



CANON-MCMILLAN SCHOOL DISTRICT

CANONSBURG, PENNSYLVANIA

ANNUAL FINANCIAL REPORT
SCHOOL YEAR ENDED JUNE 30, 2024



Cypher & Cypher

Accountants | Auditors | Advisors

CANON–MCMILLAN SCHOOL DISTRICT

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Independent Auditor's Report

To the Board of School Directors
Canon-McMillan School District
Canonsburg, Pennsylvania

Ladies and Gentlemen:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the supplementary pension and OPEB schedules on

pages i-xxvi and 44-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the balance sheet – capital projects funds and the statement of revenues, expenditures, and changes in fund balances – capital projects funds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of Canon-McMillan'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

Cypher & Cypher

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania
November 26, 2024

Management's Discussion and Analysis

**CANON–McMILLAN SCHOOL DISTRICT
CANONSBURG, PENNSYLVANIA**

**Management's Discussion and Analysis (MD&A)
June 30, 2024**

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, 2024. 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 Second 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 we have received a number of accolades as a result of our student performance: Wylandville Elementary School (2010) was named a National Blue-Ribbon School. Canon-McMillan High School (2023) was named an AP Honors Bronze School. In addition, during the 2023-2024 school year, Canon-McMillan Middle School was recognized for their academic excellence, developmental responsiveness, social equity and outstanding structures and processes by the Pennsylvania Schools to Watch program. Canon-McMillan Middle School received their fourth Re-designation through the Schools to Watch process. Less than 12 schools in Pennsylvania have been designated that number of times. In 2024 all the schools were named Best Schools by US News and World Report. 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. Groundbreaking 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 began in 2017 and was completed by December 2018. Our newest project completion was the state-of-the-art Canon-McMillan Middle School, which opened on time and began providing schooling to the 7th and 8th graders in January 2023. In the school, team areas house collaboration for cross-curricular opportunities, a gymnasium that fits multiple physical education classes to promote health and wellness. The Arts wing is home to our award-winning middle school band and choir programs. A gifted/maker space to expand thinking and problem-solving. And a related arts/technology wing that creates an experience that educates the whole child.

Canon-McMillan has made a number of technological upgrades, improved district-wide technological infrastructure and increased bandwidth to accommodate a shift to full use of their online platforms (Google Classroom for K-4 and Schoology for grades 5-12).

The district embraces the PA Core Standards with the provision of differentiated instructional practices which build a foundation for student success. 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 real-life problems identified by the respective company representatives. While our Community Partners list is growing, it includes partners such as SiteLogicIQ, Auma Actuators, Range Resources, Catalyst-Connections, All-Clad Metalcrafters, Universal Electric Corporation, CONSOL Energy and Mark-West Energy Partners.

As a testament to the positive results of our school programs, the award-winning Canon-McMillan School District has building level test scores that exceed the state average and are 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.

During the 2023-2024 school year, our new structured literacy program was fully implemented across grades K-6. Our approach to literacy development relies on evidence-based practices with a strong focus on learning to read in grades K-2 and a shift to reading to learn in grades 3-6. All K-4 students receive a reading screener three times a year. Intense reading intervention practices are in place for students who show any form of dyslexia. Literacy is our foundation of success in all other subjects and will place our students on a successful path.

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 athletics reported a combined fund balance of \$65.3M, which is an increase from 2022-2023. This increase primarily represents surplus funds in the general fund and an increase in capital projects. A combined net increase of \$2M was reported for 2023-2024.

Revenues: The School District's general fund received \$111.6 million during 2023-2024 compared with \$106.8 million for 2022-2023. Canon-McMillan received 71.8% of its funding from local sources, 26.7% from state sources, and 1.5% federal sources which was only a slight shift from 2022-2023. 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. Canon-McMillan continues to be higher than state averages. 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. Returning to pre pandemic assumptions that the School District is 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 continue to be on the rise.

Expenditures: Total general fund spending for 2023-2024 was \$107 million for the year compared with \$100.7 million for 2022-2023. Instructional programs expended \$55.9 million, or 52% of all general fund spending compared with \$52.7 million and also 52% in 2022-2023.

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 and Capital Projects Fund are the two 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, Construction Fund. The district has two non-major funds: a Debt Service Fund and Athletic 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 nine schools. The district contracted these services through an RFP process with Nutrition Inc. to provide food service management.

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 Custodial 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, 2024

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Current and Other Assets	\$ 78,709,479	\$ 79,859,959	\$ 7,055,580	\$ 7,721,095	\$ 85,765,059	\$ 87,581,054
Non Current Assets	177,508,296	176,345,876	920,381	844,546	178,428,677	177,190,422
Deferred Outflows	21,603,528	22,685,647			21,603,528	22,685,647
Total Assets and Deferred Outflows	277,821,303	278,891,482	7,975,961	8,565,641	285,797,264	287,457,123
Current and Other Liabilities	20,895,305	19,842,066	134,349	98,437	21,029,654	19,940,503
Non Current Liabilities	305,203,169	301,687,045			305,203,169	301,687,045
Deferred Inflows	23,359,523	19,942,595			23,359,523	19,942,595
Total Liabilities and Deferred Inflows	349,457,997	341,471,706	134,349	98,437	349,592,346	341,570,143
Invested in Capital Assets	(9,720,764)	(8,257,426)	920,381	844,546	(8,800,383)	(7,412,880)
Restricted	32,185,123	36,312,121	5,310,343	5,441,560	37,495,466	41,753,681
Unrestricted	(94,101,053)	(90,634,919)	1,610,888	2,181,098	(92,490,165)	(88,453,821)
Total Net Position	\$ (71,636,694)	\$ (62,580,224)	\$ 7,841,612	\$ 8,467,204	\$ (63,795,082)	\$ (54,113,020)

Assets, Liabilities & Net Position

The School District's total assets and deferred outflows increased \$1.6 million during 2023-2024 to a total of \$287,457,123. 30% 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 70% assets are attributable to noncurrent assets comprised of long-term receivables and capital assets net of depreciation.

Total liabilities and deferred inflows decreased \$8,022,023 during 2023-2024 to a total of \$341,570,143. 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, 2024 and paid subsequent to June 30, 2024. Accrued salaries and benefits are primarily the result of salaries earned by teachers as of June 30, 2024 and paid during the summer 2024.

The district's total net position in 2023 was (\$63.8M), June 2024 net position decreased (\$54.1M) a total of \$9,668,188 during 2023-2024. The net position decrease is comprised of: net investment in capital assets; 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 \$(88,453,821).

RESULTS OF OPERATIONS

Fiscal year ended June 30, 2024

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Program Revenues:						
Charges for Services	\$ 2,147,404	\$ 1,868,022	\$ 1,211,436	\$ 1,294,942	\$ 3,358,840	\$ 3,162,964
Operating Grants and Contributions	16,224,225	17,247,144	1,877,281	1,922,508	18,101,506	19,169,652
General Revenues:						
Property Taxes	60,483,835	63,238,135			60,483,835	63,238,135
Other Taxes	11,834,776	11,719,358			11,834,776	11,719,358
Grants Subsidies and Contributions	14,860,016	15,606,317			14,860,016	15,606,317
Other	3,572,866	4,888,367	318,587	400,101	3,891,453	5,288,468
	109,123,122	114,567,343	3,407,304	3,617,551	112,530,426	118,184,894
Expenditures:						
Depreciation	3,109,102	4,437,708			3,109,102	4,437,708
Instruction	50,470,666	54,678,130			50,470,666	54,678,130
Instructional Student Support	5,549,694	6,347,729			5,549,694	6,347,729
Administrative and Financial Support	9,369,364	9,907,127			9,369,364	9,907,127
Operation and Maintenance of Plant	8,290,622	10,266,742			8,290,622	10,266,742
Pupil Transportation	8,427,359	9,762,496			8,427,359	9,762,496
Student Activities	1,955,894	2,178,167			1,955,894	2,178,167
Community Services	172,377	264,291			172,377	264,291
Debt Service	7,595,453	7,652,818			7,595,453	7,652,818
Retirement Obligations			129,933	126,462	129,933	126,462
Transfers	96,025	29,539			96,025	29,539
Food Service			2,680,156	2,865,497	2,680,156	2,865,497
	95,036,556	105,524,747	2,810,089	2,991,959	97,846,645	108,516,706
Change in Net Position	\$ 14,086,566	\$ 9,042,596	\$ 597,215	\$ 625,592	\$ 14,683,781	\$ 9,668,188

Revenues

Local taxes account for 72% of all revenue (audit pg.7). The district raised taxes in 2024. The district currently receives approximately \$5,266,595 per each mill of real estate tax, and a tenth of a mill is approximately \$526,659. 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% of additional revenue for fiscal 2024.

Expenditures and Other Financing Uses-Governmental Funds

The results of operations illustrates that operating expenditures increased \$10,370,061 in 2023-24 to a total of \$108.5 million. This increase similar to the prior year, where operating expenses also increased, by \$7.3M. Instructional services account for 52% of total expenditures. It is the most influential factor in the total expenditures from fiscal 2024 and increased from 2023 by \$4.2M or 11.3%

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, 2024

Governmental Activities

Function/Program:	Total Cost		Percentage	Net Cost		Percentage
	2023	2024	Change 2023-2024	2023	2024	Change 2023-2024
Depreciation	\$ 3,109,102	\$ 4,437,708	42.7%	\$ 3,109,102	\$ 4,437,708	42.7%
Instruction	50,470,666	54,678,130	8.3%	37,780,727	42,044,504	11.3%
Instructional Student Support	5,549,694	6,347,729	14.4%	4,970,997	5,516,589	11.0%
Administrative and Financial Support	9,369,364	9,907,127	5.7%	8,566,114	8,926,032	4.2%
Operation and Maintenance of Plan	8,290,622	10,266,742	23.8%	7,366,539	8,929,988	21.2%
Pupil Transportation	8,427,359	9,762,496	15.8%	6,761,983	8,153,191	20.6%
Student Activities	1,955,894	2,178,167	11.4%	1,422,920	1,642,774	15.5%
Community Services	172,377	264,291	53.3%	172,377	259,462	50.5%
Long Term Debt Interest	7,595,453	7,652,818	0.8%	6,418,143	6,469,794	0.8%
Total Governmental Activities	94,940,531	105,495,208	11.1%	76,568,902	86,380,042	12.8%
Less: Unrestricted Grants, Subsidies and Contributions				(14,860,016)	(15,606,317)	
Total Needs From Local Sources				\$ 61,708,886	\$ 70,773,725	14.69%

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 was completed. The district plans to continue to add more safety programs and initiatives.

