

**Carlynton School District
Financial Statements
June 30, 2025**



CERTIFIED PUBLIC ACCOUNTANTS

**Carlynton School District
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Independent Auditor's Report

Members of the Board
Carlynton School District
Carnegie, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carlynton School District, as of and for the year ended June 30, 2025, 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.

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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
March 13, 2026

Carlynton School District
Management's Discussion and Analysis
June 30, 2025

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, 2025. 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, 2025 is \$9,194,656, which is a decrease from the June 30, 2024 general fund balance in the amount of \$259,366.

Actual revenues exceeded budgeted revenues by \$2,120,289. This was the result of better than expected collections of earned income, earnings on investments and final ESSER reimbursements.

Actual expenditures were higher than final budgeted expenditures by \$2,379,655. This variance between final budgeted expenditures and actual is about 6.5%.

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, 2025**

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

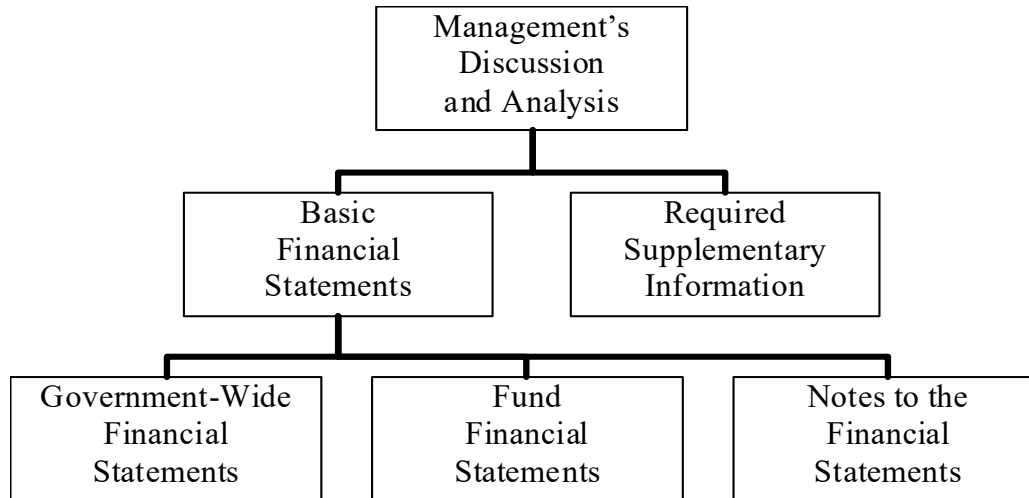


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Carlynton School District
Management's Discussion and Analysis
June 30, 2025**

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

	Government-Wide Statements	Fund 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, 2025**

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, 2025**

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 and statement of change in net position on Exhibit 11. 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 \$(17,810,928) at June 30, 2025 and a deficit \$(18,544,310) at June 30, 2024.

Table A - 1
Years Ended June 30, 2025 and 2024
Net Position

	2025			2024		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Current and Other Assets	\$ 19,695,653	\$ 701,335	\$ 20,396,988	\$ 17,863,039	\$ 705,853	\$ 18,568,892
Capital Assets	<u>12,522,783</u>	<u>138,346</u>	<u>12,661,129</u>	<u>12,319,904</u>	<u>59,977</u>	<u>12,379,881</u>
Total Assets	<u>32,218,436</u>	<u>839,681</u>	<u>33,058,117</u>	<u>30,182,943</u>	<u>765,830</u>	<u>30,948,773</u>
Deferred Outflows of Resources	<u>9,789,308</u>	<u>87,047</u>	<u>9,876,355</u>	<u>9,612,433</u>	<u>90,611</u>	<u>9,703,044</u>
Current and Other Liabilities	7,328,812	(20,073)	7,308,739	4,353,093	8,488	4,361,581
Noncurrent Liabilities						
Due Within One Year	264,239	-	264,239	304,762	-	304,762
Due in More Than One Year	<u>49,663,419</u>	<u>465,656</u>	<u>50,129,075</u>	<u>50,715,212</u>	<u>497,462</u>	<u>51,212,674</u>
Total Liabilities	<u>57,256,470</u>	<u>445,583</u>	<u>57,702,053</u>	<u>55,373,067</u>	<u>505,950</u>	<u>55,879,017</u>
Deferred Inflows of Resources	<u>3,021,502</u>	<u>21,845</u>	<u>3,043,347</u>	<u>3,293,661</u>	<u>23,449</u>	<u>3,317,110</u>

Carlynton School District
Management's Discussion and Analysis
June 30, 2025

Table A - 1
Years Ended June 30, 2025 and 2024
Net Position

	2025			2024		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Net Position						
Net Investment in Capital Assets	9,051,418	138,346	9,189,764	8,584,471	59,977	8,644,448
Unrestricted	<u>(27,321,646)</u>	<u>320,954</u>	<u>(27,000,692)</u>	<u>(27,455,823)</u>	<u>267,065</u>	<u>(27,188,758)</u>
Total Net Position	<u>\$ (18,270,228)</u>	<u>\$ 459,300</u>	<u>\$ (17,810,928)</u>	<u>\$ (18,871,352)</u>	<u>\$ 327,042</u>	<u>\$ (18,544,310)</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, 2025

Table A - 2
Years Ended June 30, 2025 and 2024
Change in Net Position

	2025			2024		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 77,749	\$ 77,749	\$ -	\$ 64,975	\$ 64,975
Operating Grants and Contribs.	7,637,225	1,153,905	8,791,130	6,444,156	1,141,051	7,585,207
General Revenues						
Property Taxes	19,936,039	-	19,936,039	18,512,050	-	18,512,050
Other Taxes	2,831,674	-	2,831,674	2,813,729	-	2,813,729
Grants, Subsidies and Contribs.						
Unrestricted	6,365,933	-	6,365,933	5,931,046	-	5,931,046
Other	1,286,223	22,130	1,308,353	1,201,936	19,080	1,221,016
Total Revenues	<u>38,057,094</u>	<u>1,253,784</u>	<u>39,310,878</u>	<u>34,902,917</u>	<u>1,225,106</u>	<u>36,128,023</u>
Expenses						
Instruction	24,275,929	-	24,275,929	21,977,437	-	21,977,437
Instructional Student Support	3,257,998	-	3,257,998	3,048,807	-	3,048,807
Admin. and Fin. Support Svcs.	2,728,120	-	2,728,120	2,381,984	-	2,381,984
Operation and Maintenance						
of Plant Services	3,048,250	-	3,048,250	2,339,212	-	2,339,212
Pupil Transportation	3,181,476	-	3,181,476	2,475,444	-	2,475,444
Student Activities	804,225	-	804,225	765,162	-	765,162
Community Services	46,023	-	46,023	60,434	-	60,434
Interest on Long-Term Debt	113,949	-	113,949	121,637	-	121,637
Food Service	-	1,121,526	1,121,526	-	1,055,769	1,055,769
Total Expenses	<u>37,455,970</u>	<u>1,121,526</u>	<u>38,577,496</u>	<u>33,170,117</u>	<u>1,055,769</u>	<u>34,225,886</u>
Increase (Decrease) in Net Position	601,124	132,258	733,382	1,732,800	169,337	1,902,137
Beginning Net Position	<u>(18,871,352)</u>	<u>327,042</u>	<u>(18,544,310)</u>	<u>(20,604,152)</u>	<u>157,705</u>	<u>(20,446,447)</u>
Ending Net Position	<u>\$ (18,270,228)</u>	<u>\$ 459,300</u>	<u>\$ (17,810,928)</u>	<u>\$ (18,871,352)</u>	<u>\$ 327,042</u>	<u>\$ (18,544,310)</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, 2025

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, 2025 and 2024
Governmental Activities

