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**AVON GROVE SCHOOL DISTRICT  
WEST GROVE, PENNSYLVANIA**

**AUDIT REPORT**

**JUNE 30, 2024**

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AVON GROVE SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

November 4, 2024

Members of the Board  
Avon Grove School District  
West Grove, 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 the Avon Grove School District ("the District"), West Grove, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Members of the Board  
Avon Grove School District

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.

#### Report on Summarized Comparative Information

We have previously audited the District's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, and schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability - single employer plan on pages 67 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

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

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

Members of the Board  
Avon Grove School District

accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

Management's Discussion & Analysis ("MD&A") for the Avon Grove School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of the MD&A is to look at the financial performance of the organization as a whole. Readers should review the basic financial statements and corresponding notes to the financial statements to enhance their understanding of the District's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **SCHOOL DISTRICT**

The District is a public school district in Chester County, Pennsylvania organized under the Public School Code of Pennsylvania. The District provides educational programs from kindergarten through twelfth grade to students who are residents of the District and non-residents on a tuition basis. The District maintains four school buildings under the following grade structure: K-1, 2-5, 6-8, and 9-12.

### **MISSION STATEMENT**

The purpose of the District is to foster a learning environment for all students to be exceptionally well-prepared to succeed and lead full and meaningful lives.

### **SCHOOL DISTRICT FINANCIAL HISTORY**

The District and its predecessors have never defaulted on the payment of lease rentals or debt service. The status of the District's present indebtedness is shown in the Debt Administration section on page 18.

### **FUTURE FINANCING**

The District did not issue any new general obligation bonds or debt in the 2023-2024 fiscal year, and does not anticipate any significant borrowings in the near future.

### **FINANCIAL HIGHLIGHTS**

During 2023-2024, the District operated the second school year in the new high school facility, and the first year in the newly renovated former high school building, now repurposed as a grade 6 - 8 middle school. The new high school facility opened in September 2022, with ongoing exterior projects and

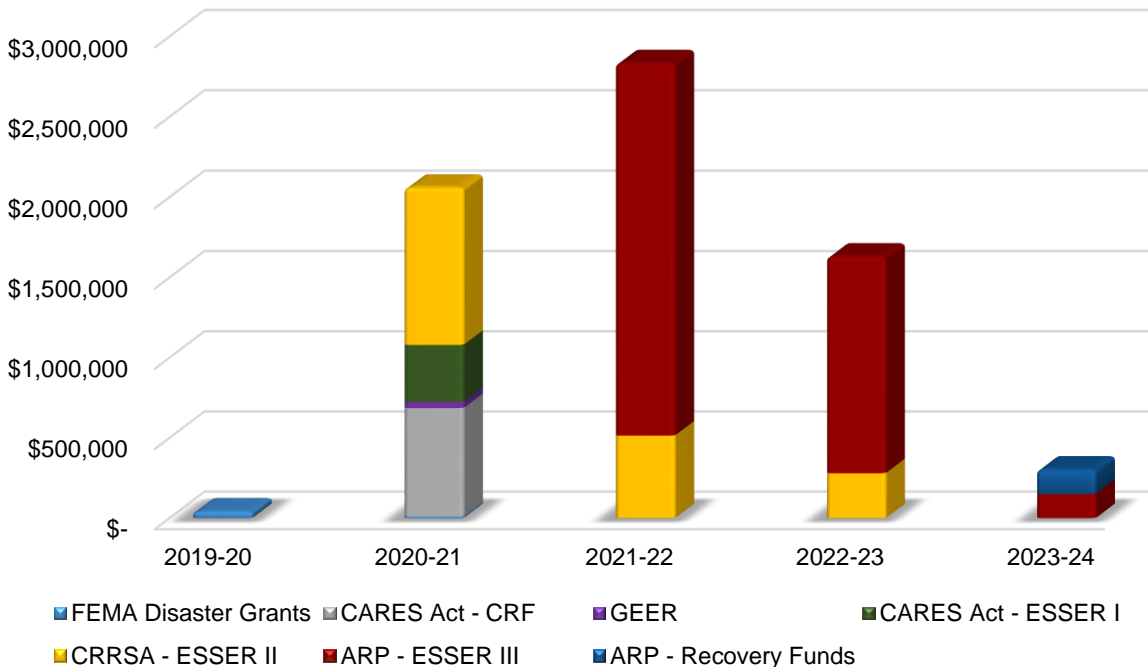


**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

punch list items lasting through most of the year. The construction phase of the renovation project began in the summer of 2022, with the building re-opening for school in August 2023. Construction costs for the middle school renovation (placed into service before June 30, 2024) totaled \$17,803,834, including amounts spent in prior years. Architectural, engineering, and project management services totaled \$1,788,783. In addition, the District spent \$229,642 on new student furniture, appliances, and other equipment to outfit the new middle school.

With the renovation project substantially completed, the District turned its attention to other facilities-related projects during 2023-2024. In June 2024, the District began a \$2,321,000 roofing project at Avon Grove Intermediate School, slated for completion before opening school in August 2024. The District also began installing a new turf field at Avon Grove High School, with expected costs totaling approximately \$1,513,310, and a building-wide replacement of exterior windows at Penn London Elementary School, with anticipated costs totaling \$291,480. In total, the District spent \$1,543,719 on these three major projects through June 2024.

Instructionally, federal spending declined significantly from the prior year as the District's COVID-related federal funds drew to a close. COVID-related grant spending peaked in 2021-2022 at \$2,834,452, mostly from the ARP ESSER III grant, and declined to \$1,631,747 in 2022-2023. Total grant spending from COVID-related sources was \$303,812 in 2023-2024, and will further decline in 2024-2025 as the grants expire or are fully drawn down. A summary of COVID-related grant spending by year and by source follows.



**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

Overall, the District ended the 2023-2024 fiscal year with a \$8,581,858 increase in overall net position. The District's net deficit totaled \$38,521,910 at June 30, 2024. The District's General Fund ended the 2023-2024 fiscal year with no change in fund balance. Preliminarily, the General Fund yielded a surplus of \$5,470,705, however, the District elected to transfer the full amount of the surplus to the Capital Projects Fund for future facility projects. Table A-5 will provide more detail to the General Fund budget vs. actual variances. The Capital Projects Fund realized an increase in fund balance of \$1,939,287, primarily due to the year-end transfer from the General Fund. The Food Service Fund realized an increase in net position of \$301,826 due to additional funding provided from the Commonwealth of Pennsylvania for a universal free breakfast program, and from cost savings due to vacancies and other efficiencies.

The 2024-2025 budget approved in June 2024 included the appropriation of \$7,006,999 of fund balance, which has been included as a portion of the assigned fund balance. Other assigned fund balance amounts include a reserve for future capital projects (\$7,000,000), future losses from real estate tax appeals (\$1,500,000) and future increases in special education and pupil service costs (\$1,000,000). The General Fund reported a positive total fund balance at June 30, 2024 of \$31,065,668. The Capital Projects Fund reported a positive total fund balance of \$9,816,266, of which \$2,279 is non-spendable and relates to prepaid expenditures, and \$9,813,987 is restricted for capital projects and arbitrage rebates.

## **FINANCIAL STATEMENTS**

The financial statements consist of three parts: Management Discussion and Analysis (this section), the basic financial statements, and required supplementary information ("RSI"). The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For the District, this is the Food Service Fund and the Internal Service Fund.
- Custodial fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

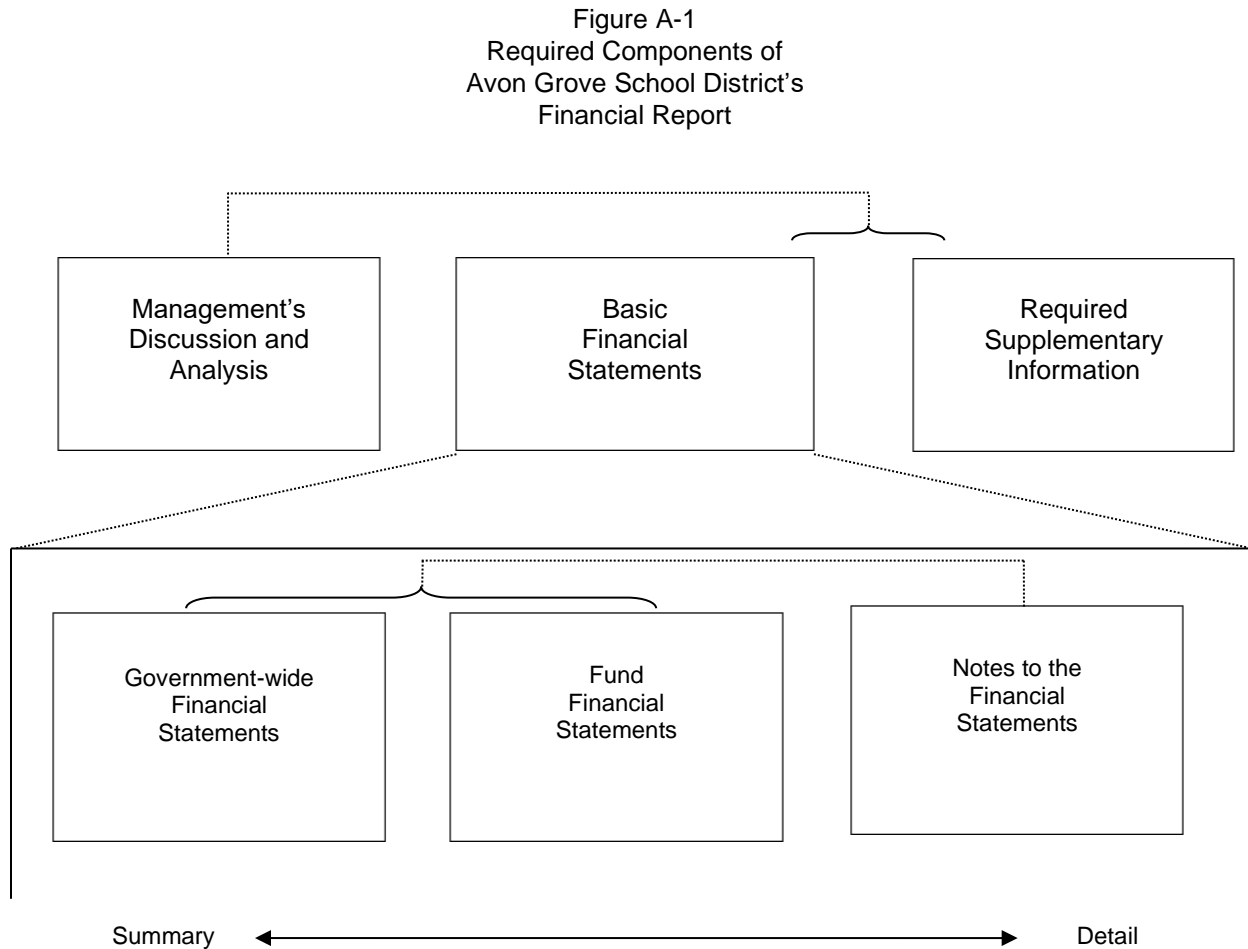


Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

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

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

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Impact of GASB Statement No. 68, 71, and 75**

During the 2014-2015 year, the District implemented Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68." During the 2017-2018 fiscal year, the District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension and other postemployment benefit information reported by state and local governments (e.g. school districts).

The adoption of these statements has had, and will continue to have, a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension and OPEB plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the work force.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments. Similarly, the net OPEB liability is the difference between the market value of OPEB fund assets and the actuarial present value of the projected retiree healthcare benefits as of a specified measurement date.

While both the net pension liability and the net OPEB liability are significant to the District's financial statements, they are liabilities the District has limited control over. Over the last thirteen years, the PSERS employer contribution rate has risen significantly, from 5.6 percent in 2010-2011 to 34.0 percent in 2023-2024. (The 2023-2024 contribution rate declined 1.26% from 35.26% in 2022-2023; this was the first rate decrease in over a decade.) In addition, the benefits paid by the District to eligible retirees for retiree healthcare benefits are governed by the collective bargaining agreements and contracts in effect at the time of a given retiree's retirement; until these individuals receive their full benefits and future bargaining agreements and contracts are modified, the District will have very limited control over the value of its net OPEB liability.

**Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

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

- Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, readers should consider additional factors in conjunction with the information provided in the financial statements, such as changes in the level of funding provided by the Commonwealth, increases in the required PSERS contribution rate, and the projected enrollment of the students.

The government-wide financial statements of the District are divided into two categories:

- *Governmental Activities* – All of the District's basic services are included here, such as instruction, administration, and community services. Local tax revenue and state subsidies finance most of these activities.
- *Business-type Activities* – The District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

#### **Fund Financial Statements**

The District's fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Some funds are required by state law and by bond requirements.

