GARNET VALLEY SCHOOL DISTRICT
GLEN MILLS, PENNSYLVANIA
DELAWARE COUNTY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Garnet Valley School District
Glen Mills, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Garnet Valley School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter – Implementation of New Standard

As discussed in Note 2 and 17 to the financial statements, effective July 1, 2024, Garnet Valley School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Garnet Valley School District adopted the requirements of the guidance effective July 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Garnet Valley School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Garnet Valley School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Garnet Valley School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2025, on our consideration of Garnet Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Garnet Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garnet Valley School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
July 31, 2025

Management's discussion and analysis ("MD&A") of the financial performance of the Garnet Valley School District (the "District") provides an overview of the District's financial performance for fiscal year ended June 30, 2025. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of five schools – three elementary schools, a middle school and a high school consisting of approximately 4,500 students. The District encompasses several communities in southwestern Delaware County and covers an area of approximately 21.4 square miles. The District's boundaries are coterminous with those of the Borough of Chester Heights and the Townships of Bethel and Concord, all located in Delaware County, Pennsylvania. The central point of the District lies approximately 8 miles west of the City of Chester, Delaware County, Pennsylvania, 10 miles north of Wilmington, Delaware, 20 miles southeast of the City of Coatesville, Chester County, Pennsylvania, and 25 miles southwest of downtown Philadelphia. There are approximately 755 employees in the District, including 410 teachers, 48 administrators and 297 support personnel including confidential employees, secretaries, maintenance staff, cafeteria staff, transportation and teachers' aides.

The mission of the District is to provide a stimulating learning environment, which provides quality educational opportunities for all students.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2024-2025 fiscal year of $53,475,512. During the 2024-2025 fiscal year, the District had an increase in total net position of $13,383,096. The net position of governmental activities increased by $13,210,193 and the net position of the business-type activities increased by $172,903.

- The General Fund reported an increase in fund balance of $1,837,370, bringing the cumulative balance to $18,410,989 at the conclusion of the 2024-2025 fiscal year.

- At June 30, 2025, the General Fund fund balance includes $1,925,958 which is considered nonspendable, $5,750,000 committed to real estate tax rate stabilization, $1,000,000 committed to retirement rate stabilization and unassigned amounts of $9,735,031 or 7.51% of the $129,599,821, 2025-2026 General Fund expenditure budget. Guidelines prescribed by the Pennsylvania Department of Education allow a district to maintain a maximum General Fund fund balance of 8% of the following year's expenditure budget.

- Total General Fund revenues and other financing sources were $2,224,052 or 1.78% more than budgeted amounts and total General Fund expenditures and other financing uses were $36,682 or 0.03% more than budgeted amounts resulting in a net positive variance of $2,187,370.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

Business-Type Activities
The District charges fees to cover the costs of its food services and after school activities programs.

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund and After School Activities Fund are reported as enterprise funds of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses an internal service fund to account for its participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription coverage. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for the Food Service, After School Activities and Internal Service Funds.

The proprietary fund financial statements can be found on Pages 23 through 25 of this report.

Fiduciary Funds

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

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

Notes to the Financial Statements

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

The notes to the financial statements can be found on Pages 28 through 64 of this report.

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

The required supplementary information can be found on Pages 65 through 71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position (deficit) may serve over time as a useful indicator of the District's financial condition. At the close of the 2024-2025 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $53,475,512. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 74,740,444	$ 70,522,409	$ 833,978	$ 863,598	$ 75,574,422	$ 71,386,007
Capital assets, net	124,958,060	119,706,366	4,333	5,719	124,962,393	119,712,085
Total assets	199,698,504	190,228,775	838,311	869,317	200,536,815	191,098,092
Deferred Outflows of Resources						
Deferred amounts on debt refunding	160,347	238,300	-	-	160,347	238,300
Deferred charges - OPEB	2,163,518	2,512,954	4,011	6,369	2,167,529	2,519,323
Deferred charges - pensions	20,273,452	24,215,140	76,139	121,763	20,349,591	24,336,903
Total deferred outflows of resources	22,597,317	26,966,394	80,150	128,132	22,677,467	27,094,526
Liabilities						
Current liabilities	20,093,877	17,419,036	176,423	173,053	20,270,300	17,592,089
Noncurrent liabilities	245,384,758	259,450,859	606,919	816,749	245,991,677	260,267,608
Total liabilities	265,478,635	276,869,895	783,342	989,802	266,261,977	277,859,697
Deferred Inflows of Resources						
Deferred credits - OPEB	1,803,567	1,903,769	7,250	9,130	1,810,817	1,912,899
Deferred credits - pensions	8,584,759	5,202,838	32,241	26,162	8,617,000	5,229,000
Total deferred inflows of resources	10,388,326	7,106,607	39,491	35,292	10,427,817	7,141,899
Net Position (Deficit)						
Net investment in capital assets	53,409,635	45,359,477	4,333	5,719	53,413,968	45,365,196
Restricted	9,838,021	12,380,341	-	-	9,838,021	12,380,341
Unrestricted (deficit)	(116,818,796)	(124,521,151)	91,295	(33,364)	(116,727,501)	(124,554,515)
Total net position (deficit)	$ (53,571,140)	$ (66,781,333)	$ 95,628	$ (27,645)	$ (53,475,512)	$ (66,808,978)

The District's total assets as of June 30, 2025 were $200,536,815 of which $64,718,511 or 32.27% consisted of unrestricted cash and $124,962,393 or 62.31% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2025 were $266,261,977 of which $90,662,171 or 34.05% consisted of general obligation debt used to acquire and construct capital assets and $140,130,349 or 52.63% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of $116,727,501 at June 30, 2025. The District's unrestricted net position increased by $7,827,014 during 2024-2025 primarily due to the current year results of operations and the change in the net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled $9,838,021 as of June 30, 2025. All of the District's restricted net position related to amounts restricted for capital expenditures.

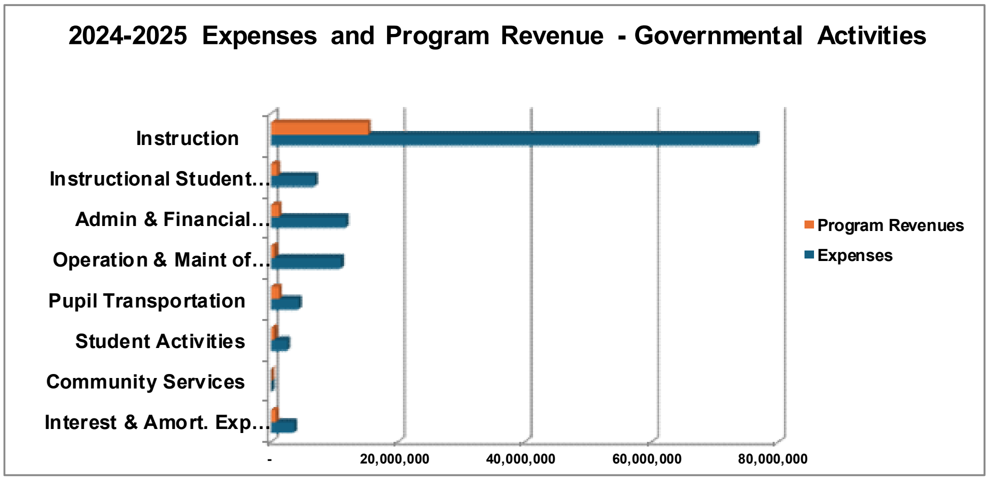
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation/amortization less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets increased by $8,048,772 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with funding sources other than long-term debt.

The following table presents condensed information for the Statement of Activities of the District for 2025 and 2024:

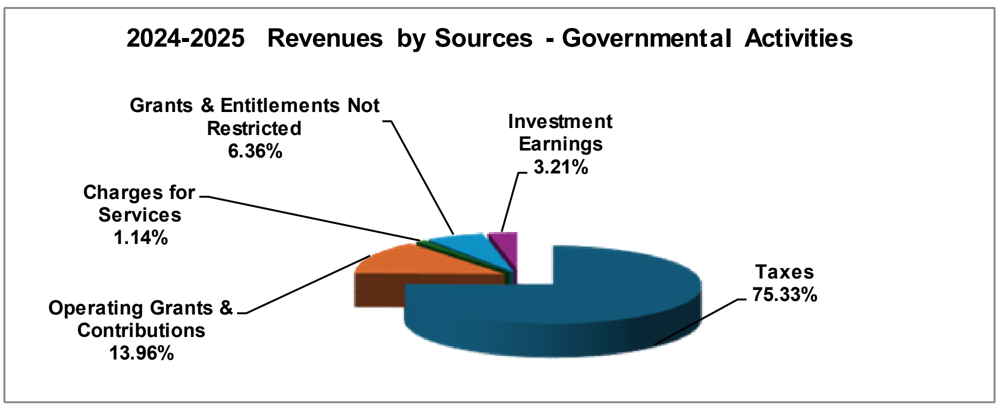
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 1,473,865	$ 1,400,426	$ 2,305,272	$ 2,440,695	$ 3,779,137	$ 3,841,121
Operating grants and contributions	18,069,369	18,108,823	454,329	523,941	18,523,698	18,632,764
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	95,831,297	94,075,621	-	-	95,831,297	94,075,621
Other taxes levied for general purposes	1,639,150	1,612,778	-	-	1,639,150	1,612,778
Grants and entitlements not restricted to specific programs	8,227,169	7,536,388	-	-	8,227,169	7,536,388
Investment earnings	4,159,660	4,412,883	44,632	49,964	4,204,292	4,462,847
Gain (loss) on disposal of capital assets	-	1,342	-	-	-	1,342
Total revenues	129,400,510	127,148,261	2,804,233	3,014,600	132,204,743	130,162,861
Expenses						
Instruction	76,440,181	75,266,059	-	-	76,440,181	75,266,059
Instructional student support services	6,802,471	6,889,820	-	-	6,802,471	6,889,820
Administrative and financial support services	11,718,110	11,664,496	-	-	11,718,110	11,664,496
Operation and maintenance of plant services	10,930,360	8,671,107	-	-	10,930,360	8,671,107
Pupil transportation	4,250,905	4,378,309	-		4,250,905	4,378,309
Student activities	2,431,197	2,402,742	-	-	2,431,197	2,402,742
Community services	7,313	8,375	-	-	7,313	8,375
Interest and amortization expense related to noncurrent liabilities	3,547,374	2,618,736	-	-	3,547,374	2,618,736
Food service	-	-	2,341,046	2,614,878	2,341,046	2,614,878
After school activities	-	-	352,690	258,996	352,690	258,996
Total expenses	116,127,911	111,899,644	2,693,736	2,873,874	118,821,647	114,773,518
Change in net position before transfers	13,272,599	15,248,617	110,497	140,726	13,383,096	15,389,343
Transfers	(62,406)	(54,730)	62,406	54,730	-	-
Change in net position (deficit)	$ 13,210,193	$ 15,193,887	$ 172,903	$ 195,456	$ 13,383,096	$ 15,389,343

Overall, the District's financial position has been improving but challenges such as medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base is in the form of residential housing whose growth has remained steady in recent years. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities located mostly in Concord Township.

