CANON-MCMILLAN SCHOOL DISTRICT

CANONSBURG, PENNSYLVANIA

ANNUAL FINANCIAL REPORT SCHOOL YEAR ENDED JUNE 30, 2020



Accountants | Auditors | Advisors

CANON-MCMILLAN SCHOOL DISTRICT

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Independent Auditor's Report

Canon-McMillan School District Canonsburg, Pennsylvania

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Canon-McMillan School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the

Tel 412.369.9992 Fax 412.774.2218 purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Canon-McMillan School District as of June 30, 2020 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis , the Schedule of District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Proportionate Share of the Net OPEB Liability on Pages i through xxv, 42, and 43 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Canon-McMillan School District's basic financial statements. The statement of changes in assets and liabilities – agency funds, the balance sheet – capital projects funds, and the statement of revenues, expenditures, and changes in fund balances – capital projects funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative

Requirements, Costs Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The statement of changes in assets and liabilities – agency funds, the balance sheet – capital projects funds, the statement of revenues, expenditures, and changes in fund balances – capital projects funds, and the schedule of expenditure of awards of federal assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in assets and liabilities – agency funds, the balance sheet – capital projects funds, the statement of revenues, expenditures, and changes in fund balances – capital projects funds, and the schedule of expenditure of awards of federal assistance 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 December 3, 2020, on our consideration of Canon-McMillan School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Canon-McMillan School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canon-McMillan School District's internal control over financial reporting and compliance.

CYPHER & CYPHER

CERTIFIED PUBLIC ACCOUNTANTS

Cyphen \$ Cyphen

Canonsburg, Pennsylvania December 3, 2020

Management's Discussion and Analysis

CANON-McMILLAN SCHOOL DISTRICT CANONSBURG, PENNSYLVANIA

Management's Discussion and Analysis (MD&A) June 30, 2020

Our discussion and analysis of Canon–McMillan School District's financial performance provides an overview of the School District's financial activities for the fiscal year ending June 30, 2020. The MD&A should be read in conjunction with the financial statements and footnotes. This report was prepared by the School District's Business Office.

The Management Discussion and Analysis (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 issued June, 1999.

This report was prepared by the School District's Director of Business & Finance. Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including disclosures in the notes to general purpose financial statements, is the responsibility of the School District's management. We believe that the data is accurately presented in all material respects, is presented in a manner designed to fairly present the financial position and results of operations of the District as measured by the financial activity of the various funds and that all disclosures necessary to enable a reader to gain the maximum understanding of the School District's financial affairs have been included.

THE SCHOOL DISTRICT

Canon–McMillan School District is a School District of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"). Canon–McMillan School District is an independent reporting entity as determined within the criteria established in accordance with Governmental Accounting Standards Board codification Section 2100. The application of this section provides comparability between governmental units, comprehensiveness of an individual report, and an indication of the responsibility and control function of the elected officials.

The criteria of Section 2100 have been examined as to the relationship of the School District with the Western Area Career and Technology Center. This entity was determined not to be a part of the reporting entity of the School District. The Center has been excluded due to lack of substantial control. The District appoints one member to the Joint Operating Committee of the Center. The District pays tuition for the students attending the center and would be responsible for any revenue shortfall and loan defaults.

The School District provides a comprehensive educational system from kindergarten through grade twelve, including regular instruction, special instruction, vocational education and necessary support services. The goal of the School District is to provide excellence in education by fostering high levels of student achievement through collaboration with the community and amidst an ethical culture. We are proud of the efforts of a small group of caring community citizens to establish a foundation to serve the interests of the district. The Canon-McMillan Horizon Foundation is a non-profit organization designed to solicit tax-free donations from local businesses and, in turn, donate those monies to Canon-McMillan to support the school district in areas including, but not limited to, educational programming and classroom supplies/materials.

The governing body of the School District consists of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. The Superintendent functions as the Chief Executive Officer and works collaboratively with the Board of School Directors within a governance framework. The collaboration continues with and throughout the administrative team as teamwork is a cornerstone of our philosophy of success.

POSITIVE RESULTS OF OUR SCHOOL PROGRAM

Overall, the District is proud of the achievement of its students. We are proud to note that the Canon-McMillan School District boasts the honor of three National Blue Ribbon Schools: First Street Elementary (2007 and 2015) and Wylandville Elementary School (2010). In addition, the Canonsburg Middle School recognized for their academic excellence, developmental responsiveness social equity and outstanding structures and processes by the Pennsylvania Schools to Watch program. Canonsburg Middle School received their third Re-designation through the Schools to Watch process. This year, that selection process included three schools in Pennsylvania that were initially This is the third time these schools have been rerecognized nine years ago. Canonsburg Middle School is 1 of 42 in the state currently holding this designation and is one of five schools who has been designated four or more times. In addition, the middle school boasts the 2012 Middle Level Principal of the Year In May 2014. Muse Elementary School and the Canon- McMillan Senior designation. High School each received a Governor's Proclamation for outstanding continuous growth in student academic achievement. Cecil Intermediate, a Title 1 school from our district was recognized as a National Title I Distinguished School for the State of Pennsylvania in 2015 and in 2018.

As one of the fastest growing school districts in southwestern Pennsylvania, we are proud of the myriad of opportunities we offer our students. Our growth, in combination with the age of some of our facilities necessitated a multi-phase capital improvement plan which was initially presented in May, 2014. Ground breaking for the new Muse Elementary School occurred in the fall of 2015 and the opening date for the new school occurred on schedule in August, 2017. We created physical learning spaces that are conducive to learning appropriate for the 21st century, representative of financially sound decisions and indicative of the well-developed infrastructure our students and school community deserve. Our high school renovation/expansion project which began in 2017 and was slated to be completed by December, 2018, as of June 2019 it was sustainably completed and punch list items remained. A new middle school project is currently underway with expected move in date of the 2022-2023 school year.

The Canon-McMillan School District meets the needs of its students on a variety of academic, emotional and social levels. The District embraces the PA Core Standards with the provision of differentiated instructional practices which build a foundation for student success. After school tutoring is offered for at-risk students needing extra help. Enrichment opportunities also are provided and are augmented by programming that addresses the needs of identified gifted students. Canon-McMillan has engaged in Community Partnerships providing students with hands-on project-based learning experiences in conjunction with their coursework. These experiences involve plant/factory field trips, round-table problem-solving discussions with engineers and CEO's and solutions-based projects paired with classroom instructional activities to solve for real-life problems identified by the respective company representatives. While our Community Partners list is growing, it includes partners such as Auma Actuators, Range Resources, Catalyst-Connections, All-Clad Metal Crafters, Universal Electric Corporation, Consol Energy and Mark-West Energy Partners.

Beginning in the 2017-2018 school year, Canon-McMillan School District became the first school district in the state of Pennsylvania to implement Code to the Future, a full immersion computer science curriculum, at our K-4 levels. Canon-McMillan administration understands that there is a growing concern, as indicated in recent US Department of Labor and industry reports, that there will be a significant person job gap in positions requiring skill sets in computer science. The district wants to do its part in addressing this concern by exposing students to such programming at the earliest levels of their educational experience.

As a testament to the positive results of our school programs, the award-winning Canon-McMillan School District has building level test scores within the range that the Pennsylvania Department of Education considers to be successful. Canon-McMillan continues to focus on student growth at each of our schools with the goal to continue to increase each individual school's overall performance.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

Governmental funds including the general, capital projects, capital reserve, debt service and athletic reported an increase combined fund balance of \$104.4M, which is an increase from 2018-2019 of \$32.3M. This increase primarily represents a \$70M borrowing for the new Middle School Project. A combined net gain of 72.1 was reported for 2019-2020.

Revenues: The School District's general fund received \$91.7 million during 2019-2020 compared with \$87.4 million for 2018-2019. Canon–McMillan received 71.65% of its funding from local sources, 27.79% from state sources, and 0.56% federal sources which was a slight shift from 2018-2019 (71%, 28%, and .9 respectively). Real estate tax receipts continue to be the primary source of revenue for the general fund. The property assessments, from which real estate tax receipts are based, continue to increase. Without a significant increase in state funding, it is anticipated that future

annual millage rate increases are likely, especially if the District continues to pursue Capital Projects.

Earned Income Tax (EIT) is the second most significant local revenue source funding general fund operations and it continued to increase despite appearing to plateau or level off a few years ago. The mandated countywide consolidation effort which began in 2012 made the receipt of these revenues more efficient. The District will continue to monitor this taxing effort as it will have both short and long term impacts to the Earned Income Tax collection. Prior to COVID19, it was anticipated that the School District financially positioned very well as economic growth continues and the financial health of the local economy is not solely dependent on any one of several major employers. Another large local tax revenue source for the School District is the Realty Transfer Tax, which taxes one half percent on the sale of homes in our communities. The rates on both this tax and the Earned Income Tax rate are not able to be changed per state law. Homes in our communities range from starter homes which are attractive to young families, to expansive properties. Properties in our district were on the rise due to: recovering housing market, lower borrowing costs and looser mortgage qualifications. The impact COVID19 has on all these things will most likely present themselves in the next three to five years, the district will be closely monitoring all these areas.

Expenditures: Total general fund spending for 2019-2020 was \$86.4 million for the year compared with \$84.1 million for 2018-2019. Instructional programs expended \$45 million, or 52% of all general fund spending compared with \$44.6 million or 53.1% in 2018-2019.

It is anticipated the District will continue to perform better than many communities in terms of revenue streams. Additionally, there have been improvements and additions to the highways creating increased access to major markets and making the Canon–McMillan School District a location that businesses are sure to find attractive.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time increases and decreases in net position serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are

reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement from some items that will result in cash flows in the future fiscal periods, such as uncollected taxes.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes, state and federal subsidies (governmental activities) from other functions that are intended to recover a portion from user fees and charges (business-type activities). The governmental activities include general costs of the District such as instruction, administration and community service. The largest major fund in governmental activity is the General Fund.

The General Fund, the Capital Projects Fund, and the Debt Service Fund are the three major funds under governmental activities.

The General Fund accounts for all transactions of the School District which are not required to be accounted for in another fund. The School Board is empowered by Article 5 Section 507 of the Public School Code to levy and collect necessary taxes in addition to the annual State appropriation in order to pay for any indebtedness that may be created and to enable it to establish, enlarge, equip, furnish, operate, and maintain the operations of the School District. All other funds are designated for specific purposes.

The Capital Bond Funds have activity restricted to capital improvements and the purchase of long-term equipment and are aggregated into a single presentation, Capital Projects Fund. The Debt Service Fund accounts for resources accumulated to provide for payment of general long-term debt principal and interest. The District has one non-major fund: a District Activity Fund, all of which are aggregated into a single presentation, Non-Major Funds.

The only other major fund is the Food Service Fund and it is a business-type activity fund which accounts for the cafeteria program in each of the District's eleven schools. The District contracted these services through an RFP process with Nutrition Inc. to provide food service management. The Retirement Obligations Fund is an internal service fund and accounts for the financial transactions related to the other post employment activities of the School District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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 focuses on near-term inflows and outflows of readily

available resources as well as balances of readily available resources at the end of the fiscal year. Such information is useful in evaluating a District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers can understand the long-term impact of the government's near-term financing decisions. 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 and can be noted on Pages 4 and 6 in the financial statements.

Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. While the District maintains only one proprietary fund type, the Food Service Fund, it provides more detail and additional information than government-wide statements, such as cash flows.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's operations. The District maintains student funds as Agency Funds. The District acts as a custodian and administers this fund on behalf of the students and their organizations. Since these funds are custodial in nature, the District does not measure the results of operation. However, acting as a custodian of these funds, the Business Office had found areas of concern in regard to the internal controls and added further controls as a result.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Position:

Statement of Net Position As of June 30, 2020

	Governmental Activities		Business-Ty	pe Activities	Total	
	2019	2020	2019	2020	2019	2020
Current and Other Assets Non Current Assets	\$ 43,013,613 117,309,516	\$ 115,641,885 116,658,854	\$ 5,881,191 423,109	\$ 5,576,216 375,658	\$ 48,894,804 117,732,625	\$ 121,218,101 117,034,512
Deferred Outflows	18,316,211	18,554,492			18,316,211	18,554,492
Total Assets and Deferred Outflows	178,639,340	250,855,231	6,304,300	5,951,874	184,943,640	256,807,105
Current and Other Liabilities	23,220,288	16,008,204	90,936	129,889	23,311,224	16,138,093
Non Current Liabilities	253,920,100	321,527,526			253,920,100	321,527,526
Deferred Inflows	15,979,882	17,696,584			15,979,882	17,696,584
Total Liabilities and Deferred Inflow	293,120,270	355,232,314	90,936	129,889	293,211,206	355,362,203
Invested in Capital Assets	(14,854,332)	(12,913,432)	423,109	375,658	(14,431,223)	(12,537,774)
Restricted	10,779,036	11,604,881	5,436,298	5,238,154	16,215,334	16,843,035
Unrestricted	(102,284,565)	(103,068,532)	353,957	208,173	(101,930,608)	(102,860,359)
Total Net Position	\$ (106,359,861)	\$ (104,377,083)	\$ 6,213,364	\$ 5,821,985	\$ (100,146,497)	\$ (98,555,098)

Assets, Liabilities & Net Position

The School District's total assets increased \$71.86 million during 2019-2020 to a total of \$256,807,105. 47% is comprised of current assets: cash and cash equivalents, investments, receivables (delinquent taxes), and other receivables from federal and state sources, insurance reimbursement, and other School District funds including Capital Projects. The remaining 53% assets are attributable to noncurrent assets comprised of long-term receivables and capital assets net of depreciation.

Total liabilities increased \$62,150,997 during 2019-2020 to a total of \$355,362,203 million. Beginning June 15, 2014 GASB #68 became effective and is reflective in the future statements presented in this report. This statement was made to address accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts and have certain characteristics. The application of this statement has resulted in the school district being required to include a proportionate share of the PSERS unfunded liability within its financial statements. It is important to note that the District is mandated to participate. Typically we would have only seen things like bonds payable, accounts payable, salaries and benefits payable and other post employment benefits payable represented in this section. This section traditionally and currently also

reflects, accounts payable balances that are primarily the result of expenditures incurred prior to June 30, 2020 and paid subsequent to June 30, 2020. Accrued salaries and benefits are primarily the result of salaries earned by teachers as of June 30, 2020 and paid during the summer 2020.

The District's total net position increased \$1.5 million during 2019-2020. This reflects post GASB #68 activity, which was a main contributor to the large change from 2013-2014 to 2014-2015 but decreased in 2016-2017 and continues to level off in 2019-2020. The net position decrease is comprised of: \$(12,537,774) in invested capital assets, net related debt and inclusive of long-term receivables; restricted funds comprised of capital projects, retirement obligations and designated purposes. Unrestricted funds are reflective of the inclusion of GASB #68 into the financials with \$(102,860,359).

RESULTS OF OPERATIONS

Fiscal year ended June 30, 2020 Changes in Net Position

	Governmental Activities		Business-Type Activities			Activities	Total		
Program Revenues: Charges for Services Operating Grants and Contributions General Revenues: Property Taxes Other Taxes Grants Subsidies and Contributions	2019 \$ 1,360,260 13,188,168 50,680,711 8,829,176 12,669,713	\$	2020 1,621,773 14,352,637 53,352,125 8,954,499 12,755,154	\$	2019 1,350,613 1,015,864	\$	2020 987,004 1,120,301	\$\frac{2019}{2,710,873}\$ 14,204,032 50,680,711 8,829,176 12,669,713	2020 \$ 2,608,777 15,472,938 53,352,125 8,954,499 12,755,154
Other	1,579,264		699,576		145,805		85,860	1,725,069	785,436
	88,307,292		91,735,764		2,512,282		2,193,165	90,819,574	93,928,929
Expenditures:									
Depreciation	1,898,221		1,866,856					1,898,221	1,866,856
Instruction	47,423,555		48,364,063					47,423,555	48,364,063
Instructional Student Support	5,911,592		6,263,344					5,911,592	6,263,344
Administrative and Financial Support	8,002,217		9,092,771					8,002,217	9,092,771
Operation and Maintenance of Plant	7,716,565		7,765,909					7,716,565	7,765,909
Pupil Transportation	6,973,300		6,489,125					6,973,300	6,489,125
Student Activities	1,898,872		1,861,568					1,898,872	1,861,568
Community Services	95,513		186,715					95,513	186,715
Debt Service	6,376,712		7,862,635					6,376,712	7,862,635
Retirement Obligations							270,614	-	270,614
Food Service					2,398,432		2,313,930	2,398,432	2,313,930
	86,296,547		89,752,986		2,398,432		2,584,544	88,694,979	92,337,530
Change in Net Position	\$ 2,010,745	\$	1,982,778	\$	113,850	\$	(391,379)	\$ 2,124,595	\$ 1,591,399

Revenues

Local taxes account for 71.7% of all revenue (pg.7). The District currently receives approximately \$4,793,034 per each mill of real estate tax, and a tenth of a mill is approximately \$479,303. This figure takes into account deducting for un-collected taxes (discount, collection rate, etc...). Reassessment took place in 2016. The District is still initiating and defending appeals from reassessment and projects this to be an annual on-going process moving forward. The remaining revenues are Federal and State subsidies which totaled 28.3% of additional revenue for fiscal 2020.