	2025		2024	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 24,275,929	\$ 18,918,887	\$ 21,977,437	\$ 17,486,279
Instructional Student Support	3,257,998	2,189,120	3,048,807	2,434,451
Admin. and Fin. Support Svcs.	2,728,120	2,460,124	2,381,984	2,176,803
Operation and Maintenance of Plant Services	3,048,250	2,851,818	2,339,212	1,856,168
Pupil Transportation	3,181,476	2,505,901	2,475,444	1,889,119
Student Activities	804,225	732,923	765,162	708,369
Community Services	46,023	46,023	60,434	53,135
Interest on Long-Term Debt	<u>113,949</u>	<u>113,949</u>	<u>121,637</u>	<u>121,637</u>
Total Governmental Activities	<u>\$ 37,455,970</u>	29,818,745	<u>\$ 33,170,117</u>	26,725,961
Less:				
Unrestricted Grants, Subsidies		<u>(6,365,933)</u>		<u>(5,931,046)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$23,452,812</u>		<u>\$20,794,915</u>

**Carlynton School District
Management's Discussion and Analysis
June 30, 2025**

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, 2025 and 2024
Business-Type Activities

	2025		2024	
	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>\$1,121,526</u>	\$ (110,128)	<u>\$1,055,769</u>	\$ (150,257)
Add/Less:				
Investment Earnings		<u>(22,130)</u>		<u>(19,080)</u>
Total Business-Type Activities		<u>\$ (132,258)</u>		<u>\$ (169,337)</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, 2025**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the School District had \$12,522,783 invested in a broad range of capital assets, including land, buildings, furniture and equipment and construction in progress.

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

	2025	2024
Land and Site Improvements	\$2,261,699	\$2,309,957
Buildings and Building Improvements	8,891,747	9,741,625
Furniture and Equipment	165,820	280,782
Construction in Progress	1,203,517	-

Debt Administration

As of July 1, 2024, the School District had general obligation 2018 bonds which had an outstanding balance of \$3,690,000. During the 2024/2025 fiscal year, payments against principal decreased outstanding long-term debt by \$215,000. At June 30, 2025, the School District's general obligation 2018 bonds had an outstanding balance of \$3,475,000.

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

Major Financial and Program Issues

Healthcare

Health insurance costs remain a major concern for the School District. The School District recognized an increase in health insurance costs of approximately 14.0% in 2023/24, 9.0% 2024/25 and 5.7% in 2025/26, with an anticipated increase of 8.3% for the 2026/27 school year. The District participates in the Allegheny County Schools Health Insurance Consortium, which spreads the risk of large claims across a broader membership base and is intended to help stabilize premiums and moderate long-term cost increases.

Retirement Contribution

The District's employer contribution rate to the Pennsylvania Public School Employees' Retirement System has increased substantially over the past two decades, rising from 1.15% of compensation in 2002/03, to 8.65% by 2011/12, an increase of more than 300%. In recent years, the rate has remained at historically high levels, at 34.00% for 2023/24, 33.90% for 2024/25, and 34.00% for 2025/26. As a result, the District's annual retirement expenditures now exceed \$4.6 million, representing more than 13% of total budgeted expenditures.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2025**

Labor Relations

The District's teachers are represented by the Carlynton Federation of Teachers, Local #2120, an affiliation of the American Federation of Teachers, AFL-CIO. This group has the responsibility of bargaining for all District teachers, librarians, counselors, psychologists, nurses and long-term substitutes. The current contract runs through the 2025/2026 school year. Negotiations for a new collective bargaining agreement commenced in January 2026.

The District's secretarial and support personnel are represented by the Carlynton Federation of Teachers, Local #2120, an affiliation of the American Federation of Teachers, AFL-CIO. This group has the responsibility of bargaining for the School District secretaries, school aides, and cafeteria workers. A current contract runs through June 30, 2029. Negotiations for a new collective bargaining agreement will commence no later than January 2029.

The District's custodial and maintenance personnel are represented by Carlynton Custodial/Maintenance Association, an affiliation of ESPA/PSEA/NEA. The current contract runs through June 30, 2029. Negotiations for a new collective bargaining agreement will commence no later than January 2029.

The Future

Security

- The School District will continue to seek grant funding to expand security camera coverage, upgrade the security network backbone, and provide additional training and programming for students and staff focused on crisis prevention.
- The School District will investigate and implement enhanced security protocols and communications software to improve coordination with staff and first responders and added a School Police Officer position in the 2025/26 school year.

Capital Planning

The District continues to implement facility improvements in accordance with its established capital improvements plan. Beginning in the summer of 2026, the District will initiate a comprehensive renovation of Carnegie Elementary School to address ADA compliance requirements and upgrade critical building systems, including electrical, mechanical, and safety infrastructure. This project will also enhance the educational environment through the addition of classrooms and modernizing of instructional spaces. At the Junior/Senior High School, the District is expanding educational opportunities through the construction of a new production studio and the development of a Macintosh Apple computer laboratory. In addition, solar panels will be installed on the building's roof as part of an energy efficiency and cost-savings initiative. These projects represent key components of the District's five-year year capital improvement strategy, and the District remains committed to identifying and securing additional funding sources to support the successful completion of these initiatives.

Five-Year Budget Projections

The District is utilizing a five-year budgeting model to better project revenue and expenditures trends, and develop staffing models that fall in line with projected enrollments. This will assist the board of directors in considering possible future tax increases that may be required to support instructional and extra-curricular programs for students.

**Carlynton School District
Management's Discussion and Analysis
June 30, 2025**

Budgeted revenues of \$37,543,461 for 2025/2026 have increased by \$1,559,727 over budgeted revenues of \$35,983,734, for 2024/2025.

Budgeted expenditures for 2025/2026 are \$37,543,461. This is an increase of \$1,559,727 over the 2024/2025 budget of \$35,983,734. The School District built the 2025/2026 budget by using an estimated beginning fund balance of \$9,655,440.

The comparison of revenue and expenditure categories is as follows:

Table A - 6

	Budgeted Revenue 2025/2026	Actual Revenue 2024/2025
Local	64.3%	64.1%
State	32.2%	31.1%
Federal	3.5%	4.8%

	Budgeted Expenditures 2025/2026	Actual Expenditures 2024/2025
Instruction	64.0%	62.5%
Support Services	31.0%	32.3%
Noninstructional Services	2.6%	2.3%
Fund Transfers/Debt/Other	2.4%	2.9%

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 2025, the Department of Education informed the School District that its property tax allocation for the school year is \$972,084. Property owners with a certified homestead/farmstead exclusion will receive an assessment reduction that will result in a decrease in real estate tax of \$267.32 for the 2025/2026 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. Keith Bielby, 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, 2025

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,034,686	\$ 661,399	\$ 13,696,085
Taxes Receivable, Net	3,902,678	-	3,902,678
Due From Other Governments	1,972,309	22,291	1,994,600
Other Receivables	317,914	3,425	321,339
Inventories	-	14,220	14,220
Prepaid Items	468,066	-	468,066
Capital Assets not Being Depreciated			
Land	1,509,080	-	1,509,080
Construction in Progress	1,203,517	-	1,203,517
Capital Assets, Net			
Site Improvements	752,619	-	752,619
Building & Building Improvements	8,891,747	-	8,891,747
Furniture & Equipment	165,820	138,346	304,166
TOTAL ASSETS	32,218,436	839,681	33,058,117
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to OPEB - District	3,871,649	-	3,871,649
Amounts Related to OPEB - PSERS	223,324	3,076	226,400
Amounts Related to Pension	5,694,335	83,971	5,778,306
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,789,308	87,047	9,876,355
LIABILITIES			
Internal Balances	66,010	(66,010)	-
Accounts Payable	2,001,057	41,611	2,042,668
Accrued Salaries and Benefits	4,944,781	-	4,944,781
Payroll Deductions and Withholdings	303,148	-	303,148
Unearned Revenues	-	4,326	4,326
Accrued Interest	13,816	-	13,816
Noncurrent Liabilities:			
Due Within One Year	264,239	-	264,239
Due in More Than One Year:			
Compensated Absences	360,373	-	360,373
Bonds Payable	3,247,167	-	3,247,167
Other Post-Employment Benefits - District	9,794,535	-	9,794,535
Other Post-Employment Benefits - PSERS	1,466,170	18,830	1,485,000
Net Pension Liability	34,795,174	446,826	35,242,000
TOTAL LIABILITIES	57,256,470	445,583	57,702,053
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - District	1,320,347	-	1,320,347
Amounts Related to OPEB - PSERS	331,740	4,260	336,000
Amounts Related to Pension	1,369,415	17,585	1,387,000
TOTAL DEFERRED INFLOWS OF RESOURCES	3,021,502	21,845	3,043,347
NET POSITION			
Net Investment in Capital Assets	9,051,418	138,346	9,189,764
Unrestricted	(27,321,646)	320,954	(27,000,692)
TOTAL NET POSITION	\$ (18,270,228)	\$ 459,300	\$ (17,810,928)