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



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



GOVERNMENTAL FUNDS

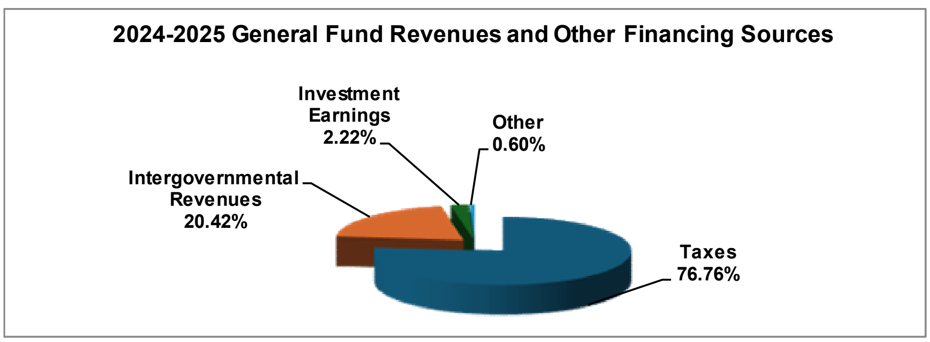
The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by state statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $49,911,434 which is an increase of $1,803,151 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024 and the total 2025 change in governmental fund balances.

	2025	2024	$ Change
General fund	$ 18,410,989	$ 16,573,619	$ 1,837,370
Capital projects fund	31,456,424	31,534,664	(78,240)
Prison fund	44,021	-	44,021
	$ 49,911,434	$ 48,108,283	$ 1,803,151

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the General Fund fund balance was $18,410,989 representing an increase of $1,837,370 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024-2025 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 76.86% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

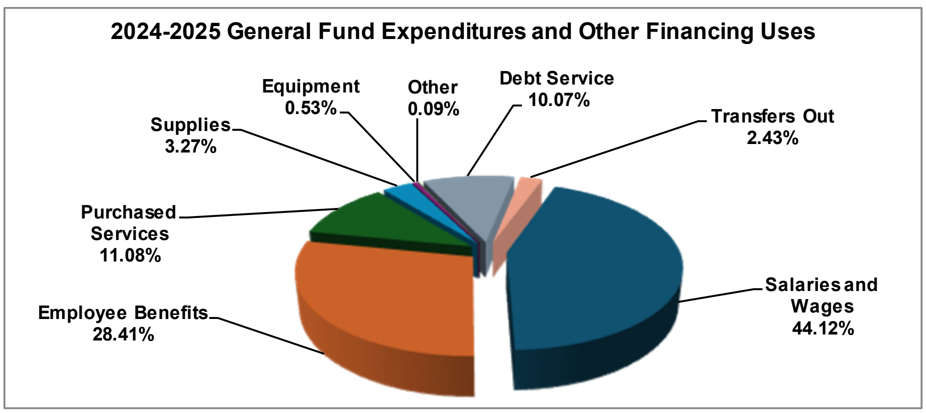
	2025	2024	$ Change	% Change
Taxes revenues	$ 97,432,895	$ 95,827,180	$ 1,605,715	1.68%
Intergovernmental revenues	25,920,349	25,304,400	615,949	2.43%
Investment earnings	2,822,688	2,927,216	(104,528)	-3.57%
Other	758,979	610,514	148,465	24.32%
	$ 126,934,911	$ 124,669,310	$ 2,265,601	1.82%

Tax revenues increased by $1,605,715 or 1.60% primarily due to an increase in the millage rate of 1.80%. The following table summarizes changes in the District's tax revenues for 2025 compared to 2024:

	2025	2024	$ Change	% Change
Real estate tax	$ 93,319,782	$ 91,852,393	$ 1,467,389	1.60%
Interim tax	1,169,432	958,457	210,975	22.01%
PURTA tax	89,548	82,216	7,332	8.92%
Transfer tax	1,549,602	1,530,562	19,040	1.24%
Deliquent tax	1,304,531	1,403,552	(99,021)	-7.06%
	$ 97,432,895	$ 95,827,180	$ 1,605,715	1.68%

Intergovernmental revenues increased primarily due to additional appropriations to basic and special education subsidies.

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



General Fund Expenditures and Other Financing Uses

	2025	2024	$ Change	% Change
Salaries and wages	$ 55,183,251	$ 53,734,929	$ 1,448,322	2.70%
Employee benefits	35,540,406	33,731,916	1,808,490	5.36%
Purchased services	13,857,717	13,720,263	137,454	1.00%
Supplies	4,088,124	3,695,596	392,528	10.62%
Equipment	668,396	432,169	236,227	54.66%
Other	116,375	116,359	16	0.01%
Debt service	12,599,493	12,217,034	382,459	3.13%
Transfers out	3,043,779	5,451,497	(2,407,718)	-44.17%
	$ 125,097,541	$ 123,099,763	$ 1,997,778	1.62%

Salaries and wages increased $1,448,322 or 2.70% primarily due to contractual increase.

Employee benefits increased by $1,808,490 or 5.36% due to contractual increases for benefits tied to salaries as well as an increase in medical and prescription costs.

Transfers out for 2023-2024 and 2024-2025 represent revenues over expenditures used to subsidize future capital projects expenditures.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. At the conclusion of the 2024-2025 fiscal year, the Capital Projects Fund fund balance was $31,456,424, representing a decrease of $78,240 in relation to the prior year and is restricted for future capital expenditures. The decrease is primarily due to current year capital expenditures in excess of the issuance of new debt and transfers in from the General Fund.

PRISON FUND

The Prison Fund accounts for education services provided to juveniles detained at the Delaware County prison located in Concord Township. The District outsources the services to the Delaware County Intermediate Unit and is funded solely from State appropriations. An annual reconciliation of revenues received and costs incurred for services provided is performed and any excess or deficiency is accounted for resulting in a net breakeven at year end.

GENERAL FUND BUDGET INFORMATION

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Actual revenues and other financing sources were $2,224,052 or 1.78% more than budgeted amounts and total General Fund expenditures and other financing uses were $36,682 or 0.03% more than budgeted amounts resulting in a net positive variance of $2,187,370.

Local source revenues were more than budgeted amounts by $2,119,591 primarily due to higher than budgeted investments earnings.

Actual instructional expenditures were $3,307,331 lower than budgeted. This is mainly due to District initiatives to control costs through strategic hiring and farther exacerbated by difficulties in filling open positions.

Total transfers out were over budget by $2,309,137, which was an unbudgeted transfer of revenues in excess of budget to the Capital Projects Fund.

BUSINESS-TYPE ACTIVITIES AND PROPRIETARY FUNDS

During 2024-2025, the net position of business-type activities increased by $172,903. As of June 30, 2025, the business-type activities had a net position of $95,628. The After School Activities Fund had a decrease in net position of $79,582, resulting in an ending net position of $10,392 at June 30, 2025. The Food Service Fund had an increase in net position of $252,485. At June 30, 2025, the Food Service Fund had a net position of $85,236 primarily as a result of reporting its proportionate share of the net pension and OPEB liability. The District continues to outsource any Food Service vacancies to its management company effective January 1, 2017, reducing costs. Additionally, due to the transfer of positions to the management company, the Food Service Fund also realized a substantial reduction in its allocation of the District's net pension liability, further increasing the net position. The Food Service Fund recognized a transfer of $62,406 to reimburse the Food Service Fund for free and reduced lunches served at the High School, which is not on the National School Lunch Program.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounted to $124,962,393 net of accumulated depreciation/amortization. This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, and right-to-use lease and subscription assets. The total increase in the District's investment in capital assets for the current fiscal year was $5,250,308 or 4.39%. The increase was the result of current year capital additions in excess of disposals, depreciation/amortization expense.

Current year capital additions were $11,931,850 and depreciation/amortization expense and the net book value of disposed of capital assets was $6,681,542.

The major capital additions for the current fiscal year were the following:

- Construction in progress – Pennington School $ 7,385,871
- Garnet Valley High School – Gym Renovations $ 1,055,044

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $90,662,171 consisting of $80,435,000 in bonds payable and $4,519,000 in notes payable, and deferred credits of $5,708,171. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by $273,825 or 0.30% during the fiscal year.

On October 31, 2024 the District issued $8,120,000 of general obligation bonds, Series of 2024A, the proceeds from which are to be used to pay all or a portion of the costs of the design, acquisition, and construction of improvements of and renovations to existing District facilities, and to pay for the costs of issuance.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The District's outstanding general obligation debt of $90,662,171 is within the current debt limitation of the District which was $282,788,783 as of June 30, 2025.