Transportation in Canon–McMillan includes regular education students, homeless 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 2024 General Fund Budget was approved by the Board of School Directors on June 27, 2024. The budget included proposed total expenditures of \$116,335,421 and revenues of \$116,383,439. The revenues were \$48,018 more than expenses, this forecasts a surplus fund balance. The 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 in our current post pandemic environment, 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*	District Activities Fund
June 30, 2023	\$ 11,398,877	\$ 51,739,299	\$ 141,179
Increase (Decrease)	\$ 767,352	\$ 1,378,877	\$ (75,021)
June 30, 2024	\$12,166,229	\$ 53,118,176	\$ 66,158

*Capital Projects Fund comprised of Construction Fund of \$33,911,089 and Capital Reserve Fund of \$19,207,087.

The fund balance for the General Fund at June 30, 2024 included a surplus of \$767,352. This is a result of budgeting a surplus and federal supplanted funds. The total fund balance increased from \$11,398,877 to \$12,166,229. 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.

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, 2024, the District had long-term debt obligations totaling \$307,547,914. This amount has decreased by \$3.6M due to debt payments for Capital Projects: High School, Stadium, Muse Elementary and Middle School Projects. The long-term Capital Improvement Bonds, Notes and Bond Premium is \$182,391,949 as of June 30, 2024. This amount also includes \$110,222,500 to record as per GASB the net pension liability, \$4,478,900 reported as per GASB 75 for Health Insurance Premium Liability and \$5,405,688 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 56 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 newest census was completed in 2020. The U.S. Census Bureau on their website has a 2020 total population for the district of 40,053; this represents a 19% increase over the 2010 total population of 33,671.

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 chartered 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 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 during 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 Candies" 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 UPMC Washington Hospital Outpatient Center.

The Canon-McMillan School District is still experiencing some student growth and community economic development. It is important to note that some of the student growth is not in increased student counts per building but rather at cyber/charter schools. The district, despite the pandemic, 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, part of AHN (which is located within the School District) and UPMC 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 (New Wylandville Elementary) and/or renovate and expand existing structures. 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 of previous demographic studies, 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 finished the High School renovation and Stadium projects in 2019. The new middle school construction was completed with students starting classes in January 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 3 to 10 years. The next project will be new Wylandville Elementary which involves closing down Borland Manor Elementary and demolishing the current Wylandville Elementary. This project is projected to be completed in 2027.

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

Stock market fluctuations could result in positive and negative returns on investments 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 funding until a replacement program is put into place.

The district has incorporated technology in all phases of operations. 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.

The district utilizes learning management systems (LMS) across K-12 to enhance the learning experience of students. K-4 students use Google Classroom while 5-12 maintain Schoology as their LMS.

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. 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.

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 Dr. Joni Mansmann, Director of Business and Finance, Canon–McMillan School District, 200 Big Mac Blvd., Canonsburg, PA 15317, telephone number (724) 746-2940 or mansmannj@cmsd.k12.pa.us.

**CANON-McMILLAN SCHOOL DISTRICT
CANONSBURG, PENNSYLVANIA**

**Management's Discussion and Analysis (MD&A)
June 30, 2024**

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 56 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. Pennwest University is a public university with campuses in California, Clarion, Edinboro and online. 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, UPMC Washington Hospital, located in the City of Washington, is an acute-care general hospital. AHN 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. 84 Lumber Company	Industrial	1,018
2. Crown Castle USA, Inc	Communication	806
3. Washington Trotting Association	Casino/Racetrack	731
4. Ansys Inc. & Subsidiaries	Communication	615
5. Sunny Days In Home Care LLC		501
6. Compliance Staffing Agency LLC		479
7. Canon-McMillan School District	Education	477
8. Starline Holdings LLC	Industrial	419
9. Canonsburg General Hospital	Hospital	408
10. ABARTA Coca Cola Beverages	Industrial	401

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
1. PA Meadows LLC	North Strabane/Casino/Racetrack	\$147,186,000
2. Southpointe Two Lot 2 6 LP	Cecil/Commercial	\$40,943,700
3. Mylan Inc.	Cecil/Pharmaceutical	\$40,000,000
4. One Thousand Four Hundred Main Tier	Cecil/Apartments	\$38,624,300
5. Quattro Inv. Group	Cecil/Commercial	\$29,840,800
6. Southpointe Retail ⁽¹⁾	Cecil/Commercial	\$29,454,700
7. Southpointe II Town Square Bldg. ⁽¹⁾	Cecil/Commercial	\$28,327,600
8. MP KOFP JV LLC	Cecil/Commercial	\$23,912,700
9. Southpointe Htl & Conf Center LP ⁽²⁾	Cecil/Comm Motel & Plaza	\$23,475,400
10. Southpointe Two Lot 12 LP ⁽¹⁾	Cecil/Commercial	\$23,000,000

SOURCE: Washington County Tax Assessment Office

(1) The property owners appealed these assessments and hearings were held on August 20, 2024. The Board of Assessment issued decisions on August 28, 2024 reducing the Assessed Values as follows: Southpointe Retail \$18,724,900; Southpointe II Town Square Bldg. \$20,006,700; Southpointe Two Lot 12 LP \$13,824,000. The District intends to appeal these decisions. The District does not anticipate that any of these appeals will have a material effect on its finances.

(2) The property owner has appealed this assessment and a hearing is scheduled for September 20, 2024. The property owner is seeking to lower the assessed value on the property. The District intends to appear and defend this appeal and will appeal any significant adverse decision. The District does not anticipate that this appeal will have a material effect on its finances.

SOURCE: School District Officials/Peacock Keller Law Firm, Solicitor

Population Composition – 2000, 2010 and 2020

	2000	2010	2020	2000-2010 % Change	2010-2020 % Change
North Strabane Township	10,057	13,408	15,700	33.32%	17.1%
Cecil Township	9,756	11,271	14,609	15.53%	29.6%
Canonsburg Borough	8,607	8,992	9,744	4.47%	8.4%
Canon-McMillan School District	28,420	33,671	40,053	18.48%	19.0%
Washington County	202,897	207,820	209,349	2.43%	0.7%
Pennsylvania	12,281,054	12,702,379	13,002,700	3.43%	2.4%

SOURCE: United States Census Bureau weblink: <https://www.census.gov/quickfacts/>

Population Concentration – 2010 and 2020

	<u>2010</u>	<u>Square Miles (Land Only)</u>	<u>Persons Per Sq. Mile</u>	<u>2020</u>	<u>Square Miles (Land Only)</u>	<u>Persons Per Sq. Mile</u>
North Strabane Township	13,408	27.30	491.10	15,700	27.30	575.09
Cecil Township	11,271	26.30	428.60	14,609	26.30	555.48
Canonsburg Borough	8,992	2.30	3,909.60	9,744	2.30	4,236.52
Canon-McMillan School District	33,671	55.90	602.30	40,053	55.90	716.51
Washington County	207,820	857.10	242.50	209,349	857.10	244.25
Pennsylvania	12,702,379	44,819.60	283.40	13,002,700	44,819.60	290.11

SOURCE: United States Census Bureau weblink: <https://www.census.gov/quickfacts/>

Per Capita Income – 2000, 2010 and 2020

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2000-2010 % Change</u>	<u>2010-2020 % Change</u>
North Strabane Township	\$23,457	\$31,251	\$45,557	33.2%	45.8%
Cecil Township	\$22,340	\$31,481	\$41,473	40.9%	31.7%
Canonsburg Borough	\$17,469	\$22,286	\$28,109	27.6%	26.1%
Washington County	\$19,935	\$26,041	\$35,537	30.6%	36.5%
Pennsylvania	\$20,880	\$26,678	\$34,352	27.8%	28.8%

SOURCE: United States Census Bureau weblink: <https://www.census.gov/quickfacts/>

Family and Household Income – 2010 and 2020

	<u>Household Income Median</u>		<u>Family Income Median</u>	
	<u>2010</u>	<u>2020</u>	<u>2010</u>	<u>2020</u>
North Strabane Township	\$65,602	\$91,468	\$79,181	\$110,903
Cecil Township	\$62,966	\$81,984	\$68,306	\$100,625
Canonsburg Borough	\$47,228	\$50,077	\$53,091	\$66,250
Washington County	\$47,615	\$63,543	\$62,397	\$81,533
Pennsylvania	\$49,737	\$61,744	\$62,520	\$81,075

SOURCE: United States Census Bureau:

- <https://data.census.gov/cedsci/profile?g=0600000US4212555432>
- <https://data.census.gov/cedsci/profile?g=0600000US4212511800>
- <https://data.census.gov/cedsci/profile?g=1600000US4211152>
- <https://data.census.gov/cedsci/profile?g=0500000US42125>
- <https://data.census.gov/cedsci/profile?g=0400000US42>

Population, Poverty and Education – July 1, 2022 5-year

	<u>Total Persons</u>	<u>Population</u>			
		<u>Total Family Households</u>	<u>Persons In Poverty</u>	<u>High School Graduate</u>	<u>College Graduate</u>
North Strabane Township	16,307	6,299	5.27%	97.80%	44.90%
Cecil Township	14,935	5,912	4.40%	97.60%	46.00%
Canonsburg Borough	9,652	4,266	4.20%	94.10%	31.90%
Washington County	210,383	87,200	11.50%	94.00%	34.40%
Pennsylvania	12,972,091	5,193,727	11.80%	91.70%	33.80%

SOURCE: U.S. Census Bureau (2022). *American Community Survey 5-year estimates*. Retrieved from *Census Reporter Profile page for Cecil Township, North Strabane Township & Canonsburg Borough, Washington County, PA*

U.S. Census Bureau (2022). *American Community Survey 1-year estimates*. Retrieved from *Census Reporter Profile page for Washington County, PA*

U.S. Census Bureau (2022). *American Community Survey 1-year estimates*. Retrieved from *Census Reporter Profile page for Pennsylvania*

<https://censusreporter.org/profiles/06000US4212555432-north-strabane-township-washington-county-pa/>
<https://censusreporter.org/profiles/06000US4212511800-cecil-township-washington-county-pa/>
<https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/>
<https://censusreporter.org/profiles/05000US42125-washington-county-pa/>
<https://censusreporter.org/profiles/04000US42-pennsylvania/>

