

**Carlynton School District
Financial Statements
June 30, 2020**

**Carlynton School District
Table of Contents**

	Exhibit	Page No.
FINANCIAL SECTION		
Independent Auditor’s Report		1 - 3
Management’s Discussion and Analysis		4 - 14
Basic Financial Statements		
Government–Wide Financial Statements		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	17
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	4	18
Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds	5	19
Reconciliation of the Governmental Funds		
Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6	20 - 21
Statement of Net Position – Proprietary Funds	7	22
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds	8	23
Statement of Cash Flows – Proprietary Funds	9	24 - 25
Statement of Net Position – Fiduciary Funds	10	26
Notes to Financial Statements		27 - 53
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual		54 - 60
Note to the Required Supplementary Information		61
Schedule of Changes in the Total OPEB Liability and Related Ratios		62
Schedule of School District’s Contributions – PSERS		63
Schedule of School District’s Proportionate Share of the Net Pension Liability – PSERS		64
Schedule of School District’s Contributions – PSERS OPEB Plan		65
Schedule of School District’s Proportionate Share of the Net OPEB Liability – PSERS OPEB Plan		66

**Carlynton School District
Table of Contents**

SINGLE AUDIT SECTION

Letter of Transmittal		67
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	A	68 - 69
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	B	70 - 71
Schedule of Findings and Questioned Costs	C	72 - 73
Schedule of Expenditures of Federal Awards	D	74 - 75
List of Report Distribution	E	76

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Independent Auditor's Report

Members of the Board
Carlynton School District
Carnegie, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlynton School District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carlynton School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021 on our consideration of Carlynton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Carlynton 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 Carlynton School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 11, 2021

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

The discussion and analysis of Carlynton School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

Carlynton School District's general fund balance at June 30, 2020 is \$3,303,054, which is an increase over the June 30, 2019 general fund balance of \$3,094,915.

Actual revenues exceeded budgeted revenues by \$634,411. This was the result of better than expected real estate, earned income and real estate transfer taxes, along with additional state and federal revenue.

Actual expenditures were lower than final budgeted expenditures by \$284,131. The variance between final budgeted expenditures and actual is less than 1%.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Carlynton School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

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

Figure A – 1
Required Components of
Carlynton School District's
Financial Report

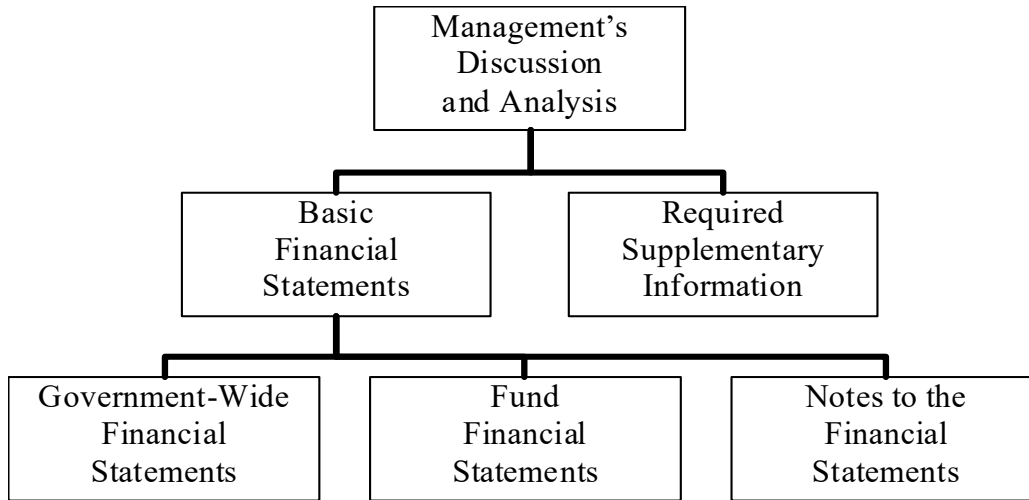


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Figure A – 2
Major Features of Carlynton School District's
Government-Wide and Fund Financial Statements

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

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Overview of Financial Statements

Government-Wide Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position, the difference between the School District's assets and liabilities, is only one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

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

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

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School District is the trustee, or fiduciary, for its activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(28,751,174) at June 30, 2020 and a deficit \$(29,200,116) at June 30, 2019.

Table A - 1
Years Ended June 30, 2020 and 2019
Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 11,466,243	\$ 375,054	\$ 11,841,297	\$ 9,577,127	\$ 279,061	\$ 9,856,188
Capital Assets	<u>13,707,258</u>	<u>122,713</u>	<u>13,829,971</u>	<u>14,390,491</u>	<u>122,807</u>	<u>14,513,298</u>
Total Assets	<u>25,173,501</u>	<u>497,767</u>	<u>25,671,268</u>	<u>23,967,618</u>	<u>401,868</u>	<u>24,369,486</u>
Deferred Outflows of Resources	<u>7,305,418</u>	<u>82,814</u>	<u>7,388,232</u>	<u>8,035,520</u>	<u>92,030</u>	<u>8,127,550</u>
Current and Other Liabilities	4,064,535	172,770	4,237,305	3,929,414	(12,966)	3,916,448
Noncurrent Liabilities						
Due Within One Year	328,117	-	328,117	242,684	-	242,684
Due in More Than One Year	<u>54,063,268</u>	<u>607,368</u>	<u>54,670,636</u>	<u>55,768,874</u>	<u>599,335</u>	<u>56,368,209</u>
Total Liabilities	<u>58,455,920</u>	<u>780,138</u>	<u>59,236,058</u>	<u>59,940,972</u>	<u>586,369</u>	<u>60,527,341</u>

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Table A - 1
Years Ended June 30, 2020 and 2019
Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Deferred Inflows of Resources	2,542,599	32,017	2,574,616	1,158,809	11,002	1,169,811
Net Position						
Net Investment in Capital Assets	9,233,356	122,713	9,356,069	9,812,242	122,807	9,935,049
Restricted	-	-	-	74,505	-	74,505
Unrestricted	(37,752,956)	(354,287)	(38,107,243)	(38,983,390)	(226,280)	(39,209,670)
Total Net Position	<u>\$ (28,519,600)</u>	<u>\$ (231,574)</u>	<u>\$ (28,751,174)</u>	<u>\$ (29,096,643)</u>	<u>\$ (103,473)</u>	<u>\$ (29,200,116)</u>

Most of the School District's net position is invested in capital assets (buildings, land, and equipment).

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania and the local taxes (property and earned income) assessed to community taxpayers.

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Table A - 2
Years Ended June 30, 2020 and 2019
Change in Net Position

	2020			2019		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 134,337	\$ 134,337	\$ -	\$ 169,523	\$ 169,523
Operating Grants and Contribs.	5,689,750	565,879	6,255,629	5,459,703	664,777	6,124,480
General Revenues						
Property Taxes	16,472,918	-	16,472,918	15,941,479	-	15,941,479
Other Taxes	2,257,266	-	2,257,266	2,223,472	-	2,223,472
Grants, Subsidies and Contribs.						
Unrestricted	4,960,584	-	4,960,584	4,881,345	-	4,881,345
Other	339,177	1,130	340,307	271,223	2,511	273,734
Total Revenues	29,719,695	701,346	30,421,041	28,777,222	836,811	29,614,033
Expenses						
Instruction	19,563,545	-	19,563,545	20,863,419	-	20,863,419
Instructional Student Support	2,606,954	-	2,606,954	2,292,349	-	2,292,349
Admin. and Fin. Support Svcs.	2,272,520	-	2,272,520	2,265,544	-	2,265,544
Operation and Maintenance						
of Plant Services	2,756,971	-	2,756,971	2,677,117	-	2,677,117
Pupil Transportation	1,124,724	-	1,124,724	1,854,634	-	1,854,634
Student Activities	627,438	-	627,438	585,698	-	585,698
Community Services	41,141	-	41,141	64,387	-	64,387
Interest on Long-Term Debt	149,359	-	149,359	135,388	-	135,388
Food Service	-	829,447	829,447	-	813,221	813,221
Total Expenses	29,142,652	829,447	29,972,099	30,738,536	813,221	31,551,757
Increase (Decrease) in Net Position	577,043	(128,101)	448,942	(1,961,314)	23,590	(1,937,724)
Beginning Net Position	(29,096,643)	(103,473)	(29,200,116)	(27,135,329)	(127,063)	(27,262,392)
Ending Net Position	<u>\$ (28,519,600)</u>	<u>\$ (231,574)</u>	<u>\$ (28,751,174)</u>	<u>\$ (29,096,643)</u>	<u>\$ (103,473)</u>	<u>\$ (29,200,116)</u>