See Accompanying Notes

**Carlynton School District
Statement of Activities
Year Ended June 30, 2025**

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	\$ 24,275,929	\$ -	\$ 5,357,042	\$ -	\$ (18,918,887)	\$ -	\$ (18,918,887)
Instructional Student Support	3,257,998	-	1,068,878	-	(2,189,120)	-	(2,189,120)
Administrative and Financial Support Services	2,728,120	-	267,996	-	(2,460,124)	-	(2,460,124)
Operation and Maintenance of Plant Services	3,048,250	-	196,432	-	(2,851,818)	-	(2,851,818)
Pupil Transportation	3,181,476	-	675,575	-	(2,505,901)	-	(2,505,901)
Student Activities	804,225	-	71,302	-	(732,923)	-	(732,923)
Community Services	46,023	-	-	-	(46,023)	-	(46,023)
Interest on Long-Term Debt	113,949	-	-	-	(113,949)	-	(113,949)
Total Governmental Activities	37,455,970	-	7,637,225	-	(29,818,745)	-	(29,818,745)
Business-type Activities:							
Food Service	1,121,526	77,749	1,153,905	-	-	110,128	110,128
Total Primary Government	<u>\$ 38,577,496</u>	<u>\$ 77,749</u>	<u>\$ 8,791,130</u>	<u>\$ -</u>	<u>(29,818,745)</u>	<u>110,128</u>	<u>(29,708,617)</u>
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					19,936,039	-	19,936,039
Earned Income Taxes					2,540,928	-	2,540,928
Real Estate Transfer Taxes					270,330	-	270,330
Other Taxes Levied for General Purposes, Net					20,416	-	20,416
Grants, Subsidies and Contributions not Restricted					6,365,933	-	6,365,933
Investment Earnings					922,174	22,130	944,304
Miscellaneous Income					364,049	-	364,049
Total General Revenues					30,419,869	22,130	30,441,999
Change in Net Position					601,124	132,258	733,382
Net Position - July 1, 2024					(18,871,352)	327,042	(18,544,310)
Net Position - June 30, 2025					<u>\$ (18,270,228)</u>	<u>\$ 459,300</u>	<u>\$ (17,810,928)</u>

See Accompanying Notes

Carlynton School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

Exhibit 4

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 11,999,650	\$ 1,035,036	\$ 13,034,686
Taxes Receivable, Net	3,902,678	-	3,902,678
Due from Other Funds	1,251,626	-	1,251,626
Due from Other Governments	1,972,309	-	1,972,309
Other Receivables	317,914	-	317,914
Prepaid Items	468,066	-	468,066
TOTAL ASSETS	\$ 19,912,243	\$ 1,035,036	\$ 20,947,279
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 66,010	\$ 1,251,626	\$ 1,317,636
Accounts Payable	2,001,057	-	2,001,057
Accrued Salaries and Benefits	4,944,781	-	4,944,781
Payroll Deductions and Withholdings	303,148	-	303,148
Total Liabilities	7,314,996	1,251,626	8,566,622
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	3,402,591	-	3,402,591
Fund Balances			
Nonspendable	468,066	-	468,066
Assigned	622,500	-	622,500
Unassigned	8,104,090	(216,590)	7,887,500
Total Fund Balances	9,194,656	(216,590)	8,978,066
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,912,243	\$ 1,035,036	\$ 20,947,279

See Accompanying Notes

Carlynton School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

Exhibit 4

Total Fund Balances - Governmental Funds	\$	8,978,066
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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 \$37,602,701, and the accumulated depreciation is \$25,079,918.		12,522,783
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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.		3,402,591
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Discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position		7,833
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Long-term liabilities, including bonds and 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	\$ (3,475,000)	
Accrued Interest on the Bonds	(13,816)	
Lease Payable	(4,198)	
Other Post-Employment Benefits Payable - District	(9,794,535)	
Other Post-Employment Benefits Payable - PSERS	(1,466,170)	
Net Pension Liability	(34,795,174)	
Compensated Absences	(400,414)	(49,949,307)

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	5,694,335	
Deferred Inflows of Resources Related to Pensions	(1,369,415)	
Deferred Outflows of Resources Related to OPEB - PSERS	223,324	
Deferred Inflows of Resources Related to OPEB - PSERS	(331,740)	
Deferred Outflows of Resources Related to OPEB - District	3,871,649	
Deferred Inflows of Resources Related to OPEB - District	(1,320,347)	6,767,806

Total Net Position - Governmental Activities	\$	(18,270,228)
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See Accompanying Notes

Carlynton School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 24,411,382	\$ 36,343	\$ 24,447,725
State Sources	11,871,024	-	11,871,024
Federal Sources	<u>1,821,617</u>	<u>-</u>	<u>1,821,617</u>
Total Revenues	<u>38,104,023</u>	<u>36,343</u>	<u>38,140,366</u>
Expenditures			
Instruction	23,980,205	-	23,980,205
Support Services	12,405,348	-	12,405,348
Noninstructional Services	874,336	-	874,336
Capital Outlay	358,776	1,203,517	1,562,293
Debt Service (Principal & Interest)	378,689	-	378,689
Refunds of Prior Year's Receipts	<u>60,485</u>	<u>-</u>	<u>60,485</u>
Total Expenditures	<u>38,057,839</u>	<u>1,203,517</u>	<u>39,261,356</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>46,184</u>	<u>(1,167,174)</u>	<u>(1,120,990)</u>
Other Financing Sources (Uses)			
Transfers In	-	305,550	305,550
Transfers Out	<u>(305,550)</u>	<u>-</u>	<u>(305,550)</u>
Total Other Financing Sources (Uses)	<u>(305,550)</u>	<u>305,550</u>	<u>-</u>
Net Change in Fund Balances	(259,366)	(861,624)	(1,120,990)
Fund Balances - July 1, 2024	<u>9,454,022</u>	<u>645,034</u>	<u>10,099,056</u>
Fund Balances - June 30, 2025	<u>\$ 9,194,656</u>	<u>\$ (216,590)</u>	<u>\$ 8,978,066</u>

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, 2025**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$ (1,120,990)
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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 difference between depreciation/amortization and capital outlays in the period.

Depreciation Expense	\$ (953,121)	
Intangible Right-to-Use Assets Amortization	(47,517)	
Capital Outlays	1,203,517	202,879

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.