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

The District reports its allocated portion of its unfunded defined benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $140,130,349 as of June 30, 2025. The District's net pension liability decreased by $15,171,604 or 9.77% during the fiscal year.

The District reports a liability for its other post-employment benefits ("OPEB") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $8,006,500 as of June 30, 2025. The District's OPEB liability decreased by $447,866 or 5.30% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for right-to-use leases and subscriptions, notes payable for financed purchases and compensated absences, which totaled $7,192,717 as of June 30, 2025. These liabilities increased by $1,567,794 or 27.87% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District has experienced a slightly declining enrollment trend since 2018-2019. Building capacity is not currently an issue. However, if the student population distribution changes so that more students enter the District than currently are anticipated, adjustments may have to be made to current and future building utilizations which in turn will affect the District's future budget and financial model which assumptions have been made.

- The District is in the process of completing an enrollment study that may impact future operational and capital allocations.

- The District adopted a 2025-2026 budget totaling $129,599,821 with a real estate tax millage rate increase of 2.50%.

- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to seek approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:

- ♦ That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (4.00% for Garnet Valley School District for 2025-2026), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index. For the 2025-2026 school year, the District did not apply for exceptions and passed a motion not to exceed the Act 1 index.

- ♦ Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions) over which the school district has no control.

- ♦ Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders. (Act 1 permitted slot machine gambling in Pennsylvania.)

- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to PSERS. The 2017 law took effect in July of 2019. The law changed the pension plans for all new hires effective July 1, 2019. It does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. The employer contribution rate for 2026-2027 is projected at 33.59%. Currently, the employer contribution rate for 2025-2026 is 34.00%.

- The District and Garnet Valley Education Association have a four-year collective bargaining agreement that started with the 2024-2025 school year and expires at the conclusion of the 2027-2028 school year.

- The District and Garnet Valley Education Support Personnel Association have a four-year collective bargaining agreement that started with the 2025-2026 school year and expires at the conclusion of the 2028-2029 school year.

- A major factor affecting the District's future financial position is the ongoing implementation of the Pennington Reuse and Campus Master Plan and related High School campus improvements. The multi-year project includes redevelopment of the former Pennington School property, athletic field construction, site infrastructure improvements, and renovation of existing facilities. Construction activity accelerated during 2024-2025 and is expected to continue through at least 2027. In addition, the District incurred significant flood-related damage at the high school during 2025, which may require additional capital investment and remediation expenditures. Management expects these projects to improve educational and operational facilities while requiring continued capital planning and financial oversight in future fiscal years.

- As of the date of our audit report, there are many economic factors in the United States indicating nationwide economic hardships on the horizon. The District has weathered economic downturns in the past with no noticeable disruption to educational and extracurricular offerings. The District is confident in its ability to operate at full capacity if the economy trends in a negative direction.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business and Support Services, Garnet Valley School District, 80 Station Road, Glen Mills, Pennsylvania 19342-1558.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash	$ 63,228,138	$ 1,490,373	$ 64,718,511
Investments	1,500,000	-	1,500,000
Taxes Receivable	1,662,197	-	1,662,197
Due from Other Governments	4,477,400	57,301	4,534,701
Internal Balances	713,696	(713,696)	-
Other Receivables	2,028,536	-	2,028,536
Prepaid Expenses	1,130,477	-	1,130,477
Total Current Assets	74,740,444	833,978	75,574,422
Noncurrent Assets:			
Nondepreciable Capital Assets	10,144,841	-	10,144,841
Depreciable Capital Assets, Net	114,813,219	4,333	114,817,552
Total Noncurrent Assets	124,958,060	4,333	124,962,393
Total Assets	199,698,504	838,311	200,536,815
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	160,347	-	160,347
Deferred Charges - OPEB	2,163,518	4,011	2,167,529
Deferred Charges - Pension	20,273,452	76,139	20,349,591
Total Deferred Outflows of Resources	22,597,317	80,150	22,677,467
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,719,116	62,456	4,781,572
Accrued Salaries, Payroll Withholdings, and Benefits	13,669,341	-	13,669,341
Accrued Interest Payable	1,674,963	-	1,674,963
Unearned Revenue	30,457	113,967	144,424
Total Current Liabilities	20,093,877	176,423	20,270,300
Noncurrent Liabilities:			
Due Within One Year	11,664,586	11,380	11,675,966
Due in More Than One Year	233,720,172	595,539	234,315,711
Total Noncurrent Liabilities	245,384,758	606,919	245,991,677
Total Liabilities	265,478,635	783,342	266,261,977
DEFERRED INFLOWS OF RESOURCES			
Deferred Credits - OPEB	1,803,567	7,250	1,810,817
Deferred Credits - Pension	8,584,759	32,241	8,617,000
Total Deferred Inflows of Resources	10,388,326	39,491	10,427,817
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	53,409,635	4,333	53,413,968
Restricted for Capital Projects	9,838,021	-	9,838,021
Unrestricted	(116,818,796)	91,295	(116,727,501)
Total Net Position (Deficit)	$ (53,571,140)	$ 95,628	$ (53,475,512)

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position (Deficit): Governmental Activities	Business-Type Activities	Totals
Primary Government:							
Governmental Activities:							
Instruction	$ 76,440,181	$ 1,381,432	$ 13,759,719	$ -	$ (61,299,030)	$ -	$ (61,299,030)
Instructional Student Support	6,802,471	-	860,313	-	(5,942,158)	-	(5,942,158)
Administrative and Financial Support Services	11,718,110	-	1,095,070	-	(10,623,040)	-	(10,623,040)
Operation and Maintenance of Plant Services	10,930,360	68,553	297,685	-	(10,564,122)	-	(10,564,122)
Pupil Transportation	4,250,905	-	1,118,878	-	(3,132,027)	-	(3,132,027)
Student Activities	2,431,197	23,880	287,295	-	(2,120,022)	-	(2,120,022)
Community Services	7,313	-	-	-	(7,313)	-	(7,313)
Interest and Amortization Expense Related to Noncurrent Liabilities	3,547,374	-	650,409	-	(2,896,965)	-	(2,896,965)
Total Governmental Activities	116,127,911	1,473,865	18,069,369	-	(96,584,677)	-	(96,584,677)
Business-Type Activities:							
Food Service	2,341,046	2,037,110	454,329	-	-	150,393	150,393
After School Activities	352,690	268,162	-	-	-	(84,528)	(84,528)
Total Business-Type Activities	2,693,736	2,305,272	454,329	-	-	65,865	65,865
Total Primary Government	$ 118,821,647	$ 3,779,137	$ 18,523,698	$ -	(96,584,677)	65,865	(96,518,812)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					95,831,297	-	95,831,297
Other Taxes Levied for General Purposes					1,639,150	-	1,639,150
Grants and Entitlements Not Restricted to Specific Programs					8,227,169	-	8,227,169
Investment Earnings					4,159,660	44,632	4,204,292
Transfers					(62,406)	62,406	-
Total General Revenues and Transfers					109,794,870	107,038	109,901,908
CHANGE IN NET POSITION (DEFICIT)					13,210,193	172,903	13,383,096
Net Position (Deficit) - Beginning of Year, as Previously Reported					(66,781,333)	(27,645)	(66,808,978)
Net Position (Deficit) - Effect of Change in Accounting Principle					-	(49,630)	(49,630)
Net Position (Deficit) - Beginning of Year, as Restated					(66,781,333)	(77,275)	(66,858,608)
NET POSITION (DEFICIT) - END OF YEAR					$ (53,571,140)	$ 95,628	$ (53,475,512)

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds			
	General Fund	Capital Projects Fund	Prison Fund	Total
ASSETS				
Cash	$ 27,207,253	$ 31,393,088	$ -	$ 58,600,341
Taxes Receivable	1,662,197	-	-	1,662,197
Due from Other Governments	4,428,146	-	49,254	4,477,400
Due from Other Funds	713,696	2,988,380	5,864	3,707,940
Other Receivables	2,028,536	-	-	2,028,536
Prepaid Items	1,130,477	-	-	1,130,477
Total Assets	$ 37,170,305	$ 34,381,468	$ 55,118	$ 71,606,891
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 987,153	$ 2,925,044	$ 11,097	$ 3,923,294
Due to Other Funds	2,994,244	-	-	2,994,244
Accrued Salaries, Payroll Withholdings, and Benefits	13,669,341	-	-	13,669,341
Unearned Revenue	30,457	-	-	30,457
Total Liabilities	17,681,195	2,925,044	11,097	20,617,336
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues - Property Taxes	1,078,121	-	-	1,078,121
FUND BALANCES				
Nonspendable:				
Prepaid Items	1,130,477	-	-	1,130,477
Long-Term Receivables	795,481	-	-	795,481
Restricted for:				
Capital Projects	-	31,456,424	-	31,456,424
Incarcerated Education	-	-	44,021	44,021
Committed to:				
Real Estate Tax Rate Stabilization	5,750,000	-	-	5,750,000
Retirement Rate Stabilization	1,000,000	-	-	1,000,000
Unassigned	9,735,031	-	-	9,735,031
Total Fund Balances	18,410,989	31,456,424	44,021	49,911,434
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 37,170,305	$ 34,381,468	$ 55,118	$ 71,606,891

See accompanying Notes to Basic Financial Statements.

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

Total Fund Balance - Governmental Funds	$ 49,911,434
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	124,958,060
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	160,347
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported in the governmental funds governmental funds balance sheet.	12,048,644
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources on the governmental funds balance sheet.	1,078,121
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the governmental funds balance sheet.	5,331,975
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(245,384,758)
Accrued interest payable on long-term liabilities is included in the government-wide statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(1,674,963)
Net Position (Deficit) of Governmental Activities	$ (53,571,140)

See accompanying Notes to Basic Financial Statements.

