal operating expenses are payments for healthcare claims and related costs.

Fiduciary Funds

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

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

business-type activities are reported in the entity-wide financial statements as "internal balances."

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

Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable in the following periods:

July 1 - August 31	-	Discount period, 2% of gross levy
September 1 - October 31	-	Face period
November 1 to collection	-	Penalty period, 10% of gross levy
February 28	-	Lien date

Real estate taxes for the District are collected from the Townships of Charlestown, East Whiteland, and Willistown and the Borough of Malvern. The tax on real estate in those municipalities for public school purposes for fiscal year 2024-2025 was 24.37 mills (\$24.37 per \$1,000 of assessed valuation) as levied by the Board of School Directors. Assessed valuations of property are determined by the Delaware County Board of Assessment.

Prepaid Items and Inventories

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

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

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

Deferred Inflows and Deferred Outflows of Resources

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

Fund Equity

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

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

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

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

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

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

Unassigned – all other spendable amounts.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

Use of Estimates in the Preparation of Financial Statements

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

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented GASB Statement No. 101, "Compensated Absences." GASB No. 101 aligns the recognition and measurement guidance for reporting compensated absence liabilities from previous standards under a unified model, and amends certain previously required disclosures.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was \$34,315,436, and the bank balance was \$35,022,049. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$7,972,313 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the District's name. The remaining \$26,549,736 of cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2025, PSDLAF was rated AAAM by a nationally recognized statistical rating organization.

Investments

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

All of the District's \$30,062,930 in investments are invested in PSDLAF. Of the investments, \$1,500,000 is invested in non-negotiable certificates of deposits with maturities of less than one year. The remaining amount of \$28,562,930 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight,

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

the deposits with PSDLAF act like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2025, PSDLAF had a credit rating of AAAM.

Interest Rate Risk

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

Credit Risk

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

Concentration Risk

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

NOTE 4 UNEARNED REVENUES

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

NOTE 5 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 10,256,390	\$ -	\$ -	\$ 10,256,390
Construction-in-progress	<u>87,080,812</u>	<u>887,655</u>	<u>85,964,780</u>	<u>2,003,687</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>97,337,202</u>	<u>887,655</u>	<u>85,964,780</u>	<u>12,260,077</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

(cont'd)	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Buildings	65,218,881	90,129,057	-	155,347,938
Buildings and improvements	94,974,721	4,008,650	-	98,983,371
Site improvements	11,347,350	-	-	11,347,350
Furniture and equipment	28,157,095	152,814	-	28,309,909
Library books	1,862,086	83,156	-	1,945,242
Vehicles	279,578	-	53,565	226,013
Total Capital Assets Being Depreciated	201,839,711	94,373,677	53,565	296,159,823
Less accumulated depreciation for:				
Buildings	28,984,189	2,043,205	-	31,027,394
Buildings and improvements	32,150,913	2,027,264	-	34,178,177
Site improvements	7,138,043	362,670	-	7,500,713
Furniture and equipment	26,369,820	344,863	-	26,714,683
Library books	1,783,103	9,616	-	1,805,007
Vehicles	214,509	21,904	53,565	170,560
Total accumulated depreciation	96,640,577	4,809,522	53,565	101,396,534
Total Capital Assets Being Depreciated, Net	105,199,134	89,564,155		194,763,289
GOVERNMENTAL ACTIVITIES ASSETS, NET	<u>\$202,536,336</u>	<u>\$ 4,487,030</u>	<u>\$ -</u>	<u>\$207,023,366</u>
 BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated:				
Machinery and equipment	\$ 1,538,269	\$ 169,221	\$ -	\$ 1,707,490
Less accumulated depreciation	532,532	133,776	-	666,308
BUSINESS-TYPE ACTIVITIES, NET	<u>\$ 1,005,737</u>	<u>\$ 35,445</u>	<u>\$ -</u>	<u>\$ 1,041,182</u>
 Depreciation expense was charged to functions/programs of the District as follows:				
Governmental Activities:				
Instruction				\$ 3,957,306
Instructional student support				170,616
Administrative and financial support services				17,829
Operation and maintenance of plant services				94,464
Pupil transportation				328,958
Student activities				240,349
Total Governmental Activities				<u>\$ 4,809,522</u>
 Business-type Activities:				
Food service				<u>\$ 133,776</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due To	Amount	Due From	Amount
General Fund	\$ 13,555,459	Food Service Fund	\$ 229,794
Food Service Fund	18,067	Capital Projects Fund	8,904,675
Internal Service Fund	-	Internal Service Fund	4,420,990
Capital Projects Fund	-	General Fund	18,067
Total	\$ 13,573,526		\$ 13,573,526