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

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A - 3
Years Ended June 30, 2020 and 2019
Governmental Activities

	2020		2019	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 19,563,545	\$ 15,604,271	\$ 20,863,419	\$ 16,897,824
Instructional Student Support	2,606,954	1,893,958	2,292,349	1,781,075
Admin. and Fin. Support Svcs.	2,272,520	2,073,599	2,265,544	2,071,177
Operation and Maintenance of Plant Services	2,756,971	2,548,162	2,677,117	2,493,214
Pupil Transportation	1,124,724	561,112	1,854,634	1,295,932
Student Activities	627,438	581,305	585,698	539,893
Community Services	41,141	41,136	64,387	64,330
Interest on Long-Term Debt	<u>149,359</u>	<u>149,359</u>	<u>135,388</u>	<u>135,388</u>
Total Governmental Activities	<u>\$ 29,142,652</u>	23,452,902	<u>\$ 30,738,536</u>	25,278,833
Less:				
Unrestricted Grants, Subsidies		<u>(4,960,584)</u>		<u>(4,881,345)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 18,492,318</u>		<u>\$ 20,397,488</u>

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4
Years Ended June 30, 2020 and 2019
Business-Type Activities

	2020		2019	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 829,447</u>	\$ 129,231	<u>\$ 813,221</u>	\$ (21,079)
Add/Less:				
Investment Earnings		<u>(1,130)</u>		<u>(2,511)</u>
Total Business-Type Activities		<u>\$ 128,101</u>		<u>\$ (23,590)</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School District Funds

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided as part of these financial statements. Transfers between specific categories of expenditures/financing uses may occur during the year.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the School District had \$13,707,258 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table A - 5
Governmental Activities
Capital Assets - Net of Depreciation

	2020	2019
Land and Site Improvements	\$ 1,972,473	\$ 2,018,442
Buildings and Building Improvements	11,359,935	12,053,519
Furniture and Equipment	374,850	318,530

Debt Administration

As of July 1, 2019, the School District had general obligation 2018 bonds which had an outstanding balance of \$4,590,000. During the 2019/2020 fiscal year, payments against principal decreased outstanding long-term debt by \$105,000. At June 30, 2020, the School District's general obligation 2018 bonds had an outstanding balance of \$4,485,000. The School District also entered into a capital lease during the 2018/2019 school year.

Other obligations include accrued vacation pay and sick leave for specific employees of the School District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The custodial/maintenance bargaining unit agreement settlement began a pay freeze in 2019/2020 through the 2023/2024 school term. Newly hired custodians have a pay ceiling of \$18 an hour versus the previous hourly rate of \$24.65. Currently, the Act 93 agreement, the SCA contract, and CFT contract are expired. The district is in negotiations with the SCA unit. The district attempted to come to a settlement with the CFT in 2020, but no agreement was settled upon. Negotiations are expected to restart in January 2021. From the 2020/2021 through 2022/2023 school term under the CFT contract which expired on June 30, 2020, an expected 23 teachers are expected to hit the jump step as long as all employees remain in district.

Budgeted revenues of \$29,945,426 for 2020/2021 have increased by \$1,069,160 over budgeted revenues of \$28,876,266 for 2019/2020.

Budgeted expenditures for 2020/2021 are \$30,557,759. This is an increase of \$971,090 over the 2019/2020 budget of \$29,586,669. The School District built the 2020/201 budget by using an estimated beginning fund balance of \$710,403.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2020**

The comparison of revenue and expenditure categories is as follows:

Table A - 6

	Budgeted Revenue 2020/2021	Actual Revenue 2019/2020
Local	64.6%	64.9%
State	31.1%	31.3%
Federal	4.3%	3.8%

	Budgeted Expenditures 2020/2021	Actual Expenditures 2019/2020
Instruction	63.5%	62.4%
Support Services	32.4%	29.5%
Noninstructional Services	2.3%	2.2%
Fund Transfers/Debt/Other	1.8%	5.9%

Taxpayer Relief Act - Special Session Act 1

In June 2006, Pennsylvania Governor Ed Rendell signed into law Special Session Act 1, also known as the Taxpayer Relief Act. The purpose of the act is to provide school district property tax reduction by providing funding from anticipated gaming revenue.

In May 2019, the Department of Education informed the School District that its property tax allocation for the school year is \$558,046. Property owners with a certified homestead/farmstead exclusion will receive an assessment reduction that will result in a decrease in real estate tax of \$171 for the 2020/2021 school year.

One significant change contained in the new legislation is that beginning with the 2007/2008 fiscal year, school districts will have limits on property tax rate increases. School districts may raise property tax rates above the limits by seeking voter approval or by seeking a variety of exemptions to the limits that must be approved by the Pennsylvania Department of Education.

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional information, please contact Mr. Christopher Juzwick, Director of Fiscal Affairs and Budget, Carlynton School District, 435 Kings Highway, Carnegie, PA 15106, 412-429-8400.

**Carlynton School District
Statement of Net Position
June 30, 2020**

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,698,683	\$ 361,366	\$ 7,060,049
Taxes Receivable, Net	3,168,911	-	3,168,911
Due From Other Governments	1,310,582	2,819	1,313,401
Other Receivables	-	3,193	3,193
Inventories	-	7,676	7,676
Prepaid Items	288,067	-	288,067
Capital Assets not Being Depreciated			
Land	1,509,080	-	1,509,080
Capital Assets, Net of Accumulated Depreciation			
Site Improvements	463,393	-	463,393
Building & Building Improvements	11,359,935	-	11,359,935
Furniture & Equipment	374,850	122,713	497,563
TOTAL ASSETS	25,173,501	497,767	25,671,268
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to OPEB - District	1,804,467	-	1,804,467
Amounts Related to OPEB - PSERS	206,092	3,054	209,146
Amounts Related to Pension	5,294,859	79,760	5,374,619
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,305,418	82,814	7,388,232
LIABILITIES			
Internal Balances	(74,733)	74,733	-
Accounts Payable	564,652	85,781	650,433
Accrued Salaries and Benefits	3,403,322	-	3,403,322
Payroll Deductions and Withholdings	153,431	-	153,431
Unearned Revenues	-	12,256	12,256
Accrued Interest	17,863	-	17,863
Noncurrent Liabilities:			
Due Within One Year	328,117	-	328,117
Due in More Than One Year:			
Capital Leases	39,788	-	39,788
Compensated Absences	299,996	-	299,996
Bonds Payable	4,283,902	-	4,283,902
Other Post-Employment Benefits - District	7,153,950	-	7,153,950
Other Post-Employment Benefits - PSERS	1,838,592	26,408	1,865,000
Net Pension Liability	40,447,040	580,960	41,028,000
TOTAL LIABILITIES	58,455,920	780,138	59,236,058
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - District	313,616	-	313,616
Amounts Related to OPEB - PSERS	89,711	1,289	91,000
Amounts Related to Pension	2,139,272	30,728	2,170,000
TOTAL DEFERRED INFLOWS OF RESOURCES	2,542,599	32,017	2,574,616
NET POSITION			
Net Investment in Capital Assets	9,233,356	122,713	9,356,069
Unrestricted	(37,752,956)	(354,287)	(38,107,243)
TOTAL NET POSITION	\$ (28,519,600)	\$ (231,574)	\$ (28,751,174)