- *Governmental funds* – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary funds* – These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The District also operates an Internal Service Fund which reflects medical premiums and claims of the District's employees.

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

- *Custodial funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

A comparative analysis of fiscal years 2023-2024 and 2022-2023 follows:

**Table A-1  
STATEMENT OF NET POSITION  
Fiscal Years Ended June 30, 2024 and June 30, 2023**

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
<b>ASSETS:</b>				
Current and other assets	\$ 61,376,624	\$ 2,078,455	\$ 63,455,079	\$ 63,805,695
Capital assets	158,115,717	258,615	158,374,332	158,735,174
<b>TOTAL ASSETS</b>	<b>219,492,341</b>	<b>2,337,070</b>	<b>221,829,411</b>	<b>222,540,869</b>
Deferred Outflows of Resources	23,424,169	366,788	23,790,957	22,349,003
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 242,916,510</b>	<b>\$ 2,703,858</b>	<b>\$245,620,368</b>	<b>\$244,889,872</b>
<b>LIABILITIES:</b>				
Current liabilities	\$ 19,840,818	\$ 185,488	\$ 20,026,306	\$ 22,471,624
Long-term liabilities	248,036,838	2,010,465	250,047,303	255,364,563
<b>TOTAL LIABILITIES</b>	<b>267,877,656</b>	<b>2,195,953</b>	<b>270,073,609</b>	<b>277,836,187</b>
Deferred Inflows of Resources	14,023,524	45,145	14,068,669	14,157,453
<b>NET POSITION (DEFICIT):</b>				
Net investment in capital assets	35,062,561	258,615	35,321,176	34,867,191
Restricted	6,669,901	-	6,669,901	374,071
Unrestricted (Deficit)	(80,717,132)	204,145	(80,512,987)	(82,345,030)
	<u>(38,984,670)</u>	<u>462,760</u>	<u>(38,521,910)</u>	<u>(47,103,768)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<b>\$ 242,916,510</b>	<b>\$ 2,703,858</b>	<b>\$245,620,368</b>	<b>\$244,889,872</b>

Most of the District's net position is invested in capital assets (buildings, land, and equipment) and restricted for future capital projects. The remaining unrestricted net position includes the effect of the District's net pension and OPEB liabilities as required by GASB No. 68 and 75, respectively. Of the \$270,073,609 in total liabilities, \$127,685,960, or 47.3 percent, is related to the net pension and OPEB liabilities. \$125,984,868, or 46.6 percent is related to the District's outstanding bonds.

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

Overall assets declined \$711,458 from the prior year in both the current asset (\$350,616) and long term asset (\$360,842) categories. The decrease in current assets is attributed primarily to the lower balance of receivables from other governments and other miscellaneous receivables, which is driven by the timing of payments and results of the year-end reconciliation process with local charter schools. Long term assets declined from the prior year due to current year depreciation expense exceeding capital spending.

Total liabilities decreased \$7,762,578 from the prior year due to fluctuations in several line items. Current liabilities decreased \$2,445,318, which was primarily caused by construction retainage payable decreasing as the District's major construction projects were completed (\$1,270,381), and unearned revenue decreasing largely related to a pending tax appeal that was finalized (\$1,751,224). Long-term liabilities decreased \$5,317,260, mainly due to the District's debt service principal payments drawing down the amount of outstanding bonds payable.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those costs. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues.

The tables below present the expenses of both the governmental activities and the business-type activities of the District.

**Table A-2  
STATEMENT OF ACTIVITIES  
Fiscal Year Ended June 30, 2024 and 2023**

	June 30, 2024		June 30, 2023	
	Total Services	Net Services	Total Services	Net Services
<b>PROGRAM EXPENSES</b>				
<b>Governmental Activities:</b>				
Instruction	\$ 66,384,945	\$ 53,594,533	\$ 62,425,712	\$ 48,751,981
Instructional student support	9,603,860	7,573,310	8,705,501	6,832,320
Administration	10,070,062	8,821,428	8,987,611	7,849,221
Maintenance	6,075,001	5,636,504	4,600,344	4,237,027
Pupil transportation	7,074,513	4,748,615	6,611,737	4,585,537
Student activities	1,685,502	1,208,615	1,419,635	999,867
Community services	32,183	30,201	27,720	26,901
Scholarships and awards	10,690	10,690	12,041	12,041
Interest on long-term debt	3,861,501	2,872,059	4,200,385	3,248,477
<b>Total Governmental Activities</b>	<u>104,798,257</u>	<u>84,495,955</u>	<u>96,990,686</u>	<u>76,543,372</u>
<b>Business-type Activities:</b>				
Food service	2,789,137	(224,945)	2,355,910	(457,348)
<b>Total Business-type Activities</b>	<u>2,789,137</u>	<u>(224,945)</u>	<u>2,355,910</u>	<u>(457,348)</u>
<b>Total Primary Government</b>	<u>\$107,587,394</u>	<u>\$ 84,271,010</u>	<u>\$ 99,346,596</u>	<u>\$ 76,086,024</u>



**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

**Table A-3  
CHANGES IN NET POSITION  
For the Years Ended June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 868,993	\$ 793,911	\$ 1,049,991	\$ 943,896	\$ 1,918,984	\$ 1,737,807
Operating grants	19,433,309	19,583,306	1,964,091	1,869,362	21,397,400	21,452,668
Capital grants and contributions	-	70,097	-	-	-	70,097
<b>Total Program Revenues</b>	<u>20,302,302</u>	<u>20,447,314</u>	<u>3,014,082</u>	<u>2,813,258</u>	<u>23,316,384</u>	<u>23,260,572</u>
<b>General Revenues:</b>						
Taxes	68,183,517	64,492,561	-	-	68,183,517	64,492,561
Grants and entitlements	20,768,844	19,792,449	-	-	20,768,844	19,792,449
Investment earnings	3,523,364	2,947,629	76,881	34,160	3,600,245	2,981,789
Miscellaneous	300,262	66,761	-	-	300,262	66,761
<b>Total General Revenues</b>	<u>92,775,987</u>	<u>87,299,400</u>	<u>76,881</u>	<u>34,160</u>	<u>92,852,868</u>	<u>87,333,560</u>
<b>TOTAL REVENUES</b>	<u>113,078,289</u>	<u>107,746,714</u>	<u>3,090,963</u>	<u>2,847,418</u>	<u>116,169,252</u>	<u>110,594,132</u>
<b>EXPENSES</b>						
<b>Program Services:</b>						
Instruction	66,384,945	62,425,712	-	-	66,384,945	62,425,712
<b>Support Services:</b>						
Instructional staff support	9,603,860	8,705,501	-	-	9,603,860	8,705,501
Administration	10,070,062	8,987,611	-	-	10,070,062	8,987,611
Maintenance	6,075,001	4,600,344	-	-	6,075,001	4,600,344
Pupil transportation	7,074,513	6,611,737	-	-	7,074,513	6,611,737
Student activities	1,685,502	1,419,635	-	-	1,685,502	1,419,635
Community services	32,183	27,720	-	-	32,183	27,720
Scholarships and awards	10,690	12,041	-	-	10,690	12,041
Interest on long-term debt	3,861,501	4,200,385	-	-	3,861,501	4,200,385
Food service	-	-	2,789,137	2,355,910	2,789,137	2,355,910
<b>TOTAL EXPENSES</b>	<u>104,798,257</u>	<u>96,990,686</u>	<u>2,789,137</u>	<u>2,355,910</u>	<u>107,587,394</u>	<u>99,346,596</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 8,280,032</u>	<u>\$ 10,756,028</u>	<u>\$ 301,826</u>	<u>\$ 491,508</u>	<u>\$ 8,581,858</u>	<u>\$ 11,247,536</u>

**Fund Balances**

At June 30, 2024, the District's governmental funds reported a combined fund balance of \$40,881,934, which is an increase of \$1,939,287 from June 30, 2023.

**General Fund:**

The District ended the 2023-2024 fiscal year with a fund balance of \$31,065,668 in the General Fund. Of this amount, \$5,998,719 has been committed for future retirement contributions. \$16,506,999 is

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

assigned for future facilities improvements, balancing the 2024-2025 budget, offsetting future losses from real estate tax appeals, and funding increased costs for special education and pupil service functions. \$24,022 represents prepaid expenditures which are considered non-spendable, and the remaining \$8,535,928 is unassigned.

Capital Projects Fund:

The Capital Projects Fund is used to track pre-approved facilities and other related projects. Transfers from the General Fund and proceeds from the issuance of debt are used to cover these expenditures.

**Table A-4  
FUND BALANCE  
Fiscal Years Ended June 30, 2024 and 2023**

	June 30, 2024	June 30, 2023	Change
General fund	\$ 31,065,668	\$ 31,065,668	\$ -
Capital projects fund	9,816,266	7,876,979	1,939,287
<b>Total</b>	<b>\$ 40,881,934</b>	<b>\$ 38,942,647</b>	<b>\$ 1,939,287</b>

**General Fund Budget**

A schedule showing the District's original budget amounts compared with amounts actually paid and received is provided in the financial statements. Below are line items contributing to the net increase in fund balance for the year.

**Table A-5  
ANALYSIS OF BUDGET VS. ACTUAL REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2024**

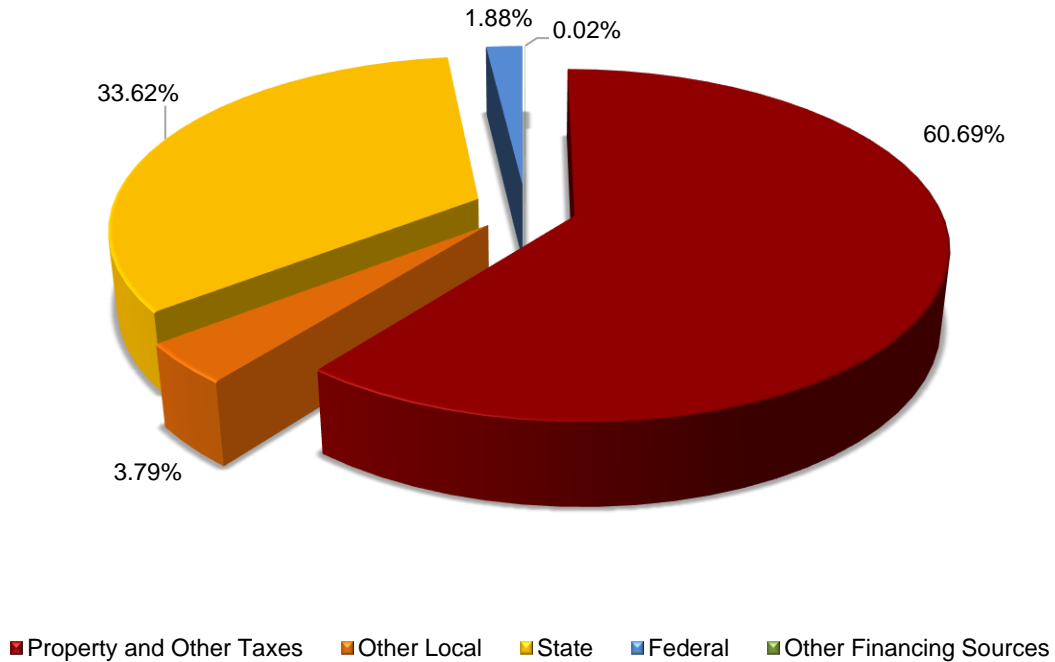
	Original Budget	Actual	Variance
<b>REVENUES AND PROCEEDS</b>	\$ 105,496,165	\$ 112,309,597	\$ 6,813,432
<b>EXPENDITURES AND TRANSFERS</b>	109,840,747	112,309,597	(2,468,850)
<b>NET</b>	<b>\$ (4,344,582)</b>	<b>\$ -</b>	<b>\$ 4,344,582</b>
<b>Contributing Line Items:</b>			
<b><u>Revenues and Proceeds</u></b>			
Local revenue	\$ 68,317,473	\$ 72,420,395	\$ 4,102,922
State revenue	35,525,833	37,755,091	2,229,258
Federal revenue	1,652,859	2,109,278	456,419
Proceeds from asset disposition	-	4,833	4,833
Proceeds from insurance recoveries	-	20,000	20,000
<b>Total</b>	<b>\$ 105,496,165</b>	<b>\$ 112,309,597</b>	<b>\$ 6,813,432</b>