Expenditures and Other Financing Uses-Governmental Funds

Operating expenditures increased \$3,642,551 in 2019-20 to a total of \$92.3 million. Instructional services account for 52% of total expenditures. It is the most influential factor in the total expenditures from fiscal 2020 and a net increase of \$940,508 from 2019. The increase is mainly attributed to state mandated employer contribution increases along with new staff, salaries and other fringe benefits.

The following table shows the District's nine largest functions at total cost and net cost (total cost less revenues generated by the activity). This table also shows the net costs offset by the other unrestricted grants subsidies and unrestricted contributions to show the remaining financial needs supported by local tax efforts and miscellaneous revenues.

Fiscal Year Ended June 30, 2020 Governmental Activities

				Percentage			Percentage
	To	tal Co	ost	Change	Net	Cost	Change
	2019		2020	2019-2020	2019	2020	2019-2020
Function/Program:							
Depreciation	\$ 1,898,221	\$	1,866,856	-1.7%	\$ 1,898,221	\$ 1,866,856	-1.7%
Instruction	47,423,555		48,364,063	2.0%	37,537,900	37,857,162	0.9%
Instructional Student Support	5,911,592		6,263,344	6.0%	5,379,361	5,699,363	5.9%
Administrative and Financial Support	8,002,217		9,092,771	13.6%	7,351,552	8,409,731	14.4%
Operation and Maintenance of Plan	7,716,565		7,765,909	0.6%	7,097,341	7,068,710	-0.4%
Pupil Transportation	6,973,300		6,489,125	-6.9%	5,500,282	4,856,888	-11.7%
Student Activities	1,898,872		1,861,568	-2.0%	1,518,615	1,484,811	-2.2%
Community Services	95,513		186,715	95.5%	81,513	173,040	112.3%
Long Term Debt Interest	6,376,712		7,862,635	23.3%	5,383,334	6,362,015	18.2%
Total Governmental Activities	86,296,547		89,752,986	4.0%	71,748,119	73,778,576	2.8%
Less: Unrestricted Grants, Subsidies and Contributions					(12,669,713)	(12,755,154)	
Total Needs From Local Sources					\$ 59,078,406	\$ 61,023,422	3.29%

Explanation of Expenditure Category Content:

Depreciation – Depreciation expense is an application of the matching principle whereby the cost of fixed assets used up during a period is matched with the revenues generated by their use. While depreciation expense is not a use of cash, the underlying concept that depreciation expense should bear some relationship to principal debt payments is most important. In 2008-2009, we reflected the results of our outside appraisal of fixed assets and believed we were current in the cost of those assets. In subsequent years, we have added additional updates that were shared by our outside appraisal company. The district will be engaging in another appraisal of our fixed assets in conjunction with the capital improvement plan, in the meantime, annual updates will be provided.

Instruction - Activities designed to provide grades K-12 students with learning experiences to prepare them for activities as citizens, family members, and non-vocational workers as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps.

Instructional support services include those activities associated with assisting, supporting and directing the instructional staff on providing learning experiences for students. Program areas included in this section are audiovisual services, computer services, library, curriculum development and staff development.

Administration services are those activities concerned with establishing and administering policy in connection with operating the School District. Program areas include board services, tax collection, personnel services, legal services, special legal counsel, superintendent services, community relations and office of the principal.

Financial services cover the Business Office operations, warehousing and distributing services and duplicating services. The cost reflects the increase in centralization of the maintenance cost of duplicating equipment. Audit preparation and fixed asset appraisal are also key components of this area. Accounting software and associated modules are an integral part of the business office.

Operation and maintenance services cover the activities concerned with keeping the physical plant, comfortable and safe for use and keeping the buildings and grounds in effective working condition and in a good state of repair. District-wide maintenance projects included roof installation, carpet replacement, ceiling tile replacement, fire and security system repairs, field repairs and playground improvements and roadway and parking lot improvements. Preventive maintenance programs include filter replacements with facility mechanical systems, power system upgrades, HVAC system renovations and high efficiency energy management through lighting conversions to low wattage T8 LEDs. Safety and security is continually addressed with the latest installations involving door barricade systems for every classroom and additional interior and exterior security cameras. The District also contracts the services of police officers/school resource

officers from our local municipalities. 2018 marked the beginning of a district wide initiative that would be first in the District. The district implemented a plan that would phase in full-time contracted SRO's for every building, and by the start of school in 2019 that plan completed. The district plans to continue to add more safety programs and initiatives.

Transportation in Canon–McMillan includes regular education students, special education students, parochial students, inter-district students attending agricultural and vocational-education students attending the Western Area Career and Technology Center and the Parkway West Career and Technology Center.

Student activities encompass those co-curricular programs which supplement the regular instruction program, including such activities as band and athletics.

Community services reflect those activities concerned with providing community services to students such as recreational activities and contributions to Canonsburg Public Library.

Debt services include interest payments on long-term debt obligations and refund of prior year receipts.

BUDGETING PROCESS

The fiscal 2020 General Fund Budget was approved by the Board of School Directors on June 25, 2020. The budget included proposed total expenditures of \$92,113,423 and proposed revenues of \$91,437,768. The expenditures were \$675,655 more than revenues, that shortage will be offset utilizing unassigned fund balance. designation of fund balance was set aside to anticipate things like last minute state budget changes or lack of state budget, GASB 45 (OPEB) contributions, class size monitoring, the unknown financial impact of future tax assessment appeals and emergency monies for building repair. For example: the stadium turf and track were deemed unsafe for play which resulted in a large unanticipated expense in 2014-2015 and 2015-2016. The budget plan continues to include technology improvements, like one to one device initiative, increased bandwidth and technology needed for the Code to the Future initiative, bus replacements, police and other security measures as well as deferred maintenance programming as outlined in the District's five-year planning. The anticipated unknown in the amount of funds available for the state funding formula and reduction in grants monies had some budgetary realignment impact. A big factor in the budgeting process continues to be tax assessments resulting from the county wide reassessment process (see Appendix B). Lastly, the budget also included monies for post-retirement healthcare benefits (GASB).

FUND BALANCE ANALYSIS-GOVERNMENTAL FUNDS

	General Fund	Capital Projects Fund*	Debt Service Fund	District Activities Fund
June 30, 2019	\$7,159,884	\$ 20,440,445	\$4,647,574	\$ 54,047
Increase (Decrease)	\$3,369,331	\$ 70,108,507	\$(1,330,675)	\$ 7,7779
June 30, 2020	\$10,529,215	\$90,548,952	\$3,316,899	\$ 61,826

^{*}Capital Project Fund comprised of Construction Fund \$83,822,796 and Capital Reserve Fund \$6,726,156 as of 6/30/2020.

The fund balance for the General Fund at June 30, 2020 included a surplus of \$3,369,331. This increased the total fund balances from \$7,159,884 to \$10,529,215. It is important to note that the balance sheet delineates the portions of these funds that are assigned, committed, restricted and unassigned. The designation may limit the spending of those funds without further actions. The typical influencing factors are the district long range planning for current and future debt service, unanticipated interim taxes, increases to real estate beyond projections and the District halting spending early. These typically result in additional revenues not budgeted as the outcome was unknown until after the budget was set. However, this year the surplus larger than it typically is due to COVID 19 and school closure from March 16th until the end of the school year. During the closure typical expenditures were not paid or remitted and other not budgeted were expensed. It was known that while there would be expenses not expended there would be additional unprecedented ones in the 20-21 school year that were not yet known. During the budgeting process revenues were also uncertain. It was the assumed that any additional surplus as a result of the closure could be offset in the next year using these surplus funds.

In regard to fund balance, the fund balance policy was established in response to multiple years that the fund balance dipped to a deficit. A recommendation made by the Auditor General was to adopt a policy to prevent this from occurring along with tightened controls. The District complied with both recommendations and a positive fund balance is the result. As a result of budgeting challenges especially in regard to funding, tax appeals, mandated retirement contributions and limits on ability to tax, the District made additional fund balance allocations and will be reviewing the Fund Balance Policy to include these areas. The District's unassigned fund had reached the optimal recommended % but has not dropped, which resulted from fund being committed to Capital Projects. The recommended minimum fund balance limit is between 8%-10%.

DEBT ADMINISTRATION

As of June 30, 2020, the District had long-term debt obligations totaling \$326,852,526 million. In 2017, this increased due to the borrowing for Capital Project: High School and Stadium Projects. The long term Capital Improvement Bonds, Notes and Bond Premium is \$194,880,695 as of June 30, 2020. This amount also includes \$114,640,000 to record as per GASB the net pension liability, \$5,211,600 reported as per GASB 75 for

Health Insurance Premium Liability and \$6,128,880 for other post-retirement benefits and compensated absences. More detailed information relating to the District's long-term liabilities is included in the notes to the financial statements.

HISTORY AND FUTURE ECONOMIC FACTORS

The Canon–McMillan School District, encompassing a land area of 57 square miles, is located in western Washington County and extends north to the Allegheny County border. The Townships of Cecil, North Strabane and Canonsburg Borough comprise the School District. The U.S. Census Bureau had a 2009 total estimated population for the district of 30,211; this represents a 6.3% increase over the 2000 estimate total population of 28,420. The newest census was completed in 2010. Currently the population of the school district is 33,671. This represents an approximate 18.5% increase over the 2000 Census data.

Higher education at Canon-McMillan was initiated in the locale by the Rev. John McMillan in the log cabin that is now located on the front campus of the current Canonsburg Middle School. Since 1791, when Col. John Canon donated this lot and contributed money to provide for the Canonsburg Academy, there has been a secondary school on this site.

After 1800, the Canonsburg Academy was charted as Jefferson College and later merged with Washington College to found the present Washington and Jefferson College in Washington. The Rev. McMillan's Log College is said to be the first school of higher learning west of the Allegheny Mountains. The Canon-McMillan School District was created in the 1950's following the jointure of the Canonsburg Borough, Cecil Township and North Strabane Township schools. On September 15, 1954, the name Canon-McMillan Joint School System was attached to the merger. With the creation of Canon-McMillan, the students from all three municipalities began attending a single Canon-McMillan High School. North Strabane provided the land for the new high school and ground was broken for construction of the school on December 16, 1957.

Canon-McMillan has graduated such athletic standouts as Mike Hull (Class of 2008), who is on the roster as a linebacker for the Miami Dolphins; and the late Doug Kotar (Class of 1970), who played as a running back for the New York Giants football team, and William Schmidt (Class of 1965), who won a bronze medal in the javelin at the 1972 Olympics, and such international artists as twins Joseph and James Sulkowski (Class of 1969), who have displayed their works in all 50 states and abroad. Many of the District's outstanding alumni have been, and continue to be, honored at the District's annual Hall of Honor award ceremony.

Cecil Township, which accounts for nearly 36% of the School District's land area, was once primarily rural and agricultural in character but now includes commercial, residential and industrial areas. A major development in this township was Southpointe which includes an eighteen-hole golf course, hotels, restaurants, recreation, office complexes, and two universities. A new four hundred acre development similar to "Southpointe" was previously approved by Washington County and boasts the following: offices, stores, restaurants, a nine-hole golf course and new housing developments.

Southpointe II is under development with the anticipation of additional real estate projects. Even though the project was once stalled due to the poor economy, its progress is back on track. In 2014, Mylan Corporation (which has since, become Mylan Pharmaceuticals Head Quarters) opened a 280,000 square foot corporate building in Southpointe II. Southpointe and Southpointe II are currently home to businesses such as: Consol Energy, Homewood Suites, NCO Financial Systems, Ansys Inc., Black Box, Range Resources, Mark-West, etc. Cecil Township also includes some of the highest paying taxpayers within the District. In addition to the new businesses commercial and industrial growth, new housing developments continue to expand within Cecil Township. The commercial, industrial and residential development will continue to also create many new jobs and increase real estate and earned income tax revenue for the School District.

North Strabane Township accounts for nearly 38% of the District's land area and is similar to Cecil with a mix of residential and commercial areas along with an industrial park, several motels and restaurants. North Strabane, like Cecil Township also includes some of the largest employers or taxpayers in the district. It is also home to some of the largest businesses: to mention only a few-- 84 Lumber, Pennsylvania Transformer Technology, and the Meadows Racetrack and Casino. The Meadows opened their temporary casino in 2007-2008 with plans to have their permanent casino facility ready by during the 2010-2011 school year. The facility actually opened in the spring of 2009. The district received interim monies for the permanent facility and in 2009-2010 the facility was fully on the tax books. The casino further expanded in 2011-2012 by building a parking facility. Resolution occurred duirng 2012-2013 school year the between the district, county, township and Meadows Casino in regard to past and future real estate taxes. The resolution resulted in a reduction in tax assessment for the property. Much like Cecil Township, North Strabane also had a number of new residential developments that will likely bring additional students and additional real estate and earned income tax revenue for the district.

Canonsburg Borough makes up the balance of the District and is typical of a small city. It has a downtown shopping area, restaurants, motels, some industrial areas and residential areas. Canonsburg Borough boasts the home of the famous, "Sarris Candy" business, which is also one of the largest businesses in Canonsburg. In 2009, ground breaking on a new larger public library was undertaken. The library opened in 2011 and has partnered with the school district. The library brings added benefit to the school district and the community. The community looks forward to the addition of the Washington Hospital Outpatient Center.

The Canon-McMillan School District is still experiencing both student growth and community economic development. The district has seen improvement in the economic conditions of our community. As evidenced in increased real estate, interim taxes and earned income growth since the prior year, the District is experiencing growth as a result of the new housing developments and local oil and gas industry job growth.

The School District is near the city of Washington, the county seat of Washington County. Part of the Pittsburgh Primary Metropolitan Statistical Area (PMSA), the School District is approximately 20 miles southwest from the City of Pittsburgh, the government seat of Allegheny County. Access to Pittsburgh is provided by US Route 19 and

Interstate 79 which bisect the School District North to South. US Route 40 and Interstate 70 are near the School District from east to west. Currently, Washington County is developing two industrial parks located within 15 miles of the school district which will continue to increase the employment rate for District residents. The University of Pittsburgh Medical Center, located approximately 20 miles from the School District, provides extensive and exceptional health care for all surrounding counties. Additionally, acute-care service is provided by Canonsburg General Hospital (which is located within the School District) and Washington Hospital.

With the forward-thinking actions and initiatives of Canon–McMillan School District's Board of Education, the provision of high-quality education of our students will continue through the 21st Century.

The District is prepared to meet the challenges of offering a high-quality education to all students while effecting cost savings whenever possible.

CAPITAL IMPROVEMENT PLAN

The School District continues to track residential growth and the potential enrollment growth that may result. Consequently, the school district will continue exploring options to build a new school building (including a new middle school) and/or renovate and expand an existing structure. Capital improvements will continue as a focal point over the next five to ten years. The District engaged the services of Dr. Shelby Stewman, demographer, from Carnegie Mellon University, to study the population trends (past, present and future) so that precise planning could be put into place.

As a result, the Board of School Directors procured the services of HHSDR architectural firm to make recommendations in regard to facilities and future needs. In May, 2014, a Conceptual Facilities Plan was publicly presented to include the first project, an 800-student elementary school in Muse, which was completed in August 2017. During the 2016-2017 the district also started the High School renovation and Stadium projects. They are planned for completion in the 2019 school year. The new middle school construction is in process with a completion date of 2022-2023. The initial demographic study, completed by Dr. Stewman, was utilized in conjunction with the recommendations of HHSDR to define a footprint for construction/renovation projects for the next three to 10 years. The district has determined to once again contract Dr. Stewman to update our demographics for the next phases of the facilities plan. An updated plan can be found on the district's website under the most current District Snapshot.