See Accompanying Notes

**Carlynton School District
Statement of Activities
Year Ended June 30, 2020**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 19,563,545	\$ -	\$ 3,959,274	\$ -	\$ (15,604,271)	\$ -	\$ (15,604,271)
Instructional Student Support	2,606,954	-	712,996	-	(1,893,958)	-	(1,893,958)
Administrative and Financial Support Services	2,272,520	-	198,921	-	(2,073,599)	-	(2,073,599)
Operation and Maintenance of Plant Services	2,756,971	-	208,809	-	(2,548,162)	-	(2,548,162)
Pupil Transportation	1,124,724	-	563,612	-	(561,112)	-	(561,112)
Student Activities	627,438	-	46,133	-	(581,305)	-	(581,305)
Community Services	41,141	-	5	-	(41,136)	-	(41,136)
Interest on Long-Term Debt	149,359	-	-	-	(149,359)	-	(149,359)
Total Governmental Activities	29,142,652	-	5,689,750	-	(23,452,902)	-	(23,452,902)
Business-type Activities:							
Food Service	829,447	134,337	565,879	-	-	(129,231)	(129,231)
Total Primary Government	\$ 29,972,099	\$ 134,337	\$ 6,255,629	\$ -	(23,452,902)	(129,231)	(23,582,133)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					16,472,918	-	16,472,918
Earned Income Taxes					2,017,548	-	2,017,548
Real Estate Transfer Taxes					215,457	-	215,457
Other Taxes Levied for General Purposes, Net					24,261	-	24,261
Grants, Subsidies and Contributions not Restricted					4,960,584	-	4,960,584
Investment Earnings					173,214	1,130	174,344
Miscellaneous Income					165,963	-	165,963
Total General Revenues					24,029,945	1,130	24,031,075
Change in Net Position					577,043	(128,101)	448,942
Net Position - July 1, 2019					(29,096,643)	(103,473)	(29,200,116)
Net Position - June 30, 2020					\$ (28,519,600)	\$ (231,574)	\$ (28,751,174)

See Accompanying Notes

**Carlynton School District
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit 3

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 6,698,437	\$ 246	\$ 6,698,683
Taxes Receivable, Net	3,168,911	-	3,168,911
Due from Other Funds	74,733	1,400,000	1,474,733
Due from Other Governments	1,310,582	-	1,310,582
Prepaid Items	<u>288,067</u>	<u>-</u>	<u>288,067</u>
TOTAL ASSETS	<u><u>\$ 11,540,730</u></u>	<u><u>\$ 1,400,246</u></u>	<u><u>\$ 12,940,976</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 1,400,000	\$ -	\$ 1,400,000
Accounts Payable	564,652	-	564,652
Accrued Salaries and Benefits	3,403,322	-	3,403,322
Payroll Deductions and Withholdings	<u>153,431</u>	<u>-</u>	<u>153,431</u>
Total Liabilities	<u>5,521,405</u>	<u>-</u>	<u>5,521,405</u>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	<u>2,716,271</u>	<u>-</u>	<u>2,716,271</u>
Fund Balances			
Nonspendable	288,067	-	288,067
Assigned	622,500	1,400,246	2,022,746
Unassigned	<u>2,392,487</u>	<u>-</u>	<u>2,392,487</u>
Total Fund Balances	<u>3,303,054</u>	<u>1,400,246</u>	<u>4,703,300</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 11,540,730</u></u>	<u><u>\$ 1,400,246</u></u>	<u><u>\$ 12,940,976</u></u>

See Accompanying Notes

**Carlynton School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 4,703,300

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$34,351,362, and the accumulated depreciation is \$20,644,104. 13,707,258

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds. 2,716,271

Discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position 11,098

Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (4,485,000)	
Accrued Interest on the Bonds	(17,863)	
Capital Leases Payable	(77,906)	
Other Post-Employment Benefits Payable - District	(7,153,950)	
Other Post-Employment Benefits Payable - PSERS	(1,838,592)	
Net Pension Liability	(40,447,040)	
Compensated Absences	(399,995)	(54,420,346)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	5,294,859	
Deferred Inflows of Resources Related to Pensions	(2,139,272)	
Deferred Outflows of Resources Related to OPEB - PSERS	206,092	
Deferred Inflows of Resources Related to OPEB - PSERS	(89,711)	
Deferred Outflows of Resources Related to OPEB - District	1,804,467	
Deferred Inflows of Resources Related to OPEB - District	(313,616)	4,762,819

Total Net Position - Governmental Activities \$ (28,519,600)

See Accompanying Notes

**Carlynton School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020**

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 19,144,403	\$ 766	\$ 19,145,169
State Sources	9,239,234	-	9,239,234
Federal Sources	1,127,040	-	1,127,040
	<hr/>	<hr/>	<hr/>
Total Revenues	29,510,677	766	29,511,443
	<hr/>	<hr/>	<hr/>
Expenditures			
Instruction	18,288,557	-	18,288,557
Support Services	8,639,491	75,025	8,714,516
Noninstructional Services	633,083	-	633,083
Capital Outlay	39,320	-	39,320
Debt Service (Principal & Interest)	290,487	-	290,487
Refunds of Prior Year's Receipts	11,600	-	11,600
	<hr/>	<hr/>	<hr/>
Total Expenditures	27,902,538	75,025	27,977,563
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	1,608,139	(74,259)	1,533,880
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers In	-	1,400,000	1,400,000
Transfers Out	(1,400,000)	-	(1,400,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,400,000)	1,400,000	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	208,139	1,325,741	1,533,880
	<hr/>	<hr/>	<hr/>
Fund Balances - July 1, 2019	3,094,915	74,505	3,169,420
	<hr/>	<hr/>	<hr/>
Fund Balances - June 30, 2020	\$ 3,303,054	\$ 1,400,246	\$ 4,703,300
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes

**Carlynton School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2020**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 1,533,880

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$ (913,410)	
Capital Outlays	<u>230,177</u>	(683,233)

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. 219,852

Repayment of bond and capital lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 141,518

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB)-are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	2,670	
Other Post-Employment Benefits - PSERS	12,614	
Other Post-Employment Benefits - District	<u>(115,558)</u>	(100,274)

**Carlynton School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 to the Statement of Activities
 Year Ended June 30, 2020**

Exhibit 6

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

Net Change in Accrued Interest on Bonds	263
---	-----

Bond discount on bonds is reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Discount	(653)
--------------------------	-------

Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

District Pension Contributions to PSERS	4,020,047	
Cost of Benefits Earned	<u>(4,554,357)</u>	<u>(534,310)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 577,043</u></u>
---	--------------------------

See Accompanying Notes

**Carlynton School District
Statement of Net Position
Proprietary Funds
June 30, 2020**

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 361,366
Due From Other Governments	2,819
Other Receivables	3,193
Inventories	<u>7,676</u>
Total Current Assets	<u>375,054</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>122,713</u>
TOTAL ASSETS	<u><u>497,767</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB	3,054
Amounts Related to Pensions	<u>79,760</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>82,814</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	74,733
Accounts Payable	85,781
Unearned Revenues	<u>12,256</u>
Total Current Liabilities	<u>172,770</u>
Noncurrent Liabilities	
OPEB Liability	26,408
Net Pension Liability	<u>580,960</u>
Total Noncurrent Liabilities	<u>607,368</u>
TOTAL LIABILITIES	<u>780,138</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	1,289
Amounts Related to Pensions	<u>30,728</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>32,017</u>
NET POSITION	
Invested in Capital Assets	122,713
Unrestricted	<u>(354,287)</u>
TOTAL NET POSITION	<u><u>\$ (231,574)</u></u>