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

**Table A-5  
ANALYSIS OF BUDGET VS. ACTUAL REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2024**

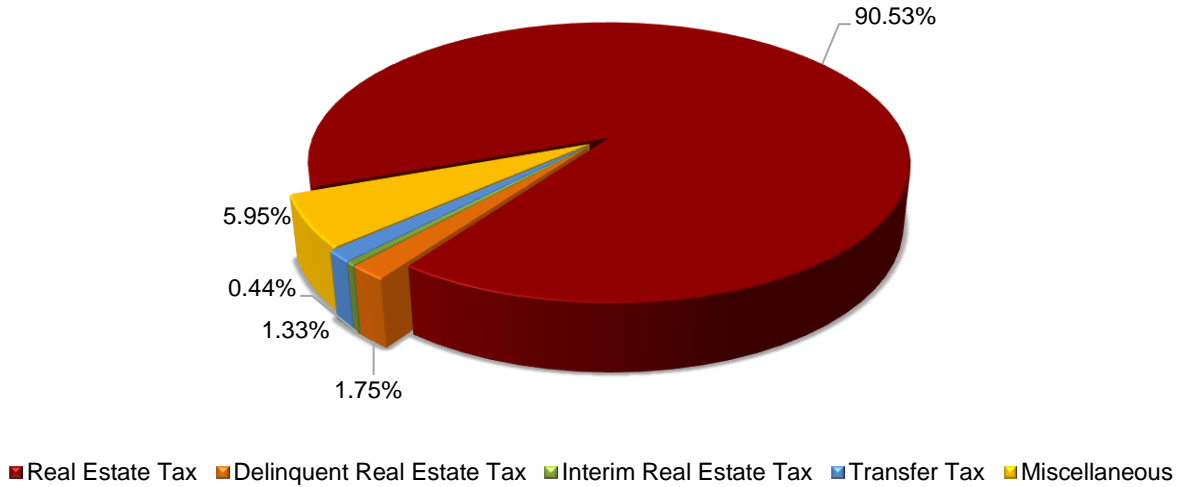
<b>(cont'd)</b>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Expenditures and Transfers</u></b>			
Salaries	\$ 37,875,161	\$ 37,337,068	\$ 538,093
Benefits	23,403,488	22,964,054	439,434
Professional services	10,321,628	10,650,616	(328,988)
Repair/maintenance/rental	2,759,085	3,202,638	(443,553)
Transportation/insurance/tuition	19,755,074	18,198,414	1,556,660
Supplies/books/software/fuel	3,450,388	3,242,766	207,622
Capital purchases	-	81,118	(81,118)
Bond interest/dues/fees	6,332,563	5,230,994	1,101,569
Bond principal/transfers	5,943,360	11,401,929	(5,458,569)
<b>Total</b>	<u>\$ 109,840,747</u>	<u>\$ 112,309,597</u>	<u>\$ (2,468,850)</u>

The chart below demonstrates the breakdown of the 2023-2024 General Fund revenues.

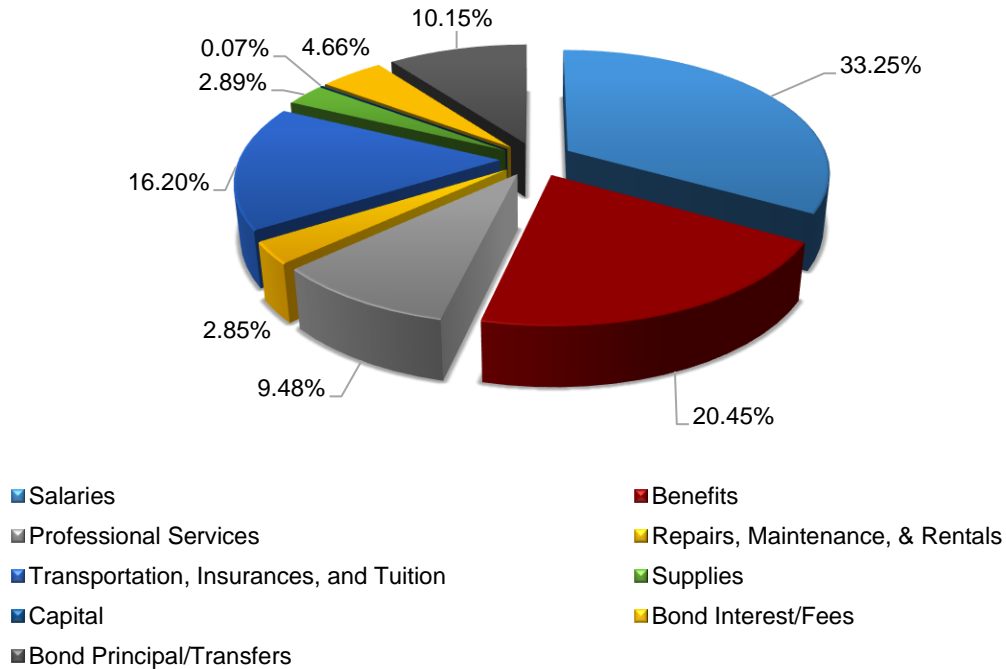


**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

The next chart demonstrates the breakdown of the 2023-2024 local revenues.



The chart below demonstrates the breakdown of the 2023-2024 General Fund expenditures.



**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At June 30, 2024, the District had \$157,908,394 in governmental activities and \$258,615 in business-type activities invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$447,834 from governmental activities and a net increase of \$218,009 from business-type activities from June 30, 2023.

**Table A-6  
CAPITAL ASSETS, NET OF DEPRECIATION**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Capital Assets Not Being Depreciated</b>						
Land	\$ 11,035,789	\$ 11,035,789	\$ -	\$ -	\$ 11,035,789	\$ 11,035,789
Construction-in-progress	1,311,049	18,979,157	-	-	1,311,049	18,979,157
<b>Total Capital Assets Not Being Depreciated</b>	12,346,838	30,014,946	-	-	12,346,838	30,014,946
<b>Capital Assets Being Depreciated</b>						
Buildings and improvements, net of depreciation	140,524,195	123,308,499	-	-	140,524,195	123,308,499
Furniture and equipment, net of depreciation	5,037,361	5,032,783	258,615	40,606	5,295,976	5,073,389
<b>Total Capital Assets Being Depreciated, Net</b>	145,561,556	128,341,282	258,615	40,606	145,820,171	128,381,888
<b>Total Assets, Net</b>	\$157,908,394	\$158,356,228	\$ 258,615	\$ 40,606	\$158,167,009	\$158,396,834

**Debt Administration**

Bond Obligations – As of June 30, 2024, the District has outstanding bond obligations of \$125,984,868. During the year, \$4,175,000 of principal payments were made on the existing bond obligations. Other obligations include accrued vacation pay and sick leave for specific employees of the District amounting to \$1,411,252. More detailed information about long-term liabilities is included in the notes to the financial statements.

**FACTORS BEARING ON AVON GROVE SCHOOL DISTRICT'S FUTURE**

Factors that will affect the future finances of the District are employee health benefits, PSERS projected retirement rates, real estate tax appeals, reduced state revenue, and enrollment fluctuations of charter school students.

Act 1 of 2006 provides for the District to limit budget increases to an established index that changes from year to year. The budget process is limited unless budget exceptions are approved by the

**AVON GROVE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2024**

Pennsylvania Department of Education. The index provided by the Pennsylvania Department of Education for the 2024-2025 fiscal year has been established at 7.1 percent. This index legislatively restricts the District's ability to increase revenues.

In addition, the high interest rate environment the District has operated in throughout 2022-2023 and 2023-2024 has led to investment income becoming a substantial revenue line item in the District's operating budget. Investment income recognized in the General Fund in 2023-2024 was \$3,131,660, which is the highest amount earned in more than a decade. Easing inflationary pressure, and related predictions that the Federal Reserve will begin decreasing the federal funds rate in 2024-2025, could lead to a decline in this revenue line item.

**CONTACTING THE SCHOOL FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Avon Grove School District, 375 South Jennersville Road, West Grove, PA 19390.

**AVON GROVE SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**  
**(With Summarized Comparative Data for June 30, 2023)**

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 4,243,191	\$ 46,817	\$ 4,290,008	\$ 4,845,531
Investments	51,303,986	1,683,598	52,987,584	52,079,456
Taxes receivable, net of allowance	1,204,791	-	1,204,791	1,128,564
Due from other governments	4,268,614	220,592	4,489,206	4,688,814
Internal balances	4,549	(4,549)	-	-
Other receivables	98,192	40,953	139,145	586,647
Inventories	-	91,044	91,044	102,342
Prepaid expenses	26,301	-	26,301	212,341
Other current assets	227,000	-	227,000	162,000
Leased buildings and equipment, net	104,427	-	104,427	138,602
Subscription-based information technology asset, net	102,896	-	102,896	199,738
Land	11,035,789	-	11,035,789	11,035,789
Construction in progress	1,311,049	-	1,311,049	18,979,157
Buildings and improvements, net	140,524,195	-	140,524,195	123,308,499
Furniture and equipment, net	5,037,361	258,615	5,295,976	5,073,389
<b>TOTAL ASSETS</b>	<u>219,492,341</u>	<u>2,337,070</u>	<u>221,829,411</u>	<u>222,540,869</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred pension and other postemployment benefit contributions	13,102,405	219,876	13,322,281	13,392,530
Deferred outflows - pension and other postemployment benefits	10,321,764	146,912	10,468,676	8,956,473
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>23,424,169</u>	<u>366,788</u>	<u>23,790,957</u>	<u>22,349,003</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$242,916,510</u>	<u>\$ 2,703,858</u>	<u>\$245,620,368</u>	<u>\$244,889,872</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 4,266,931	\$ 9,495	\$ 4,276,426	\$ 3,876,361
Accrued salaries, payroll withholdings, and benefits	8,417,079	3,896	8,420,975	8,333,560
Accrued interest payable	580,828	-	580,828	595,453
Construction retainage payable	568,128	-	568,128	1,838,509
Unearned revenues	443,897	165,713	609,610	2,360,834
Other liabilities	185,134	-	185,134	196,881
Long-term liabilities				
Portion due or payable within one year:				
Bonds payable, net	5,147,885	-	5,147,885	5,017,885
Lease liability	33,241	-	33,241	31,427
Subscription-based information technology liability	95,782	-	95,782	98,328
Accumulated compensated absences	101,913	6,384	108,297	122,386
Portion due or payable after one year:				
Arbitrage rebate liability	138,054	-	138,054	32,757
Bonds payable, net	120,836,983	-	120,836,983	125,984,869
Lease liability	75,567	-	75,567	108,808
Subscription-based information technology liability	7,784	-	7,784	103,566
Accumulated compensated absences	1,250,937	52,018	1,302,955	1,302,829
Net other postemployment benefits liability	18,840,217	76,743	18,916,960	21,397,734
Net pension liability	106,887,296	1,881,704	108,769,000	106,434,000
<b>TOTAL LIABILITIES</b>	<u>267,877,656</u>	<u>2,195,953</u>	<u>270,073,609</u>	<u>277,836,187</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows - pension and other postemployment benefits	14,023,524	45,145	14,068,669	14,157,453
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>14,023,524</u>	<u>45,145</u>	<u>14,068,669</u>	<u>14,157,453</u>
<b>NET POSITION (DEFICIT):</b>				
Net investment in capital assets	35,062,561	258,615	35,321,176	34,867,191
Restricted for capital projects	6,669,901	-	6,669,901	374,071
Unrestricted (Deficit)	(80,717,132)	204,145	(80,512,987)	(82,345,030)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(38,984,670)</u>	<u>462,760</u>	<u>(38,521,910)</u>	<u>(47,103,768)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<u>\$242,916,510</u>	<u>\$ 2,703,858</u>	<u>\$245,620,368</u>	<u>\$244,889,872</u>

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

**AVON GROVE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024  
(With Summarized Comparative Data for the Year Ended June 30, 2023)**