(22,787)

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

264,721

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	(3,993)	
Other Post-Employment Benefits - PSERS	51,792	
Other Post-Employment Benefits - District	(380,464)	(332,665)

**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, 2025**

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		672
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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)
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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	4,707,989	
Cost of Benefits Earned	(3,098,042)	1,609,947

Change in Net Position of Governmental Activities		\$ 601,124
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See Accompanying Notes

Carlynton School District
Statement of Net Position
Proprietary Funds
June 30, 2025

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 661,399
Due From Other Funds	66,010
Due From Other Governments	22,291
Other Receivables	3,425
Inventories	<u>14,220</u>
Total Current Assets	<u>767,345</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>138,346</u>
TOTAL ASSETS	<u>905,691</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB	3,076
Amounts Related to Pensions	<u>83,971</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>87,047</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	41,611
Unearned Revenues	<u>4,326</u>
Total Current Liabilities	<u>45,937</u>
Noncurrent Liabilities	
OPEB Liability	18,830
Net Pension Liability	<u>446,826</u>
Total Noncurrent Liabilities	<u>465,656</u>
TOTAL LIABILITIES	<u>511,593</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	4,260
Amounts Related to Pensions	<u>17,585</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>21,845</u>
NET POSITION	
Invested in Capital Assets	138,346
Unrestricted	<u>320,954</u>
TOTAL NET POSITION	<u><u>\$ 459,300</u></u>

See Accompanying Notes

Carlynton School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2025

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	<u>\$ 77,749</u>
Operating Expenses	
Salaries	248,817
Employee Benefits	91,788
Purchased Property Services	315
Other Purchased Services	620,581
Supplies	144,140
Depreciation	<u>15,885</u>
Total Operating Expenses	<u>1,121,526</u>
Operating Income (Loss)	<u>(1,043,777)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	22,130
State Sources	106,714
Federal Sources	<u>1,047,191</u>
Total Nonoperating Revenues (Expenses)	<u>1,176,035</u>
Change in Net Position	132,258
Net Position - July 1, 2024	<u>327,042</u>
Net Position - June 30, 2025	<u>\$ 459,300</u>

See Accompanying Notes

**Carlynton School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 77,542
Cash Payments to Employees for Services	(407,873)
Cash Payments to Suppliers for Goods and Services	<u>(655,919)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(986,250)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	105,497
Federal Sources	<u>933,243</u>
Net Cash Provided by Non-Capital Financing Activities	<u>1,038,740</u>
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(94,254)</u>
Cash Flows From Investing Activities	
Earnings on Investments	<u>22,130</u>
Net Increase (Decrease) in Cash and Cash Flows	(19,634)
Cash and Cash Equivalents - July 1, 2024	<u>681,033</u>
Cash and Cash Equivalents - June 30, 2025	<u>\$ 661,399</u>

**Carlynton School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025**

Exhibit 9

	Food Service Fund
Operating Income (Loss)	\$ (1,043,777)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	15,885
Change in Pensions and OPEB Liability	(29,846)
Donated Commodities	92,874
(Increase) Decrease in Accounts Receivable	(207)
(Increase) Decrease in Inventories	7,382
Increase (Decrease) in Accounts Payable	13,587
Increase (Decrease) in Advances from Other Funds	(37,422)
Increase (Decrease) in Deferred Revenue	<u>(4,726)</u>
Total Adjustments	<u>57,527</u>
Cash Provided by (Used for) Operating Activities	<u><u>\$ (986,250)</u></u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2025, the School District received \$90,109 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, 2025**

Exhibit 10

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 108,551</u>
NET POSITION	
Restricted for Student Groups	<u>\$ 108,551</u>

See Accompanying Notes

Carlynton School District
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2025

Exhibit 11

	Custodial Fund
Additions	
Revenue from Student Activities	\$ 253,590
Interest	<u>6,077</u>
Total Additions	259,667
Deductions	
Student Activities Program Expenses	<u>254,605</u>
Change in Net Position	5,062
Net Position - July 1, 2024	<u>103,489</u>
Net Position - June 30, 2025	<u><u>\$ 108,551</u></u>

See Accompanying Notes

Carlynton School District
Notes to Financial Statements
June 30, 2025

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 the following major governmental funds and fund types:

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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 custodial 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 trust funds, investment trust funds, private purpose trust funds, or custodial funds). The School District reports the following fiduciary fund type:

The *custodial 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.

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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.

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, proprietary fund and fiduciary 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 and the custodial fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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.

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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.

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, 2025 was \$558,653, which has been reported in the School District's general fund. The School District has no equity interest in Parkway as of June 30, 2025. 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, 2025. The School District has no equity interest in South Central as of June 30, 2025. 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.

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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. There were no supplemental budgetary appropriations made during the year ended June 30, 2025.

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, 2025 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, 2025 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.

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

All 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. Intangible Right-to-Use Assets

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 87 and No. 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease/subscription liability plus any payment made prior to the term, less any incentives, and plus any ancillary charges necessary to place the asset into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease/subscriptions. Per review of the information technology arrangements identified by the School District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

M. 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 assets that applies to future periods 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 assets that applies to future periods 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.

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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.

N. 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.

O. 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.

P. 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.

Q. 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.

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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.

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 \$468,066 in the general fund is for prepaid items.

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.

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Notes to Financial Statements
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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, 2025, \$10,393,504 of the School District's bank balance of \$10,643,504 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>\$10,393,504</u>

As of June 30, 2025, the School District had the following investments:

Investments	Fair Value
PLGIT	\$ 8,216
PSDLAF	<u>3,266,387</u>
	<u><u>\$ 3,274,603</u></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.

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) and the Pennsylvania Local Governmental Investment Trust (PLGIT) were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the funds 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 and PLGIT are governed by an elected board of trustees who are responsible for the overall management of the funds. The trustees are elected from the several classes of local governments participating in the funds. The funds are audited annually by independent auditors. The funds are a local government investment pool and are exempt from the requirements of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds measure for financial reporting purposes, their assets at amortized cost and maintain a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF and PLGIT is the same as the value of shares. There are no limitations or restrictions on withdrawals.

Carlynton School District
Notes to Financial Statements
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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, 2025 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 2024/2025 was 28.5082 mills (\$28.51 per \$1,000 assessed valuation).

The tax calendar for real estate taxes levied for 2024/2025 is as follows:

Tax Levy Date	August 1, 2024
2% Discount Period	Through September 30, 2024
Face Payment Period	October 1 - November 30, 2024
10% Penalty Period	Beginning December 1, 2024
Lien Filing Date	Turned over to Tax Claim Bureau December 31, 2024

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 net of uncollectible amounts are reported on the balance sheet in the amount of \$3,402,591 along with other taxes receivable of \$500,087.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2025, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Funds	Totals
Federal (through the state)	\$ 82,851	\$ 21,074	\$ 103,925
State	<u>1,889,458</u>	<u>1,217</u>	<u>1,890,675</u>
	<u>\$ 1,972,309</u>	<u>\$ 22,291</u>	<u>\$ 1,994,600</u>

Carlynton School District
Notes to Financial Statements
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Note 5 - Capital Assets

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

	Balance 07/01/24	Additions	Disposals	Balance 06/30/25
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,509,080	\$ -	\$ -	\$ 1,509,080
Construction in Progress	<u>-</u>	<u>1,203,517</u>	<u>-</u>	<u>1,203,517</u>
Total Capital Assets not Being Depreciated	<u>1,509,080</u>	<u>1,203,517</u>	<u>-</u>	<u>2,712,597</u>
Capital Assets Being Depreciated/Amortized				
Land Improvements	2,333,369	-	-	2,333,369
Buildings and Building Improv.	29,924,706	-	-	29,924,706
Furniture and Equipment	2,632,029	-	-	2,632,029
Intangible Right-to-use Assets	<u>237,577</u>	<u>-</u>	<u>-</u>	<u>237,577</u>
Total Capital Assets Being Depreciated/Amortized	<u>35,127,681</u>	<u>-</u>	<u>-</u>	<u>35,127,681</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	1,532,492	48,258	-	1,580,750
Buildings and Building Improv.	20,183,081	849,878	-	21,032,959
Furniture and Equipment	2,411,224	54,985	-	2,466,209
Intangible Right-to-use Assets	<u>190,060</u>	<u>47,517</u>	<u>-</u>	<u>237,577</u>
Total Accumulated Depreciation/Amortization	<u>24,316,857</u>	<u>1,000,638</u>	<u>-</u>	<u>25,317,495</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>10,810,824</u>	<u>(1,000,638)</u>	<u>-</u>	<u>9,810,186</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,319,904</u>	<u>\$ 202,879</u>	<u>\$ -</u>	<u>\$ 12,522,783</u>
Business-Type Activities				
Furniture and Equipment	\$ 340,331	\$ 94,254	\$ -	\$ 434,585
Less Accumulated Depreciation and Equipment	<u>280,354</u>	<u>15,885</u>	<u>-</u>	<u>296,239</u>
Business-Type Activities Capital Assets, Net	<u>\$ 59,977</u>	<u>\$ 78,369</u>	<u>\$ -</u>	<u>\$ 138,346</u>

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

Governmental Activities	
Instruction	\$ 878,499
Administration and Financial Support Services	82,117
Operation and Maintenance of Plant Services	26,614
Pupil Transportation	3,813
Student Activities	<u>9,595</u>
Total Depreciation/Amortization Expense	<u>\$ 1,000,638</u>
Business-Type Activities - Food Service	<u>\$ 15,885</u>

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Notes to Financial Statements
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Note 6 - Interfund Balances

At June 30, 2025, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,251,626	\$ 66,010
Capital Projects Fund	-	1,251,626
Food Service	<u>66,010</u>	<u>-</u>
	<u>\$ 1,317,636</u>	<u>\$ 1,317,636</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.