See Accompanying Notes

Carlynton School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2020

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	<u>\$ 134,337</u>
Operating Expenses	
Salaries	187,363
Employee Benefits	138,476
Purchased Prof. and Tech. Services	207,385
Supplies	269,258
Depreciation	24,874
Other Operating Expenditures	<u>2,091</u>
Total Operating Expenses	<u>829,447</u>
Operating Income (Loss)	<u>(695,110)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	1,130
State Sources	61,398
Federal Sources	<u>504,481</u>
Total Nonoperating Revenues (Expenses)	<u>567,009</u>
Change in Net Position	(128,101)
Net Position - July 1, 2019	<u>(103,473)</u>
Net Position - June 30, 2020	<u>\$ (231,574)</u>

See Accompanying Notes

**Carlynton School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 134,468
Cash Payments to Employees for Services	(178,655)
Cash Payments to Suppliers for Goods and Services	<u>(351,451)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(395,638)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	61,746
Federal Sources	<u>463,955</u>
Net Cash Provided by Non-Capital Financing Activities	<u>525,701</u>
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(24,780)</u>
Cash Flows From Investing Activities	
Earnings on Investments	<u>1,130</u>
Net Increase in Cash and Cash Flows	106,413
Cash and Cash Equivalents - July 1, 2019	<u>254,953</u>
Cash and Cash Equivalents - June 30, 2020	<u>\$ 361,366</u>

**Carlynton School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

Exhibit 9

		Food Service Fund
Operating Income (Loss)	\$	(695,110)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation and Net Amortization		24,874
Change in Pensions and OPEB Liability		38,264
Donated Commodities		46,968
(Increase) Decrease in Accounts Receivable		(1,528)
(Increase) Decrease in Inventories		5,160
Increase (Decrease) in Accounts Payable		75,158
Increase (Decrease) in Advances from Other Funds		108,918
Increase (Decrease) in Deferred Revenue		<u>1,658</u>
 Total Adjustments		 <u>299,472</u>
 Cash Provided by (Used for) Operating Activities	 \$	 <u><u>(395,638)</u></u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2020, the School District received \$43,533 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Carlynton School District
Statement of Net Position
Fiduciary Funds
June 30, 2020**

Exhibit 10

	Agency Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 88,888</u>
LIABILITIES	
Other Current Liabilities	<u><u>\$ 88,888</u></u>

See Accompanying Notes

Carlynton School District
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Carlynton School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Carnegie, Crafton, and Rosslyn Farms. The School District operates under a nine-person elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Carlynton School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports two major governmental funds and fund types:

Carlynton School District
Notes to Financial Statements
June 30, 2020

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

The *capital projects fund* accounts for financial resources to be used for the acquisition of construction of major capital facilities or equipment.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The School District reports the following fiduciary fund type:

The *agency fund* represents the School District's student activity funds. These funds account for student activities in the high school.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Carlynton School District
Notes to Financial Statements
June 30, 2020

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

D. Joint Ventures

The School District is one of twelve member school districts of the Parkway West Career and Technology Center (Parkway). Parkway provides vocational-technical training and education to participating students of the member districts. Parkway is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Parkway's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Parkway.

Carlynton School District
Notes to Financial Statements
June 30, 2020

The School District's share of annual operating and capital costs for Parkway fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Parkway for the year ended June 30, 2020 was \$378,125, which has been reported in the School District's general fund. The School District has no equity interest in Parkway as of June 30, 2020. Complete financial statements for Parkway can be obtained from the administrative offices at 7101 Steubenville Pike, Oakdale, Pennsylvania 15071-9406.

The School District is also one of five member school districts of the South Central Area Special Schools Jointure (South Central). South Central provides special education services to participating students of the member districts. South Central is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of South Central's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of South Central. The School District's share of annual operating and capital costs for South Central fluctuates, based on the percentage of enrollment of each member district in the school, and there were no payments made in the year ended June 30, 2020. The School District has no equity interest in South Central as of June 30, 2020. Complete financial statements for South Central can be obtained from the administrative offices at Donati Road, Bethel Park, PA 15102.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year.

Carlynton School District
Notes to Financial Statements
June 30, 2020

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market 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 if considered material. There was no material inventory balance as of June 30, 2020 in the governmental funds.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2020 are reported as unearned revenue.

J. Prepaid Items

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements 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.

Carlynton School District
Notes to Financial Statements
June 30, 2020

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20-30
Land Improvements	20
Furniture	20
Vehicles	8
Equipment	5-15
Computer Software	6
Textbooks	6
Library/Workbooks	6

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has various items that qualify for reporting in this category in the government-wide statement of net position relating to the participation in the cost sharing defined benefit pension plan and participation in two other post-employment benefit plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under the modified accrual basis of accounting which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The School District has various items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and two other post-employment benefit plans. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types 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. Bond premiums and discount are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discount. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses.

Carlynton School District
Notes to Financial Statements
June 30, 2020

N. Compensated Absences

The School District's policies regarding vacation and sick time under various contracts, provide for employees to accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

O. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

P. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the School District's highest level of authority, school board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money.

Carlynton School District
Notes to Financial Statements
June 30, 2020

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the superintendent or business manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The nonspendable fund balance of \$288,067 in the general fund is for prepaid items.

The assigned fund balance of \$1,400,246 in the capital projects fund is for future capital projects.

The assigned fund balance of \$622,500 in the general fund is for future expenditures related to PSERS, healthcare benefits and technology.

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2020, \$608,983 of the School District's bank balance of \$1,343,983 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$608,983</u>

As of June 30, 2020, the School District had the following investment:

PSDLAF	<u>\$6,001,550</u>
--------	--------------------

Interest Rate Risk - 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.

Carlynton School District
Notes to Financial Statements
June 30, 2020

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Investments

The Pennsylvania School District Liquid Assets Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund is a local government investment pool and is exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund measures for financial reporting purposes its assets at amortized cost and maintains a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of the PSDLAF shares. There are no limitations or restrictions on withdrawals.

Fair Value of Investments

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District had no investments that required disclosure as of June 30, 2020 under this hierarchy.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2019/2020 was 24.1815 mills (\$24.18 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2019/2020 is as follows:

Tax Levy Date	August 1, 2019
2% Discount Period	Through September 30, 2019
Face Payment Period	October 1 - November 30, 2019
10% Penalty Period	Beginning December 1, 2019
Lien Filing Date	Turned over to Tax Claim Bureau December 31, 2019

Carlynton School District
Notes to Financial Statements
June 30, 2020

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$2,716,271 along with other taxes receivable of \$452,640.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2020, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Funds	Totals
Federal (through the state)	\$ 192,048	\$ 2,708	\$ 194,756
State	1,004,755	111	1,004,866
Local	113,779	-	113,779
	<u>\$ 1,310,582</u>	<u>\$ 2,819</u>	<u>\$ 1,313,401</u>

Note 5 - Capital Assets

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

	Balance 07/01/19	Additions	Transfers	Balance 06/30/20
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,509,080	\$ -	\$ -	\$ 1,509,080
Capital Assets Being Depreciated				
Land Improvements	1,826,287	-	-	1,826,287
Buildings and Building Improv.	28,492,622	74,987	-	28,567,609
Furniture and Equipment	2,293,196	155,190	-	2,448,386
Total Capital Assets Being Depreciated	<u>32,612,105</u>	<u>230,177</u>	<u>-</u>	<u>32,842,282</u>
Less Accumulated Depreciation				
Land Improvements	1,316,925	45,969	-	1,362,894
Buildings and Building Improv.	16,439,103	768,571	-	17,207,674
Furniture and Equipment	1,974,666	98,870	-	2,073,536
Total Accumulated Depreciation	<u>19,730,694</u>	<u>913,410</u>	<u>-</u>	<u>20,644,104</u>
Total Capital Assets Being Depreciated, Net	<u>12,881,411</u>	<u>(683,233)</u>	<u>-</u>	<u>12,198,178</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,390,491</u>	<u>\$ (683,233)</u>	<u>\$ -</u>	<u>\$ 13,707,258</u>