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

The general fund transferred \$6,795,013 to the capital reserve fund to support future capital projects, \$5,325,236 to the debt service fund to cover debt payments, and \$18,067 to the food service fund.

NOTE 7 GENERAL LONG-TERM DEBT

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds/Note payable, net	\$ 75,297,103	\$ -	\$ (3,060,569)	\$ 72,236,534	\$ 3,151,569
Accumulated compensated absences	3,650,945	-	(41,742)	3,609,203	2,435,469
Net OPEB liability	9,224,862	-	(651,051)	8,573,811	-
Net pension liability	138,618,988	-	(13,581,384)	125,037,604	-
TOTALS	\$226,791,898	\$ -	\$(17,334,746)	\$209,457,152	\$ 5,587,038

Bonds payable, net consists of the following:

Bonds payable, at face	\$ 67,654,348
Bond premiums	4,582,186
Bonds payable, net	\$ 72,236,534

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Net OPEB liability	\$ 87,851	\$ -	\$ (23,924)	\$ 63,927	\$ -
Net pension liability	935,012	345,384	-	1,280,396	-
Accrued compensated absences	25,727	429	-	26,156	-
TOTALS	<u>\$ 1,048,590</u>	<u>\$ 345,813</u>	<u>\$ (23,294)</u>	<u>\$ 1,370,479</u>	<u>\$ -</u>

Payments of long-term liabilities for business-type activities are expected to be funded by the food service fund. Compensated absences changes are reported at net.

General Obligation Bonds and Note

SPSBA, Qualified School Construction Bonds – Series of 2010A, on October 6, 2010, the District entered into a loan agreement with the State Public School Building Authority for \$999,000 of Federally Taxable Revenue Bonds Series A of 2010 Qualified School Construction Bonds. The Bonds provide a federal subsidy to the District for interest paid on the Bonds. The Bonds mature in equal amounts from September 1, 2011, to September 1, 2027. Interest is payable semiannually on March 1 and September 1 beginning March 1, 2011. The stated interest rate for the District is 5.00%. The District is then receiving a federal subsidy at a rate of 4.83% leaving an effective interest rate of 0.17%. The District received a subsidy of \$45,699 for the year ended June 30, 2025. Proceeds from these bonds were used for renovations at the Charlestown Elementary School.

\$ 176,292

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

and September 1 beginning March 1, 2012. The stated interest rate for the District is 5.09%. The District is then receiving a federal subsidy at a rate of 5.09% leaving an effective interest rate of 0.00%. The District received a subsidy of \$18,745 for the year ended June 30, 2025. Proceeds from these bonds were used for renovations at the Charlestown Elementary School.

108,056

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

67,370,000

TOTAL

\$ 67,654,348

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

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2026	\$ 2,640,376	\$ 2,650,246	\$ 5,290,622
2027	2,745,376	2,544,647	5,290,023
2028	2,855,373	2,433,898	5,289,271
2029	2,956,611	2,317,749	5,274,360
2030	3,076,612	2,196,850	5,273,462
2031-2035	17,330,000	8,998,400	26,328,400
2036-2040	21,165,000	5,161,500	26,326,500
2041-2043	14,885,000	908,900	15,793,900
	<u>\$ 67,654,348</u>	<u>\$ 27,212,190</u>	<u>\$ 94,866,538</u>

NOTE 8 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. 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 equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

Member Contributions

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

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

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

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

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the rate of the employer contribution was 33.90% of covered payroll, which was comprised of 32.92% for pension contributions, 0.63% for healthcare contributions, and 0.35% for Act 5 defined contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2025 was \$17,375,714.