There was a transfer from the General Fund to the Capital Projects Fund in the amount of \$305,550 during the School year. This transfer was to help fund future capital needs of the District.

Note 7 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2025 was as follows:

	Balance 07/01/24	Additions	Reductions	Balance 06/30/25	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 3,690,000	\$ -	\$ 215,000	\$ 3,475,000	\$ 220,000
Less: Bond Discount	<u>(8,486)</u>	<u>-</u>	<u>(653)</u>	<u>(7,833)</u>	<u>-</u>
Total Bonds Payable	<u>3,681,514</u>	<u>-</u>	<u>214,347</u>	<u>3,467,167</u>	<u>220,000</u>
Compensated Absences	<u>396,421</u>	<u>3,993</u>	<u>-</u>	<u>400,414</u>	<u>40,041</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 4,077,935</u>	<u>\$ 3,993</u>	<u>\$ 214,347</u>	<u>\$ 3,867,581</u>	<u>\$ 260,041</u>
Lease Liabilities	<u>\$ 53,919</u>	<u>\$ -</u>	<u>\$ 49,721</u>	<u>\$ 4,198</u>	<u>\$ 4,198</u>
Total Long-Term Obligations as Reported in the Statement of Net Position				<u>\$ 3,871,779</u>	<u>\$ 264,239</u>

Carlynton School District
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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%

\$ 3,475,000

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

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

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2025, including interest, sinking fund payments are as follows:

Year Ended June 30,	General Obligation Bonds		Totals
	Principal (On Issuance Amount)	Interest	
2026	\$ 220,000	\$ 107,644	\$ 327,644
2027	225,000	101,381	326,381
2028	235,000	94,481	329,481
2029	240,000	83,756	323,756
2030	250,000	76,256	326,256
2031-2035	1,365,000	254,543	1,619,543
2036-2038	<u>940,000</u>	<u>33,775</u>	<u>973,775</u>
	<u>\$ 3,475,000</u>	<u>\$ 751,836</u>	<u>\$ 4,226,836</u>

Note 8 – Lease Liabilities

The School District has entered into an agreement to lease copiers. The term of the lease is for five years requiring monthly payments of \$4,206. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of its inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate.

As of June 30, 2025, the value of the lease liability recorded for the above lease was \$4,198. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$0 as of June 30, 2025.

	Balance 07/01/24	Additions	Disposals	Balance 06/30/25
Governmental Activities				
Intangible Right-to-Use Assets:				
Leased Equipment	<u>\$ 237,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,577</u>
Less Accumulated Amortization	<u>190,060</u>	<u>47,517</u>	<u>-</u>	<u>237,577</u>
Net Intangible Right-to-use Assets	<u>\$ 47,517</u>	<u>\$ (47,517)</u>	<u>\$ -</u>	<u>\$ -</u>

Carlynton School District
Notes to Financial Statements
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Future minimum lease payments under this lease are as follows:

Year Ended June 30,	Lease Payable		Totals
	Principal	Interest	
2026	\$ 4,198	\$ 8	\$ 4,206

Note 9 - 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.pa.gov/psers.

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.

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

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

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3. Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%/6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$4,779,295 for the year ended June 30, 2025.

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

At June 30, 2025, the School District reported a liability of \$35,242,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025 the School District's proportion was 0.0842%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$3,140,252. At June 30, 2025, 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	\$ -	\$ 554,000
Net difference between projected and actual investment earnings	583,000	-
Changes in proportions	369,000	833,000
Difference between employer contributions and proportionate share of total contributions	47,011	-
Contributions subsequent to the measurement date	<u>4,779,295</u>	<u>-</u>
	<u>\$ 5,778,306</u>	<u>\$ 1,387,000</u>

\$4,779,295 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2026	\$ (916,911)
2027	583,260
2028	56,781
2029	<u>(111,119)</u>
	<u>\$ (387,989)</u>

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1. Changes in Actuarial Assumptions

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

- Valuation Date – June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	<u>9.5%</u>	3.9%
	<u>100%</u>	

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

2. Discount Rate

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

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

	(In Thousands)		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 46,424	\$ 35,242	\$ 25,799

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

Note 10 - Contingent Liabilities

Carlynton School District participates in a number of federally assisted grant programs, principal of which are Title Iz 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, 2025 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.

Note 11 - 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.

The eligibility and the benefits for each group are as follows

1) Eligibility for Healthcare Coverage

Hired prior to July 1, 2011

Employees are eligible for postretirement coverage provided they meet the criteria for either early or normal retirement under PSERS. Employees are eligible for early retirement upon attaining age 55 with at least 25 years of service under PSERS. Normal retirement eligibility occurs upon attaining 35 years of service, age 60 with 30 years of service, or age 62 with 1 year of service.

Hired on or after July 1, 2011

Employees are eligible for postretirement coverage provided that they meet at least one of the following criteria: age 65 with 3 years of service, or a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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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.

Employees Covered by Benefit Terms

At July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Active employees	<u>191</u>
	<u><u>207</u></u>

B. Total OPEB Liability

The School District's total OPEB liability of \$9,794,535 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024. 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, 2024 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	4.29%
Healthcare Cost Trend Rates	7.00% for 2024/2025, decreasing 0.25% per year until 4.50% for 2034 & later

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

Mortality rates were based on the Pri.H-2012 Total Dataset Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 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, 2024	\$ 7,947,582
Changes for the year:	
Service Cost	267,919
Interest	328,235
Differences between expected and actual experience	1,626,904
Changes of assumptions or other inputs	(9,200)
Benefit Payments	<u>(366,905)</u>
Net Changes	<u>1,846,953</u>
Balance at June 30, 2025	<u><u>\$ 9,794,535</u></u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 4.13% to 4.29%

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 (3.29%) or one percentage point higher (5.29%) than the current discount rate:

	1.00% Decrease 3.29%	Current Discount Rate 4.29%	1.00% Increase 5.29%
Total OPEB Liability	\$ 10,684,570	\$ 9,794,535	\$ 8,992,467

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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	\$ 8,934,594	\$ 9,794,535	\$ 10,779,322

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

For the year ended June 30, 2025, the School District recognized OPEB expense of \$855,398. At June 30, 2025, 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	\$ 1,155,620	\$ 1,300,813
Differences between expected and actual experience	2,241,095	19,534
Benefit payments subsequent to the measurement date	<u>474,934</u>	<u>-</u>
	<u>\$ 3,871,649</u>	<u>\$ 1,320,347</u>

The \$474,934 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability.

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,	
2026	\$ 259,244
2027	259,244
2028	259,246
2029	166,367
2030	182,370
Thereafter	<u>949,897</u>
	<u>\$2,076,368</u>

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Note 12 - 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, 2024, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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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.pa.gov/psers.

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.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$91,463 for the year ended June 30, 2025.