Carlynton School District
Notes to Financial Statements
June 30, 2020

	Balance 07/01/19	Additions	Transfers	Balance 06/30/20
Business-Type Activities				
Furniture and Equipment	\$ 304,988	\$ 24,780	\$ (24,861)	\$ 304,907
Less Accumulated Depreciation and Equipment	<u>182,181</u>	<u>24,874</u>	<u>(24,861)</u>	<u>182,194</u>
Business-Type Activities Capital Assets, Net	<u>\$ 122,807</u>	<u>\$ (94)</u>	<u>\$ -</u>	<u>\$ 122,713</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

Instruction	\$ 822,611
Administration and Financial Support Services	52,669
Operation and Maintenance of Plant Services	9,988
Pupil Transportation	6,164
Student Activities	<u>21,978</u>
Total Depreciation Expense	<u>\$ 913,410</u>
Business-Type Activities - Food Service	<u>\$ 24,874</u>

Note 6 - Interfund Balances

At June 30, 2020, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 74,733	\$ 1,400,000
Capital Projects	1,400,000	-
Food Service	<u>-</u>	<u>74,733</u>
	<u>\$ 1,474,733</u>	<u>\$ 1,474,733</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Carlynton School District
Notes to Financial Statements
June 30, 2020

Note 7 - Interfund Transfers

For the year ended June 30, 2020, interfund transfers consisted of the following:

Transfers To	Transfer From General Fund
Capital Projects Fund	<u>\$ 1,400,000</u>

The transfer from the general fund to the capital projects fund is for future capital projects.

Note 8 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2020 was as follows:

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 4,590,000	\$ -	\$ 105,000	\$ 4,485,000	\$ 190,000
Less: Bond Discount	<u>(11,751)</u>	<u>-</u>	<u>(653)</u>	<u>(11,098)</u>	<u>-</u>
Total Bonds Payable	<u>4,578,249</u>	<u>-</u>	<u>104,347</u>	<u>4,473,902</u>	<u>190,000</u>
Capital Leases Payable	114,424	-	36,518	77,906	38,118
Compensated Absences	<u>402,665</u>	<u>-</u>	<u>2,670</u>	<u>399,995</u>	<u>99,999</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 5,095,338</u>	<u>\$ -</u>	<u>\$ 143,535</u>	<u>\$ 4,951,803</u>	<u>\$ 328,117</u>

General Obligation Bonds

Series of 2018 in the amount of \$4,590,000; due serially through November 2037; interest due semi-annually ranging from 2.0% to 4.0%

\$ 4,485,000

The debt service source for the above debt is the general fund.

Carlynton School District
Notes to Financial Statements
June 30, 2020

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2020, including interest, sinking fund payments are as follows:

Year Ended June 30,	General Obligation Bonds		Totals
	Principal (On Issuance Amount)	Interest	
2021	\$ 190,000	\$ 140,531	\$ 330,531
2022	195,000	135,231	330,231
2023	200,000	128,306	328,306
2024	210,000	120,106	330,106
2025	215,000	113,219	328,219
2026-2030	1,170,000	470,868	1,640,868
2031-2035	1,365,000	276,409	1,641,409
2036-2038	940,000	50,039	990,039
	<u>\$ 4,485,000</u>	<u>\$ 1,434,709</u>	<u>\$ 5,919,709</u>

Note 9 - Capital Lease

The School District is currently obligated under a capital leasing arrangement for the purchase of capital equipment.

The assets acquired through the capital leases are as follows:

Asset	Governmental Activities
Furniture and Equipment	\$ 155,955
Less: Accumulated Depreciation	<u>(62,382)</u>
Total	<u>\$ 93,573</u>

The future minimum lease obligations and the net present value of those minimum lease payments as of June 30, 2020, were as follows:

Year Ended June 30,	Amount
2021	\$ 41,531
2022	<u>41,531</u>
Total Minimum Lease Payments	83,062
Less: Amount Representing Interest	<u>(5,156)</u>
Present Value of Minimum Lease Payments	<u>\$ 77,906</u>

Carlynton School District
Notes to Financial Statements
June 30, 2020

Note 10 - Public School Employees' Retirement System (PSERS)

A. 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 additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B. General Information about the Pension Plan

1. Plan Description

PSERS is a governmental cost-sharing multi-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.

2. Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Carlynton School District
Notes to Financial Statements
June 30, 2020

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.

3. Contributions

Member Contributions

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

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

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

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.36% 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 School District were \$4,081,496 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$41,028,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School District's proportion was 0.0877%, which was a decrease of 0.0018% from its proportion measured as of June 30, 2019.

Carlynton School District
Notes to Financial Statements
June 30, 2020

For the year ended June 30, 2020, the School District recognized pension expense of \$4,652,855. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 226,000	\$ 1,360,000
Net difference between projected and actual investment earnings	-	118,000
Change in assumptions	392,000	-
Changes in proportions	563,000	692,000
Difference between employer contributions and proportionate share of total contributions	112,123	-
Contributions subsequent to the measurement date	4,081,496	-
	<u>\$ 5,374,619</u>	<u>\$ 2,170,000</u>

\$4,081,496 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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,	
2021	\$ 335,042
2022	(688,988)
2023	(604,443)
2024	81,512
	<u>\$ (876,877)</u>

1. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Carlynton School District
Notes to Financial Statements
June 30, 2020

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

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

The pension plan’s policy in regard to 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 of the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.6%
Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	<u>-20.0%</u>	0.7%
	<u><u>100%</u></u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all 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.

**Carlynton School District
Notes to Financial Statements
June 30, 2020**

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

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.25%	7.25%	8.25%
School District's proportionate share of the net pension liability	\$ 51,105	\$ 41,028	\$ 32,496

4. Pension Plan Fiduciary Net Position

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

Note 11 - Contingent Liabilities

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

The COVID-19 outbreak in the United States has caused business disruption and economic uncertainties. The School District’s operations are heavily dependent on the ability to raise and collect taxes and assess fees. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions. This situation is expected to impact the School District’s operating results and the fair value of its investments, however, the financial impact of these uncertainties is unknown at this time.

Note 12 - Other Post-Employment Benefit Plan

A. Plan Description

Carlynton School District administers a single-employer defined benefit healthcare plan (“the Supplemental Health Plan”). The plan provides medical, and in some cases dental and vision, for four groups of employees: teachers; administrators; secretaries; and custodians. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

**Carlynton School District
Notes to Financial Statements
June 30, 2020**

The eligibility and the benefits for each group are as follows

1) Eligibility for Healthcare Coverage

Teachers	Early retirement upon attaining age 55 with at least 25 years of service under PSERS. Normal retirement upon attaining 35 years of service, age 60 with 30 years of service, or age 62 with 1 year of service.
Administrators	Early retirement upon attaining age 55 with at least 25 years of service under PSERS. Normal retirement upon attaining 35 years of service, age 60 with 30 years of service, or age 62 with 1 year of service.
Secretaries	Early retirement upon attaining age 55 with at least 25 years of service under PSERS. Normal retirement upon attaining 35 years of service, age 60 with 30 years of service, or age 62 with 1 year of service.
Custodians/Maintenance	Early retirement upon attaining age 55 with at least 25 years of service under PSERS. Normal retirement upon attaining 35 years of service, age 60 with 30 years of service, or age 62 with 1 year of service.