Major capital projects have been funded through bond proceeds and school district reserves. Unless the School District budgets funds for these projects it is possible that these needs will result in the addition of debt. However, the School Board of Directors recognizes the importance of capital projects and began to fund the Capital Project Fund (Board Policy 620). Another key factor in capital projects is the District's borrowing ability. This is monitored and assessed annually by the Board Budget and Finance Committee. GASB 75 requires school districts to list all their post health care retirement benefits on the District financials, the District fulfilled the recommended amount from 2009 up thru the 2017. The latest report indicated the district is fully funded and future recommendations may be forthcoming. Regardless, the district will continue

to consider this upon completion of future budgets, as well as continued reviews of our GASB 75 obligations to ensure the impact to the district's borrowing abilities is minimized.

PENNSYLVANIA SCHOOL EMPLOYEES RETIREMENT SYSTEM

The extended decline in the stock market resulted in prolonged negative returns on investment for the State retirement system. It is anticipated that the fund will require significantly increased contributions from all of the school systems within the Commonwealth. The rates are still in the collared time frame at incrementally higher contribution rates after which time, projections from the retirement system have indicated that the rate charged to school systems could be impacted by much higher contributions.

TECHNOLOGY

Canon–McMillan School District has invested several million dollars to acquire technology in the form of equipment, software, and infrastructure. Attempts to provide budgeted funds for replacement and upgrade of this technology in an effort to remain reasonably current have been modestly successful. It is anticipated that significantly higher levels of funding will be required in the near term to maintain the increase in technology. Because these programs are no longer state funded, support for maintaining up-to-date technology has been needed. Thus the last three-five years the district has been working on a 1 to 1 device program and due to that was well positioned when the school closure occurred in March. Moving forward this will be a budgetary expense that will need funded until a replacement program is put into place.

The District has incorporated technology in all phases of operations. The District parents, students, administrators and others rely on the social media communication through the use of district-maintained accounts such as Facebook and Twitter for pertinent district data. The business office has used the website to provide transparency by displaying current budgetary, audit and other important financial data. District administrators are using the website to share information about their buildings or areas of responsibility. Teachers are using the District website as a communication channel for both students and parents. Parents are referencing the website regularly for updates regarding their children's academic progress, to monitor and make notations on their student lunch accounts and to communicate with teachers on a regular basis. Technology is also embedded in the daily learning experiences of our students. It augments already sound teaching methodology in a manner that aligns with and highlights 21st Century learning skills and justifies yet another reason why the Canon-McMillan School District provides a premier learning experience for our students.

REVENUE

The stability of revenue to meet the operational needs of the School District is, in the immediate period, is sound and stable considering the comparative tax burden on the School District's residents, as compared with other school districts in this region. This is mainly attributable to the residential and commercial growth that the district is still experiencing. However, the full financial impact of Covid-19 from a revenue

perspective is not fully known, additionally the political environment in the Pennsylvania state legislature may result in changes to funding levels for this school district that could impact subsidy revenue, and simultaneously limit or eliminate the taxing power as well as receiving lower funding amounts. The federal government in recent years provided stimulus funding that, while providing an influx of monies to the district budget, has expired. Another very critical factor greatly impacting the District is the status of residential and commercial tax appeals especially as a result of Covid-19.

COVID19 NOTE

March 13th marked the day an unprecedented central office executive decision was made to delay school two weeks starting March 16th. Employees and students left for the day on March 13th. Students were told more information would follow regarding instruction. Another central office executive decision was made to ensure that employees would be paid during the two weeks of the initial school closure. commitment to all of our employees was later made a legislative mandate by our legislature and Governor. But Canon-McMillan's executive team were leaders in this effort. Administration, Technology, Teachers, Para-Educators and Secretaries were able to pivot and provide instruction, communication and remote instruction without notice or preparation as the students did not return for the school year. The Business Office and Finance team were very busy during this unprecedented closure and subsequent stay at home order from our Governor. Even though they were deemed essential they were able to safely work out a distancing schedule to keep the district running by paying all bills in a timely manner, complete payroll and begin the close of the year functions necessary to begin the audit. Also during this time, the finance team was able to complete a bond re-financing that they began shortly before the pandemic. this re-financing had a positive impact on financial outcomes for the district. The Transportation Providers, Maintenance Workers, Mechanics and Custodians were able to keep our buildings safe and clean as well as having our fleet ready to go when school Finally, the Food Service Department was able to serve 98,549 could resume. breakfasts and lunches to our families in our community March thru June. Canonsburg Middle School Construction resumed as soon as it was safely able to do so, with only a slight delay.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

Our financial report is designed to provide citizens, taxpayers, students, investors and creditors, and other interested parties with a general overview of the School Board's finances and to illustrate the School Board's accountability for funds it receives. Questions concerning this report or a request for additional information should be addressed to Joni Mansmann, Director of Business and Finance, Canon–McMillan School District, 1 North Jefferson Avenue, Canonsburg, PA 15317, telephone number (724) 746-2940.

CANON-McMILLAN SCHOOL DISTRICT CANONSBURG, PENNSYLVANIA

Management's Discussion and Analysis (MD&A) June 30, 2020

Appendix A: Regional and Economic Data

Appendix B: District Enrollment, Debt and Other Tax Data

APPENDIX A

REGIONAL AND ECONOMIC DATA OF CANON-MCMILLAN SCHOOL DISTRICT

(Washington County, Pennsylvania)

REGIONAL AND ECONOMIC DATA OF CANON-MCMILLAN SCHOOL DISTRICT (Washington County, Pennsylvania)

The School District is located in the northeastern part of Washington County, Pennsylvania and covers approximately 57 square miles. Canonsburg Borough, the geographical center of the School District, is located approximately 20 miles southwest of Pittsburgh and 9 miles northeast of the City of Washington, Pennsylvania. Participating municipalities within the School District include Canonsburg Borough, Cecil Township and North Strabane Township.

Higher Education

The School District has access to numerous college and universities that offer a variety of undergraduate, graduate and non-credit programs. Washington and Jefferson College is a private liberal arts college located south of the School District in the City of Washington, Pennsylvania. Waynesburg University is located to the south of the School District in the Borough of Waynesburg, the county seat of Greene County and Wheeling, West Liberty and Bethany Colleges are located in the neighboring state of West Virginia. Numerous institutions of higher education that are located in the City of Pittsburgh include the University of Pittsburgh, Carnegie-Mellon University, Duquesne University, Robert Morris University, Point Park University, Chatham University and Carlow University.

Medical Facilities

The University of Pittsburgh Medical Center, located approximately 20 miles from the School District, provides extensive and exceptional health care for all surrounding counties. Additionally, Washington Hospital, located in the City of Washington, is an acute-care general hospital. Canonsburg General Hospital, which is also a general acute-care facility, is located in nearby North Strabane Township. The West Virginia University Medical Center is located approximately thirty miles from the School District in Morgantown, West Virginia. The School District is also served by Mon Valley Hospital, St. Clair Memorial Hospital and a satellite Children's Hospital in Bridgeville..

Transportation Facilities

There is a variety of transportation in Washington County, including three Class 1 railroads and two short lines, as well as 19 trucking companies, three bus lines and three taxi companies based in the County.

Interstate Routes 70 and 79 and U.S. Routes 19, 40 and 43 traverse the School District and provide direct access to the City of Pittsburgh (approximate driving time is thirty minutes) as well as the city of Wheeling, West Virginia. Air service is provided by Pittsburgh International Airport.

Public Utilities

Electricity for the School District is provided by West Penn Power Company. Water service is obtained through the Western Pennsylvania Water Company. Sewage is presently processed by the Canonsburg-Houston Joint Sewer Authority and North Strabane Township Municipal Authority.

Public Safety

Police protection is provided in every municipality by either a local department or the Pennsylvania State Police. Fifty-two communities within the County have their own volunteer fire department and service and mutual-aid agreements provide fire protection to smaller communities.

Recreation

Washington County offers a variety of scenic attractions, historic sites, recreational areas and points of interest, making it a popular destination for vacationers and tourists. Fourteen sites in the County have been designated as National Historic Landmarks. A diversity of recreational facilities exist in Washington County including campgrounds, swimming pools, lakes, municipal parks and ball fields.

Major Employers

Top Ten Employers located within or near the School District are listed below:

Employer	Type of Business	Number of Employees
1. Crown Castle USA, Inc	Communication	1,218
2. Washington Trotting Association	Casino/Racetrack	1,064
3. Ansys Inc. & Subsidiaries	Communication	757
4. Equitrans Midstream Corporation	Gas and Oil	623
Canon-McMillan School District	Education	620
6. ARC Human Service Inc	Human Services	576
7. Mylan Inc.	Pharmaceutical	494
8. 84 Lumber Company	Industrial	475
9. Universal Electric Corporation	Industrial	445
Canonsburg General Hospital	Health Services	373

SOURCE: School District Tax Collector

Major Tax Payer

Top Ten Tax Payers located within or near the School District are listed below:

Taxpayer	Location/Type	Total Value
PA Meadows LLC	North Strabane/Casino/Garage	\$147,186,000
2. Mylan Inc.	Cecil/Pharmaceutical	\$51,027,200
3. CNX Resources	Cecil/Gas & Oil	\$40,943,700
4. PA Meadows LLC	North Strabane/Racetrack	\$33,627,700
5. SLK Global Solutions	Cecil/Commercial	\$29,840,800
6. Southpointe Retail	Cecil/Commercial	\$29,454,700
7. Southpointe II Town Square Bldg.	Cecil/Commercial	\$28,327,600
8. MP KOFP JV LLC	Cecil/Commercial	\$23,912,700
9. Southpointe Hotel & Conf. Center	Cecil/Commercial	23,475,400
10. Southpointe II	Cecil/Commercial	\$23,000,000

SOURCE: Washington County Tax Assessment Office

Population Composition - 2000, 2010 and 2015 Estimates

	2000	<u>2010</u>	2000 – 2010 % Change	2015 Estimates
North Strabane Township	10,057	13,408	33.3%	13,932
Cecil Township	9,756	11,271	15.5%	11,706
Canonsburg Borough	8,607	<u>8,992</u>	4.5%	<u>8,944</u>
School District	28,420	33,671	18.48%	34,582
Washington County	202,897	207,820	2.43%	208,226
Pennsylvania	12,281,054	12,702,379	3.49%	12,779,559

SOURCE: United States Census Bureau and American Community Survey, 5 Year Estimates, 2011-2015

Population Concentration – 2010

	<u>2010</u>	Square Miles (Land Only)	Persons Per Sq. Mile
North Strabane Township	13,408	27.3	491.1
Cecil Township	11,271	26.3	428.6
Canonsburg Borough	8,992	2.3	3,909.6
School District	33,671	55.9	602.3

Washington County	207,820	857.1	242.5
Pennsylvania	12,702,379	44,819.6	283.4

SOURCE: United States Census Bureau.

Per Capita Income - 2000, 2010 and 2015 Estimates

	<u>2000</u>	<u>2010</u>	2000-2010 % Change	2015 Estimate
North Strabane Township	\$23,457	\$31,251	33.2%	\$38,342
Cecil Township	\$22,340	\$31,481	40.9%	\$36,740
Canonsburg Borough	\$17,469	\$22,286	27.6%	\$27,106
Washington County	\$19,935	\$26,041	30.6%	\$30,605
Pennsylvania	\$20,880	\$26,678	27.8%	\$29,291

SOURCE: United States Census Bureau, and American Community Survey, 5 Year Estimates, 2010-2015.

Family and Household Income - 2010 and 2015 Estimates

		Household Income Median	<u>Family Inc</u>	ome Median
	<u>2010</u>	<u>2015</u>	<u>2010</u>	<u>2015</u>
North Strabane Township	\$65,602	\$77,087	\$79,181	\$92,130
Cecil Township	\$62,966	\$75,957	\$68,306	\$90,234
Canonsburg Borough	\$47,228	\$46,547	\$53,091	\$56,985
Washington County	\$47,615	\$56,450	\$62,397	\$72,149
Pennsylvania	\$49,737	\$53,599	\$62,520	\$68,158
		Household Income Median	Family Inc	ome Median

SOURCE: United States Census Bureau, and American Community Survey, 5 Year Estimates, 2011-2015.

Population, Poverty and Education – 2015 Estimates

	Рорг	ulation	Poverty Lev		Education 2:	-
	Total Persons	Total Family Households	Persons Below	Families Below	High School Graduate	College Graduate
North Strabane Township	13,932	3,821	2.4%	1.0%	95.2%	43.9%
Cecil Township	11,706	3,275	3.0%	2.3%	94.1%	39.0%
Canonsburg Borough	<u>8,944</u>	2,285	11.2%	7.5%	90.7%	29.3%
Washington County Pennsylvania	208,226 12,779,559	55,321 3,202,874	10.4% 13.5%	7.2% 9.3%	91.3% 89.2%	27.4% 28.6%

SOURCE: American Community Survey, 5 Year Estimates, 2011-2015.

Housing Units – 2010 and 2015 Estimates

			Owner O	ecupied	Renter Occ	cupied		
	<u>Number</u>		Median	<u>Value</u>	Median Rent			
	<u>2010</u>	<u>2015</u>	<u>2010</u>	<u>2015</u>	<u>2010</u>	<u>2015</u>		
North Strabane Township	5,689	5,997	\$183,600	\$202,400	\$739	\$1,021		
Cecil Township	4,655	4,975	\$166,900	\$206,300	\$688	\$919		
Canonsburg Borough	4,459	4,709	\$115,200	\$128,600	\$619	\$732		
Washington County	93,032	93,643	\$140,600	\$152,400	\$556	\$675		
Pennsylvania	5,481,676	5,585,611	\$152,300	\$166,000	\$716	\$840		

SOURCE: United States Census Bureau: 2006-2010 and 2011-2015 American Community Survey 5-Year Estimates.

Unemployment Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	2017 (1)
Washington County						
Civilian Labor Force (000)	107.5	107.0	106.1	106.5	107.4	107.4
Employment (000)	99.7	99.5	100.0	100.8	100.7	101.4
Unemployment (000)	7.7	7.4	6.1	5.8	6.6	6.0
Unemployment Rate	7.2%	7.0%	5.8%	5.4%	6.2%	5.6%
Pennsylvania						
Civilian Labor Force (000)	6,487.0	6,460.0	6,391.0	6,424.0	6,472.0	6,531.0
Employment (000)	5,973.0	5,982.0	6,016.0	6,094.0	6,120.0	6,183.0
Unemployment (000)	513.0	478.0	376.0	330.0	352.0	348.0
Unemployment Rate	7.9%	7.4%	5.9%	5.1%	5.4%	5.3%
United States						
Civilian Labor Force (000)	154,975.0	155,389.0	155,922.0	157,130.0	159,187.0	161,911.0
Employment (000)	142,469.0	143,929.0	146,305.0	148,834.0	151,436.0	154,470.0
Unemployment (000)	12,506.0	11,460.0	9,616.0	8,296.0	7,751.0	7,441.0
Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.9%	4.6%

SOURCE: U.S. Department of Labor and Industry, Pennsylvania Bureau of Employment. Not seasonally adjusted. (1) As of July, 2017.

APPENDIX B OPERATING AND FINANCIAL DATA

Enrollment Data

	<u>Actual Enro</u>	<u>liments</u>	
School Year Ending June 30,	Elementary	Secondary	<u>Total</u>
2012	2,686	2,246	4,932
2013	2,686	2,292	4,978
2014	2,728	2,315	5,043
2015	2,756	2,404	5,160
2016	2,779	2,439	5,218
2017	2,777	2,444	5,221
2018	2,819	2,466	5,285
2019	2,861	2,483	5,344
2020 (current) (1)	2,855	2,471	5,326

	Projected Enro	ollments*	
School Year Ending June 30,	Elementary	Secondary	<u>Total</u>
2020	2,878	2,603	5,481
2021	2,901	2,629	5,530
2022	2,943	2,617	5,560
2023	2,896	2,716	5,612
2024	2,901	2,752	5,653
2025	2,892	2,797	5,689

SOURCE: School District Officials.