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

	Major Funds			
	General Fund	Capital Projects Fund	Prison Fund	Total
REVENUES				
Local Sources	$ 100,922,946	$ 1,448,416	$ -	$ 102,371,362
State Sources	23,869,456	-	1,071,244	24,940,700
Federal Sources	2,050,893	-	-	2,050,893
Total Revenues	126,843,295	1,448,416	1,071,244	129,362,955
EXPENDITURES				
Current:				
Instruction	76,188,346	-	1,027,223	77,215,569
Support Services	30,794,641	190,976	-	30,985,617
Operation of Noninstructional Services	2,471,282	-	-	2,471,282
Facilities Acquisition, Construction and Improvement Services	-	13,703,666	-	13,703,666
Debt Service	12,599,493	-	-	12,599,493
Total Expenditures	122,053,762	13,894,642	1,027,223	136,975,627
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,789,533	(12,446,226)	44,021	(7,612,672)
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	8,120,000	-	8,120,000
Bond Premiums	-	643,476	-	643,476
Proceeds from Extended Term Financing and Right-to-Use Arrangements	-	623,137	-	623,137
Proceeds from Sale of/ Compensation for Capital Assets	4,729	-	-	4,729
Insurance Recoveries	86,887	-	-	86,887
Transfers In	-	2,981,373	-	2,981,373
Transfers Out	(3,043,779)	-	-	(3,043,779)
Total Other Financing Sources (Uses)	(2,952,163)	12,367,986	-	9,415,823
NET CHANGE IN FUND BALANCES	1,837,370	(78,240)	44,021	1,803,151
Fund Balances - Beginning of Year	16,573,619	31,534,664	-	48,108,283
FUND BALANCES - END OF YEAR	$ 18,410,989	$ 31,456,424	$ 44,021	$ 49,911,434

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balance - Governmental Funds		$ 1,803,151
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense.		
Capital Outlay Expenditures	$ 11,931,850	
Net Book Value of Disposed of Capital Assets	(24,772)	
Depreciation/Amortization Expense	(6,655,384)	5,251,694
Because some taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year.		
Deferred Inflows of Resources June 30, 2024	(1,040,568)	
Deferred Inflows of Resources June 30, 2025	1,078,121	37,553
The Internal Service Fund is used by management to charge the cost of health insurance claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.		157,113
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts, and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term debt and related items.		
Issuance of Debt	(8,120,000)	
Proceeds from Bond Premiums	(643,476)	
Repayment of Bonds and Notes Payable	8,304,000	
Proceeds from Notes Payable - Financed Purchase	(623,137)	
Repayment Notes Payable - Financed Purchase	386,842	
Repayment of Right-to-Use Leases Payable	94,047	
Repayment Subscriptions Payable	66,505	
Amortization of Discounts, Premiums, and Deferred Amounts on Refunding	655,348	120,129
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in Net Pension Liability and Related Deferred Outflows and Inflows	7,595,288	
Current Year Change in Accrued Interest Payable	(454,623)	
Current Year Change in Compensated Absences	(1,490,033)	
Change in Net Other Post-Employment Benefit (OPEB) Liability and Related Deferred Inflows and Outflows	189,921	5,840,553
Change in Net Position (Deficit) of Governmental Activities		$ 13,210,193

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	After School Activities Fund	Total Enterprise Funds	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash	$ 1,116,124	$ 374,249	$ 1,490,373	$ 4,627,797
Investments	-	-	-	1,500,000
Due from Other Governments	57,301	-	57,301	-
Total Current Assets	1,173,425	374,249	1,547,674	6,127,797
NONCURRENT ASSETS				
Depreciable Capital Assets, Net	4,333	-	4,333	-
Total Assets	1,177,758	374,249	1,552,007	6,127,797
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Proportionate Share of OPEB	4,011	-	4,011	-
Deferred Charges on Proportionate Share of Pension	76,139	-	76,139	-
Total Deferred Outflows	80,150	-	80,150	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	62,106	350	62,456	-
Insurance Claims Payable	-	-	-	795,822
Due to Other Funds	350,189	363,507	713,696	-
Unearned Revenue	113,967	-	113,967	-
Compensated Absences	11,380	-	11,380	-
Total Current Liabilities	537,642	363,857	901,499	795,822
NONCURRENT LIABILITIES				
Compensated Absences	40,268	-	40,268	-
Net OPEB Liability	30,965	-	30,965	-
Net Pension Liability	524,306	-	524,306	-
Total Noncurrent Liabilities	595,539	-	595,539	-
Total Liabilities	1,133,181	363,857	1,497,038	795,822
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits on Proportionate Share of OPEB	7,250	-	7,250	-
Deferred Credits on Proportionate Share of Pension	32,241	-	32,241	-
Total Deferred Inflows	39,491	-	39,491	-
NET POSITION				
Net Investment in Capital Assets	4,333	-	4,333	-
Unrestricted	80,903	10,392	91,295	5,331,975
Total Net Position	$ 85,236	$ 10,392	$ 95,628	$ 5,331,975

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	After School Activities Fund	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES				
Charges for Services	$ 2,037,110	$ 268,162	$ 2,305,272	$ 10,447,580
OPERATING EXPENSES				
Salaries	217,697	248,383	466,080	-
Employee Benefits	(79,478)	104,307	24,829	10,537,837
Purchased Professional and Technical Services	315,650	-	315,650	-
Supplies	1,885,791	-	1,885,791	-
Depreciation	1,386	-	1,386	-
Total Operating Expenses	2,341,046	352,690	2,693,736	10,537,837
OPERATING INCOME (LOSS)	(303,936)	(84,528)	(388,464)	(90,257)
NONOPERATING REVENUES				
Earnings on Investments	39,686	4,946	44,632	247,370
State Sources	113,212	-	113,212	-
Federal Sources	341,117	-	341,117	-
Total Nonoperating Revenues	494,015	4,946	498,961	247,370
CHANGE IN NET POSITION BEFORE TRANSFERS	190,079	(79,582)	110,497	157,113
TRANSFERS	62,406	-	62,406	-
CHANGE IN NET POSITION	252,485	(79,582)	172,903	157,113
Net Position - Beginning of Year, as Previously Stated	(117,619)	89,974	(27,645)	5,174,862
Net Position - Effect of Change in Accounting Principle	(49,630)	-	(49,630)	-
Net Position - Beginning of Year, Restated	(167,249)	89,974	(77,275)	5,174,862
NET POSITION - END OF YEAR	$ 85,236	$ 10,392	$ 95,628	$ 5,331,975

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	After School Activities Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	$ 2,042,947	$ 268,512	$ 2,311,459	$ -
Cash Received for Assessments Made to Other Fund	-	-	-	10,537,837
Cash Payments to Suppliers for Goods or Services	(2,214,773)	-	(2,214,773)	-
Cash Payments for Insurance Claims	-	-	-	(10,537,837)
Cash Payments to Employees for Services	(345,498)	(253,762)	(599,260)	-
Net Cash Provided (Used) by Operating Activities	(517,324)	14,750	(502,574)	-
NONCAPITAL FINANCING ACTIVITIES				
State Sources	116,227	-	116,227	-
Federal Sources	266,086	-	266,086	-
Transfers In	62,406	-	62,406	-
Net Cash Provided (Used) by Noncapital Financing Activities	444,719	-	444,719	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(1,500,000)
Earnings on Investments	39,686	4,946	44,632	247,370
Net Cash Provided (Used) by Investing Activities	39,686	4,946	44,632	(1,252,630)
NET CHANGE IN CASH	(32,919)	19,696	(13,223)	(1,252,630)
Cash - Beginning of Year	1,149,043	354,553	1,503,596	5,880,427
CASH - END OF YEAR	$ 1,116,124	$ 374,249	$ 1,490,373	$ 4,627,797
RECONCILIATION OF OPERATING INCOME (LOSS) PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	$ (303,936)	$ (84,528)	$ (388,464)	$ (90,257)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,386	-	1,386	-
Donated Commodities Used	82,963	-	82,963	-
(Increase) Decrease in:				
Due from Other Funds	-	98,928	98,928	-
Deferred Outflows of Resources	47,982	-	47,982	-
Increase (Decrease) in:			-	
Accounts Payable	(2,817)	350	(2,467)	-
Insurance Claims Payable	-	-	-	90,257
Due to Other Funds	(93,478)	-	(93,478)	-
Unearned Revenue	5,837	-	5,837	-
Compensated Absences	2,018	-	2,018	-
Net OPEB Liability	(8,771)	-	(8,771)	-
Net Pension Liability	(252,707)	-	(252,707)	-
Deferred Inflows of Resources	4,199	-	4,199	-
Net Cash Provided (Used) by Operating Activities	$ (517,324)	$ 14,750	$ (502,574)	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL FINANCING ACTIVITY				
USDA Donated Commodities	$ 82,963	$ -	$ 82,963	$ -

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash	$ 647,387
LIABILITIES	
Accounts Payable	13,191
NET POSITION	
Restricted for Student Activities	469,193
Restricted for Scholarships	165,003
Total Net Position	$ 634,196

See accompanying Notes to Basic Financial Statements.

GARNET VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Custodial Funds
ADDITIONS:	
Receipts From Student Groups	$ 695,094
Local Contributions	90,103
Total Additions	785,197
DEDUCTIONS:	
Student Activity Disbursements	638,759
Scholarships Awarded And Fees Paid	92,232
Total Deductions	730,991
CHANGE IN NET POSITION	54,206
Net Position - Beginning of Year	579,990
NET POSITION - END OF YEAR	$ 634,196

See accompanying Notes to Basic Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE

The Garnet Valley School District (the District) operates three elementary schools, a middle school, and a high school to provide education and related services to the residents in the Townships of Bethel and Concord and the Borough of Chester Heights. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the School Board).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

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

Fund Financial Statements

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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 governmental funds:

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

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

The District also reports the following nonmajor special revenue fund.