2) Benefit at Retirement

Teachers	Eligible retirees have the option to continue enrollment in the medical program provided they pay the required contributions until age 65. Retirees are also eligible for dental and/or vision benefits if they paid the contribution for the medical program.
Administrators	Eligible retirees have the option to continue enrollment in the medical program provided they pay the required contributions until age 65. Retirees are also eligible for dental and/or vision benefits if they paid the contribution for the medical program.
Secretaries	Eligible for one year of retiree medical coverage for every 6 years worked.
Custodians/Maintenance	Eligible for one year of retiree medical coverage for every 7 years worked.

Carlynton School District
Notes to Financial Statements
June 30, 2020

Employees Covered by Benefit Terms

At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Active employees	<u>166</u>
	<u>186</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$7,153,950 was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2018. Standard roll-forward techniques were used to roll-forward the liability from the valuation date to the measurement date using updated assumptions.

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	2.50%
Discount Rate	3.50%
Healthcare Cost Trend Rates	6.75% for 2020/2021, decreasing 0.25% per year until 4.50% for 2029 & later

The discount rate was based on the Bond Buyers 20-Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2018.

The actuarial assumptions used in the July 1, 2018 valuation were selected using input from the School District based upon actual experience.

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 6,685,555
Changes for the year:	
Service Cost	252,479
Interest	258,731
Changes of assumptions or other inputs	461,067
Benefit Payments	<u>(503,882)</u>
Net Changes	<u>468,395</u>
Balance at June 30, 2020	<u>\$ 7,153,950</u>

Carlynton School District
Notes to Financial Statements
June 30, 2020

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 3.87% to 3.50%
- Assumptions for the mortality improvement scale and the assumed medical trend rates

F. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.50%	3.50%	4.50%
Total OPEB Liability	\$ 7,517,313	\$ 7,153,950	\$ 6,689,426

G. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 6,403,984	\$ 7,153,950	\$ 8,033,126

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$620,074. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,220,688	\$ 261,522
Differences between expected and actual experience	79,263	52,094
Benefit payments subsequent to the measurement date	504,516	-
	\$ 1,804,467	\$ 313,616

Carlynton School District
Notes to Financial Statements
June 30, 2020

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,	
2021	\$ 108,864
2022	108,864
2023	108,864
2024	108,864
2025	108,864
Thereafter	<u>442,015</u>
	<u>\$ 986,335</u>

Note 13 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment 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' 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.

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Carlynton School District
Notes to Financial Statements
June 30, 2020

2. 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, and
- Participate in the HOP or employer-sponsored health insurance program

3. 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.

4. Benefits Provided

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 0.84% 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 School District were \$102,771 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$1,865,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The School 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, 2020, the School District's proportion was 0.0877%, which was a decrease of 0.0018% from its proportion measured as of June 30, 2019.

Carlynton School District
Notes to Financial Statements
June 30, 2020

For the year ended June 30, 2020, the School District recognized OPEB expense of \$91,372. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,000	\$ -
Net difference between projected and actual investment earnings	3,000	-
Change in assumptions	62,000	55,000
Changes in proportions	30,000	36,000
Difference between employer contributions and proportionate share of total contributions	1,375	-
Contributions subsequent to the measurement date	102,771	-
	<u>\$ 209,146</u>	<u>\$ 91,000</u>

\$102,771 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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,	
2021	\$ 372
2022	372
2023	391
2024	(761)
2025	14,000
Thereafter	1,001
	<u>\$ 15,375</u>

1. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79%, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

**Carlynton School District
Notes to Financial Statements
June 30, 2020**

- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - 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, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
	<u>100%</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, 2019.

Carlynton School District
Notes to Financial Statements
June 30, 2020

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish 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 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Rate	Increase
System net OPEB Liability	\$ 1,865	\$ 1,865	\$ 1,865

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

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	1.79%	2.79%	3.79%
School District's proportionate share of the net OPEB liability	\$ 2,125	\$ 1,865	\$ 1,650

Carlynton School District
Notes to Financial Statements
June 30, 2020

5. OPEB Plan Fiduciary Net Position

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

Note 14 - Risk Management

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,291,563 and \$3,338,327 for the years ended June 30, 2020 and 2019, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2020, the net position of the Consortium was \$75,471,061 of which \$803,753 is attributable to the School District.

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2020, was \$2,533,640.

This includes \$2,090,395 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$443,245 to the federal government for social security and Medicare taxes for the year ended June 30, 2020. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 15,408,864	\$ 15,408,860	\$ 15,552,790	\$ 143,930
Public Utility Realty Taxes	16,105	16,105	4,305	(11,800)
Earned Income Taxes	1,933,498	1,933,498	2,017,548	84,050
Real Estate Transfer Taxes	170,420	170,421	215,457	45,036
Delinquencies on Taxes	954,106	954,104	731,832	(222,272)
Earnings on Investments	112,480	112,480	172,448	59,968
Other Local Revenues				
Special Functions	2,075	2,075	-	(2,075)
Federal Revenues from IU	248,724	248,724	275,930	27,206
Contributions & Donations from Private Sources	14,244	12,670	18,279	5,609
Rentals	11,403	12,982	9,802	(3,180)
Tuition from other LEAs	-	-	3,950	3,950
Svcs. Prov. Other Local Gov't. Units	859	859	4,180	3,321
Revenue from Community Services	50	50	820	770
Miscellaneous Revenue	1,977	1,977	137,062	135,085
Total Revenues from Local Sources	18,874,805	18,874,805	19,144,403	269,598
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	4,446,887	4,446,887	4,402,537	(44,350)
Tuition	-	-	13,690	13,690
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	980,551	980,551	971,561	(8,990)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	478,419	478,419	562,994	84,575
Ready to Learn Block Grant	189,030	189,030	189,030	-
Health Services	-	-	27,900	27,900
State Property Tax Reduction	558,047	558,047	558,047	-
PA Smart Grant	-	-	18,529	18,529
Social Security Payments	485,080	485,080	436,133	(48,947)
State Retirement Revenue	2,010,987	2,010,987	2,058,813	47,826
Total Revenues from State Sources	9,149,001	9,149,001	9,239,234	90,233

**Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Federal Sources				
Gov't. through the Commonwealth				
Title I	557,888	557,888	557,826	(62)
Title II	65,439	65,439	65,067	(372)
Title III	-	-	12,669	12,669
Title IV	46,388	46,388	59,108	12,720
Medical Assistance	180,000	180,000	282,645	102,645
PCCD Covid Grant	-	-	143,420	143,420
Medical Assistance - Access	2,745	2,745	6,305	3,560
Total Revenues from Federal Sources	852,460	852,460	1,127,040	274,580
Total Revenues	28,876,266	28,876,266	29,510,677	634,411
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	7,467,067	7,474,092	7,163,931	310,161
Employee Benefits	4,785,597	4,768,819	4,344,546	424,273
Purchased Prof. and Tech. Services	426,964	426,963	604,141	(177,178)
Purchased Property Services	84,103	84,103	70,176	13,927
Other Purchased Services	1,026,007	1,046,008	852,607	193,401
Supplies	305,772	261,284	272,709	(11,425)
Property	45,000	45,000	308	44,692
Other Objects	7,789	7,789	2,693	5,096
Total Regular Programs	14,148,299	14,114,058	13,311,111	802,947
Special Programs				
Personal Services				
Salaries	1,449,195	1,452,655	1,440,767	11,888
Employee Benefits	1,130,878	1,130,909	1,199,914	(69,005)
Purchased Prof. and Tech. Services	404,399	581,899	380,753	201,146
Purchased Property Services	-	-	211	(211)
Other Purchased Services	938,608	1,057,368	1,015,126	42,242
Supplies	15,118	21,078	27,160	(6,082)
Property	-	37,000	-	37,000
Other Objects	661	661	125	536
Total Special Programs	3,938,859	4,281,570	4,064,056	217,514