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

At June 30, 2025, the District reported a liability of \$126,318,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.3018%, which was an decrease of 0.0119% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$11,692,283. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 2,091,000	\$ -
Difference between expected and actual experience	-	1,986,000
Changes in proportions	8,474,000	7,553,000
Difference between employer contributions and proportionate share of total contributions	1,214,781	-
Contributions subsequent to the date of measurement	<u>17,375,714</u>	<u>-</u>
	<u>\$29,155,495</u>	<u>\$ 9,539,000</u>

Deferred outflows of resources of \$17,375,714, resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2026	\$(3,606,906)
2027	6,715,728
2028	(609,202)
2029	<u>(258,839)</u>
	<u>\$ 2,240,781</u>

Actuarial Assumptions

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

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

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

Discount Rate

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$166,400,000	\$126,318,000	\$ 92,472,000

Pension Plan Fiduciary Net Position

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Representatives and sending them to the Governor for approval. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

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

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

Pension Plan Description

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

Benefits Provided

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

Employer Contributions

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the rate of the employer contribution was 33.90% of covered payroll, which was comprised of 32.92% for pension contributions, 0.63% for healthcare contributions, and 0.35% for Act 5 defined contributions. The District's OPEB contribution to PSERS for the year ended June 30, 2024 was \$332,524.

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

At June 30, 2025, the District reported a liability of \$5,358,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net 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 0.3016%, which was an decrease of 0.0116% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$203,018. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 20,000	\$ 80,000
Changes in assumptions	327,000	818,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportions	566,000	539,000
Difference between employer contributions and proportionate share of total contributions	10,838	-
Contributions subsequent to the measurement date	<u>332,524</u>	<u>-</u>
	<u>\$ 1,261,362</u>	<u>\$ 1,437,000</u>

Change in Assumption

The discount rate used to measure the total OPEB liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

An amount of \$332,524 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ (151,410)
2027	(171,115)
2028	(202,114)
2029	68,886
2030	<u>(52,409)</u>
	<u>\$ (508,162)</u>

Actuarial Assumptions

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.7%
	<u><u>100.0%</u></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, 2024.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2024, retirees' premium assistance benefits are not subject to future healthcare cost increases. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 5,357,000	\$ 5,358,000	\$ 5,358,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current rate:

	<u>1% Decrease 3.21%</u>	<u>Current Discount Rate 4.21%</u>	<u>1% Increase 5.21%</u>
District's proportionate share of the net OPEB liability	\$ 6,053,000	\$ 5,358,000	\$ 4,776,000

OPEB Plan Fiduciary Net Position

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2025, the District paid \$335,517 to plan members eligible for receiving benefits.

Participants

As of June 30, 2025, the Plan had 556 participants (537 active, 19 retired).

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2024. The total OPEB liability as of July 1, 2024 was determined by rolling forward the plan's total OPEB liability as of the July 1, 2023 actuarial valuation to the July 1, 2024 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 4.29%, based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2024.

Salary

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Withdrawal

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

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

Mortality Rates

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

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

Disability

No disability was assumed.

Retirement

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

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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

Percent of Eligible Retirees Electing Coverage in Plan

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

Percent Married at Retirement

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

Spouse Age

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

Per Capita Claims Cost

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Male</u>	<u>Female</u>
45 - 49	\$ 8,127	\$ 11,737
50 - 54	\$ 10,763	\$ 13,265
55 - 59	\$ 13,110	\$ 13,880
60 - 64	\$ 17,106	\$ 15,945
65+	\$ 4,792	\$ 4,792

Retiree Contributions

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

Healthcare Cost Trend Rate

The healthcare cost trend rate was 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

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

Actuarial Cost Method – Entry Age Normal

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

Participant Data

Participant data is based on census information as of April 2025.