(1) As of October, 2020 per PIMS Coordinator

(2) * Projections taken directly from Table 15 of the Demographic Study – Scenario III

SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS

Shown below is a summary of the School District's outstanding debt:

			Project	
	Gross	<u>CARF</u>	Reimb.	Local Share
General Obligation Debt				
General Obligation Bonds, Series of 2017	\$23,955,000*	0.5157	0.0000	\$ 23,955,000
General Obligation Bonds, Series D of 2014	\$25,230,000	0.5157	0.0000	\$25,230,000
General Obligation Bonds, Series B of 2014	\$8,140,000	0.5157	0.0471	\$7,942,284
General Obligation Notes, Series C of 2014	\$23,780,000	0.5157	0.2104	\$21,199,792
General Obligation Notes, Series A of 2012	\$18,695,000	0.5157	0.2473	\$16,310,778
General Obligation Notes, Taxable Series B of 2012	\$915,000	0.5157	0.0000	\$915,000
General Obligation Bonds, Refunding Series of 2008	\$1,300,000	0.5157	0.2230	1,150,499
General Obligation Bonds, Series A of 2002 (CABs)	\$3,349,286	0.5157	0.2019	3,000,559
General Obligation Bonds, Series A of 2001 (CABs)	\$2,899,414	0.5157	0.2299	2,555,661
General Obligation Bonds, Series of 1999 (CABs)	\$4,583,730	0.5157	0.2734	\$3,936,986
TOTAL DIRECT DEBT	\$ 112,847,430			\$106,196,559
Overlapping Debt				
Canonsburg Borough (1)	198,867			198,867
Cecil Township (1)	17,568,604			17,568,604
North Strabane Township ⁽¹⁾	25,405,000			25,405,000
Washington County (2)	10,293,829			10,293,829
TOTAL OVERLAPPING DEBT	\$ 53,466,300			\$53,466,300
TOTAL DIRECT AND OVERLAPPING DEBT	\$166,313,730			\$159,662,859

SOURCE: Local Government Official, District Financial Advisor and Pennsylvania Department of Community and Economic Development.

^{(1) 100%} overlapping.

⁽²⁾ As of June 30,2019. 25.867% overlapping. Proportionate share ratio is determined by dividing the assessed value of the municipalities that comprise the School District by the assessed value of the County, and multiplying that ratio by the outstanding debt of the County, in the total amount.

Debt Ratio Calculations (including issuance of the Bonds)

	Gross Outstanding	<u>Local Share</u>
Net Direct Debt Per Capita	\$3,419.15	\$3,216.00
Net Direct Debt to Market Value	3.393%	3.192%
Net Direct and Overlapping Debt Per Capita	\$5,087.63	\$4,884.47
Net Direct and Overlapping Debt to Market Value	5.049%	4.848%

Population (2010 census): 33,671 2017 Market Value (Pennsylvania State Tax Equalization Board): \$3,392,589,161

Note: As per Financial Advisor – "The local effort debt is calculated using the DOE convention for rounding which results in a slightly different number than using the full percentage values for each project.

Future Financing

The School District and the School Board of Directors are considering the issuance of long-term debt for Capital Projects within the next five years to finance its current Facilities Plan that began in 2014 and is projected to continue thru 2024. The School District will also consider capital contributions from its Capital Reserve to aid in funding the projects associated with the Facilities Plan. The School District will also consider undertaking long-term debt to refund current issues if market conditions are appropriate.

Real Estate Tax Collection Data

					Collections		Collections
Market	Assessed	3.4.11	Current	Current	as a % of	Total	as a % of
Valuation	Valuation	Miliage	<u>Levy</u>	Collections	<u>Levy</u>	Collections	<u>Levy</u>
2,267,104,587	360,916,145	107.00	38,618,028	35,166,761	91.6	37,864,176	98.1
2,458,647,372	376,361,906	108.00	40,647,086	38,529,423	97.0	38,529,423	97.0
2,537,698,391	396,806,108	108.00	42,855,060	40,671,692	93.0	40,671,692	97.0
2,738,166,629	423,999,990	110.00	46,639,999	41,788,793	94.0	45,093,111	97.0
2,891,567,333	4,258,889,885	11.09	47,231,089	43,765,978	92.7	$46,770,786^{(1)}$	99.0
3,373,971,673	4,513,783,010	11.4005	51,459,383	51,723,797	100.5	51,723,797	100.5
	Valuation 2,267,104,587 2,458,647,372 2,537,698,391 2,738,166,629 2,891,567,333	Valuation Valuation 2,267,104,587 360,916,145 2,458,647,372 376,361,906 2,537,698,391 396,806,108 2,738,166,629 423,999,990 2,891,567,333 4,258,889,885	Valuation Valuation Millage 2,267,104,587 360,916,145 107.00 2,458,647,372 376,361,906 108.00 2,537,698,391 396,806,108 108.00 2,738,166,629 423,999,990 110.00 2,891,567,333 4,258,889,885 11.09	Valuation Valuation Millage Levy 2,267,104,587 360,916,145 107.00 38,618,028 2,458,647,372 376,361,906 108.00 40,647,086 2,537,698,391 396,806,108 108.00 42,855,060 2,738,166,629 423,999,990 110.00 46,639,999 2,891,567,333 4,258,889,885 11.09 47,231,089	Valuation Valuation Millage Levy Collections 2,267,104,587 360,916,145 107.00 38,618,028 35,166,761 2,458,647,372 376,361,906 108.00 40,647,086 38,529,423 2,537,698,391 396,806,108 108.00 42,855,060 40,671,692 2,738,166,629 423,999,990 110.00 46,639,999 41,788,793 2,891,567,333 4,258,889,885 11.09 47,231,089 43,765,978	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$

SOURCE: School District Officials and Pennsylvania State Tax Equalization Board.

Real Property Taxes, Appeals and Reassessment

The number of tax appeals received by the School District had been on a decline but rose significantly this past year due to a countywide reassessment. The last reassessment took place in the late 1970's with a base year set at January 1981. This meant that the valuation date of all new construction thereafter, and for the past thirty years was January 1, 1981. Now as a result of the reassessment all properties (approximately 120,000 countrywide) will now have an assessment based on what their property was worth on July 1, 2015. Washington County property reassessment was scheduled to take place in 2016 with the values to become effective in 2017. As an anticipated result, the District faced a higher than the most recent norm in terms of tax appeals. Since the School District did anticipate a rise in tax assessment appeals, they hired legal representation specifically for these appeals and meet monthly with their real estate attorney and board committee to remain apprised of the status of ongoing appeals. The School Board of Directors also partnered with the largest municipality (North Strabane) to defray legal costs of appeals initiated against the district and municipality.

District Administration continues to work closely with Real Estate Council and the Chief Assessor. Post assessment we were able to manage and budget for the approximately the 180 tax appeals the school district faced due to reassessment. It is important to note that even though it was a rise in tax assessment appeals it represented less than 1% of all taxable properties (approximately 17,816) within the boundaries of the Canon-McMillan School District. Currently as of 6/30/2019), the district filed 178 tax appeals and the final outcome was a positive net effect for the district.

SOURCE: School District Administrative Officials, Peacock Keller and Chief Assessor.

Tax Anticipation Borrowing

The School District has not issued Tax and Revenue Anticipation Bonds in over a decade. The School Board of Directors revised their fund balance policy in 2010 to ensure monies were set aside for emergencies and unplanned events. This planning has helped the district avoid issuing short term debt. 2015-2016 when the Commonwealth was faced with a budget impasse that was not resolved until well into the following year, the District did not require short term borrowing. In the current fiscal year there is no plan to issue short term.

^{*} Country Wide Property Reassessment* (1) Includes homestead/farmstead exclusions in the amount of \$928,247



CANON–MCMILLAN SCHOOL DISTRICT STATEMENT OF NET POSITION JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,817,034	\$ 695,167	\$ 5,512,201
Investments	102,764,294	4,629,886	107,394,180
Taxes Receivable (net)	2,576,009		2,576,009
Internal Balances	1,049,977	(1,049,977)	
State Revenue Receivable	2,812,507	1,474	2,813,981
Federal Revenue Receivable	140,356	35,458	175,814
Due from Other Governments	70,280		70,280
Other Receivables	533,322	51,319	584,641
Inventories	94,672	14,704	109,376
Prepaid Expenses/Expenditures	783,434	1,198,185	1,981,619
Long Term Receivables	12,523,036		12,523,036
Capital Assets (net)	104,135,818	375,658	104,511,476
TOTAL ASSETS	\$ 232,300,739	\$ 5,951,874	\$ 238,252,613
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB Related	18,554,492		18,554,492
Total Deferred Inflows of Resources	18,554,492		18,554,492
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 250,855,231	\$ 5,951,874	\$ 256,807,105
LIABILITIES			
Accounts Payable	\$ 2,054,283	\$ 19,428	\$ 2,073,711
Accrued Salaries and Benefits	8,101,225		8,101,225
Interest Payable	458,210		458,210
Unearned Revenue	36,124	14,704	50,828
Other Current Liabilities	33,362	95,757	129,119
Long-Term Liabilities:			
Portions Due or Payable Within One Year:			
Bonds Payable	4,920,000		4,920,000
Notes Payable	405,000		405,000
Portions Due or Payable After One Year:			
Bonds Payable - Net of Related Premiums/Discounts	177,051,283		177,051,283
Notes Payable - Net of Related Premiums/Discounts	18,495,763		18,495,763
Net Pension Liability	114,640,000		114,640,000
OPEB - Health Insurance Premium Share Liability	5,211,600		5,211,600
Long-term Portion of Compensated Absences	1,317,355		1,317,355
OPEB Obligation	4,811,525		4,811,525
Total Liabilities	337,535,730	129,889	337,665,619
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB Related	5,173,548		5,173,548
Long Term Receivable	12,523,036		12,523,036
Total Deferred Inflows of Resources	17,696,584		17,696,584
NET POSITION			
Net Investment in Capital Assets	(12,913,432)	375,658	(12,537,774)
Restricted for:	, , , ,	·	, , , ,
Capital Projects	6,726,156		6,726,156
Retirement Obligations	1,500,000	5,238,154	6,738,154
Designated Purposes	3,378,725	,,	3,378,725
Unrestricted	(103,068,532)	208,173	(102,860,359)
TOTAL NET POSITION	(104,377,083)	5,821,985	(98,555,098)
TOTAL LIABILITIES, DEFERRED INFLOWS OF	4 4-2 -		
RESOURCES, AND NET POSITION	\$ 250,855,231	\$ 5,951,874	\$ 256,807,105

CANON–MCMILLAN SCHOOL DISTRICT STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

		Progr	am Revenues	Net (Expense) Revenue				
			Operating		and Changes in			
	_	Charges	Grants and	G	overnmental	В	usiness-type	
	Expenses	for Services	Contributions		Activities		Activities	 Total
Governmental Activities								
Depreciation - Unallocated	\$ 1,866,	356 \$ -	\$ -	\$	(1,866,856)	\$	-	\$ (1,866,856)
Instruction	48,364,0	063 1,337,390	9,169,511		(37,857,162)			(37,857,162)
Instructional Student Support	6,263,	344	563,981		(5,699,363)			(5,699,363)
Administrative and Financial Support	9,092,	771	683,040		(8,409,731)			(8,409,731)
Operation and Maintenance of Plant	7,765,9	79,800	617,399		(7,068,710)			(7,068,710)
Pupil Transportation	6,489,	125	1,632,237		(4,856,888)			(4,856,888)
Student Activities	1,861,	568 191,300	185,457		(1,484,811)			(1,484,811)
Community Services	186,	715 13,283	392		(173,040)			(173,040)
Interest on Long-Term Debt	7,862,	535	1,500,620		(6,362,015)			 (6,362,015)
Total Governmental Activities	89,752,9	986 1,621,773	14,352,637		(73,778,576)			(73,778,576)
Business Type Activities								
Food Service	2,313,9	987,004	1,120,301				(206,625)	(206,625)
Retirement Obligations	270,0	514					(270,614)	(270,614)
Total Business Type Activities	2,584,	987,004	1,120,301				(477,239)	(477,239)
Total Government	92,337,	2,608,777	15,472,938		(73,778,576)		(477,239)	(74,255,815)
General Revenues, Special and Extraordinary Items and Transfers Taxes								
Property Taxes					53,352,125			53,352,125
Other Taxes					8,954,499			8,954,499
Grants, Subsidies and Contributions, Unrestricted					12,755,154			12,755,154
Investment Earnings					1,155,666		85,860	1,241,526
Miscellaneous Expense					(456,090)			(456,090)
Total General Revenues, Special and Extraordinary Items and Transfers					75,761,354		85,860	 75,847,214
Change in Net Position					1,982,778		(391,379)	1,591,399
Net Position - Beginning					(106,359,861)		6,213,364	 (100,146,497)
Net Position - Ending				\$	(104,377,083)	\$	5,821,985	\$ (98,555,098)

CANON-MCMILLAN SCHOOL DISTRICT BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020

	Governmental Funds								
			Ca	pital Projects		Debt Service	N	lon-Major	
		General Fund		Fund		Fund		Funds	Totals
ASSETS					-				
Cash and Cash Equivalents	\$	3,560,918	\$	23	\$	1,194,621	\$	61,472	\$ 4,817,034
Investments (At Fair Value)		13,466,009		87,176,007		2,122,278			102,764,294
Taxes Receivable (Net)		1,616,009							1,616,009
Due From Other Funds		1,049,977		4,085,308		1,397,155		1	6,532,441
State Revenue Receivable		2,812,507							2,812,507
Federal Revenue Receivable		140,356							140,356
Intergovernmental Receivables		70,280							70,280
Other Receivables (Net)		532,968		-				353	533,321
Inventories		94,672							94,672
Prepaid Expenditures		783,434							 783,434
Total Assets	\$	24,127,130	\$	91,261,338	\$	4,714,054	\$	61,826	\$ 120,164,348
LIABILITIES, DEFERRED INFLOWS OF									
RESOURCES, AND FUND BALANCES									
Liabilities:									
Due to Other Funds	\$	4,085,309	\$	-	\$	1,397,155	\$	-	\$ 5,482,464
Accounts Payable		1,341,895		712,386					2,054,281
Accrued Salaries and Benefits		8,101,225							8,101,225
Unearned Revenue		36,124							36,124
Other Current Liabilities		33,362							33,362
Total Liabilities		13,597,915		712,386		1,397,155			15,707,456
Fund Balances:									
Nonspendable:									
Inventory		94,672							94,672
Prepaid Expenditures		783,434							783,434
Committed to:									
Debt Service						3,316,899			3,316,899
Capital Projects				90,548,952					90,548,952
PSERS		1,500,000							1,500,000
Designated Purposes								61,826	61,826
Assigned to:									
Athletics		209,273							209,273
Budget Deficit		675,655							675,655
Unassigned:		7,266,181							7,266,181
Total Fund Balances		10,529,215		90,548,952		3,316,899		61,826	104,456,892
TOTAL LIABILITIES, DEFERRED INFLOWS OF									
RESOURCES, AND FUND BALANCES	\$	24,127,130	\$	91,261,338	\$	4,714,054	\$	61,826	\$ 120,164,348

CANON–MCMILLAN SCHOOL DISTRICT RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2020

Total Fund Balances - Governmental Funds	\$ 104,456,892
Capital assets used in governmental activities are not financial resources and	
are not reported as assets in governmental funds. The cost of the assets is	
\$158,433,475 and the accumulated depreciation is \$54,297,657.	104,135,818
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.	(181,971,283)
Long-term state subsidies receivable on future principal debt payments on	
long-term bonds payable are not assets in the funds.	12,523,036
Accrued interest expense on long-term debt is not due and payable in the	
current period and is not reported as a liability in the funds.	(458,210)
Delinquent property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditure, and therefore are deferred in the funds.	960,000
Net Pension Obligations are not due and payable in the current period and,	(114,640,000)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. Deferred outflows of resources related to pensions and other post	
employment benefits	18,554,492
Deferred inflows of resources related to pensions and other post employment benefits	(5,173,548)
Deferred inflows of resources related to the long term debt subsidy	(-, -,,
receivable	(12,523,036)
Extended Term Financing, including notes payable, are not due and payable in the current period and are not reported as liabilities in the funds.	(18,900,763)
Long-term portion of retirement obligations and compensated absences.	 (11,340,481)
Total Net Position - Governmental Activities	\$ (104,377,083)