Housing Units – 2010 and 2020

	Number		Owner Occupied Median Value		Renter Occupied Median Rent	
	2010	2020	2010	2020	2010	2020
North Strabane Township	5,689	6,245	\$183,600	\$246,500	\$739	\$1,111
Cecil Township	4,655	5,508	\$166,900	\$240,000	\$688	\$1,105
Canonsburg Borough	4,459	4,308	\$115,200	\$133,900	\$619	\$793
Washington County	93,032	96,602	\$140,600	\$177,100	\$556	\$772
Pennsylvania	5,481,676	5,732,580	\$152,300	\$192,600	\$716	\$938

SOURCE: United States Census Bureau weblink: <https://censusreporter.org/>
<https://census.gov> and <https://data.census.gov>

Unemployment Rates

	2018	2019	2020	2021	2022	2023	*2024
Washington County							
Civilian Labor Force (000)	106.3	107.3	105.1	103.9	104.6	104.4	106.1
Employment (000)	101.6	102.3	95.2	97.1	100.0	100.7	102.7
Unemployment (000)	4.7	5.0	9.9	6.8	4.6	3.7	3.4
Unemployment Rate	4.4%	4.7%	9.4%	6.5%	4.4%	3.5%	3.2%
Pennsylvania							
Civilian Labor Force (000)	6,424.0	6,492.0	6,463.0	6,324.0	6,448.0	6,507.0	6,657.0
Employment (000)	6,151.0	6,208.0	5,628.0	5,881.0	6,175.0	6,261.0	6,392.0
Unemployment (000)	273.0	284.0	835.0	443.0	273.0	246.0	265
Unemployment Rate	4.2%	4.4%	12.9%	7.0%	4.2%	3.8%	4.0%
United States							
Civilian Labor Force (000)	162,075.0	163,539.0	160,742.0	161,537.0	164,746.0	166,951.0	169,723.0
Employment (000)	155,761.0	157,538.0	147,795.0	153,154.0	158,732.0	160,994.0	162,038.0
Unemployment (000)	6,314.0	6,001.0	12,947.0	8,383.0	6,014.0	5,957.0	7,685.0
Unemployment Rate	3.9%	3.7%	8.1%	5.2%	3.7%	3.6%	4.5%

SOURCE: Pennsylvania State Employment Service: www.paworkstats.state.pa.us
<https://www.workstats.dli.pa.gov/Products/CountyProfiles/Pages/default.aspx>

SOURCE: Washington County Profile dated August, 2024 - July, 2024 preliminary data, *Seasonally Adjusted

Appendix B

Operating and Financial Data

Enrollment Data

<u>School Year Ending June 30,</u>	<u>Actual Enrollments</u>		<u>Total</u>
	<u>Elementary</u>	<u>Secondary</u>	
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	2,841	2,553	5,394
2020	2,767	2,574	5,341
2021	2,766	2,543	5,309
2022	2,838	2,472	5,310
2023	2,873	2,563	5,436
2024	2,901	2,598	5,499 ⁽¹⁾
<u>School Year Ending June 30,</u>	<u>Projected Enrollments* ⁽²⁾</u>		<u>Total</u>
	<u>Elementary</u>	<u>Secondary</u>	
2023	3,011	2,557	5,568
2024	3,123	2,562	5,685
2025	3,135	2,642	5,777
2026	3,214	2,619	5,833
2027	3,252	2,697	5,949
2028	3,258	2,820	6,078
2029	3,278	2,874	6,152

SOURCE: School District Officials.

(1) As of 10/15/24 per PIMS Coordinator’s *Preliminary Summary of Child Accounting Membership for the 2023-24 s.y.*

(2) * Projections taken directly from Table 12 of the new 2021 Demographic Study, Scenario I Canon-McMillan School District Forecasts per Grade: 2021-2030 projections

SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS

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

	<u>Gross</u>	<u>CARF</u>	<u>Project Reimb.</u>	<u>Local Share</u>
General Obligation Debt				
General Obligation Bonds, Series B of 2024	23,670,000	0.5157	0.0000	23,670,000
General Obligation Bonds, Series A of 2024	29,880,000	0.5157	0.1971	26,842,863
General Obligation Bonds, Series of 2019	64,830,000	0.5157	0.025	63,994,179
General Obligation Bonds, Series of 2017	23,290,000	0.5157	0.0000	23,290,000
General Obligation Notes, Series A of 2012	17,195,000	0.5157	0.2473	15,002,077
General Obligation Bonds, Series A of 2002 (CABs)	1,043,530	0.5157	0.2019	934,878
General Obligation Bonds, Series A of 2001 (CABs)	2,819,861	0.5157	0.2299	2,485,540
Total Lease Rental Debt	0			0
TOTAL PRINCIPAL of DIRECT DEBT	\$162,728,391			\$156,219,537
Overlapping Debt				
Canonsburg Borough ⁽¹⁾	2,545,000			2,545,000
Cecil Township ⁽¹⁾	11,040,000			11,040,000
North Strabane Township ⁽¹⁾	31,390,000			31,390,000
Washington County ⁽²⁾	38,647,220			38,647,220
TOTAL OVERLAPPING DEBT	\$83,622,220			\$83,622,220
TOTAL DIRECT AND OVERLAPPING DEBT	\$246,350,611			\$239,841,757

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

⁽¹⁾ 100% overlapping.

⁽²⁾ As of December 2024 at 27.9072% 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)

	<u>Gross Outstanding</u>	<u>Local Share</u>
Net Direct Debt Per Capita	\$6,062.23	\$5,881.63
Percent to Assessed Value	4.20%	4.08%
Percent to Market Value	4.61%	4.47%

*Population (2020 5-yr. estimate):

36,041

Market Value (Pennsylvania State Tax Equalization Board):

\$4,744,007,790

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.

*ACS 2020 5 year population website: <https://censusreporter.org/profiles/97000US4204890-canon-mcmillan-school-district-pa/>

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 in completion of the major projects from the Long-Range Facilities Plan that began in 2014. The School District will also consider capital contributions to aid in funding the projects associated with the Facilities Plan. The School District continually monitors with their financial team undertaking long-term debt to refund current issues if market conditions are appropriate. Finally, the School District will begin work on a new long-range facilities plan.

Real Estate Tax Collection Data

Year	Market Valuation	Assessed Valuation	Millage	Current Levy	Current Collections	Current Collections as a % of Levy	Total Collections	Total Collections as a % of Levy
2017-2018*	2,891,567,333	4,258,889,885	11.09	47,231,089	43,765,978	92.7	46,770,786 ⁽¹⁾	99.0
2018-2019	3,373,971,673	4,513,783,010	11.4005	51,459,383	51,723,797	100.5	51,723,797	100.5
2019-2020	3,392,589,161	4,666,088,245	11.6500	54,359,928	54,359,928	96.8	54,419,187	100
2020-2021	3,655,743,254	4,793,034,425	11.9529	57,290,660	54,560,064	95.2	54,560,034	95.2
2021-2022	3,692,429,970	4,932,572,591	11.9529	58,958,547	56,117,786	96.7	58,958,547	100
2022-2023	4,246,085,128	5,266,594,966	12.2600	64,568,454	61,498,492	97.0	65,790,304	100
2023-2024	4,550,948,772	5,358,395,447	12.9097	69,175,278	61,922,797	97.1	72,634,041	105

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

* Country Wide Property Reassessment* (1) Includes homestead/farmstead exclusions in the amount of \$1,403,805

Real Property Taxes, Appeals and Reassessment

Prior to 2016, the last reassessment for Washington County took place in the 1970’s and resulted in a base year of 1981. Washington County underwent a countywide reassessment in 2016 with new values to be effective in 2017. Washington County currently utilizes a base year of 2015 for the valuation and assessment of real property, with a ratio of assessment to market value of 100 percent. As such, all assessed valuations are expressed in 2015 dollars as to market value. Current year market values are equalized to the 2015 base year through application of the common level ratio. This ratio is certified annually by the Tax Equalization Division of the Pennsylvania Department of Community and Economic Development, formerly known as State Tax Equalization Board (STEB).

District Administration works closely with the Board Real Estate Committee, Council and Chief Assessor. Since the reassessment, tax assessment appeal activity in the district remains active. The real estate market in the county has been very fluid since 2020. Commercial office properties have experienced increased vacancies and residential properties have seen increased activity and increased values. For tax

year 2023, the common level ratio was 84.3%. For tax year 2023, the district filed approximately 342 assessment appeals. The results of those appeals resulted in an increase for the district and an offset to the taxpayer initiated appeals.

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.

Basic Financial Statements

CANON-MCMILLAN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,699,946	\$ 1,104,052	\$ 9,803,998
Investments	62,063,359	6,269,344	68,332,703
Taxes Receivable (net)	2,893,547		2,893,547
Internal Balances	76,055	(76,055)	
State Revenue Receivable	3,524,559		3,524,559
Federal Revenue Receivable	854,639		854,639
Other Receivables	649,140	37,698	686,838
Inventories	94,672	10,243	104,915
Prepaid Expenses/Expenditures	1,004,042	375,813	1,379,855
Long Term Receivables	15,481,747		15,481,747
Right to Use Intangible Asset	52,942		52,942
Capital Assets (net)	160,811,187	844,546	161,655,733
TOTAL ASSETS	\$ 256,205,835	\$ 8,565,641	\$ 264,771,476
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB Related	22,685,647		22,685,647
Total Deferred Inflows of Resources	22,685,647		22,685,647
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 278,891,482	\$ 8,565,641	\$ 287,457,123
LIABILITIES			
Accounts Payable	\$ 3,698,401	\$ 25,224	\$ 3,723,625
Accrued Salaries and Benefits	9,739,472		9,739,472
Interest Payable	429,730		429,730
Unearned Revenue	37,193	10,243	47,436
Other Current Liabilities	34,330	62,970	97,300
Long-Term Liabilities:			
Portions Due or Payable Within One Year:			
Bonds Payable	5,575,000		5,575,000
Notes Payable	225,000		225,000
Leases Payable	29,643		29,643
Long-term Portion of Compensated Absences	73,297		73,297
Portions Due or Payable After One Year:			
Bonds Payable - Net of Related Premiums/Discounts	164,681,505		164,681,505
Notes Payable - Net of Related Premiums/Discounts	16,959,321		16,959,321
Leases Payable	12,428		12,428
Net Pension Liability	110,222,500		110,222,500
OPEB - Health Insurance Premium Share Liability	4,478,900		4,478,900
Long-term Portion of Compensated Absences	1,494,236		1,494,236
OPEB Obligation	3,838,155		3,838,155
TOTAL LIABILITIES	321,529,111	98,437	321,627,548
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB Related	4,460,848		4,460,848
Long Term Receivable	15,481,747		15,481,747
Total Deferred Inflows of Resources	19,942,595		19,942,595
NET POSITION			
Net Investment in Capital Assets	(8,257,426)	844,546	(7,412,880)
Restricted for:			
Capital Projects	34,745,963		34,745,963
Retirement Obligations	1,500,000	5,441,560	6,941,560
Designated Purposes	66,158		66,158
Unrestricted	(90,634,919)	2,181,098	(88,453,821)
TOTAL NET POSITION	(62,580,224)	8,467,204	(54,113,020)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 278,891,482	\$ 8,565,641	\$ 287,457,123