The Prison Fund accounts for financial resources restricted to be used to provide education services to juveniles detained at the Delaware County Prison located in Concord Township.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. 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. The District considers federal, state and other grant revenues to be available if they can be used to finance expenditures within the current fiscal period or one year. Deferred inflows of resources are reported in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Funds

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

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

The After School Activities Fund accounts for the revenues and costs of providing after school programs to students.

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

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

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District has two custodial funds consisting of funds held on behalf of the students and the other accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Property Taxes

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

July 1 – August 31	Discount Period, 2% of Gross Levy
September 1 – October 31	Face Period
November 1 to Collection	Penalty Period, 10% of Gross Levy
February 28	Lien Date

The County Board of Assessments determines assessed valuations of property, and the District's taxes are billed and collected by local elected tax collectors. The tax on real estate for public school purposes for fiscal 2024-2025 was 19.4224 mills ($19.42 for $1,000 of assessed valuation) for Chester Heights Borough and Concord Township and 19.6377 mills ($19.64 for $1,000 of assessed valuation) for Bethel Township (includes additional levy for the sponsorship of the Delaware County Community College). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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

Installment One	October 31
Installment Two	November 30
Installment Three	December 31

The discount (2%) is not applicable to installment payments; however, the penalty (10%) will be added if second and third installments are paid subsequent to the due dates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items and Inventories

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

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

Unearned Revenues

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

Capital Assets

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

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

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

Property, plant, and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 to 50 Years
Land Improvements	20 Years
Furniture and Equipment	5 to 20 Years

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2025.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscriptions

The District has entered into noncancellable leases and subscriptions. The District recognizes a lease or a subscription liability and an intangible right-to-use lease or subscription asset in the government-wide financial statements.

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

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

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

The lease or subscription term includes the noncancellable period of the lease or subscription. Lease and subscription payments included in the measurement of the lease or subscription liability is comprised of fixed payments.

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

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal, and sick days. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

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

Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. GASB establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

Other Postemployment Benefits (OPEB)

The District's OPEB plans are accounted for under the provisions of GASB establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

PSERS OPEB Plan

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

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

Deferred Outflows for Pension and OPEB

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resources are contributions made to the pension plan subsequent to the measurement date and prior to the District's year-end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resource are contributions or OPEB payments made subsequent to the measurement date and prior to the District's year-end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows for Pension and OPEB

Deferred inflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Fund Equity

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

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

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

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

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

  The School Board has set a policy to maintain an unassigned General Fund fund balance of not less than 5% and a maximum General Fund fund balance of 8% of the following year's expenditure budget. Unassigned General Fund fund balance in excess of 8% of the following year's expenditure budget may be approved by the School Board for nonrecurring expenditures.

Implementation of New Accounting Pronouncements

Effective July 1, 2024, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

The objective of GASB Statement No. 101 is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The effect of the implementation of GASB Statement No. 101 is more fully described in Note 17.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

GASB Statement No. 105, *Subsequent Events*, will be effective for the District for the year ended June 30, 2027. The objective of GASB Statement No. 105 is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

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

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

Excess of Expenditures and Other Financing Uses Over Appropriations

The following General Fund functions and uses incurred expenditures and other financing uses in excess of appropriations in the following amounts for the year ended June 30, 2025:

Special Programs	$ 263,930
Vocational Programs	$ 61,475
Higher Education Programs	$ 12,973
Instructional Staff Services	$ 125,818
Administative Services	$ 406,646
Pupil Health	$ 18,830
Operation and Maintenance of Plant Services	$ 928,673
Support Services - Central	$ 1,005,488
Other Support Services	$ 1,744
Student Activities	$ 80,084
Community Services	$ 7,313
Debt Service	$ 241,549
Transfers Out	$ 2,309,137

NOTE 4 DEPOSITS AND INVESTMENTS

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was $65,365,898 and the bank balance was $65,733,584. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania, or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $5,763,518 was covered by federal depository insurance, and $21,552,762 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that their 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 independent annual audit. As of June 30, 2025, PSDLAF was rated as AAAm by a nationally recognized statistical rating agency

Investments

At June 30, 2025, the District had the following investments:

Investment Type	Fair Value	Due Within One Year
PSDLAF Collateralized Investment Pool	$ 1,500,000	$ 1,500,000

The District holds investments in the PSDLAF external investment pool, which is a qualifying external investment pool under GASB Statement No. 79. All investments in the pool are measured at amortized cost for financial reporting purposes. The pool invests exclusively in high-quality, highly liquid debt securities and monetary investments, commingled from multiple participants. The pool seeks to maintain a stable net asset value (NAV) of $1 per share. As of June 30, 2025, PSDLAF was rated AAAm by S&P Global Ratings. Certificates of deposit are recorded at cost.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District had no investment subject to custodial credit risk as of June 30, 2025.

Interest Rate Risk

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

Credit Risk

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

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized:				
Land	$ 1,641,664	$ -	$ -	$ 1,641,664
Construction In Progress	1,115,856	7,387,321	-	8,503,177
Total Capital Assets, Not Being Depreciated/Amortized	2,757,520	7,387,321	-	10,144,841
Capital Assets, Being Depreciated/Amortized:				
Buildings and Improvements	186,435,393	3,143,355	-	189,578,748
Land Improvements	7,814,172	344,465	-	8,158,637
Furniture and Equipment	11,308,338	1,056,709	1,254,358	11,110,689
Right-to-Use Leased Equipment	492,346	-	-	492,346
Right-to-Use Subscription Assets	305,195	-	116,503	188,692
Total Capital Assets, Being Depreciated/Amortized	206,355,444	4,544,529	1,370,861	209,529,112
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(77,186,415)	(4,893,479)	-	(82,079,894)
Land Improvements	(5,740,856)	(382,616)	-	(6,123,472)
Furniture and Equipment	(6,185,733)	(1,217,923)	(1,229,586)	(6,174,070)
Right-to-Use Leased Equipment	(98,469)	(98,469)	-	(196,938)
Right-to-Use Subscription Assets	(195,125)	(62,897)	(116,503)	(141,519)
Total Accumulated Depreciation/Amortization	(89,406,598)	(6,655,384)	(1,346,089)	(94,715,893)
Total Capital Assets, Being Depreciated/Amortized, Net	116,948,846	(2,110,855)	24,772	114,813,219
Governmental Activities, Net	$ 119,706,366	$ 5,276,466	$ 24,772	$ 124,958,060
Business-Type Activities:				
Machinery and Equipment	$ 261,076	$ -	$ -	$ 261,076
Less: Accumulated Depreciation	(255,357)	(1,386)	-	(256,743)
Business-Type Activities, Net	$ 5,719	$ (1,386)	$ -	$ 4,333

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
Instruction	$ 4,130,295
Instructional Student Support	367,976
Administrative and Financial Support Services	627,464
Operation and Maintenance of Plan Services	1,168,003
Pupil Transportation	229,699
Student Activities	131,947
Total Depreciation/Amortization Expense - Governmental Activities	$ 6,655,384
Business-Type Activities:	
Food Service	$ 1,386

As of June 30, 2025, the District had outstanding construction projects to be completed totaling $34,272,085.

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
General Fund	$ 350,189	Food Service Fund	$ 350,189
Capital Projects Fund	2,988,380	General Fund	2,988,380
Prison Fund	5,864	General Fund	5,864
General Fund	363,507	After School Activities Fund	363,507
Total	$ 3,707,940	Total	$ 3,707,940

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

A summary of interfund transfers for the year ended June 30, 2025, is as follows:

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	$ 2,981,373	General Fund	$ 2,981,373
Food Service Fund	62,406	General Fund	62,406
Total	$ 3,043,779	Total	$ 3,043,779

Transfers from the General Fund to the Capital Projects Fund represent transfers to subsidize costs associated with the acquisition of capital assets, while transfers from the General Fund to the Food Service Fund represents transfers to subsidize costs associated with operations.

NOTE 7 NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2025:

	Beginning of Year (Restated)	Additions	Deletions	Balance End ofYear	Amount Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	$ 78,655,000	$ 8,120,000	$ 6,340,000	$ 80,435,000	$ 6,490,000
Notes Payable	6,483,000	-	1,964,000	4,519,000	1,683,000
Bond Premiums	5,797,996	643,476	733,301	5,708,171	-
Total General Obligation Debt	90,935,996	8,763,476	9,037,301	90,662,171	8,173,000
Other Noncurrent Liabilities:					
Compensated Absences	2,771,777	1,490,033	-	4,261,810	2,379,537
Notes Payable - Financed Purchases	2,288,187	623,137	386,842	2,524,482	710,798
Right-to-Use Leases Payable	402,349	-	94,047	308,302	98,279
Right-to-Use Subscriptions Payable	112,980	-	66,505	46,475	46,475
OPEB Liability	2,143,786	-	74,272	2,069,514	256,497
Net OPEB Liability - PSERS	6,270,844	-	364,883	5,905,961	-
Net Pension Liability - PSERS	154,524,940	-	14,918,897	139,606,043	-
Total Other Noncurrent Liabilities	168,514,863	2,113,170	15,905,446	154,722,587	3,491,586
Total Governmental Activities	259,450,859	10,876,646	24,942,747	245,384,758	11,664,586
Business-Type Activities:					
Compensated Absences	49,630	2,018	-	51,648	11,380
Net OPEB Liability - PSERS	39,736	-	8,771	30,965	-
Net Pension Liability - PSERS	777,013	-	252,707	524,306	-
Total Business-Type Activities	866,379	2,018	261,478	606,919	11,380
Total Noncurrent Liabilities	$ 260,317,238	$ 10,878,664	$ 25,204,225	$ 245,991,677	$ 11,675,966

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

The change in the compensated absence liability is presented as a net change.