Sensitivity Analysis

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

	<u>1% Decrease 3.29%</u>	<u>Current Discount Rate 4.29%</u>	<u>1% Increase 5.29%</u>
Total OPEB liability	\$ 3,430,907	\$ 3,279,738	\$ 3,132,472

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

	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,190,765	\$ 3,279,738	\$ 3,380,832

Changes in Total OPEB Liability

Total OPEB obligation as of June 30, 2024	\$ 3,646,713
Service cost	212,184
Interest on OPEB obligation	151,866
Differences between expected and actual experience	(386,454)
Effect of assumption changes or inputs	(9,054)
Benefit payments	<u>(335,517)</u>
Total OPEB obligation as of June 30, 2025	<u>\$ 3,279,738</u>

The amount of OPEB credit for the single employer plan recognized by the District was \$71,978 for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,364,681
Change in assumptions	479,155	879,192
Contributions subsequent to the measurement date	<u>286,229</u>	<u>-</u>
	<u>\$ 765,384</u>	<u>\$ 6,243,873</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

An amount of \$286,229 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Deferred outflows of resources due to the change in assumptions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ (673,291)
2027	(673,291)
2028	(673,291)
2029	(673,289)
2030	(646,420)
Thereafter	<u>(2,425,136)</u>
	<u>\$ (5,764,718)</u>

NOTE 11 AGGREGATION OF NET OPEB LIABILITY

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

	<u>PSERS Healthcare Premium Assistance Plan (See Note 9)</u>	<u>District Postemployment Healthcare Benefits Plan (See Note 10)</u>	<u>Total</u>
Deferred Outflows Related to OPEB	\$ 1,261,362	\$ 765,384	\$ 2,026,746
Net OPEB Liability	\$ 5,358,000	\$ 3,279,738	\$ 8,637,738
Deferred Inflows Related to OPEB	\$ 1,437,000	\$ 6,243,873	\$ 7,680,873

NOTE 12 JOINT VENTURES

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

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 JOINT VENTURES (cont'd)

residual equity, no asset has been reflected in the District's financial statements. Summary financial information as of June 30, 2024 (the most recent information available) is as follows:

Total assets and deferred outflows of resources	\$ 50,960,742
Total liabilities and deferred inflows of resources	<u>84,584,684</u>
Total Net Position (Deficit)	<u>\$ (33,623,942)</u>

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

Government Grants and Awards

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

Litigation

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

Capital Improvement Commitments

As of June 30, 2025, the District was in the process of several capital projects. Construction commitments completed to date are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed 6/30/2025</u>	<u>Commitment</u>
N2 Upgrade	\$ 2,056,915	\$ 1,856,915	\$ 200,000
Athletic Field Study	25,000	14,056	10,944
HS/MS Parking Lot Paving	20,150	4,849	15,301
CTE Audio Systems	63,832	21,385	42,447
MS Audio Systems	96,538	55,451	41,087
Total Commitments Related to Construction-in-progress	<u>\$ 2,262,435</u>	<u>\$ 1,952,656</u>	<u>\$ 309,779</u>

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 COMMITMENTS AND CONTINGENCIES (cont'd)

Additionally, at June 30, 2025, the District had \$51,031 in construction-in-progress not subject to construction commitments.

NOTE 14 RISK MANAGEMENT

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

NOTE 15 DEFICIT NET POSITION

For governmental activities the unrestricted net deficit amount of \$95,247,081 includes the effect of the deferring the recognition of pension contributions made subsequent to the measurement date of the net pension liability, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the differences between projected and actual investment earnings.

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2025:

Regular programs	\$	129,564
Special programs	\$	1,564,900
Pupil person services	\$	33,967
Student transportation services	\$	96,115

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

NOTE 17 CHANGE IN ACCOUNTING PRINCIPLE

The District has decreased its July 1, 2023 net position of its governmental activities by \$1,253,742, its business-type activities by \$14,866, its food service fund net position by \$14,866,

GREAT VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 17 CHANGE IN ACCOUNTING PRINCIPLE (cont'd)

and increased its general fund by \$1,001,335, due to implementation of GASB Statement No. 101 "Compensated Absences." Under GASB 101, the District must record a liability the value of accrued but unused compensated leave time at an estimated rate that accounts for leave that is likely to be used, and leave that is more likely than not to be paid out at a rate different than a given employee's normal pay rate. Net position has been decreased by the amount that the compensated absence liability under GASB 101 exceeded the compensated absence liability reported under the previous standard, GASB No. 16 "Accounting for Compensated Absences."