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities						
Depreciation - Unallocated	\$ 4,437,708	\$ -	\$ -	\$ (4,437,708)	\$ -	\$ (4,437,708)
Instruction	54,678,130	1,476,905	11,156,721	(42,044,504)		(42,044,504)
Instructional Student Support	6,347,729		831,140	(5,516,589)		(5,516,589)
Administrative and Financial Support	9,907,127		981,095	(8,926,032)		(8,926,032)
Operation and Maintenance of Plant	10,266,742	87,508	1,249,246	(8,929,988)		(8,929,988)
Pupil Transportation	9,762,496		1,609,305	(8,153,191)		(8,153,191)
Student Activities	2,178,167	303,609	231,784	(1,642,774)		(1,642,774)
Community Services	264,291		4,829	(259,462)		(259,462)
Interest on Long-Term Debt	7,652,818		1,183,024	(6,469,794)		(6,469,794)
Total Governmental Activities	105,495,208	1,868,022	17,247,144	(86,380,042)		(86,380,042)
Business Type Activities						
Food Service	2,865,497	1,294,942	1,922,508		351,953	351,953
Retirement Obligations	126,462				(126,462)	(126,462)
Total Business Type Activities	2,991,959	1,294,942	1,922,508		225,491	225,491
Total Government	108,487,167	3,162,964	19,169,652	(86,380,042)	225,491	(86,154,551)
General Revenues, Special and Extraordinary Items and Transfers						
Taxes						
Property Taxes				63,238,135		63,238,135
Other Taxes				11,719,358		11,719,358
Grants, Subsidies and Contributions, Unrestricted				15,606,317		15,606,317
Investment Earnings				4,582,719	370,562	4,953,281
Miscellaneous Income				305,648		305,648
Transfers Between Governmental and Business Type Activities				(29,539)	29,539	
Total General Revenues, Special and Extraordinary Items and Transfers				95,422,638	400,101	95,822,739
Change in Net Position				9,042,596	625,592	9,668,188
Net Position - Beginning - Restated				(71,622,820)	7,841,612	(63,781,208)
Net Position - Ending				\$ (62,580,224)	\$ 8,467,204	\$ (54,113,020)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	Governmental Funds			Totals
	General Fund	Capital Projects Fund	Non-Major Funds	
ASSETS				
Cash and Cash Equivalents	\$ 7,987,915	\$ 645,823	\$ 66,208	\$ 8,699,946
Investments (At Fair Value)	12,183,389	49,879,970		62,063,359
Taxes Receivable (Net)	1,893,547			1,893,547
Due From Other Funds	76,105	4,041,842		4,117,947
State Revenue Receivable	3,524,559			3,524,559
Federal Revenue Receivable	854,639			854,639
Other Receivables (Net)	649,139			649,139
Inventories	94,672			94,672
Prepaid Expenditures	1,004,042			1,004,042
Total Assets	<u>\$ 28,268,007</u>	<u>\$ 54,567,635</u>	<u>\$ 66,208</u>	<u>\$ 82,901,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Due to Other Funds	\$ 4,041,842	\$ -	\$ 50	\$ 4,041,892
Accounts Payable	2,248,941	1,449,459		3,698,400
Accrued Salaries and Benefits	9,739,472			9,739,472
Unearned Revenue	37,193			37,193
Other Current Liabilities	34,330			34,330
Total Liabilities	<u>16,101,778</u>	<u>1,449,459</u>	<u>50</u>	<u>17,551,287</u>
Fund Balances:				
Nonspendable:				
Inventory	94,672			94,672
Prepaid Expenditures	1,004,042			1,004,042
Committed to:				
Capital Projects		53,118,176		53,118,176
PSERS	1,500,000			1,500,000
Designated Purposes			66,158	66,158
Assigned to:				
Athletics	260,682			260,682
Unassigned:	9,306,833			9,306,833
Total Fund Balances	<u>12,166,229</u>	<u>53,118,176</u>	<u>66,158</u>	<u>65,350,563</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 28,268,007</u>	<u>\$ 54,567,635</u>	<u>\$ 66,208</u>	<u>\$ 82,901,850</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Total Fund Balances – Governmental Funds	\$	65,350,563
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 \$230,772,360 and the accumulated depreciation is \$69,961,173.		160,811,187
Right to Use Intangible Lease assets are not reported in the governmental funds.		52,942
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(170,256,505)
Long-term liabilities, including leases payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(42,071)
Long-term state subsidies receivable on future principal debt payments on long-term bonds payable are not assets in the funds.		15,481,747
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.		(429,730)
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.		1,000,000
Net Pension Obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(110,222,500)
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		22,685,647
Deferred inflows of resources related to pensions and other post employment benefits		(4,460,848)
Deferred inflows of resources related to the long term debt subsidy receivable		(15,481,747)
Extended Term Financing, including notes payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(17,184,321)
Long-term portion of retirement obligations and compensated absences.		(9,884,588)
Total Net Position – Governmental Activities	\$	(62,580,224)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON-MCMILLAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Funds			Totals
	General	Capital Projects Fund	Non-Major Funds	
Revenues				
Local Sources				
Taxes	\$ 74,957,493	\$ -	\$ -	\$ 74,957,493
Other Local Revenues	5,206,130	2,575,482	211,565	7,993,177
State Sources	29,781,710		7,725	29,789,435
Federal Sources	1,701,138			1,701,138
Total Revenues	<u>111,646,471</u>	<u>2,575,482</u>	<u>219,290</u>	<u>114,441,243</u>
Expenditures				
Instruction	55,985,015	10,605		55,995,620
Support Services	35,253,166	72,695		35,325,861
Operation Of Non-Instructional Services	2,364,405	10,476	204,343	2,579,224
Capital Outlay	1,308,811	4,896,720		6,205,531
Debt Service				
Principal and Interest	12,147,845	247,951		12,395,796
Total Expenditures	<u>107,059,242</u>	<u>5,238,447</u>	<u>204,343</u>	<u>112,502,032</u>
Excess (Deficiency) of Revenues Over Expenditures	4,587,229	(2,662,965)	14,947	1,939,211
Other Financing Sources (Uses)				
Proceeds from Extended Term Financing	35,435			35,435
Sale of Fixed Assets	6,782			6,782
Insurance Recoveries	119,319			119,319
Interfund Transfers In	89,968	4,041,842		4,131,810
Interfund Transfers (Out)	(4,071,381)		(89,968)	(4,161,349)
Total Other Financing Sources & (Uses)	<u>(3,819,877)</u>	<u>4,041,842</u>	<u>(89,968)</u>	<u>131,997</u>
Net Change in Fund Balances	767,352	1,378,877	(75,021)	2,071,208
Fund Balances - July 1, 2023 - Restated	<u>11,398,877</u>	<u>51,739,299</u>	<u>141,179</u>	<u>63,279,355</u>
Fund Balances - June 30, 2024	<u>\$ 12,166,229</u>	<u>\$ 53,118,176</u>	<u>\$ 66,158</u>	<u>\$ 65,350,563</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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, 2024

Net Change in Fund Balances – Governmental Funds		\$	2,071,208
Depreciation Expense			(5,694,268)
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.			5,092,279
Amortization of lease assets and interest expense related to lease liabilities.			10,763
Bond and note premium and discount amortization			187,267
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is 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.			(1,201,030)
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.			(89,459)
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			5,905,000
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			(115,296)
Cost of benefits earned net of employee contributions			2,876,132
			2,760,836
Change in Net Position – Governmental Activities		\$	9,042,596

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON-MCMILLAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual (budgetary basis)	Over (Under) Budget - Final
Revenues				
Local Sources				
Taxes	\$ 73,718,492	\$ 73,718,492	\$ 74,957,493	\$ 1,239,001
Other Local Revenues	3,185,000	3,185,000	5,206,130	2,021,130
State Sources	29,592,850	29,592,850	29,781,710	188,860
Federal Sources	1,251,017	1,251,017	1,701,138	450,121
Total Revenues	<u>107,747,359</u>	<u>107,747,359</u>	<u>111,646,471</u>	<u>3,899,112</u>
Expenditures				
Instruction				
Regular Programs	37,399,956	38,267,236	37,443,148	(824,088)
Special Programs	14,667,381	14,674,425	15,433,556	759,131
Vocational Education	3,674,037	3,661,093	2,707,645	(953,448)
Other Instructional Programs	499,733	488,233	392,696	(95,537)
Nonpublic School Programs			7,970	7,970
Total Instruction	<u>56,241,107</u>	<u>57,090,987</u>	<u>55,985,015</u>	<u>(1,105,972)</u>
Support Services				
Students	3,338,999	3,243,994	2,871,212	(372,782)
Instructional Staff	2,023,711	1,973,991	1,622,915	(351,076)
Administration	5,545,921	5,594,207	5,350,496	(243,711)
Pupil Health	2,112,091	2,112,091	1,878,005	(234,086)
Business	1,186,225	1,186,225	1,078,494	(107,731)
Operation & Maintenance of Plant Services	8,836,198	8,883,198	8,823,691	(59,507)
Student Transportation Services	8,200,228	8,200,228	9,800,801	1,600,573
Central	2,458,136	2,544,754	2,435,901	(108,853)
Other Support Services	1,468,900	1,468,900	1,391,651	(77,249)
Total Support Services	<u>35,170,409</u>	<u>35,207,588</u>	<u>35,253,166</u>	<u>45,578</u>
Operation of Non-Instructional Services				
Student Activities	2,078,380	2,076,821	2,100,114	23,293
Community Services	169,557	169,557	264,291	94,734
Total Non-Instructional Services	<u>2,247,937</u>	<u>2,246,378</u>	<u>2,364,405</u>	<u>118,027</u>
Capital Outlay	840,771	793,771	1,308,811	515,040
Debt Service				
Principal and Interest	12,145,526	12,145,526	12,147,845	2,319
Total Expenditures	<u>106,645,750</u>	<u>107,484,250</u>	<u>107,059,242</u>	<u>(425,008)</u>
Excess (Deficiency) of Revenues Over Expenditures	1,101,609	263,109	4,587,229	4,324,120
Other Financing Sources (Uses)				
Proceeds from Extended Term Financing			35,435	35,435
Sales of Fixed Assets	10,000	10,000	6,782	(3,218)
Insurance Recoveries			119,319	119,319
Interfund Transfers In			89,968	89,968
Interfund Transfers (Out)	(150,000)	(150,000)	(4,071,381)	(3,921,381)
Budgetary Reserve	(850,000)	-		-
Total Other Financing Sources & (Uses)	<u>(990,000)</u>	<u>(140,000)</u>	<u>(3,819,877)</u>	<u>(3,679,877)</u>
Net Change in Fund Balances	111,609	123,109	767,352	644,243
Fund Balance - July 1, 2023 - Restated	<u>11,398,877</u>	<u>11,398,877</u>	<u>11,398,877</u>	
Fund Balance - June 30, 2024	<u>\$ 11,510,486</u>	<u>\$ 11,521,986</u>	<u>\$ 12,166,229</u>	<u>\$ 644,243</u>