NOTE 8 GENERAL OBLIGATION DEBT

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

NOTE 8 GENERAL OBLIGATION DEBT (CONTINUED)

General obligation debt outstanding as of June 30, 2025, consisted of the following:

	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds:				
Series of 2016A	2.00% - 4.00 %	$ 16,945,000	04/01/2032	$ 5,095,000
Series of 2016B	2.00% - 4.00 %	$ 6,785,000	04/01/2028	1,910,000
Series of 2017	2.00% - 4.00 %	$ 26,275,000	04/01/2027	11,460,000
Series of 2020	0.70% - 4.00 %	$ 8,935,000	04/01/2040	8,910,000
Series of 2022	2.75% - 4.00 %	$ 9,995,000	04/01/2040	9,980,000
Series of 2023	3.25% - 5.00 %	$ 8,860,000	04/01/2040	8,855,000
Series of 2024	5.00%	$ 26,435,000	04/01/2032	26,110,000
Series of 2024A	3.00% - 5.00%	$ 8,120,000	04/01/2040	8,115,000
Total General Obligation Bonds				80,435,000
General Obligation Notes:				
Series of 2002	2.728%	$ 28,080,000	08/25/2027	2,612,000
Series of 2013	2.071%	$ 7,100,000	02/25/2028	1,591,000
Series of 2021	0.828%	$ 1,250,000	07/25/2025	316,000
Total General Obligation Notes				4,519,000
Total General Obligation Debt				$ 84,954,000

On October 31, 2024, the District issued $8,120,000 of general obligation bonds, Series of 2024A, the proceeds from which are to be used to pay all or a portion of the costs of the design, acquisition, and construction of improvements of and renovations to existing District facilities, and to pay for the costs of issuance (deficit).

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 8,173,000	$ 3,704,918	$ 11,877,918
2027	7,940,000	3,371,086	11,311,086
2028	5,971,000	3,083,153	9,054,153
2029	6,290,000	2,868,113	9,158,113
2030	6,615,000	2,636,700	9,251,700
2031-2035	26,205,000	8,536,375	34,741,375
2036-2040	23,760,000	3,284,800	27,044,800
Total	$ 84,954,000	$ 27,485,145	$ 112,439,145

NOTE 8 GENERAL OBLIGATION DEBT (CONTINUED)

Interest Rate Management Plan

The General Obligation Notes of the District have been issued to the Delaware Valley Regional Finance Authority (DVRFA). The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units (participants) for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the District, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans. In order to provide this option to participants, DVRFA has entered into interest rate swap agreements with financial institutions. In the event that the swap agreements between DVRFA and the financial institutions are terminated and the value of the swaps to DVRFA at the time of termination is a liability, the participants are required to pay their proportionate share of the liability. The value of the swap agreements relative to the General Obligation Notes at June 30, 2025, was an asset of $147,954. The value of the swap agreements relative to the District’s General Obligation Notes is not reflected on the District's statement of net position.

NOTE 9 PENSION PLAN

Plan Description

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

NOTE 9 PENSION PLAN (CONTINUED)

Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three 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 1.00% or 2.50%, depending upon membership class, of the member’s final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member’s right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

NOTE 9 PENSION PLAN (CONTINUED)

Contributions

Member Contributions

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

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

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

Employer Contributions

The District’s contractually required contribution rate for fiscal year ended June 30, 2025, was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $18,029,591 for the year ended June 30, 2025.

NOTE 9 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of $140,130,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was 0.3348%, which was a decrease of 0.0143% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of $139,606,043 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining $524,306 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized net pension expense of $10,263,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 2,203,000
Net Difference Between Projected and Actual Investment Earnings	2,320,000	-
Changes in Proportions	-	6,414,000
Contributions Subsequent to the Measurement Date	18,029,591	-
Total	$ 20,349,591	$ 8,617,000

Contributions of $18,029,591 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$ (6,205,000)
2027	1,302,000
2028	(925,000)
2029	(469,000)
Total	$ (6,297,000)

NOTE 9 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal - Level percentage of pay.
Investment Return	7.00%, included inflation at 2.50%.
Salary Growth	Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
Mortality	Rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
Discount Rate	7.00% as of June 30, 2023, and as of June 30, 2024.

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021, actuarial valuation:

Salary Growth Rate	Decreased from 5.00% to 4.50%.
Real Wage Growth	Decreased from 2.75% and 2.25%.
Merit or Seniority Increases	Decreased from 2.50% and 2.00%.
Mortality	Rates previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021, actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

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

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

NOTE 9 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation Percent	Long-Term Expected Real Rate of Return
Global Public Equity	30.00 %	4.80 %
Private Equity	12.00	6.70
Fixed Income	33.50	3.90
Commodities	5.00	2.50
Infrastructure/MLPs	10.00	6.40
Real Estate	9.50	5.90
Total	100.00 %	

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	$ 184,594,391	$ 140,130,349	$ 102,583,614

NOTE 9 PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2023:

Active Participants	731
Vested Former Participants	-
Retired Participants	21
Total	752

Funding Policy

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

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2025. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and by rolling forward the liabilities from the July 1, 2023, actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The total OPEB liability is $2,069,514, all of which is unfunded. As of June 30, 2025, the OPEB liability of $2,069,514 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Liability (Continued)

The District's change in its OPEB liability for the year ended June 30, 2025, was as follows:

Balances - Beginning of Year	$ 2,143,786
Changes for the Year:	
Service Cost	81,540
Interest on Total OPEB Liability	86,447
Changes in Assumptions	1,727
Benefit Payments	(243,986)
Net Changes	(74,272)
Balances - End of Year	$ 2,069,514

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

For the year ended June 30, 2025, the District recognized OPEB expense of $99,461. At June 30, 2025, the District reported deferred inflows of resources and deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 265,548	$ -
Changes of Assumptions	876,446	420,817
Contributions Subsequent to the Measurement Date	256,497	-
Total	$ 1,398,491	$ 420,817

Contributions of $256,497 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ 81,513
2027	81,513
2028	81,513
2029	81,513
2030	81,513
Thereafter	313,612
Total	$ 721,177

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

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

The following presents the OPEB liability for June 30, 2025, calculated using current healthcare cost trends as well as what the OPEB liability would be if it health cost trends were 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
OPEB Liability	$ 1,881,667	$ 2,069,514	$ 2,286,638

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 4.29%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (3.29%) or 1-percentage point higher (5.29%) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
OPEB Liability	$ 2,206,071	$ 2,069,514	$ 1,941,458

Actuarial Methods and Significant Assumptions

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

Actuarial Cost Method	Entry-Age Normal
Discount Rate	4.29% - 20-year high-grade municipal bond rate. The discount rate changed from 4.13% to 4.29%
Salary Growth	Salary increases are composed of inflation of 2.50%, 1.50% for real wage growth and 0.00% to 2.75% for merit or seniority increases for administrators and teachers.
Assumed Healthcare Cost Trends	7.00% in 2024 with 0.50% decrease per year until 5.50% in 2027, gradually decreasing to 4.00% in 2075.
Mortality	PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for administrators and all other employees.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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

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

- Have 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.

For Class DC members to become eligible for health insurance 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.

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.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $345,038 for the year ended June 30, 2025.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

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 $5,936,926 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023, to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.3342%, which was a decrease of 0.0146% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net OPEB liability of $5,905,961 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and the remaining $30,965 of the net OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized net OPEB expense of $159,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 23,000	$ 89,000
Changes of Assumptions	362,000	907,000
Net Difference Between Projected and Actual Investment Earnings	6,000	-
Changes in Proportions	33,000	394,000
Contributions Subsequent to the Measurement Date	345,038	-
Total	$ 769,038	$ 1,390,000

Contributions of $345,038 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	$ (218,000)
2027	(278,000)
2028	(300,000)
2029	(104,000)
2030	(66,000)
Total	$ (966,000)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2024, was determined by rolling forward the PSERS' 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.
Discount Rate	4.21% - Standard & Poor's 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 capped at $1,200 per year.
Assumed Healthcare Cost Trends	Applied to retirees with less than $1,200 in premium assistance per year.
Mortality	Based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method: Amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

Actuarial Assumptions (Continued)

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

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

OPEB - Asset Class	Target Allocation Percent	Long-Term Expected Real Rate of Return
Cash	100.00 %	1.70 %

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

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

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
OPEB Liability	$ 5,936,401	$ 5,936,926	$ 5,937,350

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 1-percentage-point lower (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
OPEB Liability	$ 6,706,923	$ 5,936,926	$ 5,292,090

OPEB Plan Fiduciary Net Position

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

NOTE 11 RIGHT-TO-USE LEASES PAYABLE

The District has entered into a long-term lease agreement for copiers. An Initial lease liability was recorded in the amount of $492,346. As of June 30, 2025, the value of the lease liability was $308,302. The lease has an interest rate of 4.50% and has useful lives of 5 years as of their contract commencement. The net book value of the lease as of June 30, 2025, is $295,408, net of accumulated amortization of $196,938, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum lease payments under this lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 98,279	$ 13,874	$ 112,153
2027	102,701	9,452	112,153
2028	107,322	4,831	112,153
Total	$ 308,302	$ 28,157	$ 336,459

NOTE 12 RIGHT-TO-USE SUBSCRIPTION PAYABLE

The District has entered into a long-term subscription agreement for a subscription-based information technology arrangement. An Initial subscription liability was recorded in the amount of $188,692. As of June 30, 2025, the value of the subscription liability is $46,475. The subscription has an interest rate of 4.25% and an estimated useful life of 3 years as of the contract commencement. The net book value of the intangible right-to-use subscription asset as of June 30, 2025, is $47,173, net of accumulated amortization of $141,519, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum payments under these subscriptions are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 46,475	$ 1,481	$ 47,956

NOTE 13 NOTES PAYABLE - FINANCED PURCHASES

The District has entered into long-term notes payable for buses, technology infrastructure, and technology equipment. Initial liabilities were recorded in the amount of $3,361,123. As of June 30, 2025, the value of the note payable liabilities is $2,524,482. The note payables have interest rates ranging from 1.55% to 4.95% and estimated useful lives of 5 to 8 years as of their acquisition. The net book value of the capital assets as of June 30, 2025 is $2,025,715, net of accumulated depreciation of $1,704,025, and is included with noncurrent assets on the statement of net position (deficit).