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 13, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	MEASUREMENT DATE									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.3018%	0.3137%	0.2754%	0.3075%	0.3058%	0.3018%	0.3033%	0.2992%	0.2971%	0.2852%
District's proportion of the net pension liability - dollar value	\$ 126,318,000	\$ 139,554,000	\$ 122,439,000	\$ 126,249,000	\$ 150,573,000	\$ 141,190,000	\$ 145,599,000	\$ 147,770,000	\$ 147,233,000	\$ 123,535,000
District's covered employee payroll	\$ 50,397,090	\$ 46,874,269	\$ 40,379,810	\$ 43,490,210	\$ 42,764,082	\$ 41,623,052	\$ 40,846,930	\$ 39,829,209	\$ 38,472,750	\$ 36,700,194
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	250.65%	297.72%	303.22%	290.29%	352.10%	339.21%	356.45%	371.01%	382.69%	336.61%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 17,375,714	\$ 16,676,397	\$ 16,183,931	\$ 15,305,939	\$ 14,656,562	\$ 14,273,513	\$ 13,600,452	\$ 12,983,920	\$ 11,731,989	\$ 9,640,430
Contributions in relation to the contractually required contribution	<u>17,375,714</u>	<u>16,676,397</u>	<u>16,183,931</u>	<u>15,305,939</u>	<u>14,656,562</u>	<u>14,273,513</u>	<u>13,600,452</u>	<u>12,983,920</u>	<u>11,731,989</u>	<u>9,640,430</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 52,781,634	\$ 50,397,090	\$ 46,869,189	\$ 40,385,063	\$ 43,491,282	\$ 42,760,674	\$ 41,617,050	\$ 40,842,781	\$ 39,823,452	\$ 38,469,393
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.53%	37.90%	33.70%	33.38%	32.68%	31.79%	29.46%	25.06%

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

	MEASUREMENT DATE								
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net OPEB liability	0.3016%	0.3132%	0.2746%	0.3068%	0.3047%	0.3018%	0.3033%	0.2992%	0.2971%
District's proportion of the net OPEB liability - dollar value	\$ 5,358,000	\$ 5,666,000	\$ 5,055,000	\$ 7,271,000	\$ 6,584,000	\$ 6,419,000	\$ 6,324,000	\$ 6,096,000	\$ 6,400,000
District's covered employee payroll	\$ 50,397,090	\$ 46,874,269	\$ 40,379,810	\$ 43,490,210	\$ 42,764,082	\$ 41,623,052	\$ 40,846,930	\$ 39,829,209	\$ 38,472,750
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	10.63%	12.09%	12.52%	16.72%	15.40%	15.42%	15.48%	15.31%	16.64%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

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

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 332,524	\$ 322,541	\$ 353,772	\$ 360,246	\$ 358,649	\$ 359,405	\$ 346,270	\$ 339,529	\$ 333,478	\$ 323,918
Contributions in relation to the contractually required contribution	<u>332,524</u>	<u>322,541</u>	<u>353,772</u>	<u>360,246</u>	<u>358,649</u>	<u>359,405</u>	<u>346,270</u>	<u>339,529</u>	<u>333,478</u>	<u>323,918</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 52,781,634	\$ 50,397,090	\$ 46,874,269	\$ 40,379,810	\$ 43,490,210	\$ 42,764,082	\$ 41,623,052	\$ 40,846,930	\$ 39,829,209	\$ 38,472,750
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.89%	0.82%	0.84%	0.83%	0.83%	0.84%	0.84%