	Expenses	Program Revenues			Net (Expense) and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
						2024	2023	
<b>GOVERNMENTAL ACTIVITIES:</b>								
Instruction	\$ 66,384,945	\$ 467,123	\$12,323,289	\$ -	\$ (53,594,533)	\$ -	\$ (53,594,533)	\$ (48,751,981)
Instructional student support	9,603,860	-	2,030,550	-	(7,573,310)	-	(7,573,310)	(6,832,320)
Administrative and financial support services	10,070,062	-	1,248,634	-	(8,821,428)	-	(8,821,428)	(7,849,221)
Operation and maintenance of plant services	6,075,001	114,707	323,790	-	(5,636,504)	-	(5,636,504)	(4,237,027)
Pupil transportation	7,074,513	-	2,325,898	-	(4,748,615)	-	(4,748,615)	(4,585,537)
Student activities	1,685,502	287,163	189,724	-	(1,208,615)	-	(1,208,615)	(999,867)
Community services	32,183	-	1,982	-	(30,201)	-	(30,201)	(26,901)
Scholarships and awards	10,690	-	-	-	(10,690)	-	(10,690)	(12,041)
Interest on long-term debt	3,861,501	-	989,442	-	(2,872,059)	-	(2,872,059)	(3,248,477)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>104,798,257</b>	<b>868,993</b>	<b>19,433,309</b>	<b>-</b>	<b>(84,495,955)</b>	<b>-</b>	<b>(84,495,955)</b>	<b>(76,543,372)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Food service	2,789,137	1,049,991	1,964,091	-	-	224,945	224,945	457,348
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>2,789,137</b>	<b>1,049,991</b>	<b>1,964,091</b>	<b>-</b>	<b>-</b>	<b>224,945</b>	<b>224,945</b>	<b>457,348</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$107,587,394</b>	<b>\$ 1,918,984</b>	<b>\$21,397,400</b>	<b>\$ -</b>	<b>(84,495,955)</b>	<b>224,945</b>	<b>(84,271,010)</b>	<b>(76,086,024)</b>
		GENERAL REVENUES						
					67,162,453	-	67,162,453	63,383,777
					1,021,064	-	1,021,064	1,108,784
					20,768,844	-	20,768,844	19,792,449
					3,523,364	76,881	3,600,245	2,981,789
					300,262	-	300,262	66,761
					<u>92,775,987</u>	<u>76,881</u>	<u>92,852,868</u>	<u>87,333,560</u>
					8,280,032	301,826	8,581,858	11,247,536
					<u>(47,264,702)</u>	<u>160,934</u>	<u>(47,103,768)</u>	<u>(58,351,304)</u>
					<u>\$ (38,984,670)</u>	<u>\$ 462,760</u>	<u>\$ (38,521,910)</u>	<u>\$ (47,103,768)</u>

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



**AVON GROVE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2024  
(With Summarized Comparative Data for June 30, 2023)**

	General Fund	Capital Projects Fund	Totals	
			2024	2023
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,243,191	\$ -	\$ 4,243,191	\$ 4,667,661
Investments	42,452,536	6,809,676	49,262,212	48,436,460
Taxes receivable, net of allowance	1,204,791	-	1,204,791	1,128,564
Due from other funds	4,549	4,936,838	4,941,387	67,738
Due from other governments	4,268,614	-	4,268,614	4,439,680
Other receivables	78,192	20,000	98,192	569,120
Prepaid expenditures	24,022	2,279	26,301	212,341
<b>TOTAL ASSETS</b>	<b><u>\$ 52,275,895</u></b>	<b><u>\$ 11,768,793</u></b>	<b><u>\$ 64,044,688</u></b>	<b><u>\$ 59,521,564</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,148,521	\$ 1,384,399	\$ 3,532,920	\$ 3,226,310
Accrued salaries, payroll withholdings, and benefits	8,417,079	-	8,417,079	8,332,793
Accumulated compensated absences	101,913	-	101,913	119,247
Construction retainage payable	-	568,128	568,128	1,838,509
Due to other funds	9,030,666	-	9,030,666	3,794,818
Other liabilities	185,134	-	185,134	196,881
Unearned revenues	443,897	-	443,897	2,203,277
<b>TOTAL LIABILITIES</b>	<b><u>20,327,210</u></b>	<b><u>1,952,527</u></b>	<b><u>22,279,737</u></b>	<b><u>19,711,835</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues - delinquent taxes	883,017	-	883,017	867,082
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>883,017</u></b>	<b><u>-</u></b>	<b><u>883,017</u></b>	<b><u>867,082</u></b>
<b>FUND BALANCES:</b>				
Nonspendable	24,022	2,279	26,301	212,341
Restricted for capital projects	-	9,813,987	9,813,987	7,850,971
Committed for future retirement contributions	5,998,719	-	5,998,719	5,998,719
Assigned	16,506,999	-	16,506,999	16,344,582
Unassigned	8,535,928	-	8,535,928	8,536,034
<b>TOTAL FUND BALANCES</b>	<b><u>31,065,668</u></b>	<b><u>9,816,266</u></b>	<b><u>40,881,934</u></b>	<b><u>38,942,647</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 52,275,895</u></b>	<b><u>\$ 11,768,793</u></b>	<b><u>\$ 64,044,688</u></b>	<b><u>\$ 59,521,564</u></b>

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

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

TOTAL GOVERNMENTAL FUND BALANCES \$ 40,881,934

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

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

Lease asset	\$ 104,427	
Subscription-based information technology asset, net	102,896	
Land	11,035,789	
Construction in progress	1,311,049	
Buildings and improvements	140,524,195	
Furniture and equipment	<u>5,037,361</u>	158,115,717

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

Arbitrage rebate liability	(138,054)	
Bonds payable, net	(125,984,868)	
Lease liability	(108,808)	
Subscription-based information technology liability	(103,566)	
Accumulated compensated absences	(1,250,937)	
Accrued interest payable	(580,828)	
Net other postemployment benefits liability	(18,840,217)	
Net pension liability	<u>(106,887,296)</u>	(253,894,574)

Internal service funds that serve the governmental activities of the District are reported as proprietary funds at the fund level, but governmental activities at the entity-wide level. 5,628,591

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 883,017

Deferred inflows and outflows related to the District's net pension and net other postemployment benefits liabilities are based on the differences between actuarially determined actual and expected District's amount of the total pension and postemployment benefits liabilities, pension and benefit contributions made after the measurement date of the respective plans, investment returns, changes in the actuarially determined proportion of the net pension and postemployment benefit liabilities, and other factors. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources:		
Deferred pension and other postemployment benefit contributions	13,102,405	
Deferred outflows - pension and other postemployment benefits	10,321,764	
Deferred inflows of resources:		
Deferred inflows - pension and other postemployment benefits	<u>(14,023,524)</u>	<u>9,400,645</u>

NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ (38,984,670)

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

**AVON GROVE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(With Summarized Comparative Data for the Year Ended June 30, 2023)**

	Major Funds		Totals	
	General Fund	Capital Projects Fund	2024	2023
REVENUES				
Local sources	\$ 72,420,395	\$ 524,311	\$ 72,944,706	\$ 68,591,010
State sources	37,755,091	-	37,755,091	35,971,340
Federal sources	2,109,278	-	2,109,278	3,340,721
<b>TOTAL REVENUES</b>	<b><u>112,284,764</u></b>	<b><u>524,311</u></b>	<b><u>112,809,075</u></b>	<b><u>107,903,071</u></b>
EXPENDITURES				
Current:				
Instruction	63,087,341	-	63,087,341	61,983,550
Support services	31,373,834	1,180,408	32,554,242	30,137,647
Operation of noninstructional services	1,727,481	-	1,727,481	1,505,750
Capital outlays	-	4,700,790	4,700,790	30,745,448
Debt service	9,023,767	-	9,023,767	9,060,633
<b>TOTAL EXPENDITURES</b>	<b><u>105,212,423</u></b>	<b><u>5,881,198</u></b>	<b><u>111,093,621</u></b>	<b><u>133,433,028</u></b>
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	<u>7,072,341</u>	<u>(5,356,887)</u>	<u>1,715,454</u>	<u>(25,529,957)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from extended term financing	-	-	-	221,971
Transfers in	-	7,097,174	7,097,174	1,607,023
Transfers out	(7,097,174)	-	(7,097,174)	(1,607,023)
Proceeds from asset disposition	4,833	-	4,833	400
Proceeds from insurance recoveries	20,000	199,000	219,000	-
Refunds of prior year revenues	-	-	-	(158)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(7,072,341)</u></b>	<b><u>7,296,174</u></b>	<b><u>223,833</u></b>	<b><u>222,213</u></b>
NET CHANGE IN FUND BALANCES	-	1,939,287	1,939,287	(25,307,744)
FUND BALANCES, BEGINNING OF YEAR	<u>31,065,668</u>	<u>7,876,979</u>	<u>38,942,647</u>	<u>64,250,391</u>
FUND BALANCES, END OF YEAR	<b><u>\$ 31,065,668</u></b>	<b><u>\$ 9,816,266</u></b>	<b><u>\$ 40,881,934</u></b>	<b><u>\$ 38,942,647</u></b>

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,939,287
 Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and amortization expense (\$6,118,004) exceeded capital outlays (\$5,545,155).	(572,849)
 When capital assets are disposed of, their residual value is offset against the value of any proceeds received from the disposal. This is the residual value of the disposed assets. In addition, the value of any construction-in-progress assets that are written off during the year are reflected as an expense in the statement of activities.	(6,002)
 Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.	15,935
 Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Governmental funds report bond discounts as other financing uses and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt. This amount is the net effect of these differences.	5,147,641
 In the statement of activities, compensated absences (vacation and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts paid were more than current period compensated absences earned.	595
 Activity in the internal service fund is recorded at the fund level in the proprietary funds but is reported in the governmental activities in the entity-wide statements.	197,144
 Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Similarly, investment earnings are recognized in the governmental funds when received, but any amounts payable in future years for arbitrage are not reported as revenues in the statement of activities.	(90,672)
 Pension and OPEB expense in the statement of activities differ from the amount reported in the governmental funds because pension and OPEB expenses are recognized on the statement of activities based on the District's proportionate share of the expense of the cost-sharing pension plan, whereas pension and OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	<u>1,648,953</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,280,032</u>

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

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

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
<b>REVENUES</b>				
Local sources	\$ 68,317,473	\$ 68,317,473	\$ 72,420,395	\$ 4,102,922
State sources	35,525,833	35,525,833	37,755,091	2,229,258
Federal sources	1,652,859	1,652,859	2,109,278	456,419
<b>TOTAL REVENUES</b>	<u>105,496,165</u>	<u>105,496,165</u>	<u>112,284,764</u>	<u>6,788,599</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular programs	46,752,301	45,905,371	44,975,152	930,219
Special programs	15,397,238	15,441,190	15,232,596	208,594
Vocational programs	2,808,033	2,808,033	2,791,801	16,232
Other instructional programs	87,597	87,597	82,221	5,376
Nonpublic programs	6,200	6,200	5,571	629
Total Instruction	<u>65,051,369</u>	<u>64,248,391</u>	<u>63,087,341</u>	<u>1,161,050</u>
Support services:				
Pupil personnel services	5,030,647	5,330,929	5,329,953	976
Instructional staff services	3,138,808	3,119,133	3,052,885	66,248
Administrative services	5,391,771	5,438,111	5,437,570	541
Pupil health	1,075,095	1,075,144	983,169	91,975
Business services	1,069,596	1,069,596	1,006,058	63,538
Operation and maintenance of plant services	5,602,365	6,105,559	6,105,509	50
Student transportation services	7,089,189	6,878,998	6,870,452	8,546
Central support services	2,730,936	2,748,864	2,389,814	359,050
Other support services	180,151	198,424	198,424	-
Total Support Services	<u>31,308,558</u>	<u>31,964,758</u>	<u>31,373,834</u>	<u>590,924</u>
Operation of noninstructional services:				
Student activities	1,638,835	1,684,394	1,684,226	168
Community services	75,000	32,577	32,565	12
Scholarships and Awards	18,500	18,500	10,690	7,810
Total Operation of Noninstructional Services	<u>1,732,335</u>	<u>1,735,471</u>	<u>1,727,481</u>	<u>7,990</u>
Debt service	8,880,125	9,023,767	9,023,767	-
<b>TOTAL EXPENDITURES</b>	<u>106,972,387</u>	<u>106,972,387</u>	<u>105,212,423</u>	<u>1,759,964</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(1,476,222)</u>	<u>(1,476,222)</u>	<u>7,072,341</u>	<u>8,548,563</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfer to other funds	(1,768,360)	(1,768,360)	(7,097,174)	5,328,814
Proceeds from asset disposition	-	-	4,833	4,833
Proceeds from insurance recoveries	-	-	20,000	20,000
Budgetary reserve	(1,100,000)	(1,100,000)	-	1,100,000
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>(2,868,360)</u>	<u>(2,868,360)</u>	<u>(7,072,341)</u>	<u>6,453,647</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,344,582)	(4,344,582)	-	4,344,582
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>31,065,668</u>	<u>31,065,668</u>	<u>31,065,668</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 26,721,086</u>	<u>\$ 26,721,086</u>	<u>\$ 31,065,668</u>	<u>\$ 4,344,582</u>