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

At June 30, 2025, the School District reported a liability of \$1,485,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. 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, 2025, the School District's proportion was 0.0836%, which was a decrease of 0.0013% from its proportion measured as of June 30, 2024.

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For the year ended June 30, 2025, the School District recognized OPEB expense of \$38,921. At June 30, 2025, 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	\$ 6,000	\$ 22,000
Net difference between projected and actual investment earnings	2,000	-
Changes in assumptions	91,000	227,000
Changes in proportions	34,000	87,000
Difference between employer contributions and proportionate share of total contributions	1,937	-
Contributions subsequent to the measurement date	91,463	-
	<u>\$ 226,400</u>	<u>\$ 336,000</u>

\$91,463 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 OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	\$ (56,433)
2027	(58,266)
2028	(58,608)
2029	(19,756)
2030	(8,000)
	<u>\$ (201,063)</u>

1. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21%, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.

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- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100.0%</u>	1.7%

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

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2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the S&P 20 year Municipal Bond Rate at June 30, 2024, 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, 2024, 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, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2024, 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% Decrease	Current Trend Rate	1.00% Increase
System net OPEB Liability	\$ 1,485	\$ 1,485	\$ 1,485

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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 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	3.21%	4.21%	5.21%
School District's proportionate share of the net OPEB liability	\$ 1,678	\$ 1,485	\$ 1,324

5. OPEB Plan Fiduciary Net Position

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

Note 13 - 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 \$4,352,874 and \$3,897,063 the years ended June 30, 2025 and 2024, 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, 2025, the net position of the Consortium was \$84,042,714 of which \$790,652 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.

Carlynton School District
Notes to Financial Statements
June 30, 2025

Note 14 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2025, was \$2,979,899.

This includes \$2,460,121 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 \$519,778 to the federal government for social security and Medicare taxes for the year ended June 30, 2025. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate

Note 15 – Construction Commitment

As of June 30, 2025, the School had construction commitments in the amount of approximately \$22 million for the Carnegie Elementary Renovation Project. It is anticipated that this project will be completed in the 2026/2027 fiscal year.

Note 16 – Subsequent Event

In March of 2026, the School District issued Series of 2026 General Obligation Bonds in the amount of \$21,090,000 for the Carnegie Elementary Renovation Project.

**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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 18,847,100	\$ 18,847,100	\$ 18,821,225	\$ (25,875)
Public Utility Realty Taxes	17,863	17,863	20,416	2,553
Payments in Lieu of Current Taxes	1,000	1,000	-	(1,000)
Earned Income Taxes	2,188,582	2,188,582	2,540,928	352,346
Real Estate Transfer Taxes	321,000	321,000	270,330	(50,670)
Delinquencies on Taxes	1,003,669	1,003,669	1,198,086	194,417
Earnings on Investments	500,000	500,000	885,831	385,831
Other Local Revenues				
Revenue from Student Activities	48,320	48,320	32,659	(15,661)
Federal Revenues from IU	271,808	271,808	302,342	30,534
Contributions & Donations from Private Sources	55,024	55,024	34,173	(20,851)
Rentals	100,000	100,000	140,370	40,370
Tuition from other LEAs	3,098	3,098	4,000	902
Svcs. Prov. Other Local Gov't. Units	5,881	5,881	4,175	(1,706)
Miscellaneous Revenue	91,800	91,800	119,364	27,564
Refund of Prior Year's Expenditures	60,000	60,000	37,483	(22,517)
Total Revenues from Local Sources	23,515,145	23,515,145	24,411,382	896,237
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	5,500,000	5,500,000	5,351,138	(148,862)
Charter Schools	-	-	70,907	70,907
Tuition	13,560	13,560	-	(13,560)
Drivers Education	-	-	875	875
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,210,000	1,210,000	1,280,580	70,580
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	487,000	487,000	675,575	188,575
Ready to Learn Block Grant	189,030	189,030	189,030	-
Health Services	27,500	27,500	24,107	(3,393)
Femine Hygiene Products	-	-	2,328	2,328
State Property Tax Reduction	845,007	845,007	943,888	98,881
Other State Revenue	299,229	299,229	398,835	99,606
Social Security Payments	538,833	538,833	510,354	(28,479)
State Retirement Revenue	2,384,498	2,384,498	2,423,407	38,909
Total Revenues from State Sources	11,494,657	11,494,657	11,871,024	376,367

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	512,478	512,478	463,140	(49,338)
Title II	61,671	61,671	54,082	(7,589)
Title IV	37,783	37,783	38,268	485
Elementary and Secondary Emergency Relief Fund (ESSER III)	-	-	555,176	555,176
ARP ESSER 7%	-	-	60,607	60,607
ARP ESSER HCY	-	-	29,785	29,785
Medical Assistance	350,000	350,000	593,875	243,875
Title XIX	12,000	12,000	26,684	14,684
	<u>973,932</u>	<u>973,932</u>	<u>1,821,617</u>	<u>847,685</u>
Total Revenues from Federal Sources				
	<u>35,983,734</u>	<u>35,983,734</u>	<u>38,104,023</u>	<u>2,120,289</u>
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	8,419,737	8,419,735	8,806,127	(386,392)
Employee Benefits	5,520,556	5,520,560	5,722,741	(202,181)
Purchased Prof. and Tech. Services	990,650	990,650	962,007	28,643
Purchased Property Services	31,231	31,231	234	30,997
Other Purchased Services	793,907	793,907	1,350,051	(556,144)
Supplies	178,797	172,796	254,984	(82,188)
Property	5,743	5,743	14,154	(8,411)
Other Objects	3,563	2,563	3,483	(920)
	<u>15,944,184</u>	<u>15,937,185</u>	<u>17,113,781</u>	<u>(1,176,596)</u>
Total Regular Programs				

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Special Programs				
Personal Services				
Salaries	1,881,255	1,881,255	1,776,955	104,300
Employee Benefits	1,401,133	1,401,133	1,269,715	131,418
Purchased Prof. and Tech. Services	662,698	662,698	667,596	(4,898)
Other Purchased Services	1,464,287	1,464,287	2,078,652	(614,365)
Supplies	14,750	14,750	23,049	(8,299)
Property	-	-	5,895	(5,895)
Other Objects	2,000	2,000	8,808	(6,808)
Total Special Programs	5,426,123	5,426,123	5,830,670	(404,547)
Vocational Education Programs				
Personal Services				
Salaries	260,513	260,513	261,962	(1,449)
Employee Benefits	142,371	142,372	159,058	(16,686)
Other Purchased Services	561,278	561,278	558,653	2,625
Supplies	5,980	5,980	2,522	3,458
Total Vocational Education Programs	970,142	970,143	982,195	(12,052)
Other Instructional Programs				
Personal Services				
Salaries	3,500	3,500	9,220	(5,720)
Employee Benefits	1,612	1,613	3,857	(2,244)
Purchased Prof. and Tech. Services	-	-	9,896	(9,896)
Other Purchased Services	54,000	54,000	572	53,428
Total Other Instructional Programs	59,112	59,113	23,545	35,568
Nonpublic School Programs				
Personal Services				
Salaries	-	-	14,416	(14,416)
Employee Benefits	-	-	2,962	(2,962)
Purchased Prof. and Tech. Services	-	-	8,762	(8,762)
Supplies	-	-	3,874	(3,874)
Total Nonpublic School Programs	-	-	30,014	(30,014)
Total Instruction	22,399,561	22,392,564	23,980,205	(1,587,641)