CANON–MCMILLAN SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2024

	Food Service Fund	Retirement Obligations Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,104,052	\$ -
Investments	1,203,597	5,065,747
Other Receivables	37,698	
Inventories	10,243	
Prepaid Expenses		375,813
Total Current Assets	2,355,590	5,441,560
Noncurrent Assets:		
Food Service Equipment (Net of Depreciation)	844,546	
Total Noncurrent Assets	844,546	
TOTAL ASSETS	\$ 3,200,136	\$ 5,441,560
LIABILITIES		
Current Liabilities:		
Due to Other Funds	\$ 76,055	\$ -
Accounts Payable	25,224	
Unearned Revenue	10,243	
Other Current Liabilities	62,970	
Total Current Liabilities	174,492	
NET POSITION		
Net Investment in Capital Assets	844,546	
Restricted for:		
Retirement Obligations		5,441,560
Unrestricted	2,181,098	
Total Net Position	3,025,644	5,441,560
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 3,200,136	\$ 5,441,560

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service	Retirement Obligations Fund
Operating Revenues		
Food Service Revenue	\$ 1,294,919	\$ -
Other Operating Revenue	23	
	1,294,942	
Operating Expenses		
Personal Services - Salaries	687,025	
Personal Services - Benefits	444,444	126,462
Purchased Property Services	794	
Other Purchased Services	1,448,950	
Supplies	178,909	
Depreciation Expense	105,374	
	2,865,496	126,462
Total Operating Expenses		
Operating Income (Loss)	(1,570,554)	(126,462)
Nonoperating Revenues (Expenses)		
Operating Subsidies		
State Subsidies	504,295	
Federal Subsidies		
Lunch and Breakfast Subsidies	1,253,179	
Value of Donated Commodities Received	165,034	
Earnings on Investments	112,882	257,679
	2,035,390	257,679
Total Nonoperating Revenue and Expense		
Income (Loss) Before Transfers	464,836	131,217
Contributions and Transfers		
Transfers from Other Funds	29,539	
	494,375	131,217
Change in Net Position		
Net Position - July 1, 2023	2,531,269	5,310,343
	\$ 3,025,644	\$ 5,441,560
Net Position - June 30, 2024		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service	Retirement Obligations Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,292,473	\$
Cash Payments to Employees for Services	(1,243,427)	
Cash Paid to Suppliers for Goods and Services	(1,488,957)	
Net Cash Provided (Used) by Operating Activities	(1,439,911)	
Cash Flows from Noncapital Financing Activities:		
Grants and Subsidies Received for Non-Operating Activities		
State Subsidies	504,295	
Federal Subsidies	1,253,179	
Transfer from Other Funds	29,539	
Net Cash Provided (Used) by Noncapital Financing Activities	1,787,013	
Cash Flows from Capital and Related Financing Activities:		
Purchase of Equipment	(29,539)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(29,539)	
Cash Flows from Investing Activities:		
Earnings on Investments	112,882	257,679
Withdrawals (Purchases of) from Investment Pools	(66,773)	(257,679)
Net Cash Provided (Used) by Investing Activities	46,109	
Net Increase (Decrease) in Cash and Equivalents	363,672	
Cash and Cash Equivalents, Beginning of Year	740,380	
Cash and Cash Equivalents, End of Year	\$ 1,104,052	\$
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities		
Operating Income (Loss)	\$ (1,570,554)	\$ (126,462)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation	105,374	
Donated Commodities Used	165,034	
Changes in Assets and Liabilities:		
Accounts Receivable	(2,469)	
Inventories	10,574	
Other Assets		126,462
Due to/Due From Other Funds	(111,958)	
Accounts Payable	(2,201)	
Other Liabilities	2,135	
Unearned Revenues	(35,846)	
Total Adjustments	130,643	126,462
Net Cash Provided (Used) by Operating Activities	\$ (1,439,911)	\$

Noncash Noncapital Financing Activities:

During the year, the District received \$138,462 of food commodities from the U.S. Department of Agriculture.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2024

	Custodial Funds	
	Student Activities	School Store
ASSETS		
Cash and Cash Equivalents	\$ 392,486	\$ 33,800
TOTAL ASSETS	\$ 392,486	\$ 33,800
LIABILITIES		
Accounts Payable	\$ 2,548	\$ 64
Other Current Liabilities		
Total Liabilities	2,548	64
NET POSITION		
Restricted	389,938	33,736
Total Net Position	389,938	33,736
TOTAL LIABILITIES AND NET POSITION	\$ 392,486	\$ 33,800

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

CANON–MCMILLAN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Funds	
	Student Activities	School Store
Additions		
Investment Income	\$ 11,898	\$ 1,705
Other Income	293,819	6,981
Total Additions	<u>305,717</u>	<u>8,686</u>
Deductions		
Student Activities	281,706	-
Other Deductions		6,897
Total Deductions	<u>281,706</u>	<u>6,897</u>
Change in Net Position	24,011	1,789
Net Position - July 1, 2023	<u>365,927</u>	<u>31,947</u>
Net Position - June 30, 2024	<u><u>\$ 389,938</u></u>	<u><u>\$ 33,736</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Canon–McMillan School District

Notes to the Financial Statements

June 30, 2024

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 10 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 year-end. 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 statements 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 and the Capital Projects 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.

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 custodial 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. Custodial funds are custodial in nature and are used to fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District's custodial fund accounts for various student-managed activities.

Custodial 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.

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 60 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, 2024, but which were levied to finance fiscal year 2025 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, 2024, 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	<u>\$ 250,022</u>	<u>\$ 11,039,500</u>	<u>\$ 11,289,522</u>	<u>\$ 10,230,284</u>

Investments

The District’s investments at June 30, 2024 consist of:

	Cost	Fair Value
Pennsylvania School District Liquid Asset Fund	<u>\$ 67,088,989</u>	<u>\$ 67,088,989</u>
Certificates of Deposit	<u>1,243,714</u>	<u>1,243,714</u>
Total	<u>\$ 68,332,703</u>	<u>\$ 68,332,703</u>

The Pennsylvania School District Liquid Asset Fund is an investment pool.

The Pennsylvania School District Liquid Asset Fund (The “Fund”) is a common law trust organized and existing under the laws of the Commonwealth of Pennsylvania, in accordance with the provisions of the Pennsylvania Intergovernmental Cooperation Act and Section 521 of the Pennsylvania Public School Code of 1949, as amended (the “School Code”). The Fund provides various types of investment programs. To provide the programs, the Fund consists of a number of Series: a single Liquid Series (currently inactive), a single MAX Series (the “MAX Series”), multiple Cash Flow Optimization (CFO) Series, multiple Fixed Term Series, multiple Total Return Management Program Series, multiple Choice Program Series and single Government Transparency Series (hereinafter referred to as the “GTS Series”).

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 five 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, 2024, 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, 2024.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2024. 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, 2024 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.

<u>Description</u>	<u>Estimated Lives</u>
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, 2024 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 \$12,166,229 consisting of \$1,098,714 that is nonspendable for inventory and prepaid expenditures, \$1,500,000 that is committed for PSERS liabilities, \$260,682 that is assigned for athletics, and \$9,306,833 that is unassigned. In addition, \$53,118,176 is a committed fund balance in the capital projects fund.

Fund balances in the School District's non-major funds include \$66,158 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 November 26, 2024, the date the financial statements were available to be issued.

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 2024 was based on assessed values on January 1, 2023 of \$5.267 billion. The School District tax rate for the year ended June 30, 2024 was 12.2600 mills as levied by the School Board.

Taxes may be paid at a 2% discount until September 30th, at face until November 30th, 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 \$1,893,547.