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

**AVON GROVE SCHOOL DISTRICT**  
**STATEMENTS OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2024 AND 2023**

	Food Service Fund		Internal Service Fund	
	2024	2023	2024	2023
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 46,817	\$ 177,870	\$ -	\$ -
Investments	1,683,598	1,524,115	2,041,774	2,118,881
Due from other funds	-	-	4,093,828	3,789,958
Due from other governments	220,592	249,134	-	-
Other receivables	40,953	17,527	-	-
Inventories	91,044	102,342	-	-
Other assets	-	-	227,000	162,000
Total Current Assets	2,083,004	2,070,988	6,362,602	6,070,839
<b>PROPERTY AND EQUIPMENT:</b>				
Furniture and equipment	391,368	153,461	-	-
Accumulated depreciation	(132,753)	(112,855)	-	-
Net Property and Equipment	258,615	40,606	-	-
<b>TOTAL ASSETS</b>	<b>2,341,619</b>	<b>2,111,594</b>	<b>6,362,602</b>	<b>6,070,839</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred pension and other postemployment benefit contributions	219,876	221,512	-	-
Deferred outflows - pension and other postemployment benefits	146,912	116,946	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>366,788</b>	<b>338,458</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,708,407</b>	<b>\$ 2,450,052</b>	<b>\$ 6,362,602</b>	<b>\$ 6,070,839</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 9,495	\$ 10,659	\$ 734,011	\$ 639,392
Accrued salaries, payroll withholdings, and benefits	3,896	767	-	-
Due to other funds	4,549	62,878	-	-
Accumulated compensated absences	6,384	3,139	-	-
Unearned revenues	165,713	157,557	-	-
Long-term liabilities				
Portion due or payable after one year:				
Accumulated compensated absences	52,018	51,297	-	-
Net other postemployments liability	76,743	76,431	-	-
Net pension liability	1,881,704	1,841,308	-	-
<b>TOTAL LIABILITIES</b>	<b>2,200,502</b>	<b>2,204,036</b>	<b>734,011</b>	<b>639,392</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows - pension and other postemployment benefits	45,145	85,082	-	-
<b>NET POSITION:</b>				
Investment in capital assets	258,615	40,606	-	-
Unrestricted	204,145	120,328	5,628,591	5,431,447
Total Net Position	462,760	160,934	5,628,591	5,431,447
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 2,708,407</b>	<b>\$ 2,450,052</b>	<b>\$ 6,362,602</b>	<b>\$ 6,070,839</b>

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

**AVON GROVE SCHOOL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Food Service Fund		Internal Service Fund	
	2024	2023	2024	2023
<b>OPERATING REVENUES</b>				
Food service revenues	\$ 1,049,991	\$ 943,896	\$ -	\$ -
Charges for health insurance	-	-	7,303,871	6,700,678
<b>Total Operating Revenues</b>	<u>1,049,991</u>	<u>943,896</u>	<u>7,303,871</u>	<u>6,700,678</u>
<b>OPERATING EXPENSES</b>				
Salaries	807,039	704,290	-	-
Employee benefits	469,233	397,416	7,241,470	6,371,133
Purchased professional and technical services	33,294	22,183	-	-
Other operating expenses	4,050	3,605	-	-
Supplies	1,456,523	1,219,912	-	-
Depreciation	19,898	8,504	-	-
<b>Total Operating Expenses</b>	<u>2,790,037</u>	<u>2,355,910</u>	<u>7,241,470</u>	<u>6,371,133</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(1,740,046)</u>	<u>(1,412,014)</u>	<u>62,401</u>	<u>329,545</u>
<b>NONOPERATING REVENUES</b>				
Earnings on investments	76,881	34,160	107,575	71,911
Contributions and donations	10,535	-	-	-
State sources	423,092	353,263	-	-
Federal sources	1,530,464	1,516,099	-	-
Gain on disposal of assets	900	-	-	-
Other income	-	-	27,168	-
<b>Total Nonoperating Revenues</b>	<u>2,041,872</u>	<u>1,903,522</u>	<u>134,743</u>	<u>71,911</u>
<b>CHANGE IN NET POSITION</b>	301,826	491,508	197,144	401,456
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR</b>	<u>160,934</u>	<u>(330,574)</u>	<u>5,431,447</u>	<u>5,029,991</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 462,760</u>	<u>\$ 160,934</u>	<u>\$ 5,628,591</u>	<u>\$ 5,431,447</u>

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

**AVON GROVE SCHOOL DISTRICT  
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Food Service Fund		Internal Service Fund	
	2024	2023	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 1,033,993	\$ 938,751	\$ 7,000,001	\$ 6,500,000
Payments to suppliers	(1,222,986)	(1,116,528)	(7,211,851)	(6,412,970)
Payments to employees	(1,355,065)	(814,750)	-	-
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(1,544,058)</b>	<b>(992,527)</b>	<b>(211,850)</b>	<b>87,030</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
State sources	420,780	323,711	-	-
Federal sources	1,301,299	1,425,133	-	-
Donations and contributions	10,535	-	-	-
Other income	-	-	27,168	-
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,732,614</b>	<b>1,748,844</b>	<b>27,168</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(237,907)	-	-	-
Proceeds from the sale of assets	900	-	-	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(237,007)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Earnings on investments	76,881	34,160	107,575	71,911
(Purchase) Sale of investments	(159,483)	(913,941)	77,107	(158,941)
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(82,602)</b>	<b>(879,781)</b>	<b>184,682</b>	<b>(87,030)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(131,053)</b>	<b>(123,464)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>177,870</b>	<b>301,334</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 46,817</b>	<b>\$ 177,870</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating (loss) income	\$ (1,740,046)	\$ (1,412,014)	\$ 62,401	\$ 329,545
Adjustments to reconcile operating (loss) income to net cash used by operating activities:				
Depreciation	19,898	8,504	-	-
Donated commodities	260,747	211,496	-	-
Decrease (Increase) in:				
Due from other funds	-	311,287	(303,870)	(200,678)
Other receivables	(23,426)	(5,712)	-	-
Inventories	11,298	(45,548)	-	-
Other assets	-	-	(65,000)	-
Deferred outflows - pension and OPEB contributions	1,636	(9,034)	-	-
Deferred outflows - pension and OPEB	(29,966)	38,836	-	-
Increase (Decrease) in:				
Accounts payable	(1,164)	(36,776)	94,619	(41,837)
Accrued salaries, payroll withholdings, and benefits	3,129	(4,266)	-	-
Due to other funds	(58,329)	62,878	-	-
Unearned revenues	7,428	567	-	-
Compensated absences	3,966	1,418	-	-
Net other postemployment benefits liability	312	(21,124)	-	-
Net pension liability	40,396	152,257	-	-
Deferred inflows - pension and OPEB	(39,937)	(245,296)	-	-
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (1,544,058)</b>	<b>\$ (992,527)</b>	<b>\$ (211,850)</b>	<b>\$ 87,030</b>
<b>SUPPLEMENTAL DISCLOSURE</b>				
Noncash noncapital financing activity:				
USDA donated commodities	\$ 260,747	\$ 211,496	\$ -	\$ -

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



**AVON GROVE SCHOOL DISTRICT  
STATEMENTS OF FIDUCIARY NET POSITION - CUSTODIAL FUND  
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS:</b>		
Cash	\$ 139,344	\$ 160,272
Accounts receivable	<u>490</u>	<u>2,012</u>
<b>TOTAL ASSETS</b>	<b><u><u>139,834</u></u></b>	<b><u><u>162,284</u></u></b>
 <b>LIABILITIES AND NET POSITION:</b>		
<b>LIABILITIES</b>		
Accounts payable	<u>132</u>	<u>116</u>
<b>TOTAL LIABILITIES</b>	<b><u>132</u></b>	<b><u>116</u></b>
<b>NET POSITION</b>	<b><u>139,702</u></b>	<b><u>162,168</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$ 139,834</u></u></b>	<b><u><u>\$ 162,284</u></u></b>

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

**AVON GROVE SCHOOL DISTRICT  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>ADDITIONS</b>		
Fundraising activities	\$ 166,665	\$ 174,920
Contributions and donations	-	2,012
	166,665	176,932
<b>DEDUCTIONS</b>		
Facilities rentals for student events	64,358	42,070
Equipment rentals for student events	5,860	5,485
Field trip transportation	17,384	8,991
Field trip lodging and travel expenses	4,938	19,573
Contracted services	5,595	19,564
Student club supplies and materials	53,411	61,475
Student event meals and refreshments	7,740	10,482
Technology and software expenses	2,100	-
National association membership dues	3,870	4,934
Charitable donations	587	1,374
Student scholarships	1,350	1,100
Student club field trips and registrations	21,938	13,217
	189,131	188,265
<b>NET DECREASE IN FIDUCIARY NET POSITION</b>	(22,466)	(11,333)
<b>FIDUCIARY NET POSITION - BEGINNING BALANCE</b>	162,168	173,501
<b>FIDUCIARY NET POSITION - ENDING BALANCE</b>	\$ 139,702	\$ 162,168

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Avon Grove School District ("the District") operates two elementary schools, one middle school, and one senior high school to provide education and related services to the residents of Penn, London Grove, New London, Franklin, and London Britain Townships and the Boroughs of Avondale and West Grove. 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 financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Reporting Entity

GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification") 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 financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

***Entity-wide Financial Statements***

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

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

The entity-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental program. 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 program is self-financing or draws from the general revenues of the District.

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

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

***Fund Financial Statements***

During the 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 enterprise fund financial statements is on major funds rather than reporting funds by type. Fiduciary fund financial statements are presented by fund type.

***Governmental Funds***

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

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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.

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

Expenditure Recognition

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

***Proprietary Funds***

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the proprietary fund. Thus, general fund expenditures which partially benefit the proprietary fund (utilities, janitorial services, insurance, etc.) are not recognized proportionately within the proprietary fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

goods in connection with the proprietary fund's principal ongoing operations. The District operates two proprietary funds: an enterprise fund and an internal service fund. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses. The District's internal service fund accounts for the District's self-insured healthcare costs. The principal operating revenues are premiums charged to other funds, and the principal operating expenses are payments for healthcare claims and related costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Custodial Fund***

Custodial funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in custodial fund. The custodial fund accounts for funds held on behalf of students of the District.

Cash and Cash Equivalents

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

Investments

Investments consist of nonnegotiable certificates of deposit, external investment pools, and treasury bonds backed by the federal government. The investments are recorded at amortized cost. Nonnegotiable certificates of deposit, external investment pools, and treasury bonds are nonparticipating interest earning investment contracts which are exempt from measurement at fair value.

Receivables and Payables

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Taxes receivable are presented net of allowances for estimated uncollectibles of \$51,752. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which, in the judgment of District management, deserve recognition in estimating possible losses. Management believes that they have adequately provided for future probable losses.

Property Taxes

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

July 1 – August 31	-	Discount period, 2% of gross levy
September 1 – October 31	-	Face period
November 1 to collection	-	Penalty period, 10% of gross levy
January 15	-	Lien date

An installment payment plan is available to residential property owners, who have been approved as homestead owners by the Chester County Board of Assessments, with three equal installments due as follows:

August 31	-	one third of the gross levy
September 30	-	one third of the gross levy
October 31	-	one third of the gross levy

In order to participate in the installment payment plan, homestead owners must forego the opportunity to make payment at the two percent of gross levy discount rate.

The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2023-2024 was 34.95 mills (\$34.95 for \$1,000 of assessed valuation) for the entire District.

Inventories

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000; composite assets of more than \$10,000; and critical control assets as defined by District policy. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

School buildings	40 - 50 years
Portable classrooms	20 - 25 years
HVAC systems	20 - 25 years
Interior construction	25 - 30 years
Sprinkler/fire system	20 - 25 years
Outdoor equipment	15 - 20 years
Machinery and tools	10 - 15 years
Kitchen equipment	10 - 15 years
Custodian equipment	5 - 7 years
Furniture and accessories	15 - 20 years
Copiers	3 - 5 years
Computers	3 - 5 years
Audio visual	7 - 10 years
Communication	5 - 10 years
Leased buildings and equipment	Life of lease
Subscription-based information technology asset	Life of subscription

Compensated Absences

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

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and are amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are



AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized 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. 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 expenditures.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet - governmental funds will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time.

The District has several items that qualify for reporting in this category. Pension and other postemployment benefit contributions made subsequent to the measurement date and, therefore, not reflected in the net pension or net other postemployment benefits liabilities under full accrual basis reporting are reported as deferred outflows of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and other postemployment benefits liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position. A portion of the District's delinquent taxes have not been collected within 60 days of year end and, therefore, are not available under modified accrual reporting; as a result, this item is reflected as deferred inflows of resources on the general fund balance sheet.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, then unassigned funds, as needed, unless provided otherwise in commitment or assignment actions.

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

*Unassigned* – all other spendable amounts.

Comparative Data

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

Use of Estimates in the Preparation of Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by District officials on a uniform form furnished by such Department and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on July 1.