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Support Services				
Pupil Personnel				
Personal Services				
Salaries	654,133	654,132	560,162	93,970
Employee Benefits	480,899	480,898	427,502	53,396
Purchased Prof. and Tech. Services	234,000	234,000	269,274	(35,274)
Other Purchased Services	1,400	1,400	3,316	(1,916)
Supplies	36,801	36,801	1,414	35,387
Property	-	-	16,543	(16,543)
Other Objects	3,035	3,035	440	2,595
Total Pupil Personnel	1,410,268	1,410,266	1,278,651	131,615
Instructional Staff				
Personal Services				
Salaries	451,350	451,350	445,678	5,672
Employee Benefits	398,886	398,886	358,345	40,541
Purchased Prof. and Tech. Services	33,000	33,000	110,413	(77,413)
Purchased Property Services	-	-	262	(262)
Other Purchased Services	28,615	28,615	4,595	24,020
Supplies	263,121	263,120	281,721	(18,601)
Property	170,000	170,000	204,464	(34,464)
Total Instructional Staff	1,344,972	1,344,971	1,405,478	(60,507)
Administration				
Personal Services				
Salaries	852,064	852,064	1,097,622	(245,558)
Employee Benefits	622,387	622,389	713,078	(90,689)
Purchased Prof. and Tech. Services	239,744	239,744	265,814	(26,070)
Purchased Property Services	3,234	3,234	-	3,234
Other Purchased Services	43,850	43,850	31,642	12,208
Supplies	30,939	30,939	39,710	(8,771)
Property	-	-	10,792	(10,792)
Other Objects	19,422	19,421	35,952	(16,531)
Total Administration	1,811,640	1,811,641	2,194,610	(382,969)

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Pupil Health				
Personal Services				
Salaries	160,911	160,910	112,266	48,644
Employee Benefits	148,872	148,872	71,037	77,835
Purchased Prof. and Tech. Services	316,000	316,000	471,623	(155,623)
Purchased Property Services	-	-	445	(445)
Supplies	8,390	8,390	15,586	(7,196)
Other Objects	130	130	184	(54)
Total Pupil Health	634,303	634,302	671,141	(36,839)
Business				
Personal Services				
Salaries	251,425	251,425	248,117	3,308
Employee Benefits	127,797	127,797	135,135	(7,338)
Purchased Prof. and Tech. Services	30,825	30,825	44,891	(14,066)
Other Purchased Services	12,850	12,850	11,021	1,829
Supplies	53,506	53,506	54,284	(778)
Other Objects	743	743	3,617	(2,874)
Total Business	477,146	477,146	497,065	(19,919)
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,031,520	1,031,521	986,523	44,998
Employee Benefits	813,304	813,303	748,399	64,904
Purchased Prof. and Tech. Services	13,200	13,200	19,231	(6,031)
Purchased Property Services	405,647	405,647	518,527	(112,880)
Other Purchased Services	112,767	112,767	166,841	(54,074)
Supplies	520,025	520,025	666,476	(146,451)
Property	3,500	3,500	-	3,500
Other Objects	987	987	1,463	(476)
Total Oper. and Maint. of Plant Svcs.	2,900,950	2,900,950	3,107,460	(206,510)

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Student Transportation Services				
Other Purchased Services	2,252,722	2,252,723	3,125,847	(873,124)
Supplies	2,700	2,700	51,816	(49,116)
Total Student Transportation Services	2,255,422	2,255,423	3,177,663	(922,240)
Central				
Personal Services				
Salaries	51,350	51,350	21,571	29,779
Employee Benefits	48,281	48,281	19,460	28,821
Other Purchased Services	7,419	7,419	568	6,851
Supplies	12,045	12,045	10,561	1,484
Other Objects	115	115	-	115
Total Central	119,210	119,210	52,160	67,050
Other				
Other Purchased Services	20,000	20,000	21,120	(1,120)
Total Support Services	10,973,911	10,973,909	12,405,348	(1,431,439)
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	353,159	353,159	387,168	(34,009)
Employee Benefits	172,879	172,878	146,689	26,189
Purchased Prof. and Tech. Services	95,610	95,610	74,263	21,347
Purchased Property Services	26,700	26,700	10,484	16,216
Other Purchased Services	56,628	56,628	86,801	(30,173)
Supplies	78,701	84,700	67,332	17,368
Property	27,000	27,000	32,043	(5,043)
Other Objects	15,073	16,074	23,533	(7,459)
Total Student Activities	825,750	832,749	828,313	4,436

Carlynton School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Community Services				
Purchased Prof. and Tech. Services	<u>50,000</u>	<u>50,000</u>	<u>46,023</u>	<u>3,977</u>
Total Noninstructional Services	<u>875,750</u>	<u>882,749</u>	<u>874,336</u>	<u>8,413</u>
Facilities Acquisition, Construction and Improvement Services				
Purchased Prof. and Tech. Services	-	-	78,104	(78,104)
Purchased Property Services	<u>-</u>	<u>-</u>	<u>280,672</u>	<u>(280,672)</u>
Total Facilities Acquisition, Construction and Improvement Services	<u>-</u>	<u>-</u>	<u>358,776</u>	<u>(358,776)</u>
Debt Service				
Interest	263,219	263,219	113,968	149,251
Refund of Prior Year's Receipts	-	-	60,485	(60,485)
Redemption of Principal	<u>266,000</u>	<u>266,000</u>	<u>264,721</u>	<u>1,279</u>
Total Debt Service	<u>529,219</u>	<u>529,219</u>	<u>439,174</u>	<u>90,045</u>
Total Expenditures	<u>34,778,441</u>	<u>34,778,441</u>	<u>38,057,839</u>	<u>(3,279,398)</u>
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	305,550	305,550	305,550	-
Budgetary Reserve	<u>899,743</u>	<u>899,743</u>	<u>-</u>	<u>899,743</u>
Total Expenditures and Other Financing Uses	<u>35,983,734</u>	<u>35,983,734</u>	<u>38,363,389</u>	<u>(2,379,655)</u>
Net Change in Fund Balance	-	-	(259,366)	(259,366)
Fund Balance - July 1, 2024	<u>9,476,284</u>	<u>9,476,284</u>	<u>9,454,022</u>	<u>(22,262)</u>
Fund Balance - June 30, 2025	<u>\$ 9,476,284</u>	<u>\$ 9,476,284</u>	<u>\$ 9,194,656</u>	<u>\$ (281,628)</u>

Carlynton School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2025

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 Ten Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability										
Service cost	\$ 267,919	\$ 290,634	\$ 356,541	\$ 387,516	\$ 292,263	\$ 252,479	\$ 306,491	\$ 305,046	\$ 343,397	\$ -
Interest	328,235	288,713	184,153	183,892	250,388	258,731	241,596	198,043	232,604	-
Difference between expected and actual experience	1,626,904	-	672,592	-	275,908	-	93,675	-	(78,142)	-
Changes of assumptions or other inputs	(9,200)	(429,783)	(1,040,651)	121,812	852,905	461,067	(138,885)	(192,003)	1,192,632	-
Benefit payments	(366,905)	(357,713)	(542,504)	(488,518)	(504,516)	(503,882)	(565,811)	(511,472)	(556,713)	-
Net Change in Total OPEB Liability	1,846,953	(208,149)	(369,869)	204,702	1,166,948	468,395	(62,934)	(200,386)	1,133,778	-
Total OPEB Liability - Beginning	7,947,582	8,155,731	8,525,600	8,320,898	7,153,950	6,685,555	6,748,489	6,948,875	5,815,097	-
Total OPEB Liability - Ending	<u>\$ 9,794,535</u>	<u>\$ 7,947,582</u>	<u>\$ 8,155,731</u>	<u>\$ 8,525,600</u>	<u>\$ 8,320,898</u>	<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	\$ 12,970,883	\$ 12,306,177	\$ 12,006,026	\$ 9,555,827	\$ 9,322,758	\$ 9,925,729	\$ 9,683,638	\$ 9,563,839	\$ 9,330,575	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	75.51%	64.58%	67.93%	89.22%	89.25%	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:

2025	4.29%
2024	4.13%

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually Required Contribution	\$ 4,769,626	\$ 4,445,891	\$ 4,452,248	\$ 4,355,822	\$ 3,989,907	\$ 4,011,908	\$ 3,933,572	\$ 3,784,598	\$ 3,340,647	\$ 2,801,786
Contributions in Relation to the Contractually Required Contribution	<u>4,769,626</u>	<u>4,445,891</u>	<u>4,452,248</u>	<u>4,355,822</u>	<u>3,989,907</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$14,448,357	\$13,278,466	\$13,000,393	\$12,851,490	\$11,930,748	\$12,057,799	\$12,101,597	\$12,056,589	\$11,645,929	\$11,363,344
Contributions as a Percentage of Covered Payroll	33.01%	33.48%	34.25%	33.89%	33.44%	33.27%	32.50%	31.39%	28.69%	24.66%

The covered-payroll amount reported for June 30, 2024 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2025.