CANON–MCMILLAN SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

			Governmer	ntal Fun	nds				
		Ca	pital Projects	ects Debt Service			ice Non-Major		
	General		Fund		Fund		Funds		Totals
Revenues	 								
Local Sources									
Taxes	\$ 62,496,624	\$	-	\$	-	\$	-	\$	62,496,624
Other Local Revenues	3,211,832		712,979		66,480		121,173		4,112,464
State Sources	25,481,807								25,481,807
Federal Sources	514,699								514,699
Total Revenues	 91,704,962		712,979		66,480		121,173		92,605,594
Expenditures									
Instruction	45,079,954								45,079,954
Support Services	27,964,819		213,617		10,426				28,188,862
Operation Of Non-Instructional Services	1,841,033						113,394		1,954,427
Capital Outlay	418,453		3,238,372						3,656,825
Debt Service									
Principal and Interest	11,126,598								11,126,598
Refund of Prior Year Receipts	20,982								20,982
Total Expenditures	 86,451,839		3,451,989		10,426		113,394		90,027,648
Excess (Deficiency) of Revenues									
Over Expenditures	5,253,123		(2,739,010)		56,054		7,779		2,577,946
Other Financing Sources (Uses)									
Bond Proceeds			64,190,000		-				64,190,000
Refunding Bond Proceeds					1,265,000				1,265,000
Payment to Refunding Bond Escrow Agents			-		(1,318,548)				(1,318,548)
Bond Discount (Net)			(465,378)		(9,171)				(474,549)
Bond Premium (Net)			5,816,587		73,145				5,889,732
Sale of Fixed Assets	7,365		2,023,000		,				7,365
Insurance Recoveries	17,996								17,996
Interfund Transfers In	804,000		4,110,308						4,914,308
Interfund Transfers (Out)	(2,713,153)		(804,000)		(1,397,155)				(4,914,308)
Total Other Financing Sources & (Uses)	(1,883,792)		72,847,517		(1,386,729)				69,576,996
Net Change in Fund Balances	3,369,331		70,108,507		(1,330,675)		7,779		72,154,942
Fund Balances - July 1, 2019	 7,159,884		20,440,445		4,647,574		54,047		32,301,950
Fund Balances - June 30, 2020	\$ 10,529,215	\$	90,548,952	\$	3,316,899	\$	61,826	\$	104,456,892

CANON-MCMILLAN SCHOOL DISTRICT RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Governmental Funds	\$	72,154,942
Depreciation Expense		(3,234,586)
Capital outlays are reported governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		3,817,496
Bond and note premium and discount amortization		196,180
Loss on Disposal of Fixed Assets		(705,188)
Some delinquent property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Unearned tax revenues increased by this amount this year.		(190,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest recognized as the interest accrues regardless of when it is due. The additional interest reported in the statement of activities is the result of accrued interest payable and the accretement of interest on capital appreciation bonds.		(2,038,239)
Bonds issued and refunded during the current year are reported in the governmental funds as revenues and expenditures. These items are not reported in the statement of activities. They constitute long-term liabilities in the statement of net position.		(64,155,000)
In the statement of activities, compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, these items are measured by the amounts paid.		(130,535)
Bond Premium and Discount from current year bond issues.		(5,415,183)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net		5,305,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		
District pension contributions Cost of benefits earned net of employee contributions	520,891 (4,143,000)	(3,622,109)
Change in Net Position - Governmental Activities	<u>\$</u>	1,982,778

CANON–MCMILLAN SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET VS ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2020

FOR	THE YEAR	ENDED JUNE 30), 2020)				_
								Over
		Original		Final	,,	Actual	_	(Under)
_		Budget		Budget	(bud	dgetary basis)	Bu	dget - Final
Revenues								
Local Sources	ć	62 250 707	<u> </u>	62 250 707	¢	62 406 624	ć	127.027
Taxes	\$	62,358,797	\$	62,358,797	\$	62,496,624	\$	137,827
Other Local Revenues		2,245,000		2,245,000		3,211,832		966,832
State Sources		25,161,703		25,161,703		25,481,807		320,104
Federal Sources		529,810		529,810		514,699		(15,111)
Total Revenues		90,295,310		90,295,310		91,704,962		1,409,652
Expenditures								
Instruction								
Regular Programs		31,036,612		31,193,927		30,537,447		(656,480)
Special Programs		10,529,120		10,518,320		11,711,535		1,193,215
Vocational Education		2,494,906		2,496,706		2,464,835		(31,871)
Other Instructional Programs		530,679		532,439		340,561		(191,878)
Nonpublic School Programs		330,073		332,133		25,576		25,576
Total Instruction	-	44,591,317		44,741,392	-	45,079,954		338,562
Support Services		44,551,517		44,741,332		43,073,334		330,302
Pupil Personnel		2 001 250		2,947,129		2,716,484		(220 645)
Instructional Staff		2,901,259 1,537,630				1,449,181		(230,645)
				1,547,460				(98,279)
Administration		5,102,097		5,182,229		4,474,324		(707,905)
Pupil Health		2,110,798		2,110,798		1,863,506		(247,292)
Business		907,869		906,369		825,532		(80,837)
Operation & Maintenance of Plant Services		7,816,355		7,847,855		7,259,840		(588,015)
Student Transportation Services		6,645,083		6,644,583		6,252,639		(391,944)
Central		1,915,831		1,947,417		1,708,964		(238,453)
Other Support Services		980,000		980,000		1,414,349		434,349
Total Support Services		29,916,922		30,113,840		27,964,819		(2,149,021)
Operation of Non-Instructional Services								
Student Activities		1,964,657		1,960,464		1,654,612		(305,852)
Community Services		155,095		155,095		186,421		31,326
Total Non-Instructional Services		2,119,752		2,115,559		1,841,033		(274,526)
Capital Outlay		550,000		518,000		418,453		(99,547)
Debt Service		220,000		5_5,555		,		(,)
Principal and Interest		11,524,438		11,524,438		11,126,598		(397,840)
Refund of Prior Year Receipts		11,321,130		11,32 1,130		20,982		20,982
Total Expenditures		88,702,429		89,013,229		86,451,839		(2,561,390)
Excess (Deficiency) of Revenues		00,702,423		05,015,225		00,431,033		(2,301,330)
Over Expenditures		1,592,881		1,282,081		5,253,123		3,971,042
Other Financing Sources (Uses)								
Sales of Fixed Assets		10,000		10,000		7,365		(2,635)
Insurance Recoveries						17,996		17,996
Interfund Transfers In						804,000		804,000
Interfund Transfers (Out)		(150,000)		(150,000)		(2,713,153)		(2,563,153)
Budgetary Reserve		(1,070,000)		(759,200)				759,200
Total Other Financing Sources & (Uses)		(1,210,000)		(899,200)		(1,883,792)		(984,592)
Net Change in Fund Balances		382,881		382,881		3,369,331		2,986,450
Fund Balance - July 1, 2019	·	7,159,884		7,159,884	·	7,159,884		
Fund Balance - June 30, 2020	\$	7,542,765	\$	7,542,765	\$	10,529,215	\$	2,986,450

CANON-MCMILLAN SCHOOL DISTRICT STATEMENT OF NET POSITION - PROPRIETARY FUNDS JUNE 30, 2020

	Food Service Fund			Retirement Obligations Fund		
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$	180,173	\$	514,994		
Investments		1,065,362		3,564,524		
State Revenue Receivable		1,474				
Federal Revenue Receivable		35,458				
Other Receivables		51,319				
Inventories		14,704				
Prepaid Expenses		-		1,198,185		
Total Current Assets		1,348,490		5,277,703		
Noncurrent Assets:						
Food Service Equipment (Net of Depreciation)		375,658				
Total Noncurrent Assets		375,658				
TOTAL ASSETS		1,724,148		5,277,703		
LIABILITIES						
Current Liabilities:						
Due to Other Funds	\$	1,010,428	\$	39,549		
Accounts Payable	·	19,428		,		
Unearned Revenue		14,704				
Other Current Liabilities		95,757				
Total Current Liabilities		1,140,317		39,549		
NET POSITION						
Net Investment in Capital Assets		375,658				
Restricted for:		•				
Retirement Obligations				5,238,154		
Unrestricted		208,173		, ,		
Total Net Position		583,831		5,238,154		
TOTAL LIABILITIES, DEFERRED INFLOWS OF						
RESOURCES, AND NET POSITION	\$	1,724,148	\$	5,277,703		

CANON-MCMILLAN SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Food Service	
Operating Revenues		Obligations Fund
Food Service Revenue	\$ 970,725	\$ -
Other Operating Revenue	16,279	
Total Operating Revenue	987,004	
Operating Expenses		
Personal Services - Salaries	674,606	
Personal Services - Benefits	466,671	270,614
Purchased Property Services	207	
Other Purchased Services	972,331	
Supplies	152,524	
Other Objects	139	-
Depreciation Expense	47,451_	
Total Operating Expenses	2,313,929	270,614
Operating Income (Loss)	(1,326,925)	(270,614)
Nonoperating Revenues (Expenses)		
Donations from Private Sources		
Operating Subsidies		
State Subsidies	182,927	
Federal Subsidies		
Lunch and Breakfast Subsidies	796,640	
Value of Donated Commodities Received	140,734	
Earnings on Investments	13,389	72,470
Total Nonoperating Revenue and Expense	1,133,690	72,470
Change in Net Position	(193,235)	(198,144)
Net Position - July 1, 2019	777,066	5,436,298
Net Position - June 30, 2020	\$ 583,831	\$ 5,238,154

CANON–MCMILLAN SCHOOL DISTRICT STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2020

	Food Service		Retirement igations Fund
Cash Flows from Operating Activities: Cash Received from Customers Cash Payments to Employees for Services Cash Paid to Suppliers for Goods and Services Cash Paid for Other Operating Expenses	\$	1,020,513 (850,492) (955,407)	\$ - (1,429,250)
Net Cash Provided (Used) by Operating Activities		(785,386)	(1,429,250)
Cash Flows from Noncapital Financing Activities:			
Grants and Subsidies Received for Non-Operating Activities		101 452	
State Subsidies Federal Subsidies		181,453 761,182	
Net Cash Provided (Used) by Noncapital Financing Activities		942,635	
Cash Flows from Capital and Related Financing Activities:			
Purchase of Equipment			
Net Cash Provided (Used) by Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Earnings on Investments		13,389	72,470
Withdrawals (Purchases of) from Investment Pools Net Cash Provided (Used) by Investing Activities		(574,023)	 1,871,774 1,944,244
Net Cash Flovided (Osed) by investing Activities		(300,034)	 1,344,244
Net Increase (Decrease) in Cash and Equivalents		(403,385)	514,994
Cash and Cash Equivalents, Beginning of Year		583,558	-
Cash and Cash Equivalents, End of Year	\$	180,173	\$ 514,994
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities			
Operating Income (Loss) Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	\$	(1,326,925)	\$ (270,614)
Depreciation		47,451	
Donated Commodities Used		140,734	
Changes in Assets and Liabilities:			
Accounts Receivable		33,509	
Inventories Other Assets		(9,893)	(1,198,185)
Due to/Due From Other Funds		290,785	39,549
Accounts Payable		(5,250)	33,3 .3
Other Liabilities		34,310	
Unearned Revenues		9,893	
Total Adjustments		541,539	(1,158,636)
Net Cash Provided (Used) by Operating Activities	\$	(785,386)	\$ (1,429,250)

Noncash Noncapital Financing Activities:

During the year, the District received \$150,627 of food commodities from the U.S. Department of Agriculture.

CANON–MCMILLAN SCHOOL DISTRICT STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS JUNE 30, 2020

		cy Funds			
		School			
		ctivities		Store	
ASSETS					
Cash and Cash Equivalents	\$	278,964	\$	26,743	
TOTAL ASSETS	\$	278,964	\$	26,743	
LIABILITIES					
Accounts Payable	\$	17,074	\$	2	
Other Current Liabilities		261,890		26,741	
Total Liabilities		278,964		26,743	
NET POSITION					
Held in Trust for Pension Benefits					
and Other Purposes					
Total Net Position					
TOTAL LIABILITIES AND NET POSITION	\$	278,964	\$	26,743	

Canon–McMillan School District Notes to the Financial Statements June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The Canon—McMillan School District (the "School District") provides public education to residents of North Strabane Township, Cecil Township and the Borough of Canonsburg.

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Canon—McMillan School District, this includes general operations, food service, and student related activities of the School District.

In evaluating the School District as a primary government in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," management has addressed all potential component units. Consistent with this Statement, the criteria used by the School District to evaluate possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. Upon review of this criteria, the School District determined that there were no potential component units that met the criteria for inclusion in the reporting entity.

The School District is however a participant in a jointly governed organization: Western Area Career & Technology Center. The Center is not considered part of the reporting entity, as the School District is not financially accountable for the school. See Note 9 for details on operating information about this entity.

B. Basis of Presentation

The financial statements of Canon—McMillan School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Following are the more significant of the School District's accounting policies.

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal yearend. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and business-type activity. Direct expenses are those that are specifically associated with a service program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances are eliminated.

2. Fund Financial Statements

The fund financial statements provide information about the School District's funds, including the fiduciary funds. Separate statement for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to

the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The General Fund, Capital Projects Fund, and the Debt Service Fund are the School District's major governmental funds:

General Fund - The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Normal debt service payments for general long-term debt are recorded in the General Fund by the School District.

Capital Projects Fund – The Capital Projects Fund includes the School District's capital projects and capital reserve funds. The capital projects fund accounts for funds which are typically borrowed or transferred from the general fund and used for major capital improvements. The capital reserve fund is a Section 1432 capital reserve fund set up in accordance with the Pennsylvania School Code. The purpose of the fund is to set aside excess monies available in the General Fund for future use in the area of capital outlay and improvements.

Debt Service Fund – The Debt Service Fund accounts for resources accumulated to provide for payment of general long-term debt principal and interest.

The Other Governmental Funds of the School District account for other resources, including the district activities fund whose use is restricted to a particular purpose.

District Activities Fund – The District Activities Fund accounts for specific activities within the District and is restricted for particular purposes.

2. Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the School District's proprietary funds:

Enterprise Fund

The Enterprise Fund may be used to account for any activity for which a fee is charged to external users for goods or services.

Food Service

The Food Service Fund accounts for the financial transactions related to the food service operations of the School District. This fund is the School District's only enterprise fund and it is reported as a major fund.

Internal Service Fund

Retirement Obligations

The Retirement Obligations Fund accounts for the financial transactions related to the other post employment activities of the School District. This fund is used to set aside funds accumulated to pay for the School District's Other Post Employment Obligations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are food service charges. Operating expenses for the School District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

Agency Funds

Student Activity Fund - This fund is utilized to account for monies authorized by Section 511 of the Public School Code of 1949 for student activities, publications and organizations.

School Store Fund – This fund accounts for operations of the School District's school store that is maintained by the students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These organizations exist with the explicit approval of and are subject to revocation by the Board.

D. Measurement Focus, Basis of Accounting

1. Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The statement of revenues, expenditures and changes in fund balances reflects the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial

resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

3. Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition and student fees.

4. Unearned Revenues

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

Property taxes for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations, are recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as unearned revenue.

5. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting

period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

Generally accepted accounting principles serve as the budgetary basis of accounting. In accordance with state law, an annual budget prepared by function and object is formally adopted for the General Fund. The School District does not formally adopt budgets for other funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted.

The appropriation resolution is subject to budget transfer amendments between functions, as allowed by the Public School Code, throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary financial statement reflect the first appropriation resolution for the general fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation that includes budget transfer amendments as passed by the Board during the fiscal year. The measurement level of control over expenditures for all budgeted funds is the surplus or deficit of the fund as a whole.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May of the preceding fiscal year, the School District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board of School Directors is then called for the purpose of adopting the proposed budget. The meeting may only be held after 30 days of public notification.
- Prior to July 1, the Board of School Directors legally enacts the budget through passage of a resolution.
- The budget must be filed with the Pennsylvania Department of Education by July 31 of the fiscal year.

F. Encumbrances

Encumbrances at year-end are reported in the fund financial statements as reservations of fund balance since they do not constitute expenditures or liabilities, but serve as authorization for expenditures in the subsequent year. As of June 30, 2020 the School District has no encumbrances.

G. Cash and Investments

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with maturity of three months or less when purchased and pooled funds of investments subject to daily withdrawal to be cash equivalents.

Deposits

Below is a summary of the School District's deposits which are insured by the Federal Depository Insurance Corporation, and those which are not insured or collateralized in the School District's name, but collateralized in accordance with Act 72 of the Pennsylvania State Legislature which

requires the financial institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name.

	FDIC Insured	Pooled Collateral	Bank Balance	Carrying Amount
Cash and Deposits	\$ 750,021	\$ 5,488,008	\$ 6,238,029	\$ 5,817,908

Investments

The District's investments at June 30, 2020 consist of:

	Cost	Fair Value
Pennsylvania Local Government Investment Trust	\$ 109,560	\$ 109,560
Pennsylvania School District Liquid Asset Fund	104,002,715	104,002,715
Certificates of Deposit	3,281,905	3,281,905
Total	\$107,394,180	\$107,394,180

The Pennsylvania School District Liquid Asset Fund and the Pennsylvania Local Government Investment Trust are investment pools. The fair value of the investment pool is the same as the value of the pool shares owned. Although the pools seek to maintain the net position value of \$1 per share, there can be no guarantee that the net asset values will not vary from this price.