Under the Taxpayer Relief Act, the District must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption, the Board of School Directors may hold a public hearing on the budget, and the Board must give at least 10 days' public notice of its intent to adopt such budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education ("PDE") no later than 85 days prior to the date of the election immediately preceding the fiscal year. The PDE is to compare the proposed percentage increase in the rate of any tax with the District's Index and within 10 days, but no later than 75 days, prior to the upcoming election, and to inform the District whether the proposed percentage increase is less than or equal to the Index. If the PDE determines that a proposed tax increase will exceed the Index, the District must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one or more of the referendum exceptions authorized by the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required, the District must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to the PDE and, if the PDE determines to schedule a public hearing on the request, a notice of the date, time, and place of such hearing. The PDE is required by the Taxpayer Relief Act to rule on the District's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if the PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the District must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the District must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the District of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court, in approving the petition, shall determine the dollar amount for which the exception is granted, the tax rate increase

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

required to fund the exception, and the appropriate duration of the tax increase. If the court denies the District's petition, such Act permits the District to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If the District seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one or more of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the Board of School Directors may not approve an increase in the tax rate greater than the applicable Index.

The above budgetary procedures will not apply if the District adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least 10 days' public notice be given of the Board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

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

NOTE 3 DEPOSITS AND INVESTMENTS

***Deposits***

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank's failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2024, the carrying amount of the District's deposits was \$4,429,352, and the bank balance was \$4,871,861. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$4,621,861 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

***Investments***

Statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds. During the year ended June 30, 2016, the Pennsylvania Legislature passed Act 10 of 2016, which expanded allowable investments to include commercial paper, bankers' acceptances, and negotiable certificates of deposit that are highly rated by at least two national rating agencies.

The District's investments are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and the Pennsylvania Treasurer's Program for Local Governments ("INVEST"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and INVEST act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. Additionally, the District has invested in certificates of deposit with maturity dates of less than one year.

The carrying value of the District's investments at June 30, 2024 was \$52,987,584. Of the investments, \$7,788,500 is invested in non-negotiable certificates of deposits with maturities of less than one year. The remaining \$45,199,084 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm. INVEST is administered by the Pennsylvania Treasury.

Credit Risk

The District has an investment policy that limits its investment choices in local government investment pools only to the extent it is rated in the highest rating category by a nationally recognized rating agency. As of June 30, 2024, PSDLAF and INVEST were rated as AAAm by a nationally recognized statistical rating organization.

NOTE 4 UNEARNED REVENUES

Unearned revenues reported in the governmental and proprietary funds, and at the entity-wide level, resulted from revenue received but not yet earned.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5      CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 11,035,789	\$ -	\$ -	\$ 11,035,789
Construction-in-progress	<u>18,979,157</u>	<u>3,860,164</u>	<u>21,528,272</u>	<u>1,311,049</u>
Total Capital Assets Not Being Depreciated	<u>30,014,946</u>	<u>3,860,164</u>	<u>21,528,272</u>	<u>12,346,838</u>
Capital assets being depreciated:				
Buildings and improvements	180,984,822	21,993,461	17,100	202,961,183
Furniture and equipment	<u>14,244,525</u>	<u>1,219,802</u>	<u>1,131,259</u>	<u>14,333,068</u>
Total Capital Assets Being Depreciated	<u>195,229,347</u>	<u>23,213,263</u>	<u>1,148,359</u>	<u>217,294,251</u>
Less accumulated depreciation for:				
Buildings and improvements	57,676,323	4,777,765	17,100	62,436,988
Furniture and equipment	<u>9,211,742</u>	<u>1,209,222</u>	<u>1,125,257</u>	<u>9,295,707</u>
Total accumulated depreciation	<u>66,888,065</u>	<u>5,986,987</u>	<u>1,142,357</u>	<u>71,732,695</u>
Total Capital Assets Being Depreciated, Net	<u>128,341,282</u>	<u>17,226,276</u>	<u>6,002</u>	<u>145,561,556</u>
Governmental Activities Assets, Net	<u>\$158,356,228</u>	<u>\$21,086,440</u>	<u>\$21,534,274</u>	<u>\$157,908,394</u>
<u>Business-type Activities</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 153,461	\$ 237,907	\$ -	\$ 391,368
Less accumulated depreciation	<u>112,855</u>	<u>19,898</u>	<u>-</u>	<u>132,753</u>
Business-type Capital Assets, Net	<u>\$ 40,606</u>	<u>\$ 218,009</u>	<u>\$ -</u>	<u>\$ 258,615</u>

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

<u>Governmental Activities:</u>	
Instruction	\$ 4,309,401
Instructional student support	460,018
Administrative and financial support services	497,523
Operation and maintenance of plant services	299,876
Pupil transportation	337,447
Student activities	<u>82,722</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,986,987</u>
<u>Business-type Activities:</u>	
Food Service	<u>\$ 19,898</u>

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
General Fund	\$ 4,549	Food Service Fund	\$ 4,549
Capital Projects Fund	4,936,838	General Fund	4,936,838
Internal Service Fund	<u>4,093,828</u>	General Fund	<u>4,093,828</u>
	<u>\$ 9,035,215</u>		<u>\$ 9,035,215</u>

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses, as well as transfers determined but not made by year end. The balances generally are paid shortly after year end. During 2023-24, the general fund transferred \$7,097,174 to the capital projects fund for the purpose of funding future capital projects.

NOTE 7 GENERAL LONG-TERM LIABILITIES

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due In One Year
Bonds payable, net	\$131,002,754	\$ -	\$ 5,017,886	\$125,984,868	\$ 5,147,885
Lease liability	140,235	-	31,427	108,808	33,241
Subscription-based information technology liability	201,894	-	98,328	103,566	95,782
Accumulated compensated absences	1,370,779	-	17,929	1,352,850	101,913
Arbitrage rebate liability	32,757	105,297	-	138,054	-
Net OPEB liability	21,321,303	-	2,481,086	18,840,217	-
Net pension liability	<u>104,592,692</u>	<u>2,294,604</u>	<u>-</u>	<u>106,887,296</u>	<u>-</u>
<b>TOTALS</b>	<u>\$258,662,414</u>	<u>\$ 2,399,901</u>	<u>\$ 7,646,656</u>	<u>\$253,415,659</u>	<u>\$ 5,378,821</u>

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due In One Year
Accumulated compensated absences	\$ 54,436	\$ 3,966	\$ -	\$ 58,402	\$ 6,384
Net OPEB liability	76,431	312	-	76,743	-
Net pension liability	<u>1,841,308</u>	<u>40,396</u>	<u>-</u>	<u>1,881,704</u>	<u>-</u>
<b>TOTALS</b>	<u>\$ 1,972,175</u>	<u>\$ 44,674</u>	<u>\$ -</u>	<u>\$ 2,016,849</u>	<u>\$ 6,384</u>

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

For clarity of presentation, additions and reductions to the accumulated compensated absence liabilities shown above have been presented as a net addition or reduction. Governmental activities long-term liabilities are anticipated to be liquidated by the general fund. Business-type activities long-term liabilities are anticipated to be liquidated by the food service fund.

Bonds payable are comprised of the following:

Bonds payable, at face	\$113,425,000
Unamortized discount	(794,183)
Unamortized premium	<u>13,354,051</u>
Bonds payable, net	<u>\$125,984,868</u>

Payments of long-term debt are expected to be funded by the general fund.

***General Obligation Bonds***

Series of 2018, maturing through November 15, 2033, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on May 15 and November 15. This Series of 2018 provided funds to finance various capital projects of the District and pay the costs of issuing the bonds.	\$ 31,135,000
Series A of 2021, maturing through November 15, 2041, bearing interest ranging from 0.25% to 4.00%, interest payable semi-annually on May 15 and November 15. This Series A of 2024 provided funds to finance various capital projects of the District and pay the costs of issuing the bonds.	49,715,000
Series B of 2021, maturing through November 15, 2041, bearing interest ranging from 0.30% to 4.00%, interest payable semi-annually on May 15 and November 15. This Series B of 2024 provided funds to terminate the District's Series 2022 and Series 2024 interest rate swaps.	6,715,000
Series C of 2021, maturing through November 15, 2027, bearing interest ranging from 0.25% to 4.00%, interest payable semi-annually on May 15 and November 15. This Series C of 2024 provided funds to refund the Series A of 2012 bonds.	2,540,000
Series of 2022, maturing through November 15, 2041, bearing of 4.00%, interest payable semi-annually on May 15 and November 15. This Series of 2024 provided funds to finance various capital projects of the District and pay the costs of issuing the bonds.	<u>23,320,000</u>
<b>TOTAL</b>	<u><u>\$113,425,000</u></u>



AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 4,305,000	\$ 4,571,000	\$ 8,876,000
2026	4,465,000	4,413,175	8,878,175
2027	4,645,000	4,231,475	8,876,475
2028	4,855,000	4,022,625	8,877,625
2029	5,085,000	3,794,950	8,879,950
2030 - 2034	29,265,000	15,125,988	44,390,988
2035 - 2039	35,705,000	8,678,525	44,383,525
2040 - 2042	25,100,000	1,532,800	26,632,800
	<u>\$ 113,425,000</u>	<u>\$ 46,370,538</u>	<u>\$ 159,795,538</u>

NOTE 8 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the 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. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to two percent or two and one-half percent, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service.

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

Benefits are generally between one percent to two and one-half percent, 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 two percent or two and one-half percent, depending upon the membership class, of the member's final average salary as defined in the Code multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

The contribution rates based on qualified member compensation are presented below:

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

Member-ship Class	Continuous Employment Since:	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
	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%
	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 July 1, 2021 – 7.50% After July 1, 2021 – 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to July 1, 2021 – 10.30% After July 1, 2021 – 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to July 1, 2021 – 8.25% After July 1, 2021 – 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to July 1, 2021 – 7.50% After July 1, 2021 – 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

A summary of the shared risk parameters by membership class is presented below:

Member-ship Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum Contribution Rate	Maximum Contribution Rate
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 the fiscal year ended June 30, 2024 was 33.09% percent 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 \$12,468,445 for the year ended June 30, 2024.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

At June 30, 2024, the District reported a liability of \$108,769,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.2445 percent, which was an increase of 0.0051 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$10,968,619. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 3,078,000	\$ -
Changes in proportions	3,108,000	-
Difference between employer contributions and proportionate share of total contributions	-	162,548
Difference between expected and actual experience	25,000	1,489,000
Changes in assumption	1,623,000	-
Contributions subsequent to the date of measurement	12,468,445	-
	\$ 20,302,445	\$ 1,651,548

An amount of \$12,468,445 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ended June 30,	
2025	\$ 2,832,900
2026	(1,441,536)
2027	3,764,088
2028	1,027,000
	\$ 6,182,452

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

Actuarial Assumptions

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

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

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

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

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

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

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

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

Discount Rate

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 140,995,000	\$ 108,769,000	\$ 81,580,000

Pension Plan Fiduciary Net Position

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

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The Avon Grove School District Postemployment Benefits Plan ("the District Plan") is a single employer defined benefit healthcare plan. The District Plan provides medical insurance benefits to eligible retirees and their spouses. The Board of School Directors has the authority to establish and amend benefit provisions through the collective bargaining process with members of the professional and support staff, an agreement with administrative employees, and individual employment contracts with certain employees. The District Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

Benefits Provided

The District Plan provides healthcare insurance benefits for retired employees and their dependents. The eligibility requirements and benefits provided are summarized as follows:

*Administrators* – retired District administrators with at least ten years of service to the District are eligible to receive benefits upon the date of their retirement into PSERS and receive medical, prescription drug, dental, and vision insurance at no cost. Retired professional staff and support staff are eligible to receive medical and prescription drug insurance upon their retirement into PSERS.

*Professional staff, retired before July 1, 2013* – retired professional staff are eligible to receive medical and prescription drug insurance benefits. Professional staff retiring before July 1, 2013 pay a percentage of the premium assessed for a single employee ranging from zero to ten percent depending upon the year of retirement, plus twenty to twenty-five percent of the difference between dependent and single employee coverage for their dependent(s), as applicable.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

*Professional staff, retired on or after July 1, 2013* – retired professional staff are eligible to receive medical and prescription drug insurance benefits. Professional staff retiring on or after July 1, 2013 with thirty years of PSERS credited service and at least twenty-five years of service to the District pay zero percent of the premium for single employees, plus twenty-five percent of the difference between dependent and single employee coverage for their dependent(s), as applicable.

*Support staff* – retired support staff are eligible to receive medical and prescription drug insurance benefits. Retired support staff with thirty years of PSERS credited service and at least twenty-five years of service to the District pay the same contribution percentage of the premiums as currently active employees.

At July 1, 2023, the following employees were covered by the benefit terms:

Active participants	437
Retired participants currently receiving benefits	<u>46</u>
	<u>483</u>

Total OPEB Liability

The District's total OPEB liability of \$14,480,960 was measured as of July 1, 2023, and was determined by rolling forward the District's total OPEB liability as of the July 1, 2022 actuarial valuation to July 1, 2023.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

- Healthcare cost trend rate – 7.0 percent for 2023, decreasing 0.5 percent per year to 5.5 percent in 2026. Rates gradually decrease from 5.4 percent in 2027 to 4.1 percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial cost method – Entry age normal
- Interest rate – 4.13 percent based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2023
- Salary increases – 2.50 percent cost of living adjustment, 1.50 percent real wage growth, with a merit increase for professional staff and administrators varying from 0.00 percent to 2.75 percent
- Mortality rates were projected using the PubT-2010 headcount-weighted mortality table for teachers. The PubG-2010 headcount-weighted mortality table was used for all other employees.



AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB Liability – June 30, 2023	\$ 16,979,734
Changes for the year:	
Service cost	785,014
Interest	708,308
Differences between actual and expected experience	(1,938,681)
Changes of assumptions	(1,464,993)
Benefit payment	<u>(588,422)</u>
Net changes	<u>(2,498,774)</u>
Total OPEB Liability – June 30, 2024	<u>\$ 14,480,960</u>

Changes of assumptions include the change in the discount rate from 4.06 percent to 4.13 percent. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

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

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

	<u>1% Decrease 3.13%</u>	<u>Current Rate Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
Total OPEB liability	\$ 15,786,762	\$ 14,480,960	\$ 13,282,723

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease (6.0% Decreasing to 3.1%)</u>	<u>Current Trend Rates (7.0% Decreasing to 4.1%)</u>	<u>1% Increase (8.0% Decreasing to 5.1%)</u>
Total OPEB liability	\$ 12,890,610	\$ 14,480,960	\$ 16,349,869

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 AVON GROVE SCHOOL DISTRICT POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$529,292. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,976,614	\$ 5,105,988
Difference between expected and actual experience	-	6,353,133
Contributions subsequent to the date of measurement	612,681	-
	\$ 2,589,295	\$ 11,459,121

An amount of \$612,681 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a component of OPEB expense in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2025	\$ (964,030)
2026	(964,030)
2027	(964,030)
2028	(964,030)
2029	(964,030)
Thereafter	(4,662,357)
Total	\$(9,482,507)

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

As a member of the PSERS, District employees are eligible to participate in the postemployment healthcare program offered and administered by the PSERS.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

PSERS retirees can participate in the premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the Health Options Program ("HOP") or employer-sponsored health insurance program

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

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

Pension 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 the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the 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. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64 percent 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 \$241,155 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$4,436,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net 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, 2023, the District's proportion was 0.2452 percent, which was an increase of 0.0052 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$147,858. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 29,000	\$ 44,000
Changes of assumptions	383,000	839,000
Changes in proportion	236,000	75,000
Differences between projected and actual investment earnings	10,000	-
Difference between employer contributions and proportionate share of total contributions	62	-
Contributions subsequent to the date of measurement	241,155	-
	<u>\$ 899,217</u>	<u>\$ 958,000</u>

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

An amount of \$241,155 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a component of OPEB expense in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ (43,302)
2026	(77,530)
2027	(96,536)
2028	(90,554)
2029	<u>7,984</u>
	<u>\$ (299,938)</u>

Actuarial Assumptions

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

- Actuarial cost method – Entry age normal, level percent of pay
- Investment return – 4.13 percent based on the S&P 20-year Municipal Bond Rate
- Salary growth – Effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50 percent PubT-2010 and 50 percent 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 percent.
  - Eligible retirees will elect to participate post-age 65 at 70 percent.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

- Cost method: amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefitting under the Plan as of June 30, 2021 was used in lieu of the 63 percent 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-2020 mortality improvement scale.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	100.00%	1.2%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent, an increase from 4.09 as of June 30, 2022. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (cont'd)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2023, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. 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 system's net OPEB liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 4,436,000	\$ 4,436,000	\$ 4,437,000

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

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

	<u>1% Decrease 3.13%</u>	<u>Current Rate Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
District's proportionate share of the net OPEB liability	\$ 5,016,000	\$ 4,436,000	\$ 3,951,000

OPEB Plan Fiduciary Net Position

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

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SUMMARY OF NET OPEB LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS RELATED TO PENSIONS AND OPEB

The District's aggregate net OPEB liability is as follows:

	<u>Net OPEB Liability</u>
District Plan (See Note 9)	\$ 14,480,960
PSERS Plan (See Note 10)	<u>4,436,000</u>
Total	<u>\$ 18,916,960</u>

The District's aggregate deferred inflows and outflows of resources related to pensions and OPEB are as follows:

	<u>Deferred Outflows of Resources - Contributions</u>	<u>Other Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension – PSERS (See Note 8)	\$ 12,468,445	\$ 7,834,000	\$ 1,651,548
OPEB – District Plan (See Note 9)	612,681	1,976,614	11,459,121
OPEB – PSERS (See Note 10)	<u>241,155</u>	<u>658,062</u>	<u>958,000</u>
Total	<u>\$ 13,322,281</u>	<u>\$ 10,468,676</u>	<u>\$ 14,068,669</u>

NOTE 12 LEASES

The District leases certain copy machines under various lease agreements that are reported in accordance with GASB Statement No. 87, "Leases."

On June 4, 2021, the District entered into a lease agreement for 24 multi-function digital copiers. The non-cancellable lease term is for a five-year period ending June 4, 2026, with payments due monthly of \$1,464. The lease payments include an interest rate of 3.40 percent.

On June 20, 2023, the District entered into a lease agreement for 23 copy machines. The non-cancellable lease term was for a five-year period ending on June 20, 2028, with payments due monthly of \$874. The lease payments included an interest rate of 7.92 percent.

On June 20, 2023, the District entered into a lease agreement for six high-volume copy machines. The non-cancellable lease term was for a five-year period ending on June 20, 2028, with payments due monthly of \$951. The lease payments included an interest rate of 7.92 percent.



AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 LEASES (cont'd)

Presented below are summaries of lease payment requirements to maturity by years, and lease asset activity:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 33,241	\$ 6,233	\$ 39,474
2026	35,177	4,297	39,474
2027	19,399	2,504	21,903
2028	20,991	911	21,902
	<u>\$ 108,808</u>	<u>\$ 13,945</u>	<u>\$ 122,753</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Leased assets being depreciated:				
Leased equipment	\$ 170,875	\$ -	\$ -	\$ 170,875
Total Leased Assets Being Depreciated	<u>170,875</u>	<u>-</u>	<u>-</u>	<u>170,875</u>
Less accumulated depreciation for:				
Leased equipment	32,273	34,175	-	66,448
Total accumulated depreciation	<u>32,273</u>	<u>34,175</u>	<u>-</u>	<u>66,448</u>
Total Leased Assets Being Depreciated, Net	<u>138,602</u>	<u>(34,175)</u>	<u>-</u>	<u>104,427</u>
Governmental Activities Assets, Net	<u>\$ 138,602</u>	<u>\$ (34,175)</u>	<u>\$ -</u>	<u>\$ 104,427</u>

NOTE 13 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into several multi-year information technology subscription agreements for the use of various software services. Initial lease liabilities were recorded in the amount of \$386,358, and include discount rates ranging from 1.86 percent to 4.06 percent. The noncancelable agreement terms range from three years to five years, with the last service arrangement terminating on June 30, 2026.

Presented below are summaries of subscription payment requirements to maturity by years, and subscription asset activity:

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (cont'd)

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 95,782	\$ 3,006	\$ 98,788
2026	7,784	316	8,100
	<u>\$ 103,566</u>	<u>\$ 3,322</u>	<u>\$ 106,888</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Subscription assets being amortized	\$ 386,477	\$ -	\$ -	\$ 386,477
Less: accumulated amortization	186,739	96,842	-	283,581
Total Subscription Assets Being Amortized, Net	199,738	(96,842)	-	102,896
Governmental Activities Subscription Assets, Net	<u>\$ 199,738</u>	<u>\$ (96,842)</u>	<u>\$ -</u>	<u>\$ 102,896</u>

NOTE 14 JOINT VENTURES

The District is a participating member of the Center for Arts Technology ("the Vo-Tech"). The Vo-Tech is run by a joint board consisting of school directors from each member district. The board of directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of the debt and operating costs of the Vo-Tech based on the number of students from each district. For fiscal year ended June 30, 2024, the District's share of debt and operating costs was \$2,791,801. The Vo-Tech prepares financial statements which are available to the public. The financial statements of the Vo-Tech are available from the Chester County Intermediate Unit located at 455 Boot Road, Downingtown, Pennsylvania 19335.

NOTE 15 FUND BALANCES

As of June 30, 2024, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>			
Prepaid expenditures	\$ 24,022	\$ 2,279	\$ 26,301
<u>Restricted:</u>			
Capital projects	-	9,675,933	9,675,933
Arbitrage rebate	-	138,054	138,054

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 FUND BALANCES (cont'd)

(cont'd)	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Committed:			
Future retirement contributions	5,998,719	-	5,998,719
Assigned:			
Subsequent year's budget	7,006,999	-	7,006,999
Future projects	7,000,000	-	7,000,000
Real estate tax appeal losses	1,500,000	-	1,500,000
Pupil services expenditures	1,000,000	-	1,000,000
Unassigned	<u>8,535,928</u>	-	<u>8,535,928</u>
 Total Fund Balances	 <u>\$ 31,065,668</u>	 <u>\$ 9,816,266</u>	 <u>\$ 40,881,934</u>

NOTE 16 CONTINGENCIES AND COMMITMENTS

Construction Commitments

As of June 30, 2024, the District had ongoing construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	<u>Project Amount</u>	<u>Completed as of 06/30/2024</u>	<u>Commitments</u>
Middle school renovation	\$ 19,600,616	\$ 19,592,616	\$ 8,000
Elementary school window replacement	292,484	290,577	1,907
Intermediate school roof replacement	2,321,000	926,000	1,395,000
High school turf field installation	1,516,310	358,122	1,158,188
Exterior door replacement project	<u>403,121</u>	<u>-</u>	<u>403,121</u>
 Totals	 <u>\$ 24,133,531</u>	 <u>\$ 21,167,315</u>	 <u>\$ 2,966,216</u>

Of the balance completed as of June 30, 2024, \$19,883,193 was substantially completed and placed in service as of June 30, 2024, and \$1,284,122 remained in construction in progress as of June 30, 2024. In addition, the District has incurred costs totaling \$26,927 that were not under a formal contract at June 30, 2024. These costs include permit fees, architectural design fees billed on an hourly basis, and other expenses of a similar nature.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 16 CONTINGENCIES AND COMMITMENTS (cont'd)

Government Grants and Awards

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

Standby Letter of Credit

On June 7, 2022, the District issued an irrevocable standby letter of credit in the amount of \$892,568 for the purpose of securing collateral required by the Commonwealth of Pennsylvania Department of Transportation (PennDOT) while the District made certain roadway improvements in conjunction with the construction of a new high school facility. These improvements were satisfactorily completed, and on December 6, 2023, the letter of credit was amended to reduce the available credit amount to \$178,514. PennDOT is the named beneficiary of the letter of credit. The letter of credit expires on May 13, 2025, and will be renewed on an annual basis until PennDOT no longer requires the letter of credit for collateralization. As of June 30, 2024, no amounts were drawn on the letter of credit.

NOTE 17 RISK MANAGEMENT

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

NOTE 18 DEFICIT NET POSITION

The unrestricted net deficit amount for governmental activities of \$80,717,132 includes the effect of deferring the recognition of pension and postretirement benefit contributions made subsequent to the measurement date of the net pension and net other postemployment benefits liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the differences between projected and actual investment earnings.