NOTE 13 NOTES PAYABLE - FINANCED PURCHASES (CONTINUED)

Future minimum payments under these notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 710,798	$ 58,585	$ 769,383
2027	890,610	42,407	933,017
2028	761,750	20,334	782,084
2029	161,324	7,983	169,307
Total	$ 2,524,482	$ 129,309	$ 2,653,791

NOTE 14 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Delaware County Vocational Technical School and Delaware Vocational Technical School Authority

The District and the other fourteen Delaware County school districts participate in the Delaware County Vocational Technical School (the DCVTS). The DCVTS provides vocational-technical training and education to students of the participating school districts. The DCVTS is controlled by a joint Board comprised of representative school board members of the participating school districts. District oversight of the DCVTS operations is the responsibility of the joint board. The District’s share of operating costs for the DCVTS fluctuates based on the District's percentage of enrollment. The District’s share of operating costs for 2024-2025 was $623,447.

The District and the other fourteen Delaware County school districts also participate in a joint venture for the operation of the Delaware County Vocational-Technical School Authority (the DCVTSA). The DCVTSA oversees acquiring holding, constructing, improving and maintaining the DCVTSA school buildings. The DCVTSA is controlled by a joint board comprised of representative school board members of the participating school districts in the DCVTS. During 2024-2025, the District did not have any financial transactions with the DCVTSA.

Both the DCVTS and the DCVTSA prepare financial statements that are available to the public from their administrative offices located at 200 Yale Avenue, Morton, Pennsylvania 19070.

NOTE 14 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Delaware County Community College

The District and twelve other Delaware County schools sponsor the Delaware County Community College (the DCCC). Only residents of Bethel Township participate in this joint venture within the District. The DCCC provides higher education programs to the residents of southeastern Pennsylvania. Sponsoring school districts pay a share of the DCCC's operating and debt service costs which fluctuate based on each District's certified market values and in return residents of each of the sponsoring school districts pay a reduced cost to participate in DCCC higher education programs. The sponsoring school districts have entered into a long-term lease agreement with the DCCC to provide rental payments sufficient to retire the DCCC’s outstanding debt obligations. The lease agreement expires in 2048-2049 unless the debt is retired earlier. The District's share of operating costs and rent expense for 2024-2025 was $210,685.

The District's future estimated annual lease payments to the DCCC are as follows:

Year Ending June 30,	Amount
2026	$ 91,363
2027	91,279
2028	91,295
2029	91,308
2030	91,200
2031-2035	380,699
2036-2040	203,027
2041-2045	180,830
2046-2049	78,588
Total	$ 1,299,589

The DCCC prepares financial statements that are available to the public from their administrative offices located at 901 South Media Line Road, Media, Pennsylvania 19063.

Delaware County Intermediate Unit

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit (the DCIU). The DCIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the DCIU but the participating districts have no ongoing fiduciary interest or responsibility to the DCIU. The DCIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and state and federal liaison services.

NOTE 15 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

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

NOTE 16 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 including workers compensation. 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.

The District participates in a consortium with the Delaware County Intermediate Unit to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses, and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2025. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2025 and 2024:

	2025	2024
Insurance Claims Liability - Beginning of Year	$ 705,565	$ 620,423
Current Year Insurance Claims and Changes in Estimates	10,537,837	7,896,380
Insurance Claims Paid	(10,447,580)	(7,811,238)
Insurance Claims Liability - End of Year	$ 795,822	$ 705,565

NOTE 17 RESTATEMENT OF BEGINNING NET POSITION

Effective July 1, 2024, the District implemented GASB Statement No. 101, Compensated Absences. As a result of the implementation of GASB Statement No. 101, the compensated absences liability as of July 1, 2024 was understated in the business-type activities and Food Service Fund. The effect of the change in accounting principle and the resulting restatement of net position is as follows.

	Busniess-Type Activites	Food Service Fund
July 1, 2024 as previously reported	$ (27,645)	$ (117,619)
Change in accounting principle	(49,630)	(49,630)
July 1, 2024 as restated	$ (77,275)	$ (167,249)

NOTE 18 SUBSEQUENT EVENTS

On December 11, 2025, the District issued general obligation bonds, Series of 2025, in the amount of $8,630,000, the proceeds from which will be used for (1) to pay all or a portion of the costs of the design, acquisition, and construction of improvements and renovations to existing facilities of the District and (2) pay for the costs of issuance.

REQUIRED SUPPLEMENTARY INFORMATION

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local Sources	$ 98,803,355	$ 98,803,355	$ 100,922,946	$ 2,119,591
State Sources	24,161,504	24,161,504	23,869,456	(292,048)
Federal Sources	1,741,000	1,741,000	2,050,893	309,893
Total Revenues	124,705,859	124,705,859	126,843,295	2,137,436
EXPENDITURES				
Instruction:				
Regular Programs	57,087,909	57,092,070	53,784,739	3,307,331
Special Programs	21,297,419	21,305,097	21,569,027	(263,930)
Vocational Programs	561,972	561,972	623,447	(61,475)
Other Instructional Programs	6,000	6,000	448	5,552
Higher Education Programs	197,712	197,712	210,685	(12,973)
Total Instruction	79,151,012	79,162,851	76,188,346	2,974,505
Support Services:				
Pupil Support Services	3,533,197	3,532,997	3,532,841	156
Instructional Staff Services	2,379,741	2,374,242	2,500,060	(125,818)
Administrative Services	6,404,142	6,400,711	6,807,357	(406,646)
Pupil Health	819,814	819,814	838,644	(18,830)
Business Services	1,399,594	1,399,594	1,300,707	98,887
Operation and Maintenance of Plant Services	7,176,854	7,176,855	8,105,528	(928,673)
Student Transportation Services	6,206,958	6,206,958	4,291,351	1,915,607
Support Services - Central	2,324,921	2,324,921	3,330,409	(1,005,488)
Other Support Services	86,000	86,000	87,744	(1,744)
Total Support Services	30,331,221	30,322,092	30,794,641	(472,549)
Operation of Noninstructional Services:				
Student Activities	2,386,595	2,383,885	2,463,969	(80,084)
Community Services	-	-	7,313	(7,313)
Total Operation of Noninstructional Services	2,386,595	2,383,885	2,471,282	(87,397)
Debt Service	12,357,944	12,357,944	12,599,493	(241,549)
Total Expenditures	124,226,772	124,226,772	122,053,762	2,173,010
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	479,087	479,087	4,789,533	4,310,446
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	5,000	5,000	4,729	(271)
Insurance Recoveries	-	-	86,887	86,887
Transfers Out	(734,642)	(734,642)	(3,043,779)	(2,309,137)
Budgetary Reserve	(99,445)	(99,445)	-	99,445
Total Other Financing Sources (Uses)	(829,087)	(829,087)	(2,952,163)	(2,123,076)
NET CHANGE IN FUND BALANCE	$ (350,000)	$ (350,000)	1,837,370	$ 2,187,370
Fund Balance - Beginning of Year			16,573,619	
FUND BALANCE - END OF YEAR			$ 18,410,989	

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PSERS
LAST TEN FISCAL YEARS

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.3348 %	0.3491 %	0.3567 %	0.3576 %	0.3607 %	0.3616 %	0.3508 %	0.3480 %	0.3530 %	0.3434 %
District's Proportionate Share of the Pension Liability	$ 140,130,349	$ 155,301,953	$ 158,584,261	$ 146,818,866	$ 177,605,131	$ 169,165,911	$ 168,401,417	$ 171,872,000	$ 174,936,000	$ 148,744,000
District's Covered-Employee Payroll	$ 53,052,236	$ 53,438,496	$ 52,384,686	$ 50,713,752	$ 50,652,212	$ 49,874,526	$ 47,241,524	$ 46,327,119	$ 45,722,415	$ 44,182,270
District's Proportionate Share of the Pension Liability as a Percentage of its Covered-Employee Payroll	264.14 %	290.62 %	302.73 %	289.51 %	350.64 %	339.18 %	356.47 %	371.00 %	382.60 %	336.66 %
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 %	52.00 %	50.00 %	54.00 %

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
PSERS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 18,029,591	$ 17,590,903	$ 18,279,098	$ 17,782,955	$ 16,994,326	$ 16,849,832	$ 16,193,301	$ 14,886,000	$ 13,311,000	$ 11,230,000
Contributions in Relation to the Contractually Required Contribution	18,029,591	17,590,903	18,279,098	17,782,955	16,994,326	16,849,832	16,203,523	14,865,624	13,465,527	11,256,749
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (10,222)	$ 20,376	$ (154,527)	$ (26,749)
District's Covered-Employee Payroll	$ 54,767,895	$ 53,052,236	$ 53,438,496	$ 52,384,686	$ 50,713,752	$ 50,652,212	$ 49,874,526	$ 47,241,524	$ 46,327,119	$ 45,722,215
Contributions as a Percentage of Covered-Employee Payroll	32.92 %	33.36 %	34.21 %	33.95 %	33.51 %	33.27 %	32.49 %	31.47 %	29.07 %	24.62 %

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY
SINGLE EMPLOYER PLAN
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 81,540	$ 73,578	$ 116,176	$ 11,752	$ 9,555	$ 27,301	$ 18,929	$ 20,497
Interest on Total OPEB Liability	86,447	80,121	59,540	23,596	44,009	42,859	48,895	42,210
Differences Between Expected and Actual Experience	-	161,797	-	185,815	-	73,196	-	-
Changes of Assumptions	1,727	28,260	(547,063)	1,229,136	104,639	(27,632)	10,172	(21,610)
Benefit Payments	(243,986)	(217,791)	(231,461)	(188,834)	(216,633)	(237,961)	(177,531)	(166,696)
Net Change in Total OPEB Liability	(74,272)	125,965	(602,808)	1,261,465	(58,430)	(122,237)	(99,535)	(125,599)
Total OPEB Liability - Beginning	2,143,786	2,017,821	2,620,629	1,359,164	1,417,594	1,539,831	1,639,366	1,764,965
Total OPEB Liability - Ending	$ 2,069,514	$ 2,143,786	$ 2,017,821	$ 2,620,629	$ 1,359,164	$ 1,417,594	$ 1,539,831	$ 1,639,366
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 Payroll	$ 48,760,964	$ 48,760,964	$ 48,620,655	$ 48,620,655	$ 239,862	$ 239,862	$ 867,846	$ 867,846
Net OPEB Liability as a Percentage of Covered Payroll	4.24 %	4.40 %	4.15 %	5.39 %	566.64 %	591.00 %	177.43 %	188.90 %

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay benefits.