Note 3 – Changes in Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable assets:				
Land	\$ 3,341,323	\$ -	\$ -	\$ 3,341,323
Depreciable assets				
Land Improvements	12,208,242	21,471		12,229,713
Buildings	197,500,931	4,313,646		201,814,577
Equipment	<u>12,855,235</u>	<u>757,162</u>	<u>(225,650)</u>	<u>13,386,747</u>
Totals at historical cost	<u>225,905,731</u>	<u>5,092,279</u>	<u>(225,650)</u>	<u>230,772,360</u>
Less accumulated depreciation for:				
Land Improvements	(4,743,891)	(430,690)		(5,174,581)
Buildings	(50,375,830)	(4,510,159)		(54,885,989)
Equipment	<u>(9,372,834)</u>	<u>(753,419)</u>	<u>225,650</u>	<u>(9,900,603)</u>
Total accumulated depreciation	<u>(64,492,555)</u>	<u>(5,694,268)</u>	<u>225,650</u>	<u>(69,961,173)</u>
Governmental activities capital assets, net	<u>\$ 161,413,176</u>	<u>\$ (601,989)</u>	<u>\$ -</u>	<u>\$ 160,811,187</u>
Business-type Activities				
Depreciable assets:				
Equipment	<u>\$ 2,766,362</u>	<u>\$ 29,539</u>	<u>\$ -</u>	<u>\$ 2,795,901</u>
Totals at historical cost	<u>2,766,362</u>	<u>29,539</u>	<u>-</u>	<u>2,795,901</u>
Less accumulated depreciation for:				
Equipment	<u>(1,845,981)</u>	<u>(105,374)</u>		<u>(1,951,355)</u>
Total accumulated depreciation	<u>(1,845,981)</u>	<u>(105,374)</u>	<u>-</u>	<u>(1,951,355)</u>
Business-type activities capital asset, net	<u>\$ 920,381</u>	<u>\$ (75,835)</u>	<u>\$ -</u>	<u>\$ 844,546</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction				\$ 697,534
Support				24,859
Plant				27,639
Transportation				506,528
Unallocated-governmental funds				<u>4,437,708</u>
Total depreciation expense				<u>\$ 5,694,268</u>

In the 2023-2024 school year, building construction and renovations and equipment purchases added \$5,092,279 to the historical cost of governmental activities and \$29,539 to the historical cost of business activities. Depreciation expense for that same time period was a net \$5,694,268 and \$29,539 for the governmental activities and business activities, resulting in net book value decreases of \$601,989 and \$75,835 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 2024 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds, loans & leases payable					
Capital improvement bonds	\$ 169,228,151	\$ 1,203,798	\$ (5,460,000)	\$ 164,971,949	\$ 5,575,000
General obligation notes	<u>17,865,000</u>		<u>(445,000)</u>	<u>17,420,000</u>	<u>225,000</u>
	187,093,151	1,203,798	(5,905,000)	182,391,949	5,800,000
Add: Bond and Note Premiums	6,332,330		(262,489)	6,069,841	
Less: Bond and Note Discounts	<u>(1,096,186)</u>		<u>75,222</u>	<u>(1,020,964)</u>	
Total bonds, loans and leases payable	192,329,295	1,203,798	(6,092,267)	187,440,826	5,800,000
Other liabilities:					
Compensated absences	1,400,819	534,801	(368,087)	1,567,533	73,297
Health Insurance Premium Share (OPEB)	4,518,000	418,000	(457,100)	4,478,900	
Pension Liability	109,087,300	14,136,000	(13,000,800)	110,222,500	
OPEB Obligation	<u>3,830,694</u>	<u>296,458</u>	<u>(288,997)</u>	<u>3,838,155</u>	
Total other liabilities	<u>118,836,813</u>	<u>15,385,259</u>	<u>(14,114,984)</u>	<u>120,107,088</u>	<u>73,297</u>
Governmental activities long-term liabilities	<u>\$ 311,166,108</u>	<u>\$ 16,589,057</u>	<u>\$ (20,207,251)</u>	<u>\$ 307,547,914</u>	<u>\$ 5,873,297</u>

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 yield 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 yield 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, 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 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.

General Obligation Bonds, Taxable Series of 2020, issuance amount of \$27,630,000, variable rates from 1.201% to 2.569%, with final payment due in 2033.

The balances remaining on the remaining five series at June 30, 2024 are:

Current Interest Bonds

2014 General Obligation Bonds, Series B	\$ 5,530,000
2014 General Obligation Bonds, Series D	25,010,000
2017 General Obligation Bonds	23,370,000
2019 General Obligation Bonds	64,830,000
2020 General Obligation Bonds	<u>27,145,000</u>
Total Current Interest Bonds	<u>\$ 145,885,000</u>

<u>Zero Coupon Bonds</u>	<u>Stated Maturity</u>	<u>Value at Issuance</u>	<u>Compound Accreted Value at June 30, 2024</u>
1999 General Obligation Bonds	\$23,975,000	\$ 6,963,515	\$ -0-
2001 General Obligation Bonds, Series A	13,610,000	3,048,628	11,173,824
2002 General Obligation Bonds, Series A	22,635,000	8,251,635	<u>7,913,125</u>
Total Zero Coupon Bonds			<u>\$ 19,086,949</u>
Total All Bonds			<u>\$ 164,971,949</u>

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

	Principal	Interest	Total
2025	\$ 5,575,000	\$ 5,592,846	\$ 11,167,846
2026	5,565,000	5,549,471	11,114,471
2027	5,605,000	5,504,272	11,109,272
2028	5,640,000	5,460,240	11,100,240
2029	5,495,000	5,356,087	10,851,087
2030-2034	30,480,000	24,688,249	55,168,249
2035-2039	22,965,000	21,735,456	44,700,456
2040-2044	38,165,000	14,187,025	52,352,025
2045-2049	40,765,000	6,851,600	47,616,600
2050	9,160,000	366,400	9,526,400
Total	<u>\$ 169,415,000</u>	<u>\$ 95,291,646</u>	<u>\$ 264,706,646</u>

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.

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

	Principal	Interest	Total
2025	\$ 225,000	\$ 550,803	\$ 775,803
2026	345,000	543,106	888,106
2027	370,000	533,275	903,275
2028	390,000	522,825	912,825
2029	405,000	511,388	916,388
2030-2034	2,835,000	2,303,831	5,138,831
2035-2036	12,850,000	422,988	13,272,988
Total	<u>\$ 17,420,000</u>	<u>\$ 5,388,216</u>	<u>\$ 22,808,216</u>

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 one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1% to 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:

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

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

Shared Risk Program Summary

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

Employer Contributions:

The School District’s contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09%* 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 \$13,408,456 for the year ended June 30, 2024.

*The defined benefit contribution rate of 0.27% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution rate. This may impact contributions made to the pension plan.

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

At June 30, 2024, the District reported a liability of \$110,222,500 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2022 to June 30, 2023. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District’s proportion was 0.2477%, which was an increase of 0.0023% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$10,561,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,000	\$ 1,509,000
Changes in Assumptions	1,644,000	
Net difference between projected and actual investment earnings	3,118,000	
Changes in Proportions	3,379,000	373,000
Contributions subsequent to the measurement date	13,408,456	
	<u>\$ 21,574,456</u>	<u>\$ 1,882,000</u>

\$13,408,456 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ 2,278,000
2025	(610,000)
2026	3,576,000
2027	1,040,000

3. Changes in Actuarial Assumptions

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

- Valuation Date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale

- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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.

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

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 142,840,000	\$ 110,193,000	\$ 82,648,000

Pension Plan Fiduciary Net Position

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

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, 2023 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
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

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

Pension Plan Description

PSERS is a governmental cost sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. 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.

Employer Contributions:

The school district’s contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.75% 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 \$257,237 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$4,478,900 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System’s total OPEB liability as of June 30, 2022 to June 30, 2023. The District’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District’s proportion was 0.2475%, which was an increase of 0.0021% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expenses of \$185,000. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 29,000	\$ 44,000
Changes in Assumptions	387,000	847,000
Net difference between projected and actual investment earnings	10,000	
Changes in Proportions	253,000	110,000
Contributions subsequent to the measurement date	257,237	
	<u>\$ 936,237</u>	<u>\$ 1,001,000</u>

\$257,237 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2024	\$ (39,000)
2025	(65,000)
2026	(110,000)
2027	(107,000)
2028	(1,000)
Thereafter	

3. Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.13% – S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version for the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%.
 - Eligible retirees will elect to participate Post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	1.2%
	<u>100.0%</u>	

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

Discount Rate

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

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, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2023, 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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB Liability (in thousands)	\$ 1,809,056	\$ 1,809,226	\$ 1,809,363

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

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

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
District's proportionate share of the net OPEB liability	\$ 5,063,000	\$ 4,478,000	\$ 3,988,000

OPEB Plan Fiduciary Net Position

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

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:

	<u>Sick Day Liability</u>	<u>Retirement Incentives</u>	<u>Total</u>
June 30, 2023 Balance	\$ 1,207,020	\$ 193,799	\$ 1,400,819
Increases	450,642	84,159	534,801
Decreases	(275,024)	(93,063)	(368,087)
June 30, 2024 Balance	<u>\$ 1,382,638</u>	<u>\$ 184,895</u>	<u>\$ 1,567,533</u>

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, 2024 was not made by the District.

Funded Status and Funding Progress. As of June 30, 2024, the actuarial accrued liability for benefits was \$3,838,155, all of which was unfunded.

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

For the year ended June 30, 2024, the District recognized expense of \$121,278. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 174,954	\$ 1,163,262
Changes in Assumptions		414,586
	<u>\$ 174,954</u>	<u>\$ 1,577,848</u>

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

Year Ended June 30,	
2025	\$ (175,180)
2026	(175,180)
2027	(175,180)
2028	(175,180)
2029	(167,556)
Thereafter	(534,614)

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 3.93%, 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 (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current rate:

	<u>1% Decrease 2.93%</u>	<u>Current Discount Rate 3.93%</u>	<u>1% Increase 4.93%</u>
Net OPEB Liability	\$ 4,235,330	\$ 3,838,155	\$ 3,476,546

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:

	<u>1% Decrease</u>	<u>Current Medical Inflation Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 3,303,577	\$ 3,838,155	\$ 4,475,348

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

	2024	2023
Service Cost	\$ 153,334	\$ 161,822
Interest	143,124	141,424
Differences (Expected vs. Actual)	(163,369)	(240,779)
Benefit Payments	(125,628)	(129,933)
Net Change in total OPEB Liability	7,461	(67,466)
Total OPEB liability - beginning of year	3,830,694	3,898,160
Total OPEB liability - end of year	\$ 3,838,155	\$ 3,830,694
Covered-employee payroll	\$31,257,263	\$31,747,320
Total OPEB liability as a percentage of covered-employee payroll	12.28%	12.07%

➤ Valuation Date: July 1, 2022 projected to June 30, 2024

The following assumptions were also made:

Actuarial Cost Method – Entry Age normal Percentage of Pay

Medical Inflation Rate – 6.5% increase in the first year (actual), 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 – 3.00%

Salary Increases – 3.00%, average, including inflation.