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

	MEASUREMENT DATE							
	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY								
Service cost	\$ 212,184	\$ 200,645	\$ 581,187	\$ 582,005	\$ 836,977	\$ 841,304	\$ 826,658	\$ 854,942
Interest on total OPEB liability	151,866	148,161	199,709	162,300	432,135	368,461	381,926	294,111
Change of benefits terms	-	-	-	-	(3,645,356)	-	374,730	-
Differences between expected and actual experience	(386,454)	-	(4,471,475)	-	(1,879,216)	-	(1,128,060)	-
Effect of assumption changes or inputs	(9,054)	16,288	(575,000)	(224,405)	793,053	(342,737)	6,631	(322,510)
Benefit payments	(335,517)	(364,449)	(581,137)	(372,965)	(471,126)	(241,722)	(399,827)	(417,325)
NET CHANGE IN TOTAL OPEB LIABILITY	(366,975)	645	(4,846,716)	146,935	(3,933,533)	625,306	62,058	409,218
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	3,646,713	3,646,068	8,492,784	8,345,849	12,279,382	11,654,076	11,592,018	11,182,800
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 3,279,738</u>	<u>\$ 3,646,713</u>	<u>\$ 3,646,068</u>	<u>\$ 8,492,784</u>	<u>\$ 8,345,849</u>	<u>\$ 12,279,382</u>	<u>\$ 11,654,076</u>	<u>\$ 11,592,018</u>
PLAN FIDUCIARY NET POSITION								
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 3,279,738</u>	<u>\$ 3,646,713</u>	<u>\$ 3,646,068</u>	<u>\$ 8,492,784</u>	<u>\$ 8,345,849</u>	<u>\$ 12,279,382</u>	<u>\$ 11,654,076</u>	<u>\$ 11,592,018</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 49,045,314	\$ 41,551,247	\$ 41,551,247	\$ 40,605,020	\$ 40,605,020	\$ 37,955,147	\$ 37,955,147	\$ 36,048,401
District's net OPEB liability as a percentage of covered payroll	6.69%	8.78%	8.77%	20.92%	20.55%	32.35%	30.70%	32.16%
Expected average remaining service years of all participants	12	12	12	12	12	12	12	12

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

SINGLE AUDIT



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

January 13, 2026

Board of School Directors
Great Valley School District
Malvern, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Great Valley School District ("the District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2026.

Report on Internal Control Over Financial Reporting

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

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

Board of School Directors
Great Valley School District

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

Report on Compliance and Other Matters

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

Purpose of This Report

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


BARBACANE, THORNTON & COMPANY LLP



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

January 13, 2026

Board of School Directors
Great Valley School District
Malvern, Pennsylvania

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Great Valley School District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Board of School Directors
Great Valley School District