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Vocational Education Programs				
Personal Services				
Salaries	245,872	244,872	246,210	(1,338)
Employee Benefits	181,302	163,304	153,006	10,298
Purchased Property Services	160	160	1,200	(1,040)
Other Purchased Services	381,237	381,237	378,194	3,043
Supplies	4,188	4,188	589	3,599
Other Objects	54	54	3,000	(2,946)
	<u>812,813</u>	<u>793,815</u>	<u>782,199</u>	<u>11,616</u>
Total Vocational Education Programs				
Other Instructional Programs				
Personal Services				
Salaries	3,350	3,350	5,560	(2,210)
Employee Benefits	1,691	1,692	2,344	(652)
Purchased Prof. and Tech. Services	30,000	30,000	38,719	(8,719)
Other Purchased Services	72,915	72,915	33,162	39,753
Other Objects	850	850	-	850
	<u>108,806</u>	<u>108,807</u>	<u>79,785</u>	<u>29,022</u>
Total Other Instructional Programs				
Nonpublic School Programs				
Personal Services				
Salaries	25,113	29,673	24,899	4,774
Employee Benefits	13,851	13,851	14,024	(173)
Purchased Prof. and Tech. Services	2,500	2,500	3,404	(904)
Supplies	5,000	11,490	9,079	2,411
	<u>46,464</u>	<u>57,514</u>	<u>51,406</u>	<u>6,108</u>
Total Nonpublic School Programs				
Total Instruction	<u>19,055,241</u>	<u>19,355,764</u>	<u>18,288,557</u>	<u>1,067,207</u>

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services				
Pupil Personnel				
Personal Services				
Salaries	626,667	685,882	642,326	43,556
Employee Benefits	447,382	447,381	385,041	62,340
Purchased Prof. and Tech. Services	148,600	148,600	147,493	1,107
Purchased Property Services	221	221	-	221
Other Purchased Services	7,004	7,004	2,526	4,478
Supplies	18,112	18,112	5,875	12,237
Other Objects	901	901	445	456
Total Pupil Personnel	<u>1,248,887</u>	<u>1,308,101</u>	<u>1,183,706</u>	<u>124,395</u>
Instructional Staff				
Personal Services				
Salaries	406,981	529,382	458,198	71,184
Employee Benefits	319,185	319,186	348,150	(28,964)
Purchased Prof. and Tech. Services	114,213	104,213	19,162	85,051
Purchased Property Services	9,457	9,457	1,329	8,128
Other Purchased Services	3,266	3,266	182	3,084
Supplies	57,655	125,653	251,668	(126,015)
Property	15,000	15,000	5,231	9,769
Other Objects	6,387	6,387	18,422	(12,035)
Total Instructional Staff	<u>932,144</u>	<u>1,112,544</u>	<u>1,102,342</u>	<u>10,202</u>
Administration				
Personal Services				
Salaries	914,132	853,315	915,406	(62,091)
Employee Benefits	684,943	684,941	560,103	124,838
Purchased Prof. and Tech. Services	289,712	289,712	352,478	(62,766)
Purchased Property Services	12,030	12,030	7,880	4,150
Other Purchased Services	27,963	27,963	17,252	10,711
Supplies	30,286	30,441	22,781	7,660
Other Objects	21,089	21,089	12,819	8,270
Total Administration	<u>1,980,155</u>	<u>1,919,491</u>	<u>1,888,719</u>	<u>30,772</u>

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Health				
Personal Services				
Salaries	111,408	121,211	134,245	(13,034)
Employee Benefits	85,242	85,241	111,840	(26,599)
Purchased Prof. and Tech. Services	18,403	18,403	3,792	14,611
Purchased Property Services	3,215	3,215	2,109	1,106
Other Purchased Services	106	106	-	106
Supplies	5,036	5,036	5,655	(619)
Other Objects	252	252	-	252
Total Pupil Health	223,662	233,464	257,641	(24,177)
Business				
Personal Services				
Salaries	166,700	169,567	168,347	1,220
Employee Benefits	128,559	128,558	142,186	(13,628)
Purchased Prof. and Tech. Services	18,450	18,450	20,411	(1,961)
Purchased Property Services	256	256	-	256
Other Purchased Services	10,678	10,679	8,542	2,137
Supplies	3,200	3,200	2,631	569
Other Objects	270	270	262	8
Total Business	328,113	330,980	342,379	(11,399)
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	963,217	881,099	970,873	(89,774)
Employee Benefits	690,977	690,977	672,364	18,613
Purchased Prof. and Tech. Services	62,386	62,386	26,761	35,625
Purchased Property Services	317,532	317,532	459,019	(141,487)
Other Purchased Services	92,093	92,093	106,654	(14,561)
Supplies	308,874	308,874	432,437	(123,563)
Property	20,000	20,000	26,354	(6,354)
Other Objects	2,118	2,118	2,740	(622)
Total Oper. and Maint. of Plant Svcs.	2,457,197	2,375,079	2,697,202	(322,123)

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Student Transportation Services				
Personal Services				
Salaries	3,000	3,000	3,000	-
Employee Benefits	1,277	1,278	52	1,226
Purchased Property Services	131	131	-	131
Other Purchased Services	2,141,032	1,758,299	1,108,232	650,067
Supplies	69	6,419	6,403	16
Property	30,500	30,500	31,219	(719)
Total Student Transportation Services	<u>2,176,009</u>	<u>1,799,627</u>	<u>1,148,906</u>	<u>650,721</u>
Other				
Other Purchased Services	<u>21,453</u>	<u>21,453</u>	<u>18,596</u>	<u>2,857</u>
Total Support Services	<u>9,367,620</u>	<u>9,100,739</u>	<u>8,639,491</u>	<u>461,248</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	275,806	279,166	263,843	15,323
Employee Benefits	120,700	120,699	95,008	25,691
Purchased Prof. and Tech. Services	92,551	92,551	96,171	(3,620)
Purchased Property Services	9,463	9,463	8,156	1,307
Other Purchased Services	44,841	44,841	46,481	(1,640)
Supplies	84,290	84,290	54,095	30,195
Property	-	-	24,600	(24,600)
Other Objects	4,556	4,555	3,588	967
Total Student Activities	<u>632,207</u>	<u>635,565</u>	<u>591,942</u>	<u>43,623</u>
Community Services				
Personal Services				
Salaries	307	307	25	282
Employee Benefits	125	125	9	116
Purchased Prof. and Tech. Services	55,940	55,940	38,793	17,147
Supplies	2,551	2,551	2,314	237
Total Community Services	<u>58,923</u>	<u>58,923</u>	<u>41,141</u>	<u>17,782</u>
Total Noninstructional Services	<u>691,130</u>	<u>694,488</u>	<u>633,083</u>	<u>61,405</u>

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities Acquisition, Construction and Improvement Services				
Purchased Prof. and Tech. Services	-	-	5,196	(5,196)
Property	37,000	-	34,124	(34,124)
	<u>37,000</u>	<u>-</u>	<u>39,320</u>	<u>(39,320)</u>
Total Facilities Acquisition, Construction and Improvement Services	<u>37,000</u>	<u>-</u>	<u>39,320</u>	<u>(39,320)</u>
Debt Service				
Interest	300,678	300,678	148,969	151,709
Refund of Prior Year's Receipts	-	-	11,600	(11,600)
Redemption of Principal	-	-	141,518	(141,518)
	<u>300,678</u>	<u>300,678</u>	<u>302,087</u>	<u>(1,409)</u>
Total Debt Service	<u>300,678</u>	<u>300,678</u>	<u>302,087</u>	<u>(1,409)</u>
Total Expenditures	<u>29,451,669</u>	<u>29,451,669</u>	<u>27,902,538</u>	<u>1,549,131</u>
Other Financing Uses				
Transfer to Capital Projects Fund	135,000	135,000	1,400,000	(1,265,000)
	<u>135,000</u>	<u>135,000</u>	<u>1,400,000</u>	<u>(1,265,000)</u>
Total Expenditures and Other Financing Uses	<u>29,586,669</u>	<u>29,586,669</u>	<u>29,302,538</u>	<u>284,131</u>
Net Change in Fund Balance	(710,403)	(710,403)	208,139	918,542
Fund Balance - July 1, 2019	<u>2,404,050</u>	<u>2,404,050</u>	<u>3,094,915</u>	<u>690,865</u>
Fund Balance - June 30, 2020	<u>\$ 1,693,647</u>	<u>\$ 1,693,647</u>	<u>\$ 3,303,054</u>	<u>\$ 1,609,407</u>