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
School District's Proportion of the Net Pension Liability (Asset)	0.0842%	0.0852%	0.0875%	0.0843%	0.0858%	0.0877%	0.0895%	0.0875%	0.0878%	0.0867%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 35,242	\$ 37,902	\$ 38,901	\$ 34,611	\$ 42,247	\$ 41,028	\$ 42,964	\$ 43,215	\$ 43,511	\$ 37,554
School District's Covered Payroll	\$ 13,278	\$ 13,000	\$ 12,851	\$ 11,931	\$ 12,058	\$ 12,102	\$ 12,057	\$ 11,645	\$ 11,363	\$ 11,164
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	265.42%	291.46%	302.71%	290.09%	350.36%	339.05%	356.34%	371.10%	382.92%	336.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 91,463	\$ 86,210	\$ 97,752	\$ 103,707	\$ 97,164	\$ 102,771	\$ 101,193	\$ 100,762
Contributions in Relation to the Contractually Required Contribution	<u>91,463</u>	<u>86,210</u>	<u>97,752</u>	<u>103,707</u>	<u>97,164</u>	<u>102,771</u>	<u>101,193</u>	<u>100,762</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 14,448,357	\$ 13,375,626	\$ 13,000,393	\$ 12,851,490	\$ 11,930,748	\$ 12,057,799	\$ 12,101,597	\$ 12,056,589
Contributions as a Percentage of Covered Payroll	0.63%	0.64%	0.75%	0.81%	0.81%	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, 2024 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2025.

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.0836%	0.0849%	0.0874%	0.0842%	0.0859%	0.0877%	0.0895%	0.0875%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,485	\$ 1,536	\$ 1,609	\$ 1,995	\$ 1,856	\$ 1,865	\$ 1,866	\$ 1,783
School District's Covered Payroll	\$ 13,376	\$ 13,000	\$ 12,851	\$ 11,931	\$ 12,058	\$ 12,102	\$ 12,057	\$ 11,645
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.10%	11.81%	12.52%	16.72%	15.39%	15.41%	15.48%	15.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13%	7.22%	6.86%	5.30%	5.69%	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

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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, 2025 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is 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
March 13, 2026

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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, 2025, 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 March 13, 2026.

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

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

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 13, 2026

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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

Opinion on Each Major Federal Program

We have audited Carlynton School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carlynton School District's major federal programs for the year ended June 30, 2025. 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. 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 13, 2026

Carlynton School District
Schedule of Findings and Questioned Costs
June 30, 2025

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 | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | _____ | yes | <u>✓</u> | none reported |

Noncompliance material to financial
statements noted?

_____	yes	<u>✓</u>	no
-------	-----	----------	----

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-------|-----|----------|---------------|
| • Material weakness(es) identified? | _____ | yes | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | _____ | yes | <u>✓</u> | 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	<u>✓</u>	no
-------	-----	----------	----

Identification of major programs:

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

10.555, 10.553 & 10.582	Child Nutrition Cluster
-------------------------	-------------------------

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

\$750,000

Auditee qualified as low-risk auditee?

<u>✓</u>	yes	_____	no
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**Carlynton School District
Schedule of Findings and Questioned Costs
June 30, 2025**

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, 2025

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/24	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/25
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-250064	08/15/24-09/30/25	\$ 475,444	\$ 375,178	\$ -	\$ 453,910	\$ 453,910	\$ 78,732
Title I Improving Basic Programs	I	84.010	013-240064	07/31/23-09/30/24	508,157	64,009	54,779	9,230	9,230	-
						439,187	54,779	463,140	463,140	78,732
Title II Improving Teacher Quality	I	84.367	020-250064	08/15/24-09/30/25	54,082	42,593	-	46,712	46,712	4,119
Title II Improving Teacher Quality	I	84.367	020-240064	07/31/23-09/30/24	61,639	(32)	(7,402)	7,370	7,370	-
						42,561	(7,402)	54,082	54,082	4,119
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-250064	08/15/24-09/30/25	38,268	38,268	-	38,268	38,268	-
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (APR ESSER)	I	84.425U	223-210064	03/13/20-09/30/24	3,789,643	275,611	(279,565)	555,176	555,176	-
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	225-210064	03/13/20-09/30/24	294,541	-	(60,607)	60,607	60,607	-
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (ARP ESSER HCY)	I	84.425U	224-210064	07/01/21-09/30/24	44,570	29,785	-	29,785	29,785	-
						305,396	(340,172)	645,568	645,568	-
Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-250003	07/01/24-09/30/25	300,890	170,971	-	300,890	300,890	129,919
IDEA B	I	84.027	062-240003	07/01/23-09/30/24	286,482	111,680	111,680	-	-	-
IDEA B Section 619	I	84.173	131-240003	07/01/24-06/30/25	1,452	1,452	-	1,452	1,452	-
Subtotal Special Education Cluster						284,103	111,680	302,342	302,342	129,919
Subtotal U.S. Department of Education						1,109,515	(181,115)	1,503,400	1,503,400	212,770

Carlynton School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/24	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/25
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	07/01/24-06/30/25	N/A	<u>26,684</u>	<u>-</u>	<u>26,684</u>	<u>26,684</u>	<u>-</u>
Ukrainian Refugee School Impact Grant	I	93.566	N/A	10/01/23-09/30/24	54,180	<u>31,605</u>	<u>31,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U. S. Department of Health and Human Services						<u>58,289</u>	<u>31,605</u>	<u>26,684</u>	<u>26,684</u>	<u>-</u>
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of										
Education and Penn State University										
School Breakfast Program Expansion Grant	I	10.579	N/A	11/01/24-06/30/25	N/A	<u>6,987</u>	<u>-</u>	<u>9,981</u>	<u>9,981</u>	<u>2,994</u>
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	615,678	-	627,885	627,885	12,207
National School Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	281,388	-	287,261	287,261	5,873
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/24-06/30/25	N/A	<u>29,190</u>	<u>-</u>	<u>29,190</u>	<u>29,190</u>	<u>-</u>
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated										
Commodities Non Cash Assistance)	I	10.555	N/A	07/01/24-06/30/25	N/A	<u>90,109</u>	<u>(3,526)</u>	<u>92,874</u>	<u>92,874</u>	<u>(761)</u>
Total Child Nutrition Cluster						<u>1,016,365</u>	<u>(3,526)</u>	<u>1,037,210</u>	<u>1,037,210</u>	<u>17,319</u>
Total U.S. Department of Agriculture						<u>1,023,352</u>	<u>(3,526)</u>	<u>1,047,191</u>	<u>1,047,191</u>	<u>20,313</u>
Total Federal Financial Assistance						<u>\$ 2,191,156</u>	<u>\$ (153,036)</u>	<u>\$ 2,577,275</u>	<u>\$ 2,577,275</u>	<u>\$ 233,083</u>

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, 2025

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, 2025. 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	\$2,191,156
Less: Commodities Received	(90,109)
Less: Passage Through AIU	(284,103)
Less: Title XIX	(26,684)
Less: Passage Through Penn State	(6,987)
Add: State Funding on Confirmation	<u>59,359</u>
 Per Subsidy Confirmation	 <u><u>\$ 1,842,632</u></u>

Note E - Subrecipients

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

Note F – Prior Period Restatement

Restated the beginning balance for COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER HCY) to \$0 at July 1, 2024.

**Carlynton School District
List of Report Distribution
June 30, 2025**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – General Services Administration