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

Report on Internal Control Over Compliance

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

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

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

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


BARBACANE, THORNTON & COMPANY LLP

**GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2025	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
<u>Passed through Pennsylvania Department of Education</u>											
Title I - Improving Basic Programs	I	84.010	013-24-0168	07/01/23-09/30/24	\$ 468,548	\$ 310,206	\$304,485	\$ 5,721	\$ 5,721	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-25-0168	07/01/24-09/30/25	398,265	398,265	-	398,265	398,265	-	-
Total ALN 84.010						<u>708,471</u>	<u>304,485</u>	<u>403,986</u>	<u>403,986</u>	<u>-</u>	<u>-</u>
Title II - Improving Teacher Quality	I	84.367	020-24-0168	07/01/23-09/30/24	92,631	61,673	37,502	24,171	24,171	-	-
Title II - Improving Teacher Quality	I	84.367	020-25-0168	07/01/24-09/30/25	71,094	42,364	-	59,113	59,113	16,749	-
Total ALN 84.367						<u>104,037</u>	<u>37,502</u>	<u>83,284</u>	<u>83,284</u>	<u>16,749</u>	<u>-</u>
Title III - Student Support and Academic Enrichment Grants	I	84.365	010-24-0168	07/01/23-09/30/24	69,559	51,010	(16,247)	67,257	67,257	-	-
Title III - Student Support and Academic Enrichment Grants	I	84.365	010-25-0168	07/01/24-09/30/25	71,355	19,028	-	363	363	(18,665)	-
Total ALN 84.365						<u>70,038</u>	<u>(16,247)</u>	<u>67,620</u>	<u>67,620</u>	<u>(18,665)</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment Grants	I	84.424	144-24-0168	07/01/23-09/30/24	18,954	13,900	8,972	4,928	4,928	-	-
Title IV - Student Support and Academic Enrichment Grants	I	84.424	144-25-0168	07/01/24-09/30/25	35,285	14,114	-	25,060	25,060	10,946	-
Total ALN 84.424						<u>28,014</u>	<u>8,972</u>	<u>29,988</u>	<u>29,988</u>	<u>10,946</u>	<u>-</u>
Elementary and Secondary School Emergency Relief Fund	I	84.425U	223-210168	03/13/20-09/30/24	2,502,966	409,576	373,246	36,330	36,330	-	-
ARP ESSER After School Set Aside	I	84.425U	225-210168	03/13/20-09/30/24	194,535	74,277	74,279	(2)	(2)	-	-
Total ALN 84.425U						<u>483,853</u>	<u>447,525</u>	<u>36,328</u>	<u>36,328</u>	<u>-</u>	<u>-</u>
Total Passed through Pennsylvania Department of Education						<u>1,394,413</u>	<u>782,237</u>	<u>621,206</u>	<u>621,206</u>	<u>9,030</u>	<u>-</u>
<u>Subgrant from U.S. Department of Education</u>											
<u>Passed through Chester County Intermediate Unit</u>											
IDEA	I	84.027	062-25-0024	07/01/24-09/30/25	698,609	698,606	-	698,606	698,606	-	-
Total ALN 84.027						<u>698,606</u>	<u>-</u>	<u>698,606</u>	<u>698,606</u>	<u>-</u>	<u>-</u>
IDEA - Section 619	I	84.173	131-250024B	07/01/24-06/30/25	2,645	2,645	-	2,645	2,645	-	-
Total ALN 84.173						<u>2,645</u>	<u>-</u>	<u>2,645</u>	<u>2,645</u>	<u>-</u>	<u>-</u>
Total Passed through Chester County Intermediate Unit						<u>701,251</u>	<u>-</u>	<u>701,251</u>	<u>701,251</u>	<u>-</u>	<u>-</u>
Total Special Education Cluster						<u>701,251</u>	<u>-</u>	<u>701,251</u>	<u>701,251</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education						<u>2,095,664</u>	<u>782,237</u>	<u>1,322,457</u>	<u>1,322,457</u>	<u>9,030</u>	<u>-</u>
U.S. Department of Health and Human Services											
<u>Passed through Pennsylvania Department of Human Services</u>											
Medical Assistance Program	I	93.778	N/A	N/A	N/A	27,826	-	27,826	27,826	-	-
Total ALN 93.778						<u>27,826</u>	<u>-</u>	<u>27,826</u>	<u>27,826</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services						<u>27,826</u>	<u>-</u>	<u>27,826</u>	<u>27,826</u>	<u>-</u>	<u>-</u>

Continued on next page.

**GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2025	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	205,496	(3,641)	207,450	207,450	(1,687)	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	27,364	27,364	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	590,946	-	621,897	621,897	30,951	-
Total ALN 10.555						823,806	23,723	829,347	829,347	29,264	-
Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	8,578	8,578	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	173,267	-	182,722	182,722	9,455	-
Total ALN 10.553						181,845	8,578	182,722	182,722	9,455	-
Total Child Nutrition Cluster						1,005,651	32,301	1,012,069	1,012,069	38,719	-
COVID-19 Summer Food Service Program for Children	I	10.559	N/A	07/01/24-06/30/25	N/A	7,092	-	7,092	7,092	-	-
Total U.S. Department of Agriculture						1,012,743	32,301	1,019,161	1,019,161	38,719	-
TOTAL FEDERAL AWARDS						<u>\$ 3,136,233</u>	<u>\$ 814,538</u>	<u>\$ 2,369,444</u>	<u>\$ 2,369,444</u>	<u>\$ 47,749</u>	<u>\$ -</u>

Source Code:

I = Indirect Funding

GREAT VALLEY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF SCHEDULE

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS – DONATED FOOD

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

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was \$1,500,021.

NOTE E INDIRECT COST RATE

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

NOTE F BUILD AMERICA BONDS

Two of the District's bonds qualify for subsidies under the Build America Bonds program of the American Recovery and Reinvestment Act. These subsidy payments are not considered federal financial assistance. The amount of subsidy funding recognized for the year ended June 30, 2025 was \$64,444.

GREAT VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes _____ X No
- Significant deficiency(ies) identified? _____ Yes _____ X None reported

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

Unmodified

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

_____ Yes _____ X No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

_____ X Yes _____ No

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

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.