Long-term investment rate of return – 3.93% (6/30/2024 Bond Buyer Index AA)
3.65% (6/30/2023 Bond Buyer Index AA)

Retirement Age – Immediate upon first eligibility

Mortality – RP-2000 Combined Healthy with Scale BB

Note 9 – Lease Assets and Liabilities

Lease Agreements

During May 2021, the District entered into a lease with Quadient Leasing for the use of a postage machine. The lease was for a 60 month period, required monthly payments of \$280.38 and is set to expire during June 2026.

During June 2022, the District entered into a lease with Willscot for the use of a trailer. The lease was for a 24 month period, required monthly payments of \$2,403.00 and is set to expire during September 2024.

Below is a summary of the lease expenses recognized by the District during the 23/24 year, along with the balances of the lease assets and liabilities as of June 30, 2024. These assets and liabilities are recognized on the Statement of Net Position as Right to Use Intangible Assets and Leases Payable.

Lease expense	<u>6/30/2024</u>
Amortization expense by class of underlying asset	
Equipment	\$ 29,765
Total amortization expense	29,765
Interest on lease liabilities	1,628
Total	\$ 31,393

Lease Assets	Beginning of Year	Additions	Modifications &		End of Year	Amounts Due Within One Year
			Remeasurements	Subtractions		
Equipment	\$ 53,356	\$ 9,262	\$ -	\$ -	\$ 62,618	
	53,356	9,262	-	-	62,618	
Less: Accumulated Amortization						
Equipment	(20,009)	(29,765)	-	-	(49,774)	
	(20,009)	(29,765)	-	-	(49,774)	
Total Lease Assets, net	33,347	(20,503)	-	-	12,844	
Lease Liabilities	33,923	8,982	-	(29,590)	13,315	10,057

Maturity Analysis	Principal	Interest	Total Payments
2025	\$ 10,057	\$ 366	\$ 10,423
2026	3,258	107	3,365
Total Future Payments	\$ 13,315	\$ 473	\$ 13,788

Subscription Based Information Technology Agreements

During January 2022, the District entered into a subscription based information technology agreement with Schoolpointe for web based software. The agreement was for a three year period, required annual payments of \$12,000.00 and is set to expire during July 2024.

During July 2023, the District entered into a subscription based information technology agreement with Schoolpointe for web based software. The agreement was for a three year period, required one payment of \$15,618 and is set to expire during June 2026.

During August 2023, the District entered into a subscription based information technology agreement with Noredink for web based software. The agreement was for a three year period, required annual payments ranging from \$9,000 – \$9,734 and is set to expire during July 2026.

Below is a summary of the subscription based expenses recognized by the District during the 23/24 year, along with the balances of the subscription based assets and liabilities as of June 30, 2024. These assets and liabilities are recognized on the Statement of Net Position as Right to Use Intangible Assets and Leases Payable.

	Year Ending 6/30/2024
Lease expense	
Amortization expense by class of underlying asset	
SBITA - GASB 96	\$ 24,605
Total amortization expense	24,605
Interest on lease liabilities	1,681
Variable lease expense	
Total	\$ 26,286

Lease Assets	Beginning of Year	Additions	Modifications &		End of Year	Amounts Due Within One Year
			Remeasurements	Subtractions		
SBITA - GASB 96	\$ 33,949	\$ 42,070	\$ -	\$ -	\$ 76,019	
	33,949	42,070	-	-	76,019	
Less: Accumulated Amortization						
SBITA - GASB 96	(11,316)	(24,605)			(35,921)	
	(11,316)	(24,605)	-	-	(35,921)	
Total Lease Assets, net	22,633	17,465	-	-	40,098	
Lease Liabilities	21,949	17,452	-	(10,645)	28,756	19,586

Maturity Analysis	Principal	Interest	Total Payments
2025	\$ 19,586	\$ 1,774	\$ 21,360
2026	9,170	565	9,735
Total Future Payments	\$ 28,756	\$ 2,339	\$ 31,095

Note 10 – 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 11 – Contingent Liabilities and Events

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, 2024 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.

The COVID-19 pandemic has continued to impact the School District. As a response to COVID-19, the Coronavirus Aid, Relief and Economics Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act were enacted by Congress to provide budgetary relief to governmental agencies. This funding is reflected in these and in future financial statements.

Note 12 – Interfund Balances

Individual fund interfund receivable and payable balances at June 30, 2024 were:

<u>Interfund Receivable</u>		<u>Interfund Payable</u>	
Capital Projects Fund	\$ 4,041,842	General Fund	\$ 4,041,842
General Fund	76,105	Cafeteria Fund	76,055
		District Activities Fund	50
	<u>\$ 4,117,947</u>		<u>\$ 4,117,947</u>

The General Fund’s payable is the result of amounts being set aside for ongoing 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, 2024, the following fund level transfers were made:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	\$ 4,041,842	General Fund	\$ 4,071,381
General Fund	89,968	District Activities Fund	89,968
Cafeteria Fund	29,539		
	<u>\$ 4,161,349</u>		<u>\$ 4,161,349</u>

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 was made to facilitate the closing of an activity within the District Activities Fund. The transfer to the Cafeteria Fund represents fixed asset purchases made by the General Fund that will be used by the Cafeteria Fund’s operations.

Note 13 – 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, 2024 will not materially affect the financial condition of the District and will be covered under the present insurance coverage.

Note 14 – Health Insurance Consortium

The School District is one of ninety members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium was formed in 1987 in order to provide health benefits to participating school entities. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. These rates are established with the objective 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. The Consortium or the School District does not maintain independent insurance coverage for catastrophic losses.

At June 30, 2024, such net residual net assets (deficit) were \$64,607,800 for the Consortium as a whole, of which a share of the residual net assets of \$1,722,475 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 rata 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 rata share of any deficiency in net assets. Conversely, participating entities must reimburse the Consortium for their prorata share of any deficiency in net assets.

Audited financial statements for the consortium through the fiscal year ended June 30, 2024 are available by calling the School District business office.

Note 15 – Beginning Balance Adjustment

The beginning fund balance of the School District’s General Fund was adjusted by \$13,874 to correct the balance of a unearned revenue of a federal grant in the prior year.

Required Supplementary Information

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

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
District's Proportion of the Net Pension Liability	0.2477%	0.2454%	0.2341%	0.2372%	0.2450%	0.2366%	0.2346%	0.2320%	0.2227%	0.2165%
District's Proportionate Share of the Net Pension Liability	\$ 110,193,000	\$ 109,057,000	\$ 96,114,000	\$ 116,795,000	\$ 114,617,000	\$ 113,580,000	\$ 115,883,000	\$ 115,010,000	\$ 96,496,000	\$ 85,692,000
District's Covered-employee Payroll	\$ 37,919,686	\$ 36,083,002	\$ 33,184,052	\$ 33,418,098	\$ 33,785,620	\$ 31,857,284	\$ 31,238,673	\$ 30,046,850	\$ 28,655,402	\$ 27,629,124
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	290.60%	302.24%	289.64%	349.50%	339.25%	356.53%	370.96%	382.77%	336.75%	310.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
District's Proportion of the Net OPEB Liability	0.2475%	0.2454%	0.2341%	0.2372%	0.2450%	0.2366%	0.2346%	0.2320%
District's Proportionate Share of the Net OPEB Liability	\$ 4,478,000	\$ 4,517,000	\$ 5,548,000	\$ 5,145,000	\$ 5,211,000	\$ 4,933,000	\$ 4,780,000	\$ 4,997,000
District's Covered-employee Payroll	\$ 37,919,686	\$ 36,083,002	\$ 33,184,052	\$ 33,418,098	\$ 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	11.81%	12.52%	16.72%	15.40%	15.42%	15.48%	15.30%	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

**CANON-MCMILLAN SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 12,972,277	\$ 12,234,591	\$ 11,125,223	\$ 11,081,820	\$ 10,971,678	\$ 10,039,714	\$ 8,973,234	\$ 8,213,505	\$ 7,325,973
Contributions in relation to the actuarially determined contribution	12,972,277	12,234,591	11,125,223	11,081,820	10,971,678	10,039,714	8,973,234	7,380,936	5,750,368
Contribution Deficiency	-	-	-	-	-	-	-	832,569	1,575,605
Covered Payroll	37,919,686	36,083,002	33,184,052	33,418,098	33,785,620	31,857,284	31,238,673	30,046,850	28,655,402
Contribution as a percentage of covered payroll	34.21%	33.91%	33.53%	33.16%	32.47%	31.51%	28.72%	24.56%	20.07%

CANON-MCMILLAN SCHOOL DISTRICT
SCHEDULE OF EMPLOYER PREMIUM ASSISTANCE CONTRIBUTIONS – OPEB
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 294,733	\$ 361,504	\$ 313,626	\$ 329,177	\$ 341,736	\$ 318,480	\$ 294,878	\$ 300,426
Contributions in relation to the actuarially determined contribution	283,036	286,561	272,410	279,239	280,699	264,339	259,369	261,132
Contribution Deficiency	11,697	74,943	41,216	49,938	61,037	54,141	35,509	39,294
Covered Payroll	37,919,686	36,083,002	33,184,052	33,418,098	33,785,620	31,857,284	31,238,673	30,046,850
Contribution as a percentage of covered payroll	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%	0.87%

Supplementary Information

CANON MCMILLAN SCHOOL DISTRICT
BALANCE SHEET – CAPITAL PROJECTS FUNDS
JUNE 30, 2024

	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets			
Cash	\$ 22	\$ 645,801	\$ 645,823
Investments	15,698,889	34,181,081	49,879,970
Due from Other Funds	4,041,842	-	4,041,842
	<u>19,740,753</u>	<u>34,826,882</u>	<u>54,567,635</u>
Liabilities			
Accounts Payable	\$ 533,666	\$ 915,793	\$ 1,449,459
Total Liabilities	<u>533,666</u>	<u>915,793</u>	<u>1,449,459</u>
Fund Balances			
Committed to:			
Capital Projects	<u>19,207,087</u>	<u>33,911,089</u>	<u>53,118,176</u>
Total Fund Balances	<u>19,207,087</u>	<u>33,911,089</u>	<u>53,118,176</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,740,753</u>	<u>\$ 34,826,882</u>	<u>\$ 54,567,635</u>

CANON MCMILLAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Reserve Fund	Capital Projects Fund	Total
Revenues			
Local Sources	\$ 771,274	\$ 1,804,208	\$ 2,575,482
Total Revenues	771,274	1,804,208	2,575,482
Expenditures			
Instruction		10,605	10,605
Support		72,695	72,695
Non-Instructional Services		10,476	10,476
Capital Outlay	611,097	4,285,623	4,896,720
Debt Service		247,951	247,951
Total Expenditures	611,097	4,627,350	5,238,447
Excess (Deficiency) of Revenues Over Expenditures	160,177	(2,823,142)	(2,662,965)
Other Financing Sources (Uses)			
Interfund Transfers (Out)			
Interfund Transfers In	4,041,842	-	4,041,842
Total Other Financing Sources & (Uses)	4,041,842	-	4,041,842
Net Change in Fund Balances	4,202,019	(2,823,142)	1,378,877
Fund Balances - July 1, 2023	15,005,068	36,734,231	51,739,299
Fund Balances - June 30, 2024	\$ 19,207,087	\$ 33,911,089	\$ 53,118,176

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

To the Board of School Directors
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, 2024, 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 November 26, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CYPHER & CYPHER

Cypher & Cypher

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania
November 26, 2024

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

To the Board of School Directors
Canon-McMillan School District
Canonsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Canon-McMillan School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Canon-McMillan School District's major federal programs for the year ended June 30, 2024. 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.