For PSDLAF, internal oversight resides with a Board of Trustees consisting of local school board members, school business officials and the Executive Directors of PASBO and PSBA. For outside oversight, the Fund is monitored on a weekly basis by Standard & Poor's, which has rated PSDLAF AAAm, the highest rating available for a money market fund.

For PLGIT, regulatory oversight resides with the Board of Trustees and Trust Administration. The participants of the trust annually select an independent auditing firm to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The Trust is not registered with the Securities and Exchange Commission. Contacts with prospective investors relating to the shares of the pool are conducted through the Investment Adviser's wholly owned subsidiary, PFMAM, Inc., member NASD.

When applicable, the School District measures investments at fair value. The fair value measurement guidelines, set forth by generally accepted accounting principals, recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.
- Level 2 inputs: The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.

• Level 3 inputs: Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investment Risks

Custodial Credit Risk - Custodial credit risk is the risk of loss resulting from the failure of the custodian such that the custodian would not be able to recover the value of its investments or collateral securities in the possession of the custodian. The School District is permitted to invest funds consistent with sound business practices in the following types of investments, certain money market mutual funds, and deposit accounts:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Act 20, a Pennsylvania law enacted in June of 1995, expands the allowable investment vehicles to include certain money market mutual funds rated as "AAA" whose investments are limited to those mentioned in the previous paragraph.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a fixed income investment. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk — Credit risk concentration is the risk of loss attributed to investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represented 5 percent or more of the plan's net position. The School District places no limit on the amount it may invest in any one issue.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

H. Taxes Receivable

Taxes receivable consist of delinquent real estate taxes due at June 30, 2020, less an allowance for the amount of these delinquencies not expected to be collected within the next fiscal year.

I. Interfund Receivables/Payables

During the course of operations, transactions sometime occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

J. Inventories

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by a fund balance reserve, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund did not have a material inventory balance as of June 30, 2020.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2020. The inventory consisted of government donated commodities (valued using USDA values) using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2020 are reported as unearned revenue.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

Description	Estimated Lives
Land Improvements	10 - 15 years
Buildings and Building Improvements	20 - 50 years
Vehicles	6 - 10 years
Machinery and Equipment	6 - 10 years

L. Long-Term Liabilities

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Estimates

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

N. Fund Balances

In accordance with Governmental Accounting Standards Board Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balances as follows:

- Nonspendable includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2020 by the School District are nonspendable in form.
- Restricted includes amounts that are restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed includes amounts that can only be used for specific purposes. Committed
 fund balance is reported pursuant to resolutions passed by the Board of School
 Directors, the District's highest level of decision making authority. Commitments may be
 modified or rescinded only through resolutions approved by the Board of School
 Directors.
- Assigned includes amounts that the School District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the School District's established policy, amounts may be assigned by the Director of Business and Finance of the School District.
- Unassigned includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available,

the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of School Directors has provided otherwise in its commitment or assignment actions.

Fund balances in the School District's general fund totals \$10,529,215 consisting of \$878,106 that is nonspendable for inventory and prepaid expenditures, \$1,500,000 that is committed for PSERS liabilities, \$209,273 that is assigned for athletics, \$675,655 that is assigned for the 20/21 budget deficit, and \$7,266,181 that is unassigned. In addition, \$90,548,952 is a committed fund balance in the capital projects fund and \$3,316,899 is committed in the debt service fund.

Fund balances in the School District's non-major funds include \$61,826 for the District Activities Fund.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Subsequent Events

The School District evaluated subsequent events for recognition and disclosure through December 3, 2020, the date the financial statements were available to be issued. The School District issued General Obligation Bonds, Series of 2020 in the principal amount of \$27,630,000 on July 16, 2020. The School District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain.

Note 2 – Real Estate and Unearned Revenue

Property taxes attach as an enforceable lien on property as of July 1st of the year following levy. Taxes are levied on July 1. The School District bills and collects its own property taxes through locally elected tax collectors. Collection of delinquent property taxes is contracted to a private collection agency. The tax levy for fiscal 2020 was based on assessed values on January 1, 2019 of \$4.666 billion. The School District tax rate for the year ended June 30, 2020 was 11.6500 mills as levied by the School Board.

Taxes may be paid at a 2% discount until September 30^{th} , at face until November 30^{th} , and at a 10% penalty until the lien date.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. This balance, net of allowances, is \$1,616,009.

Note 3 – Changes in Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Non-depreciable assets:			Beginning Balance			Retirements			Ending Balance
Land	Governmental Activities								
Construction in progress	Non-depreciable assets:								
Depreciable assets	Land	\$	785,470	\$	-	\$	-	\$	785,470
Seminary Seminary	Construction in progress		-						-
Buildings 139,800,620 3,418,897 (832,703) 142,386,814 Equipment 9,310,420 398,599 (327,183) 9,381,836 Totals at historical cost 155,775,865 3,817,496 (1,159,886) 158,433,475 Less accumulated depreciation for: 240,921,792 (2,128,864) 127,515 (42,923,141) Equipment (6,674,903) (879,406) 327,183 (7,227,126) Total accumulated depreciation (51,517,769) (3,234,586) 454,698 (54,297,657) Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 (705,188) 104,135,818 Business-type Activities \$ 2,025,973 \$ - \$ - \$ 2,025,973 Totals at historical cost 2,025,973 \$ - \$ 2,025,973 104,258,973 \$ - \$ 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) - (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 </td <td>Depreciable assets</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Depreciable assets								
Equipment 9,310,420 398,599 (327,183) 9,381,836 Totals at historical cost 155,775,865 3,817,496 (1,159,886) 158,433,475 Less accumulated depreciation for: 3,921,074 (226,316) (4,147,390) Buildings (40,921,792) (2,128,864) 127,515 (42,923,141) Equipment (6,674,903) (879,406) 327,183 (7,227,126) Total accumulated depreciation (51,517,769) 3,234,586) 454,698 (54,297,657) Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 \$ 705,188 \$ 104,135,818 Business-type Activities \$ 2,025,973 \$ - \$ - \$ 2,025,973 Total act historical cost 2,025,973 \$ - \$ - \$ 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) - (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 (47,451) - (35,656)	Land Improvements		5,879,355						5,879,355
Totals at historical cost 155,775,865 3,817,496 (1,159,886) 158,433,475 Less accumulated depreciation for: -	Buildings		139,800,620		3,418,897		(832,703)		142,386,814
Land Improvements	Equipment		9,310,420		398,599		(327,183)		9,381,836
Land Improvements (3,921,074) (226,316) (4,147,390) Buildings (40,921,792) (2,128,864) 127,515 (42,923,141) Equipment (6,674,903) (879,406) 327,183 (7,227,126) Total accumulated depreciation (51,517,769) (3,234,586) 454,698 (54,297,657) Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 \$ (705,188) \$ 104,135,818 Business-type Activities \$ 2,025,973 \$ - \$ - \$ 2,025,973 Total activities capital assets: \$ 2,025,973 \$ - \$ - \$ 2,025,973 Total activities capital accumulated depreciation for: \$ (1,650,315) \$ (1,650,315) \$ (1,650,315) Total accumulated depreciation \$ (1,602,864) \$ (47,451) \$ - \$ (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: \$ 945,007 \$ 945,007 Support \$ 2,882 \$ 38,670 \$ 38,670 Transportation	Totals at historical cost		155,775,865		3,817,496		(1,159,886)		158,433,475
Buildings (40,921,792) (2,128,864) 127,515 (42,923,141) Equipment (6,674,903) (879,406) 327,183 (7,227,126) Total accumulated depreciation (51,517,769) (3,234,586) 454,698 (54,297,657) Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 \$ (705,188) \$ 104,135,818 Business-type Activities \$ 2,025,973 \$ - \$ - \$ 2,025,973 Total assets is tequipment \$ 2,025,973 \$ - \$ - \$ 2,025,973 Total at historical cost 2,025,973 - - 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) - (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Instruction \$ 423,109 \$ (47,451) \$ - \$ 375,658 Popperciation expense was charged to governmental functions as follows: \$ 945,007 \$ 28,882 <t< td=""><td>Less accumulated depreciation for:</td><td></td><td>_</td><td></td><td>_</td><td></td><td>_</td><td></td><td>-</td></t<>	Less accumulated depreciation for:		_		_		_		-
Equipment (6,674,903) (879,406) 327,183 (7,227,126) Total accumulated depreciation (51,517,769) (3,234,586) 454,698 (54,297,657) Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 \$ (705,188) \$ 104,135,818 Business-type Activities Page activities Depreciable assets: Equipment \$ 2,025,973 \$ - \$ - \$ 2,025,973 Totals at historical cost 2,025,973 \$ - \$ - \$ 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) \$ (1,650,315) Total accumulated depreciation (1,602,864) (47,451) \$ (1,650,315) Total accumulated depreciation (1,602,864) (47,451) \$ (1,650,315) Business-type activities capital asset, net \$ 423,109 (47,451) \$ 375,658 Depreciation expense was charged to governmental functions as follows: \$ 945,007 Support \$ 28,882 Plant \$ 38,670 Transportation \$ 1,866,856	Land Improvements		(3,921,074)		(226,316)				(4,147,390)
Total accumulated depreciation (51,517,769) (3,234,586) 454,698 (54,297,657) Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 \$ (705,188) \$ 104,135,818 Business-type Activities Depreciable assets: \$ 2,025,973 \$ - \$ - \$ 2,025,973 Totals at historical cost 2,025,973 - - 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) - (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support \$ 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856	Buildings		(40,921,792)		(2,128,864)		127,515		(42,923,141)
Governmental activities capital assets, net \$ 104,258,096 \$ 582,910 \$ (705,188) \$ 104,135,818 Business-type Activities Depreciable assets: \$ 2,025,973 \$ - \$ 2,025,973 \$ 2,025,973 \$ 2,025,973 \$ 2,025,973 \$ 2,025,973	Equipment		(6,674,903)		(879,406)		327,183		(7,227,126)
Susiness-type Activities Substituting Substit	Total accumulated depreciation		(51,517,769)		(3,234,586)		454,698		(54,297,657)
Business-type Activities Depreciable assets: Equipment \$ 2,025,973 \$ - \$ - \$ 2,025,973 Totals at historical cost 2,025,973 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction Support \$ 945,007 Support \$ 28,882 Plant Transportation Unallocated-governmental funds \$ 1,866,856	Governmental activities capital								
Depreciable assets: Equipment \$ 2,025,973 \$ - \$ - \$ 2,025,973 Totals at historical cost 2,025,973 - - 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) - (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support \$ 28,882 Plant 38,670 Transportation 355,171 1,866,856 Unallocated-governmental funds 1,866,856	assets, net	\$	104,258,096	\$	582,910	\$	(705,188)	\$	104,135,818
Depreciable assets: Equipment \$ 2,025,973 \$ - \$ 2,025,973 Totals at historical cost 2,025,973 - - 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) - (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support \$ 28,882 Plant 38,670 Transportation 355,171 1,866,856 Unallocated-governmental funds 1,866,856	Business-type Activities								
Equipment \$ 2,025,973 \$ - \$ 2,025,973 Totals at historical cost 2,025,973 - - 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856	* *								
Totals at historical cost 2,025,973 - - 2,025,973 Less accumulated depreciation for: Equipment (1,602,864) (47,451) (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856		Ś	2.025.973	\$	_	Ś	-	Ś	2.025.973
Less accumulated depreciation for: Equipment (1,602,864) (47,451) (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856	• •				_		-		
Equipment (1,602,864) (47,451) (1,650,315) Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support \$ 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856			, , , , , , ,						, ,
Total accumulated depreciation (1,602,864) (47,451) - (1,650,315) Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support \$ 28,882 Plant \$ 38,670 Transportation Unallocated-governmental funds \$ 1,866,856			(1.602.864)		(47.451)				(1.650.315)
Business-type activities capital asset, net \$ 423,109 \$ (47,451) \$ - \$ 375,658 Depreciation expense was charged to governmental functions as follows: Instruction \$ 945,007 Support \$ 28,882 Plant \$ 38,670 Transportation Unallocated-governmental funds \$ 1,866,856	• •								
State	•			-	, , ,				
Instruction \$ 945,007 Support 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856	· ·	\$	423,109	\$	(47,451)	\$	-	\$	375,658
Instruction \$ 945,007 Support 28,882 Plant 38,670 Transportation 355,171 Unallocated-governmental funds 1,866,856	Depreciation expense was charged to govern	mental fu	nctions as follow	ws:					
Support28,882Plant38,670Transportation355,171Unallocated-governmental funds1,866,856				-				\$	945.007
Plant38,670Transportation355,171Unallocated-governmental funds1,866,856								•	· ·
Transportation 355,171 Unallocated-governmental funds 1,866,856	* *								· ·
Unallocated-governmental funds 1,866,856									
	•								· ·
								\$	

In the 2019-2020 school year, building construction and renovations and equipment purchases (net of retirements) added \$2,657,610 to the historical cost of governmental activities. Depreciation expense for that same time period was a net \$2,779,888 and \$47,451 for the governmental activities and business activities, resulting in net book value decreases of \$122,278 and \$47,451 for the governmental activities and business activities respectively.

Note 4 – General Long-Term Debt

Changes in the School District's long-term obligations during fiscal year 2020 were as follows:

		Beginning Balance		Additions		Reductions		Ending Balance	[Amounts Due Within One Year
Governmental activities:										
Bonds, loans & leases payable	\$	114 502 110	\$	67 202 505	\$	(6 210 000)	\$	175 665 605	\$	4 020 000
Capital improvement bonds	Ş	114,593,110	Ş	67,282,585	Ş	(6,210,000)	Ş	175,665,695	Ş	4,920,000
General obligation notes		19,610,000		67 202 505		(395,000)		19,215,000		405,000
		134,203,110		67,282,585		(6,605,000)		194,880,695		5,325,000
Add: Bond and Note Premiums		1,491,147		5,889,732		(261,082)		7,119,797		
Less: Bond and Note Discounts		(718,799)		(474,549)		64,902		(1,128,446)		
Total bonds, loans										•
and leases payable		134,975,458		72,697,768		(6,801,180)		200,872,046		5,325,000
Other liabilities:										
Compensated absences		1,172,663		248,848		(104,156)		1,317,355		
Health Insurance Premium Share (OPEB)		4,933,000		559,600		(281,000)		5,211,600		
Pension Liability		113,595,000		15,130,000		(14,085,000)		114,640,000		
OPEB Obligation		4,533,979		548,160		(270,614)		4,811,525		
Total other liabilities		124,234,642		16,486,608		(14,740,770)		125,980,480		
Governmental activities										
long-term liabilities	\$	259,210,100	\$	89,184,376	\$	(21,541,950)	\$	326,852,526	\$	5,325,000

Debt Issuance

On October 15, 2019, the School District issued General Obligation Bonds, Series of 2019 for the purpose of designing and constructing a new middle school, refunding the currently outstanding Series of 2008 Bonds in the principal amount of \$1,300,000, certain other improvements to the District facilities, including, without limitation, preliminary work with respect to the construction of a new Wylandville Elementary School and issuing the bonds.

General Obligation Bonds

Capital Appreciation Bonds, Series of 1999, stated maturity amount of \$23,975,000, with yield to maturity ranging from 5.95% to 6.10% with final payment due in 2024.

Capital Appreciation Bonds, Series A of 2001, stated maturity amount of \$13,610,000, with yields to maturity ranging from 4.75% to 5.96% with final payment due in 2029.

Capital Appreciation Bonds, Series A of 2002, stated maturity amount on \$22,635,000, with yields to maturity ranging from 2.30% to 5.98% with final payment due in 2034. These bonds were partially refunded in 2013/2014 with the issuance of the General Obligation Bonds, Series B of 2014.

General Obligation Bonds, Refunding Series of 2008, issuance amount of \$4,510,000, variable rates from 1.50% to 4.05%, with final payment due in 2028. These bonds were refunded with the issuance of the Series of 2019 Bonds.

General Obligation Bonds, Series B of 2014, issuance amount of \$9,865,000, variable rates from 0.530% to 4.270%, with final payment due in 2028.

General Obligation Bonds, Series C of 2014, issuance amount of \$23,780,000, variable rates from 4.270% to 4.730%, with final payment due in 2033.

General Obligation Bonds, Series D of 2014, issuance amount of \$25,350,000, variable rates from 0.70% to 5.00%, with final payment due in 2039.

General Obligation Bonds, Series of 2017, issuance amount of \$24,825,000, variable rates from 0.95% to 5.00%, with final payment due in 2041.