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

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PSERS
LAST EIGHT YEARS

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the NetOPEB Liability	0.3342 %	0.3488 %	0.3563 %	0.3577 %	0.3609 %	0.3616 %	0.3508 %	0.3480 %
District's Proportionate Share of the Net OPEB Liability	$ 5,936,926	$ 6,310,580	$ 6,558,667	$ 8,477,787	$ 7,797,955	$ 7,690,661	$ 7,314,001	$ 7,090,000
District's Covered-Employee Payroll	$ 53,052,238	$ 53,438,496	$ 52,384,686	$ 50,713,752	$ 50,652,212	$ 49,874,526	$ 47,241,524	$ 46,327,119
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	11.19 %	11.81 %	12.52 %	16.72 %	15.40 %	15.42 %	15.48 %	15.30 %
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	7.13 %	7.22 %	6.86 %	5.30 %	5.69 %	5.56 %	5.56 %	6.00 %

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

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS
PSERS
LAST NINE FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 345,038	$ 337,475	$ 398,881	$ 416,062	$ 416,238	$ 424,862	$ 414,289	$ 392,000	$ 385,000
Contributions in Relation to the Contractually Required Contribution	345,038	337,475	398,881	416,062	416,238	424,862	412,544	388,736	382,753
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,745	$ 3,264	$ 2,247
District's Covered-Employee Payroll	$ 54,767,895	$ 53,052,238	$ 52,438,496	$ 52,384,686	$ 50,713,752	$ 50,652,212	$ 49,874,526	$ 47,241,524	$ 46,327,119
Contributions as a Percentage of Covered-Employee Payroll	0.63 %	0.64 %	0.76 %	0.79 %	0.82 %	0.84 %	0.83 %	0.83 %	0.83 %

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

SINGLE AUDIT

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-240161	07/01/23 - 09/30/24	$ 142,418	$ 65,495	$ 35,530	$ 29,965	$ 29,965	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-250161	07/01/24 - 09/30/25	131,806	84,831	-	113,523	113,523	28,692	-
Total ALN #84.010						150,326	35,530	143,488	143,488	28,692	-
Title II - Improving Teacher Quality	I	84.367	020-240161	07/01/23 - 09/30/24	65,541	21,844	33,398	-	-	11,554	-
Title II - Improving Teacher Quality	I	84.367	020-250161	07/01/24 - 09/30/25	55,410	19,667	-	33,370	33,370	13,703	-
Total ALN #84.367						41,511	33,398	33,370	33,370	25,257	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-240161	07/01/23 - 09/30/24	10,000	-	(2,925)	2,925	2,925	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-250161	07/01/24 - 09/30/25	10,725	10,725	-	7,012	7,012	(3,713)	-
Total ALN #84.424						10,725	(2,925)	9,937	9,937	(3,713)	-
COVID-19 - ARP ESSER 7%	I	84.425U	225-210161	03/13/21 - 09/30/25	73,589	52,181	51,539	642	642	-	-
COVID-19 - ARP ESSER Homeless Children and Youth	I	84.425W	181-212160	07/01/22 - 09/30/25	7,028	3,784	(2,889)	6,673	6,673	-	-
COVID-19 - ARP ESSER	I	84.425U	223-210161	03/13/21 - 09/30/25	946,831	103,291	53,076	50,215	50,215	-	-
Total ALN #84.425						159,256	101,726	57,530	57,530	-	-
Passed Through the Delaware County I.U.											
I.D.E.A. - Part B, Section 619	I	84.173	131-240013	07/01/24 - 06/30/25	3,300	3,300	-	3,300	3,300	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-230013	07/01/22 - 09/30/24	986,226	79,397	24,549	54,848	54,848	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-240013	07/01/23 - 09/30/25	1,057,791	159,258	-	159,258	159,258	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-250013	07/01/24 - 09/30/26	995,092	868,138	-	930,044	930,044	61,906	-
Total ALN #84.027						1,106,793	24,549	1,144,150	1,144,150	61,906	-
Total U.S. Department of Education						1,471,911	192,278	1,391,775	1,391,775	112,142	-
U.S. Department of Treasury											
Passed Through the Pennsylvania Commision on Crime and Delinquency											
COVID-19 State and Local Fiscal Recovery Funds	I	21.027	2023-CM-01-42270	08/01/24 - 06/30/26	154,230	53,016	-	154,230	154,230	101,214	-
Total U.S. Department of Treasury						53,016	-	154,230	154,230	101,214	-

GARNET VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
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 (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Health and Social Services											
Passed-Through the Pennsylvania Department of Human Services											
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	4,888	-	4,888	4,888	-	-
Total U.S. Department of Health and Social Services						4,888	-	4,888	4,888	-	-
U.S. Department of Agriculture											
Passed Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	6,899	6,899	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	29,648	-	35,070	35,070	5,422	-
Total ALN #10.553						36,547	6,899	35,070	35,070	5,422	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	40,288	40,288	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	189,251	-	223,084	223,084	33,833	-
U.S. Department of Agriculture (Continued)											
Passed Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	82,963	-	82,963	82,963	-	-
Total ALN #10.555						312,502	40,288	306,047	306,047	33,833	-
Total U.S. Department of Agriculture						349,049	47,187	341,117	341,117	39,255	-
Total Federal Awards						$ 1,878,864	$ 239,465	$ 1,892,010	$ 1,892,010	$ 252,611	$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						$ 1,110,093	$ 24,549	$ 1,147,450	$ 1,147,450	$ 61,906	$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						$ 349,049	$ 47,187	$ 341,117	$ 341,117	$ 39,255	$ -
Medicaid Cluster (ALN #93.778)						$ 4,888	$ -	$ 4,888	$ 4,888	$ -	$ -

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

NOTE 1 NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Garnet Valley School District (the District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE 3 NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the Schedule under Assistance Listing Number 10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent federal surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE 4 ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025, was $500,000.

NOTE 5 INDIRECT COSTS

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

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

Board of School Directors
Garnet Valley School District
Glen Mills, 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 Garnet Valley School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Garnet Valley School District's basic financial statements, and have issued our report thereon dated July 31, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Board of School Directors
Garnet Valley School District

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
July 31, 2025

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

Board of School Directors
Garnet Valley School District
Glen Mills, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Garnet Valley School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Garnet Valley School District's major federal programs for the year ended June 30, 2025. Garnet Valley School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Garnet Valley School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Garnet Valley School District's compliance with the requirements of each 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 Garnet Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Garnet Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Garnet Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Garnet Valley School District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Garnet Valley School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of School Directors
Garnet Valley School District

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Garnet Valley School District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Garnet Valley School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
July 31, 2025

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

• Material weakness(es) identified?	______	yes	X	no
• Significant deficiency(ies) identified?	______	yes	X	none reported

3. Noncompliance material to basic financial statements noted? ______ yes __X__ no

Federal Awards

1. Internal control over major federal programs:

• Material weakness(es) identified?	______	yes	X	no
• Significant deficiency(ies) identified?	X	yes	______	none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __X__ yes ______ no

Identification of Major Federal Programs

Assistance Listing Number	Name of Federal Program or Cluster
Special Education Cluster	
84.027	Special Education Grants to States (IDEA Part B, Section 611)
84.173	Special Education Preschool Grants (IDEA Part B, Section 619)

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? __X__ yes ______ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

Reference Number:	2025-001
Federal Agency:	U.S. Department of Education
Federal Program Name:	Special Education Cluster
Assistance Listing Numbers:	84.027 and 84.173
Pass-Through Agency:	Delaware County Intermediate Unit
Award Period:	July 1, 2024 through September 30, 2026
Compliance Requirement:	Level of Effort
Type of Finding:	Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria:
The Local Educational Agency (LEA) is required to budget at least the level of state and local expenditures necessary to satisfy the Individuals with Disabilities Education Act (IDEA) maintenance of effort requirements for the fiscal year for which federal funds are requested.

Condition:
The District did not budget sufficient state and local expenditures in the special programs function to meet the applicable maintenance of effort requirement when establishing its budgeted allocations, as the planned per-pupil amounts were below required thresholds and were reduced from the prior year. However, actual expenditures incurred during the year ultimately met or exceeded the required per-pupil levels.

Question Costs:
None.

Cause:
The District intentionally lowered its budget in the special programs function due to staff turnover resulting in lower costs to provide equivalent services.

Effect:
The District did not comply with the IDEA maintenance of effort requirements. As a result, the District may be subject to corrective action or other remedies as determined by the Pennsylvania Department of Education and the U.S. Department of Education.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
The District should strengthen its budget development and review procedures to ensure maintenance of effort requirements are evaluated and documented at the time of the grant allocation. This includes implementing review controls to verify that budgeted per-pupil amounts meet required thresholds prior to approval. Alternatively, we recommend that the District attempt to obtain a waiver with the grantor agency if anticipated budgeted expenditures/expenses will not meet the maintenance of effort compliance requirements.

View of Responsible Officials:
The District made a one-time adjustment to the special programs budget during the fiscal year and ultimately met all maintenance of effort expenditure compliance requirements. Because the issue was limited to the initial budgeting process and did not impact actual compliance with spending requirements, management believes this was an isolated occurrence that is not expected to recur.