AVON GROVE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 19 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through November 4, 2024, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	MEASUREMENT DATE									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.2445%	0.2394%	0.2378%	0.2291%	0.2375%	0.2377%	0.2330%	0.2399%	0.2384%	0.2360%
District's proportion of the net pension liability - dollar value	\$108,769,000	\$106,434,000	\$ 97,633,000	\$112,807,000	\$111,109,000	\$114,108,000	\$115,075,000	\$118,887,000	\$103,264,000	\$ 93,411,000
District's covered employee payroll	\$ 36,520,560	\$ 35,303,166	\$ 33,826,983	\$ 32,994,928	\$ 32,776,368	\$ 32,239,975	\$ 31,017,068	\$ 31,066,045	\$ 30,675,916	\$ 30,121,772
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	297.83%	301.49%	288.62%	341.89%	338.99%	353.93%	371.01%	382.69%	336.63%	310.11%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

**AVON GROVE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 12,468,445	\$ 12,530,204	\$ 11,999,546	\$ 11,335,422	\$ 11,007,108	\$ 10,685,096	\$ 10,232,968	\$ 9,056,984	\$ 7,766,511	\$ 6,288,563
Contributions in relation to the contractually required contribution	<u>12,468,445</u>	<u>12,530,204</u>	<u>11,999,546</u>	<u>11,335,422</u>	<u>11,007,108</u>	<u>10,685,096</u>	<u>10,232,968</u>	<u>9,056,984</u>	<u>7,766,511</u>	<u>6,288,563</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 37,680,402	\$ 36,520,560	\$ 35,303,166	\$ 33,826,983	\$ 32,994,928	\$ 32,776,368	\$ 32,239,975	\$ 31,017,068	\$ 31,066,045	\$ 30,675,916
Contributions as a percentage of covered employee payroll	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%



**AVON GROVE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
Pennsylvania Public School Employees' Retirement System (PSERS)  
Health Insurance Premium Assistance Program**

	MEASUREMENT DATE						
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.2452%	0.2400%	0.2379%	0.2293%	0.2375%	0.2377%	0.2330%
District's proportion of the net OPEB liability - dollar value	\$ 4,436,000	\$ 4,418,000	\$ 5,639,000	\$ 4,954,000	\$ 5,051,000	\$ 4,956,000	\$ 4,747,000
District's covered employee payroll	\$ 36,520,560	\$ 35,303,166	\$ 33,826,983	\$ 32,994,928	\$ 32,776,368	\$ 32,239,975	\$ 31,017,068
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.15%	12.51%	16.67%	15.01%	15.41%	15.37%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

**AVON GROVE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
Pennsylvania Public School Employees' Retirement System (PSERS)  
Health Insurance Premium Assistance Program**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 241,155	\$ 273,904	\$ 282,425	\$ 277,381	\$ 277,157	\$ 272,044	\$ 267,592
Contributions in related to the contractually required contribution	<u>241,155</u>	<u>273,904</u>	<u>282,425</u>	<u>277,381</u>	<u>277,157</u>	<u>272,044</u>	<u>267,592</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 37,680,402	\$ 36,520,560	\$ 35,303,166	\$ 33,826,983	\$ 32,994,928	\$ 32,776,368	\$ 32,239,975
Contributions as a percentage of covered-employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

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

**AVON GROVE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS -  
SINGLE EMPLOYER PLAN**

	MEASUREMENT DATE						
	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
<b><u>TOTAL OPEB LIABILITY</u></b>							
Service cost	\$ 785,014	\$ 1,046,095	\$ 1,084,556	\$ 779,244	\$ 866,165	\$ 816,724	\$ 1,079,004
Interest	708,308	450,494	392,862	578,265	549,270	549,563	545,531
Changes of benefit terms	-	-	-	-	-	-	483,830
Differences between expected and actual experience	(1,938,681)	-	(1,493,070)	-	(1,339,519)	-	(5,132,266)
Changes of assumptions	(1,464,993)	(2,986,555)	(759,875)	2,818,424	(631,867)	44,442	(415,796)
Benefit payments	<u>(588,422)</u>	<u>(529,641)</u>	<u>(572,052)</u>	<u>(567,421)</u>	<u>(592,074)</u>	<u>(579,300)</u>	<u>(731,345)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(2,498,774)	(2,019,607)	(1,347,579)	3,608,512	(1,148,025)	831,429	(4,171,042)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>16,979,734</u>	<u>18,999,341</u>	<u>20,346,920</u>	<u>16,738,408</u>	<u>17,886,433</u>	<u>17,055,004</u>	<u>21,226,046</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 14,480,960</u>	<u>\$ 16,979,734</u>	<u>\$ 18,999,341</u>	<u>\$ 20,346,920</u>	<u>\$ 16,738,408</u>	<u>\$ 17,886,433</u>	<u>\$ 17,055,004</u>
<b><u>PLAN FIDUCIARY NET POSITION</u></b>							
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 14,480,960</u>	<u>\$ 16,979,734</u>	<u>\$ 18,999,341</u>	<u>\$ 20,346,920</u>	<u>\$ 16,738,408</u>	<u>\$ 17,886,433</u>	<u>\$ 17,055,004</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 34,280,721	\$ 32,606,170	\$ 32,606,170	\$ 30,811,258	\$ 30,811,258	\$ 30,046,491	\$ 30,046,491
District's net OPEB liability as a percentage of covered payroll	42.24%	52.08%	58.27%	66.04%	54.33%	59.53%	56.76%

**NOTES TO SCHEDULE**

**Changes of Assumptions**

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

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

**SINGLE AUDIT SUPPLEMENT**



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

November 4, 2024

Members of the Board  
Avon Grove School District  
West Grove, 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, each major fund, and the aggregate remaining fund information of the Avon Grove School District ("the District"), West Grove, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

Members of the Board  
Avon Grove School District

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

#### Report on Compliance and Other Matters

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

#### Purpose of This Report

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

  
BARBACANE, THORNTON & COMPANY LLP



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

November 4, 2024

Members of the Board  
Avon Grove School District  
West Grove, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

Members of the Board  
Avon Grove School District

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

#### Responsibilities of Management for Compliance

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

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

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

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

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



Members of the Board  
Avon Grove School District

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

Report on Internal Control Over Compliance

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

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

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

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

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP

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

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/23	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/24	PASSED THROUGH TO SUB-RECIPIENTS
<b>U.S. Department of Education</b>											
<b>Passed through Pennsylvania Department of Education</b>											
Title I - Improving Basic Programs	I	84.010	013-23-0017	08/16/22-09/30/23	\$ 347,058	\$ 123,949	\$ 90,858	\$ 33,091	\$ 33,091	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-24-0017	08/08/23-09/30/24	584,584	376,280	-	485,000	485,000	108,720	-
Total ALN 84.010						500,229	90,858	518,091	518,091	108,720	-
Title II - Supporting Effective Instructions	I	84.367	020-22-0017	08/25/21-09/30/23	86,424	24,993	24,993	-	-	-	-
Title II - Supporting Effective Instructions	I	84.367	020-23-0017	08/16/22-09/30/24	94,359	41,114	8,483	32,631	32,631	-	-
Title II - Supporting Effective Instructions	I	84.367	020-24-0017	08/08/23-09/30/24	105,238	52,189	-	60,387	60,387	8,198	-
Total ALN 84.367						118,296	33,476	93,018	93,018	8,198	-
Title III - English Language Acquisition Grants	I	84.365	010-23-0017	08/16/22-09/30/24	94,056	43,369	23,812	14,903	14,903	(4,654)	-
Title III - English Language Acquisition Grants	I	84.365	010-24-0017	08/08/23-09/30/24	99,614	60,617	-	77,449	77,449	16,832	-
Total ALN 84.365						103,986	23,812	92,352	92,352	12,178	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-22-0017	08/25/21-09/30/23	36,123	5,179	5,179	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-23-0017	08/16/22-09/30/24	32,038	14,598	4,712	9,886	9,886	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-24-0017	08/08/23-09/30/24	27,170	9,704	-	27,170	27,170	17,466	-
Total ALN 84.424						29,481	9,891	37,056	37,056	17,466	-
<b>Subgrant from U.S. Department of Education</b>											
<b>Passed through Chester County Intermediate Unit (CCIU)</b>											
I.D.E.A. Part B	I	84.027	062-23-0024	07/01/22-09/30/23	561,697	561,697	561,697	-	-	-	-
I.D.E.A. Part B	I	84.027	062-24-0024	07/01/23-09/30/24	566,778	566,778	-	566,778	566,778	-	-
Total I.D.E.A. Part B - CCIU						1,128,475	561,697	566,778	566,778	-	-
<b>Passed through Pennsylvania Training and Technical Assistance Network (PaTTAN)</b>											
I.D.E.A. Part B - Transition Discoveries Grant	I	84.027	14491736-2	09/01/21-06/30/24	7,500	-	(5,379)	5,379	5,379	-	-
Total I.D.E.A. Part B - PaTTAN						-	(5,379)	5,379	5,379	-	-
Total ALN 84.027						1,128,475	556,318	572,157	572,157	-	-
<b>Passed through Chester County Intermediate Unit (CCIU)</b>											
I.D.E.A. Part B 619	I	84.173	131-230024B	07/01/22-06/30/23	3,712	3,712	3,712	-	-	-	-
I.D.E.A. Part B 619	I	84.173	131-240024B	07/01/23-06/30/24	1,888	1,888	-	1,888	1,888	-	-
Total ALN 84.173						5,600	3,712	1,888	1,888	-	-
Total Special Education Cluster						1,134,075	560,030	574,045	574,045	-	-
<b>Passed through Pennsylvania Department of Education</b>											
<b>Education Stabilization Fund:</b>											
<b>Elementary and Secondary School Emergency Relief:</b>											
ARP - ESSER III	I	84.425U	223-21-0017	03/12/20-09/30/24	3,587,912	587,113	468,146	118,967	118,967	-	-
ARP - ESSER III 7% Learning Loss Set Aside	I	84.425U	225-21-0017	03/12/20-09/30/24	199,187	7,243	11,021	16,141	16,141	19,919	-
ARP - ESSER III 7% After School Program Set Aside	I	84.425U	225-21-0017	03/12/20-09/30/24	39,837	1,449	9,416	-	-	7,967	-
ARP - ESSER III 7% Summer School Program Set Aside	I	84.425U	225-21-0017	03/12/20-09/30/24	39,837	1,449	(30,421)	15,000	15,000	(16,870)	-
ARP HCY II - Homeless Children and Youth	I	84.425W	181-21-2019	03/12/20-09/30/24	53,501	-	(5,487)	-	-	(5,487)	-
Total ESSER - PDE						597,254	452,675	150,108	150,108	5,529	-
Total ALN 84.425U						597,254	458,162	150,108	150,108	11,016	-
Total ALN 84.425W						-	(5,487)	-	-	(5,487)	-
Total ALN 84.425						597,254	452,675	150,108	150,108	5,529	-

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

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/23	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/24	PASSED THROUGH TO SUB-RECIPIENTS
<b>U.S. Department of Education</b>											
Passed through Pennsylvania Department of Education											
<b>Total U.S. Department of Education</b>						<b>2,483,321</b>	<b>1,170,742</b>	<b>1,464,670</b>	<b>1,464,670</b>	<b>152,091</b>	<b>-</b>
<b>U.S. Department of Agriculture</b>											
National School Lunch Program											
Value of U.S.D.A. Donated Commodities											
I	10.555	N/A		07/01/23-06/30/24	N/A	260,747	-	260,747	260,747	-	-
Passed through Pennsylvania Department of Education											
I	10.555	N/A		07/01/22-06/30/23	N/A	171,486	171,486	-	-	-	-
I	10.555	N/A		07/01/23-06/30/24	N/A	783,124	-	925,764	925,764	142,640	-
I	10.555	N/A		07/01/22-06/30/24	133,135	-	(96,746)	96,746	96,746	-	-
I	10.555	N/A		07/01/23-06/30/24	119,435	119,435	-	21,961	21,961	(97,474)	-
Total ALN 10.555						1,334,792	74,740	1,305,218	1,305,218	45,166	-
I	10.553	N/A		07/01/22-06/30/23	N/A	35,329	35,329	-	-	-	-
I	10.553	N/A		07/01/23-06/30/24	N/A	188,669	-	225,246	225,246	36,577	-
Total ALN 10.553						223,998	35,329	225,246	225,246	36,577	-
Total Child Nutrition Cluster						1,558,790	110,069	1,530,464	1,530,464	81,743	-
I	10.649	N/A		07/01/22-06/30/23	3,256	3,256	3,256	-	-	-	-
<b>Total U.S. Department of Agriculture</b>						<b>1,562,046</b>	<b>113,325</b>	<b>1,530,464</b>	<b>1,530,464</b>	<b>81,743</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>											
Passed through PA Department of Public Welfare											
I	93.778	N/A		07/01/23-06/30/24	N/A	7,887	11,193	3,085	3,085	6,391	-
Total ALN 93.778						7,887	11,193	3,085	3,085	6,391	-
<b>Total U.S. Department of Health and Human Services</b>						<b>7,887</b>	<b>11,193</b>	<b>3,085</b>	<b>3,085</b>	<b>6,391</b>	<b>-</b>
<b>U.S. Treasury Department</b>											
Passed through Pennsylvania Commission on Crime and Delinquency (PCCD)											
I	21.027	2023-CM-01-42909		01/01/24-12/31/25	172,104	-	-	153,704	153,704	153,704	-
Total ALN 21.027						-	-	153,704	153,704	153,704	-
<b>Total U.S. Treasury Department</b>						<b>-</b>	<b>-</b>	<b>153,704</b>	<b>153,704</b>	<b>153,704</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS</b>						<b>\$ 4,053,254</b>	<b>\$ 1,295,260</b>	<b>\$ 3,151,923</b>	<b>\$ 3,151,923</b>	<b>\$ 393,929</b>	<b>\$ -</b>

Source Codes:

- D = Direct Funding
- I = Indirect Funding

AVON GROVE SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

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

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was \$487,819.

NOTE E INDIRECT COST RATE

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

AVON GROVE SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**PART A - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

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

Unmodified

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major program:

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

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

Unmodified

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

Yes  No

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

10.555, 10.553

Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

AVON GROVE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

**PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C - FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.