General Obligation Bonds, Series of 2019, issuance amount of \$65,455,000, variable rates from 2.00% to 4.00%, with final payment due in 2050.

The balances remaining on the remaining five series at June 30, 2020 are:

Current Interest Bonds

2014 General Obligation Bonds, Series B

2014 General Obligation Bolias, Series B			7 7,055,000
2014 General Obligation Bonds, Series C			23,780,000
2014 General Obligation Bonds, Series D			25,190,000
2017 General Obligation Bonds			23,840,000
2019 General Obligation Bonds			65,325,000
Total Current Interest Bonds			\$ 145,790,000
			Compound
	Ctatad	Value at	Accreted Value
Zero Coupon Bonds	Stated Maturity	Issuance	at June 30, 2020
1999 General Obligation Bonds	\$23,975,000	\$ 6,963,515	\$ 11,956,064
2001 General Obligation Bonds,			
Series A	13,610,000	3,048,628	8,991,796
2002 General Obligation Bonds,			
Series A	22,635,000	8,251,635	8,927,835
Total Zero Coupon Bonds			\$ 29,875,697
Total All Bonds			\$ 175,665,695
			+ +, 0,000,000

\$

7,655,000

The amounts necessary to amortize outstanding bonds for the next five years and to maturity are:

	Principal	 Interest	 Total
2021	\$ 4,920,000	\$ 6,159,875	\$ 11,079,875
2022	4,945,000	6,132,819	11,077,819
2023	4,975,000	6,102,625	11,077,625
2024	5,020,000	6,072,022	11,092,022
2025	5,130,000	6,040,131	11,170,131
2026-2030	25,820,000	29,371,857	55,191,857
2031-2035	24,940,000	24,796,028	49,736,028
2036-2040	29,970,000	20,530,094	50,500,094
2041-2045	37,790,000	12,730,950	50,520,950
2046-2050	 42,400,000	 5,221,000	 47,621,000
Total	\$ 185,910,000	\$ 123,157,401	\$ 309,067,401

The General Fund is used to liquidate the liability for long-term debt. Interest expense disclosed in the government wide financial statements includes interest paid on long term debt obligations, refund of prior year revenues and unamortized costs related to refunding of debt.

General Obligation Notes

General Obligation Notes – Series of 2012A, issuance amount of \$18,785,000, interest at the rate of 0.45% - 3.25% with final payment due in 2035.

General Obligation Notes – Series of 2012B, issuance amount of \$2,655,000, interest at the rate of 0.862% - 3.295% with final payment due in 2021.

The amounts necessary to amortize outstanding notes for the next five years and to maturity are:

	 Principal	Interest	 Total
2021	\$ 405,000	\$ 594,069	\$ 999,069
2022	455,000	582,201	1,037,201
2023	490,000	570,700	1,060,700
2024	445,000	559,319	1,004,319
2025	225,000	550,803	775,803
2026-2030	2,095,000	2,607,131	4,702,131
2031-2035	8,510,000	2,123,194	10,633,194
2036	 6,590,000	 107,088	 6,697,088
Total	\$ 19,215,000	\$ 7,694,505	\$ 26,909,505

Note 5 - Pension Plan

1. Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in 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. PSERS issues a publicly available financial report that can be obtained at 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 1 year of credited service: (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member Contributions:

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

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

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

Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership class T-E contribution rate to fluctuate between 7.5% and 9.5% and membership class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.43% 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 \$11,116,464 for the year ended June 30, 2020.

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2020, the District reported a liability of \$114,640,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2020, the District's proportion was 0.2450 percent, which was an increase of 0.0084 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$15,130,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		Deferred Outflows of Resources		erred Inflows f Resources
Difference between expected and actual	\$	621 000	\$	2 700 000
experience	Ş	631,000	Ą	3,799,000
Changes in Assumptions		1,096,000		
Net difference between projected and				
actual investment earnings				328,000
Changes in proportions		4,725,000		
Contributions subsequent to the		11,116,464		
measurement date				
	\$	17,568,464	\$	4,127,000

\$11,116,464 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	\$ 2,821,000
2021	(538,000)
2022	(160,000)
2023	202,000

Actuarial assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method Entry Age Normal level % of pay.
- Investment return 7.25%, includes inflation at 2.75%.
- Salary growth Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were 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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

	Target	Long-Term Expected Real
Asset Class	Allocation	Rate of Return
Global Public Equity	20.0%	5.6%
Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternate investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	-20.0%	0.7%
	100.0%	

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, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 project 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.

<u>Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate</u>

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

			Current	
		1%	Discount	1%
	Decrease		rate	Increase
		6.25%	7.25%	8.25%
District's proportionate share of		_		
the net pension liability	\$	142,769	\$ 114,617,000	\$ 90,780,000

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.psers.state.pa.us.

Schedule of Employer Contributions							
	2019	2018	2017	2016	2015	2014	
Actuarially Determined Contribution	\$ 10,971,678	\$ 10,039,714	\$ 8,973,234	\$ 8,213,505	\$ 7,325,973	\$ 6,420,773	
Contributions in relation to the actuarially determined contribution	10,971,678	10,039,714	8,973,234	7,380,936	5,750,368	4,312,862	
Contribution Deficiency	-	-	-	832,569	1,575,605	2,107,911	
Covered Payroll	33,785,620	31,857,284	31,238,673	30,046,850	28,655,402	27,629,124	
Contribution as a percentage of covered payroll	32.47%	31.51%	28.72%	24.56%	20.07%	15.61%	

Note 6 – OPEB Liability – Health Insurance Premium Share

OPEB Plan

1. Summary of Significant Account Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System 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, 2019 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

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

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. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school district's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.83% 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 \$279,158 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$5,211,600 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2019, the District's proportion was 0.2450%, which was an increase of 0.0084% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expenses of \$295,000. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources	
Difference between expected and actual		_			
experience	\$	29,000	\$	-	
Changes in Assumptions		173,000		155,000	
Net difference between projected and actual investment earnings		9,000			
Changes in proportions		214,000			
Contributions subsequent to the measurement date		279,158			
measurement date	<u> </u>	704,158	<u> </u>	155,000	
		704,130	-	133,000	

\$279,158 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended J	une 30,		
	2020	\$	41,000
	2021		41,000
	2022		39,000
	2023		38,000
	2024		68,000
Thereafter			43,000

Actuarial assumptions

The total OPEB liability as of June 30, 2019 was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method Entry Age Normal level % of pay.
- Investment return 2.79% S&P 20 Year Municipal Bond Rate
- Salary growth Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% 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 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.
- Participation rate:
 - o Eligible retirees will elect to participate Pre age 65 at 50%
 - o Eligible retirees will elect to participate Post age 65 at 70%.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy
 Annuitant Tables with age set back 3 for both males and females for healthy annuitants and
 for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables
 with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex
 table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years
 for both genders assuming the population consists of 25% males and 75% females is used to
 determine actuarial equivalent benefits.)

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.

		Long-Term
	Target	Expected Real
OPEB Asset Class	Allocation	Rate of Return
Cash	13.2%	0.20%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
	100.0%	

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, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 2.79%. 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 reserve 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 "payas-you-go" plan. A discount rate of 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retiree 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 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 net OPEB liability for June 30, 2019, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

		Current	
		Discount	
	1% Decrease	Rate	1% Increase
System net OPEB Liability (in thousands)	\$ 2,126,515	\$ 2,126,842	\$ 2,127,106

<u>Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate</u>

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate.

		Current	
		Discount	
	1% Decrease	Rate	1% Increase
	1.79%	2.79%	3.79%
District's proportionate share of			
the net OPEB liability	\$ 5,936,000	\$ 5,211,000	\$ 4,610,000

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.

Schedule of Employer Premium Assistance Contributions

		2019	2018 2017		2016			
Actuarially Determined Contribution	\$	341,736	\$	318,480	\$	294,878	\$	300,426
Contributions in relation to the actuarially determined contribution		280,699		264,339		259,369		261,132
Contribution Deficiency		61,037		54,141		35,509		39,294
Covered Payroll	33	3,785,620	3	1,857,284	;	31,238,673		30,046,850
Contribution as a percentage of covered payroll		0.83%		0.83%		0.83%		0.87%

Note 7 – Compensated Absences & Other Post-Employment Benefits

The School District has made early retirement benefits available to certain employees. The benefit is (1) payment for unused sick days at retirement and (2) a retirement incentive payable. The payable for declared retirements is recorded as a current liability in the General Fund at the time of retirement. With respect to other employees that do not meet the criteria established by the School District for early retirement, these employees are not eligible to receive payment for their unused sick days at retirement. The General Fund has been used to liquidate the accumulated liability for retirement benefits. The dollar amounts of the benefits are as follows:

	Sick Day Liability	Retirement Incentives	 Total
June 30, 2019 Balance	\$ 1,172,663	\$ -	\$ 1,172,663
Increases	248,848		248,848
Decreases	(104,156)		(104,156)
June 30, 2020 Balance	\$ 1,317,355	\$ -	\$ 1,317,355

Note 8 – Other Post-Employment Benefits

The District maintains a single-employer defined benefit healthcare plan. The plan provides health insurance for eligible retirees and their spouses through the District's health insurance plan.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the Board of School Directors. The Annual Required Contribution for the year ended June 30, 2020 was not made by the District.

Funded Status and Funding Progress. As of June 30, 2020, the actuarial accrued liability for benefits was \$4,811,525, all of which was unfunded.

<u>Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

For the year ended June 30, 2020, the District recognized expense of \$156,986. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	red Outflows Resources	Deferred Inflows of Resources		
Difference between expected and actual experience Changes in Assumptions	\$ 281,870	\$	202,857 688,691	
	\$ 281,870	\$	891,548	

The other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended J	une 30,	
	2020	\$ (65,185)
	2021	(65,185)
	2022	(65,185)
	2023	(65,185)
	2024	(65,185)
Thereafter		(283,754)

Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability to the District, calculated using the discount rate of 2.21%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

		Current						
		Discount						
	1% Decrease	Rate	1% Increase					
	1.21%	2.21%	3.21%					
Net OPEB Liability	\$ 5,259,083	\$ 4,811,525	\$ 4,402,417					

Sensitivity of the Net OPEB liability to Changes in the Medical Inflation Rate

The following presents the net OPEB liability to the District, calculated using the current medical inflation rate as well as what the District's net OPEB liability would be if it were calculated using an inflation rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		Current Medical					
	1% Decrease	Inf	lation Rate	1% Increase			
Net OPEB Liability	\$ 4,170,828	\$	4,811,525	\$ 5,587,757			

Schedule of Changes in the Plan's OPEB Liability and Related Ratios

		2020		2019
Service Cost	\$	156,986	\$	136,389
Interest		159,448		178,811
Changes of Benefit Terms				523,538
Differences (Expected vs. Actual)		231,726		83,829
Changes of assumptions				(825,745)
Benefit Payments		(270,614)		(93,775)
Net Change in total OPEB Liability		277,546		3,047
Total OPEB liability - beginning of year		4,533,979		4,530,932
Total OPEB liability - end of year	\$	4,811,525	\$	4,533,979
Covered-employee payroll	\$2	27,471,437	\$2	8,271,430
Total OPEB liability as a percentage of covered- employee payroll		17.51%		16.04%

> GASB 75 was implemented beginning with the fiscal year ended June 30, 2017.

The following assumptions were also made:

Actuarial Cost Method – Entry Age normal Percentage of Pay

Medical Inflation Rate – 3.00% increase in the first year,6% in the second year, decreasing by 0.5% per year to an ultimate rate of 5%.

Asset Valuation Method – Market value

Inflation – 2.6%

Wage inflation – 3%

Salary Increases – 3.00%, average, including inflation.

Long-term investment rate of return – 2.21% (6/30/2020 Bond Buyer Index AA) 3.50% (6/30/2019 Bond Buyer Index AA)

Retirement Age – Immediate upon first eligibility

Mortality – RP-2000 Combined Healthy with Scale BB

Note 9 – Jointly Governed Organizations

The School District is one of eight member school districts of the Western Area Career & Technology Center. The Center is controlled and governed by the Joint Committee, which is composed of one member from each school board of the member districts. Direct oversight of the Center's operations is the responsibility of the Joint Committee. The School District's share of annual operating and capital costs for the Center fluctuates based on the percentage enrollment in the school and is reflected as intergovernmental expenditures of the General Fund. The audit report may be obtained by calling the business office of the School District.

Note 10 – Commitments and Contingencies

The Canon—McMillan School District participates in a number of state and federally assisted grant programs. The programs are subject to program compliance audits by the grantor agencies or their representatives. The audits of some of these programs for and including the year ended June 30, 2020 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts to be immaterial.

Note 11 – Interfund Balances

Individual fund interfund receivable and payable balances at June 30, 2020 were:

Interfund Receivable		Interfund Payable		
Capital Projects Fund	\$ 4,085,308	General Fund	- \$	4,085,309
Debt Service Fund	1,397,155	Debt Service Fund		1,397,155
General Fund	1,049,977	Cafeteria Fund		1,010,428
District Activities Fund	1	Retirement Obligations Fund		39,549
	\$ 6,532,441		\$	6,532,441

The General Fund's payable is the result of amounts being set aside for ongoing capital projects within the District as well as a matured CD that is owed to the Debt Service Fund. The Debt Service Fund's payable represents amounts that are being set aside for capital projects. The Cafeteria Fund's payable represents amounts paid by the General Fund on the Cafeteria Fund's behalf.

During the fiscal year ended June 30, 2020, the following fund level transfers were made:

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	\$ 4,110,308	General Fund	\$ 2,713,153
General Fund	804,000	Debt Service Fund	1,397,155
		Capital Projects Fund	804,000
	\$ 4,914,308		\$ 4,914,308

The above transfer to the Capital Projects Fund represents amounts that are being set aside for ongoing capital projects within the District. The transfer to the General Fund represents debt proceeds that are being used to reimburse the General Fund for prior expenses.

Note 12 – Risk Management

General Risk – The School District is exposed to various risks of loss related to certain torts, thefts, damages, catastrophic loss of assets, errors and omissions, injury to employees and natural disasters. Canon–McMillan School District manages most of its risk through the general fund with the purchase of commercial insurance coverage. Settled claims have not exceeded coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

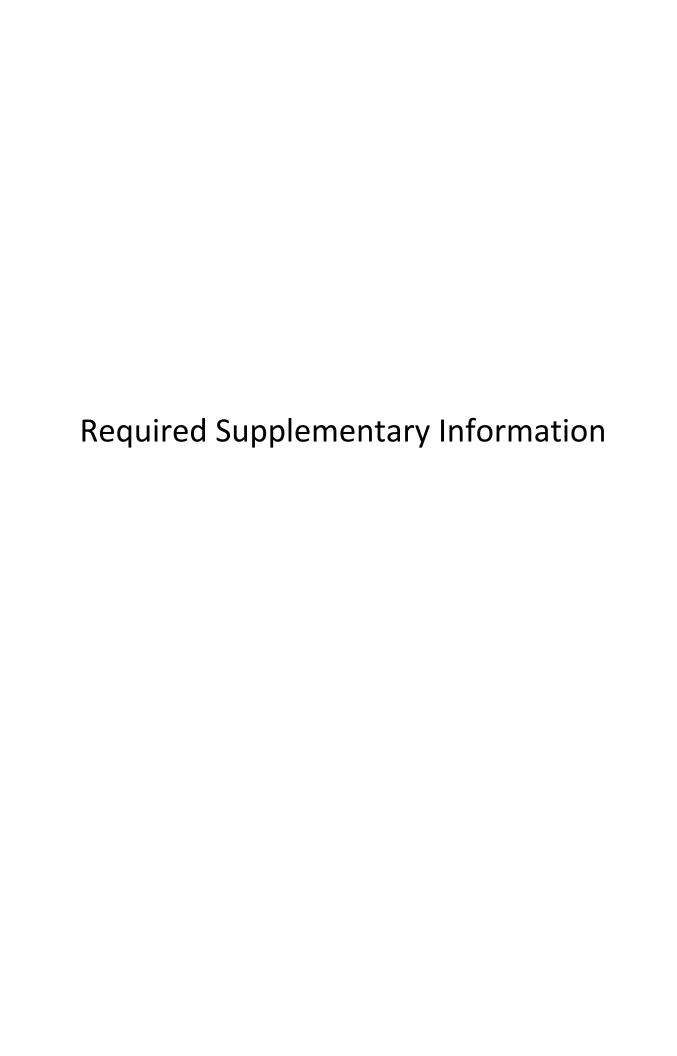
The District estimates that the amount of actual or potential claims against the District as of June 30, 2020 will not materially affect the financial condition of the District and will be covered under the present insurance coverage.