Carlynton School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2020

Note 1 – Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

Carlynton School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Five Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability					
Service cost	\$ 252,479	\$ 306,491	\$ 305,046	\$ 343,397	\$ -
Interest	258,731	241,596	198,043	232,604	-
Difference between expected and actual experience	-	93,675	-	(78,142)	-
Changes of assumptions or other inputs	461,067	(138,885)	(192,003)	1,192,632	-
Benefit payments	<u>(503,882)</u>	<u>(565,811)</u>	<u>(511,472)</u>	<u>(556,713)</u>	<u>-</u>
Net Change in Total OPEB Liability	468,395	(62,934)	(200,386)	1,133,778	-
Total OPEB Liability - Beginning	<u>6,685,555</u>	<u>6,748,489</u>	<u>6,948,875</u>	<u>5,815,097</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 7,153,950</u>	<u>\$ 6,685,555</u>	<u>\$ 6,748,489</u>	<u>\$ 6,948,875</u>	<u>\$ 5,815,097</u>
Covered-Employee Payroll	\$ 9,925,729	\$ 9,683,638	\$ 9,563,839	\$ 9,330,575	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	72.07%	69.04%	70.56%	74.47%	N/A

Notes to Schedule:

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

Assumption Changes:

Discount rate used for fiscal year ending:

2020	3.50%
2019	3.87%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

Carlynton School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Six Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 4,011,908	\$ 3,933,572	\$ 3,784,598	\$ 3,340,647	\$ 2,801,786	\$ 2,223,843
Contributions in Relation to the Contractually Required Contribution	<u>4,011,908</u>	<u>3,933,572</u>	<u>3,784,598</u>	<u>3,340,647</u>	<u>2,801,786</u>	<u>2,223,843</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 12,057,339	\$ 12,101,597	\$ 12,056,589	\$ 11,645,929	\$ 11,363,344	\$ 11,163,709
Contributions as a Percentage of Covered Payroll	33.27%	32.50%	31.39%	28.69%	24.66%	19.92%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2019 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2020.

Carlynton School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Seven Years
(Dollar Amount in Thousands)

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.0877%	0.0895%	0.0875%	0.0878%	0.0867%	0.0860%	0.0821%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 41,028	\$ 42,964	\$ 43,215	\$ 43,511	\$ 37,554	\$ 34,039	\$ 33,608
School District's Covered Payroll	\$ 12,102	\$ 12,057	\$ 11,645	\$ 11,363	\$ 11,164	\$ 10,978	\$ 10,533
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	339.05%	356.34%	371.10%	382.92%	336.38%	310.07%	319.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Carlynton School District
 Required Supplementary Information
 Schedule of School District's Contributions
 PSERS OPEB Plan
 Last Three Years**

	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 102,771	\$ 101,193	\$ 100,762
Contributions in Relation to the Contractually Required Contribution	<u>102,771</u>	<u>101,193</u>	<u>100,762</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 12,057,339	\$ 12,101,597	\$ 12,056,589
Contributions as a Percentage of Covered Payroll	0.85%	0.84%	0.84%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2019 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2020.

Carlynton School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Three Years
(Dollar Amount in Thousands)

	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.0877%	0.0895%	0.0875%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,865	\$ 1,866	\$ 1,783
School District's Covered Payroll	\$ 12,102	\$ 12,057	\$ 11,645
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.41%	15.48%	15.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%	5.56%	5.73%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

SINGLE AUDIT SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Members of the Board
Carlynton School District
Carnegie, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Carlynton School District for the period ended June 30, 2020 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports are as follows:

- A. 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*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 11, 2021

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

EXHIBIT A

**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***

Members of the Board
Carlynton School District
Carnegie, 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 Carlynton School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Carlynton School District's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 11, 2021

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

EXHIBIT B

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

Members of the Board
Carlynton School District
Carnegie, Pennsylvania

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carlynton School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carlynton School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Carlynton School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Carlynton School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carlynton School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carlynton School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 11, 2021

Carlynton School District
Schedule of Findings and Questioned Costs
June 30, 2020

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditor's report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes ✓ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

84.010	Title I
--------	---------

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee? ✓ yes _____ no

**Carlynton School District
Schedule of Findings and Questioned Costs
June 30, 2020**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year’s Findings

No prior year’s findings.

Carlynton School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Exhibit D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/19	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/20
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I Improving Basic Programs	I	84.010	013-190064	07/18/18-09/30/19	\$ 619,807	\$ 124,287	\$ 124,287	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-200064	07/30/19-09/30/20	557,826	520,664	-	557,826	557,826	37,162
						644,951	124,287	557,826	557,826	37,162
Title II Improving Teacher Quality	I	84.367	020-200064	07/30/19-09/30/20	65,067	52,258	-	65,067	65,067	12,809
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-190064	07/18/18-09/30/19	46,827	6,244	(10,378)	16,622	16,622	-
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-200064	07/30/19-09/30/20	46,388	46,388	-	42,486	42,486	(3,902)
						52,632	(10,378)	59,108	59,108	(3,902)
Passed through the Allegheny Intermediate Unit										
Title III	I	84.365	N/A	07/01/19-06/30/20	12,734	12,669	-	12,669	12,669	-
Special Education Cluster										
IDEA Section 619 Pass-Through	I	84.173	131-190003	07/01/19-06/30/20	1,984	1,984	-	1,984	1,984	-
IDEA B	I	84.027	062-190003	07/01/18-09/30/19	269,593	60,274	60,274	-	-	-
IDEA B	I	84.027	062-200003	07/01/19-09/30/20	273,946	160,167	-	273,946	273,946	113,779
						222,425	60,274	275,930	275,930	113,779
Total Special Education Cluster						984,935	174,183	970,600	970,600	159,848
Total U.S. Department of Education										
U.S. Department of Treasury										
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19: Safety Project	I	21.019	N/A	03/13/20-10/30/20	175,336	-	-	143,420	143,420	143,420
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare										
Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/19-06/30/20	6,305	8,048	4,302	6,305	6,305	2,559
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	295,067	1,222	295,606	295,606	1,761
National School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	150,955	7,928	143,974	143,974	947
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/19-06/30/20	N/A	43,533	(4,876)	46,968	46,968	(1,441)
						489,555	4,274	486,548	486,548	1,267
Passed through the Pennsylvania Department of Education										
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/19-06/30/20	N/A	17,933	-	17,933	17,933	-
Total U.S. Department of Agriculture						507,488	4,274	504,481	504,481	1,267
Total Federal Financial Assistance						\$ 1,500,471	\$ 182,759	\$ 1,624,806	\$ 1,624,806	\$ 307,094

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Carlynton School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

EXHIBIT D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Carlynton School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Carlynton School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carlynton School District.

Note B - 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.
- (2) Carlynton School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amounts Received Per Schedule	\$ 1,500,471
Less: Commodities Received	(43,533)
Less: Passage Through AIU	(222,425)
Less: Title III	(12,669)
Less: Title 19	(8,048)
Add: Medical Assistance - Access	282,645
Add: State Funding on Confirmation	<u>41,582</u>
 Per Subsidy Confirmation	 <u><u>\$ 1,538,023</u></u>

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**Carlynton School District
List of Report Distribution
June 30, 2020**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census