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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

CYPHER & CYPHER

Cypher & Cypher

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania
November 26, 2024

Canon–McMillan School District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024

Section 1 – Summary of Auditor’s Results

Financial 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 financial statements noted?	No

Federal 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 compliance for major programs:	Unmodified
vi.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
vii.	Major programs:	
	ALN Number(s)	Name of Federal Program or Cluster
	10.553 10.555	Child Nutrition Cluster
	84.425C 84.425D 84.425U	Education Stabilization Fund, including subprograms Elementary and Secondary School Emergency Relief (ESSER II), Elementary and Secondary School Emergency Relief (ARP ESSER III), Cares Act –

		ARP ESSER 7%, and ARP ESSER 2.5%.
	84.027 84.173	Special Education Cluster (IDEA)
viii.	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
ix.	Auditee qualify as low-risk auditee?	Yes

Section 2 – Findings Related to Financial Statements Required to Be Reported Under GAGAS

None.

Section 3 – Findings and Questioned Costs for Federal Awards

None.

Section 4 – Summary of Prior Audit Findings

None.

CANON-MCMILLAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Project Title Or Grant Name	Funding Source	Federal Assistance Listing #	Pass Through Grantor #	Program Years	Program Grant Award	Cash Received In 23/24	Accrued/Deferred Revenue 7/1/23	Revenues Recognized 23/24	Expenditures Recognized 23/24	Accrued/Deferred Revenue 6/30/24	Carryover To 24/25
Title I, Part A Cluster											
Department of Education											
Passed From Pennsylvania Department of Education											
Title I, Part A	I	84.010	013-240060 013-230060	23/24 22/23	\$ 568,426.00 395,240.00	\$ 381,392.70 109,141.77	\$ 69,252.06	\$ 500,962.95 39,889.71	\$ 500,962.95 39,889.71	\$ 119,570.25	\$ 67,463.05
Total Title I, Part A Cluster					\$ 963,666.00	\$ 490,534.47	\$ 69,252.06	\$ 540,852.66	\$ 540,852.66	\$ 119,570.25	\$ 67,463.05
Special Education Cluster (IDEA)											
Department of Education											
Passed From Intermediate Unit #1											
IDEA, Part B	I	84.027		23/24 22/23	\$ 990,761.00 934,716.00	\$ 729,165.95 467,761.31	\$ 467,761.31	\$ 990,761.00	\$ 990,761.00	\$ 261,595.05	\$
PaTTAN	I	84.027	062-21-0032	21/22	15,000.00		(9,937.91)	9,637.92	9,637.92	(299.99)	299.99
Passed From Intermediate Unit #1											
IDEA, Section 619	I	84.173	131-21-0-001-A 131-21-0-001-A	23/24 22/23	7,015.00 9,657.00	9,657.00	9,657.00	7,015.00	7,015.00	7,015.00	
Total Special Education Cluster (IDEA)					\$ 1,957,149.00	\$ 1,206,584.26	\$ 467,480.40	\$ 1,007,413.92	\$ 1,007,413.92	\$ 268,310.06	\$ 299.99
Child Nutrition Cluster											
Department of Agriculture											
Passed From Pennsylvania Department of Education											
School Breakfast Program	I	10.553		23/24	\$ 180,183.26	\$ 180,183.26	\$	\$ 180,183.26	\$ 180,183.26	\$ -	\$
School Breakfast Program - Severe Need	I	10.553		23/24	89,410.33	89,410.33		89,410.33	89,410.33		
Subtotal AL #10.553					269,593.59	269,593.59		269,593.59	269,593.59		
Passed From Pennsylvania Department of Education											
National School Lunch Program	I	10.555		23/24	826,846.59	826,846.59		826,846.59	826,846.59		
Supply Chain Assistance	I	10.555		23/24 22/23	125,702.63 139,291.82	125,702.63		125,702.63 25,272.47	125,702.63 25,272.47		
Passed From Pennsylvania Department of Agriculture											
National School Lunch - Donated Commodities	I	10.555		23/24 22/23	154,459.58 # 138,462.03	154,459.58 a	(20,817.28) b	144,216.67 20,817.28 c	144,216.67 20,817.28 c	(10,242.91) d	10,242.91
Subtotal AL #10.555					1,384,762.65	1,107,008.80	(46,089.75)	1,142,855.64	1,142,855.64	(10,242.91)	10,242.91
Total Child Nutrition Cluster					\$ 1,654,356.24	\$ 1,376,602.39	\$ (46,089.75)	\$ 1,412,449.23	\$ 1,412,449.23	\$ (10,242.91)	\$ 10,242.91
Passed From Pennsylvania Department of Education											
Pandemic Electronic Benefit Transfer	I	10.649		23/24	\$ 5,763.00	\$ 5,763.00	\$ -	\$ 5,763.00	\$ 5,763.00	\$ -	\$ -
Subtotal AL #10.649					\$ 5,763.00	\$ 5,763.00	\$ -	\$ 5,763.00	\$ 5,763.00	\$ -	\$ -

CANON-MCMILLAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2024

Project Title Or Grant Name	Funding Source	Federal Assistance Listing #	Pass Through Grantor #	Program Years	Program Grant Award	Cash Received In 23/24	Accrued/Deferred Revenue 7/1/23	Revenues Recognized 23/24	Expenditures Recognized 23/24	Accrued/Deferred Revenue 6/30/24	Carryover To 24/25
Department of Health and Human Services											
Passed from Pennsylvania Department of Public Welfare											
Medical Assistance - Access Time Study	I	93.778	140078	23/24	\$ 5,899.04	\$ -	\$ -	\$ 5,899.04	\$ 5,899.04	\$ 5,899.04	\$ -
			140078	22/23	10,419.17	7,391.39	7,391.39				
Total Department of Health and Human Services					\$ 16,318.21	\$ 7,391.39	\$ 7,391.39	\$ 5,899.04	\$ 5,899.04	\$ 5,899.04	\$ -
Department of Education											
Passed From Pennsylvania Department of Education											
Title II - Improving Teacher Quality	I	84.367	020-240060	23/24	\$ 105,993.00	\$ 91,491.40	\$ -	\$ 105,993.00	\$ 105,993.00	\$ 14,501.60	\$ -
			020-230060	22/23	83,631.00	28,107.00	14,221.90	13,885.10	13,885.10		
Subtotal AL #84.367					189,624.00	119,598.40	14,221.90	119,878.10	119,878.10	14,501.60	-
Title IV-Student Support and Academic Enrichment Program	I	84.424	144-240060	23/24	30,942.00	10,314.00	-	1,615.85	1,615.85	(8,698.15)	29,326.15
			144-230060	22/23	31,032.00	19,207.62	(5,637.65)	24,845.27	24,845.27		
Subtotal AL #84.424					61,974.00	29,521.62	(5,637.65)	26,461.12	26,461.12	(8,698.15)	29,326.15
CARES ACT - Continuity of Education Grant for A-TSI Schools											
	I	84.425C	254-200060	19/20	48,431.63						
CRRSA ACT - ESSER II - Elementary and Secondary School Emergency Relief Fund											
	I	84.425D	200-210060	20/21	1,458,125.00		(29,808.66)	29,808.66	29,808.66		
CARES Act - ARP ESSER											
	I	84.425U	223-210060	21/22	2,949,365.00	53,624.82	(502,231.82)	792,537.30	792,537.30	236,680.66	674,941.18
CARES Act - ARP ESSER 7% - Learning Loss											
	I	84.425U	225-210060	21/22	163,737.00	11,908.16	29,831.60			17,923.44	14,823.80
CARES Act - ARP ESSER 7% - Summer School											
	I	84.425U	225-210060	21/22	32,747.00	2,381.60	(23,816.00)	24,976.10	24,976.10	(1,221.50)	7,770.90
CARES Act - ARP ESSER 7% - After School											
	I	84.425U	225-210060	21/22	32,747.00	2,381.60	(12,636.38)	21,567.38	21,567.38	6,549.40	
ARP ESSER 2.5%					53,264.00	49,390.24	6,102.71	43,287.53	43,287.53		
Subtotal AL #84.425					4,738,416.63	119,686.42	(532,558.55)	912,176.97	912,176.97	259,932.00	697,535.88
Total Department of Education					\$ 5,959,443.63	\$ 765,103.91	\$ (454,722.24)	\$ 1,605,131.85	\$ 1,605,131.85	\$ 385,305.70	\$ 794,325.08
2024-2025 CMSD Mental Health Grant - PCCD											
	I	21.027		23/24	165,854.00	-	-	-	-	-	165,854.00
Grand Total					\$ 9,753,121.08	\$ 3,355,681.95	\$ (25,940.20)	\$ 4,030,894.04	\$ 4,030,894.04	\$ 649,271.89	\$ 970,721.98

Footnotes:
(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 Expenditures of Federal Awards
For the Year Ended June 30, 2024

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, 2024. 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, 2024, the District had food commodities totaling \$10,243 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.

Note 5 – Beginning Balance Adjustment

The beginning balance of the District’s Accrued/Deferred Revenue of the Cares Act – Continuity of Education Grant, ALN #84.425C, was adjusted by \$13,487.68 to account for expenditures that were funded by this grant in the prior year but were not included on the prior year SEFA.