Note 13 – Health Insurance Consortium

The School District is one of seventy members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium is a public entity risk pool, which provides health care coverage for members' employees on a pooled basis. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. These rates are established with the objection of satisfying current costs and claims of covered health care services, as well as providing a residual sufficient to satisfy work capital requirements and promote premium stabilization for periods when actual costs of coverage exceed premiums collected from members. In addition, the Consortium maintains a percentage of its net assets to cover potential future catastrophic losses. The Consortium or the School District does not maintain independent insurance coverage for catastrophic losses.

At June 30, 2020, such net residual net assets (deficit) were \$75,471,061 for the Consortium as a whole, of which a share of the residual net assets of \$2,182,583 was attributable to the School District. The agreement permits members to withdraw from the Consortium under specified terms. Participating entities that withdraw are entitled to receive a pro rate share of the allocable net assets as reduced by any amount billed and payable to the Consortium as well as any remaining buy-in amounts. Participating entities must reimburse the Consortium for their pro rate share of any deficiency in net assets. In such event, the withdrawing member is entitled to or responsible for a proportionate share of the Consortium's net assets or deficit as determined on the date of withdrawal.

Audited financial statements for the consortium through the fiscal year ended June 30, 2020 are available by calling the School District business office.

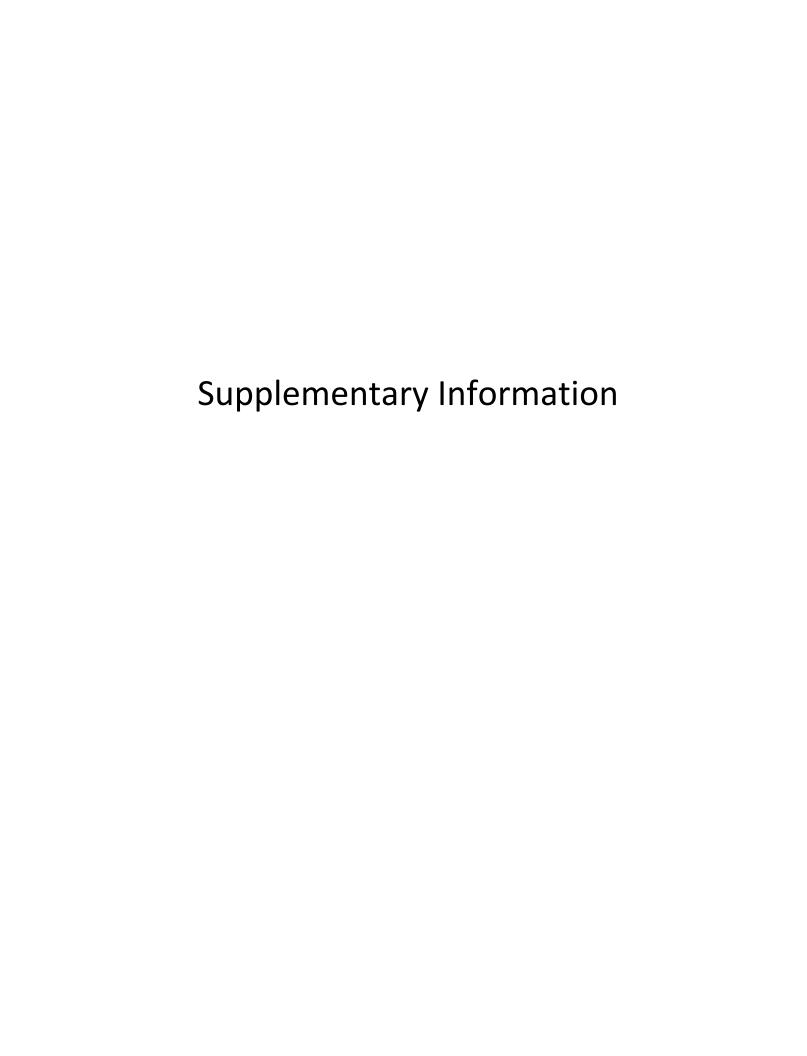


CANON-MCMILLAN SCHOOL DISTRICT SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's Proportion of the Net Pension Liability	0.2450%	0.2366%	0.2346%	0.2320%	0.2227%	0.2165%	0.2133%
District's Proportionate Share of the Net Pension Liability	\$ 114,617,000	\$ 113,580,000	\$ 115,883,000	\$ 115,010,000	\$ 96,496,000	\$ 85,692,000	\$ 87,317,000
District's Covered-employee Payroll	\$ 33,785,620	\$ 31,857,284	\$ 31,238,673	\$ 30,046,850	\$ 28,655,402	\$ 27,629,124	\$ 27,373,371
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	339.25%	356.53%	370.96%	382.77%	336.75%	310.15%	318.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

CANON-MCMILLAN SCHOOL DISTRICT SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	_	6/30/2019	6/30/2018		6/30/2017		6/30/2016			
District's Proportion of the Net OPEB Liability		0.2450%		0.2366%		0.2346%		0.2320%		
District's Proportionate Share of the Net OPEB Liability	\$	5,211,000	\$	4,933,000	\$	4,780,000	\$	4,997,000		
District's Covered-employee Payroll	\$	33,785,620	\$	31,857,284	\$	31,238,673	\$	30,046,850		
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll		15.42%		15.48%		15.30%	16.63%			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		5.56%		5.56%		5.73%		5.47%		



CANON-MCMILLAN SCHOOL DISTRICT STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

Student Activity Fund										
		lune 30,					J	une 30,		
		2019	A	dditions	Re	eductions	2020			
Assets										
Cash and Cash Equivalents	\$	229,727	\$	280,230	\$	230,993	\$	278,964		
Other Assets										
Total Assets	\$	229,727	\$	280,230	\$	230,993	\$	278,964		
Total Assets	-	223,121	-	200,230	-	230,993	~	270,304		
Liabilities										
Accounts Payable	\$	2,010	\$	17,074	\$	2,010	\$	17,074		
Other Liabilities		227,717		263,156		228,983		261,890		
Total Liabilities	\$	229,727	\$	280,230	\$	230,993	\$	278,964		
School Store Fund		June 30, 2019	٨	dditions	D	eductions	J	une 30, 2020		
Assets		2019	A	duitions		eductions		2020		
Cash and Cash Equivalents	\$	25,523	\$	12,506	\$	11,286	\$	26,743		
easii ana easii Eqaivalents	-		<u> </u>	12,300	-		<u> </u>			
Total Assets	\$	25,523	\$	12,506	\$	11,286	\$	26,743		
Liabilities										
Accounts Payable	\$	8	\$	2	\$	8	\$	2		
Other Liabilities		25,515		12,504		11,278		26,741		
Total Liabilities	\$	25,523	\$	12,506	\$	11,286	\$	26,743		

CANON MCMILLAN SCHOOL DISTRICT BALANCE SHEET - CAPITAL PROJECTS FUNDS JUNE 30, 2020

	Re	Capital eserve Fund	_ <u>P</u>	Capital rojects Fund	Total			
Assets								
Cash Investments Due from Other Funds	\$	22 4,626,134 2,100,000	\$	1 82,549,873 1,985,308	\$	23 87,176,007 4,085,308		
Total Assets		6,726,156		84,535,182	91,261,338			
Liabilities								
Accounts Payable Due to Other Governments	\$	-	\$	712,386	\$	712,386		
Total Liabilities				712,386		712,386		
Fund Balances Committed to:								
Capital Projects		6,726,156		83,822,796	90,548,952			
Total Fund Balances		6,726,156		83,822,796		90,548,952		
TOTAL LIABILITIES AND FUND BALANCES	\$	6,726,156	\$	84,535,182	\$	91,261,338		

CANON MCMILLAN SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Capital Capital Reserve Fund Projects Fund					Total
Revenues						
Local Sources	\$	48,742	\$	664,237	\$	712,979
Total Revenues		48,742		664,237		712,979
Expenditures						
Support		-		213,617		213,617
Capital Outlay				3,238,372		3,238,372
Total Expenditures		<u>-</u>		3,451,989		3,451,989
Excess (Deficiency) of Revenues Over Expenditures		48,742		(2,787,752)		(2,739,010)
Other Financing Sources (Uses)						
Bond Proceeds				64,190,000	(64,190,000
Bond Discount (Net)				(465,378)		(465,378)
Bond Premium (Net)				5,816,587		5,816,587
Interfund Transfers (Out)				(804,000)		(804,000)
Interfund Transfers In		2,100,000		2,010,308		4,110,308
Total Other Financing Sources & (Uses)		2,100,000		70,747,517		72,847,517
Net Change in Fund Balances		2,148,742		67,959,765		70,108,507
Fund Balances - July 1, 2019		4,577,414		15,863,031		20,440,445
Fund Balances - June 30, 2020	\$	6,726,156	\$	83,822,796	\$	90,548,952





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

Canon-McMillan School District Canonsburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Canon-McMillan School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Canon-McMillan School District's basic financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control over Financial Reporting

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

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

Tel 412.369.9992 Fax 412.774.2218 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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CERTIFIED PUBLIC ACCOUNTANTS

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Canonsburg, Pennsylvania December 3, 2020





Independent Auditor's Report on Compliance for Each Major Program
And on Internal Control Over Compliance Required by the Uniform Guidance

Canon-McMillan School District Canonsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Canon-McMillan School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Canon-McMillan School District's major federal programs for the year ended June 30, 2020. Canon-McMillan School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Canon-McMillan School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Canon-McMillan School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Canon-McMillan School District's compliance.

Tel 412.369.9992 Fax 412.774.2218

Opinion on Each Major Federal Program

In our opinion, Canon-McMillan School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Canon-McMillan School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Canon-McMillan School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Canon-McMillan School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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CERTIFIED PUBLIC ACCOUNTANTS

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Canonsburg, Pennsylvania December 3, 2020

Canon–McMillan School District Schedule of Findings and Questioned Costs Year Ended June 30, 2020

<u>Section 1 – Summary of Auditor's Results</u>

Financia	al Statements:	
i.	Type of auditor's report issued	Unmodified
ii.	Internal control over financial	
	reporting:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	None reported
iii.	Noncompliance material to	No
	financial statements noted?	

Federa	l Awards:	
iv.	Internal control over major	
	programs:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	None reported
v.	Type of auditor's report issued on	Unmodified
	compliance for major programs:	
vi.	Any audit findings disclosed that	No
	are required to be reported in	
	accordance with 2 CFR 200.516(a)?	
vii.	Major programs:	
	CFDA Number(s)	Name of Federal Program or Cluster
	84.027	Special Education Cluster (IDEA)
	84.173	
	10.553	Child Nutrition Cluster
	10.555	
viii.	Dollar threshold used to	\$750,000
	distinguish between Type A and	
	Type B programs:	

ix.	Auditee qualify as low-risk	No
	auditee?	

<u>Section 2 – Findings Related to Financial Statements Required to Be Reported Under GAGAS</u>

None.

<u>Section 3 – Findings and Questioned Costs for Federal Awards</u>

None.

<u>Section 4 – Summary of Prior Audit Findings</u>

None.

CANON-MCMILLAN SCHOOL DISTRICT SCHEDULE OF EXPENDITURE OF AWARDS OF FEDERAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2020

Project Title Or Grant Name Title I, Part A Cluster	Funding Source	Federal CFDA #	Pass Through Grantor #	Program Years	Program Grant Award	_	Cash Received In 19/20	Accrued/ Deferred Revenue 7/1/18	Revenues Recognized 19/20	Re	penditures ecognized 19/20	Accrued/ Deferred Revenue 6/30/20		Carryover To 20/21
Department of Education Passed From Pennsylvania Department of Education Title I, Part A	I	84.010	013-200060 013-190060	19/20 18/19	\$ 399,440.00 406,540.00		285,329.12 88,307.17	\$ 88,307.17	\$ 399,440.00 -	\$	399,440.00	\$ 114,110.88	\$	-
Total Title I, Part A Cluster					\$ 805,980.00	\$	373,636.29	\$ 88,307.17	\$ 399,440.00	\$	399,440.00	\$ 114,110.88	\$	-
Special Education Cluster (IDEA) Department of Education Passed From Intermediate Unit #1 IDEA, Part B	I	84.027		19/20	\$ 890,916.00	\$	890,916.00	\$	\$ 890,916.00	\$	890,916.00	\$	\$	
Passed From Intermediate Unit #1 IDEA, Section 619	I	84.173	131-11-0-001-A	18/19	7,035.00		7,035.00		7,035.00		7,035.00			
Passed from Lancaster-Lebanon IU #13 IDEA, Part B	1	84.027	062-20-0-000	19/20	40,000.00		36,311.83		40,000.00		40,000.00	3,688.17		
Total Special Education Cluster (IDEA)					\$ 937,951.00	\$	934,262.83	\$	\$ 937,951.00	\$	937,951.00	\$ 3,688.17	\$	
Child Nutrition Cluster Department of Agriculture Passed From Pennsylvania Department of Education														
School Breakfast Program Passed From Pennsylvania Department of Education	I	10.553		19/20	\$ 173,342.31	\$	161,078.71	\$	\$ 173,342.31	\$	173,342.31	\$ 12,263.60	\$	
School Breakfast Program - Severe Needy Subtotal CFDA #10.553	I	10.553		19/20	20,434.19 193,776.50		20,434.19 181,512.90	-	 20,434.19 193,776.50		20,434.19 193,776.50	 12,263.60	_	
Passed From Pennsylvania Department of Education National School Lunch Program	I	10.555		19/20	602,863.49		579,669.29		602,863.49		602,863.49	23,194.20		
Passed From Pennsylvania Department of Agriculture National School Lunch - Donated Commodities	1	10.555		19/20 18/19	150,627.25 128,555.26		150,627.25 a	(4,811.20) b	135,923.28 4,811.20		135,923.28 c 4,811.20 c	(14,703.97)	d	14,703.97
Subtotal CFDA #10.555					882,046.00		730,296.54	(4,811.20)	743,597.97		743,597.97	8,490.23		14,703.97
Total Child Nutrition Cluster					\$ 1,075,822.50	\$	911,809.44	\$ (4,811.20)	\$ 937,374.47	\$	937,374.47	\$ 20,753.83	\$	14,703.97
Department of Health and Human Services Passed from Pennsylvania Department of Public Welfare Medical Assistance - Access Time Study	ı	93.778	140078 140078	19/20 18/19	\$ 10,902.68 6,598.16	\$	2,734.55 4,625.37	\$ 4,625.37	\$ 10,902.68	\$	10,902.68	\$ 8,168.13	\$	<u>-</u>
Total Department of Health and Human Services					\$ 17,500.84	\$	7,359.92	\$ 4,625.37	\$ 10,902.68	\$	10,902.68	\$ 8,168.13	\$	
Department of Education Passed From Pennsylvania Department of Education Title II - Improving Teacher Quality	1	84.367	020-200060 020-190060	19/20 18/19	\$ 95,064.00 93,271.00		73,667.17 33,385.34	\$ 33,385.34	\$ 88,056.01	\$	88,056.01	\$ 14,388.84	\$	7,007.99
Subtotal CFDA #84.367			020-190060	10/19	188,335.00		107,052.51	33,385.34	88,056.01		88,056.01	14,388.84		7,007.99
Title IV-Student Support and Academic Enrichment Program	ı	84.424	144-200060 144-190060 144-180060	19/20 18/19 17/18	30,427.00 29,750.00 10,255.00		19,560.24 12,750.00 (133.13)	10,076.53 (133.13)	13,627.00 2,673.47 -		13,627.00 2,673.47 -	(5,933.24) - -		16,800.00
Total Department of Education					\$ 258,767.00	\$	139,229.62	\$ 43,328.74	\$ 104,356.48	\$	104,356.48	\$ 8,455.60	\$	23,807.99
Grand Total					\$ 3,096,021.34	\$	2,366,298.10	\$ 131,450.08	\$ 2,390,024.63	\$	2,390,024.63	\$ 155,176.61	\$	38,511.96

(a) Total amount of Commodities received from Dept of Agriculture

(b) Beginning inventory at July 1 (c) Total amount of Commodities Used

(d) Ending Inventory at June 30

Canon–McMillan School District Notes to Schedule of Expenditure of Awards of Federal Assistance For the Year Ended June 30, 2020

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of Canon-McMillan School District (the "School District") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Canon-McMillan School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Canon-McMillan School District.

Note 2 – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had food commodities totaling \$14,704 in inventory.

Note 4 – Indirect Cost Rates

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

