

**Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928**

**Single Audit Report as required
by the Uniform Guidance**

**For the Year Ended
June 30, 2024**

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List of Report Distribution

January 22, 2025

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

Board Members:

Not later than thirty days after receipt of the audit report, Conemaugh Township Area School District must distribute the audit report as follows:

One (1) copy to: Commonwealth of Pennsylvania -
Bureau of Audits
(submitted electronically)

One (1) copy to: Single Audit Clearinghouse
(submitted electronically)

Sincerely,

Kotzan CPA & Associates, P.C.



Independent Auditors' Report

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

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 Conemaugh Township Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Conemaugh Township Area School District, as of June 30, 2024, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Conemaugh Township Area 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.

Emphasis of Matter – Restatement of Net Position

As discussed in Note 21 to the financial statements, net position of the governmental activities was restated effective July 1, 2023 to correct for understated intergovernmental receivables. Our opinions are not modified with respect to this matter.

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 Conemaugh Township Area 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.

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

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

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

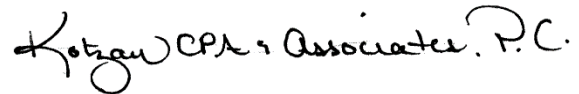
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and OPEB information, and budgetary comparison information on pages 6-14, pages 60-62 and pages 63-64 respectively, be presented to supplement the basic financial 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 Conemaugh Township Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants 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 and certain state grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025, on our consideration of Conemaugh Township Area 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 Conemaugh Township Area 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 Conemaugh Township Area School District's internal control over financial reporting and compliance.



Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 22, 2025

Management's Discussion and Analysis

Conemaugh Township Area School District

2023-2024

This Management's Discussion and Analysis (MD & A) offers an overview of the Conemaugh Township Area School District's (CTASD) financial performance during the fiscal year July 1, 2023-June 30, 2024. It should be read in conjunction with the financial statements, which follow. Comparative data from fiscal year 2022-2023 is required and is included in this report.

FINANCIAL STATEMENTS

Financial Statements have been audited by Kotzan CPA & Associates, P.C. and prepared in accordance with GASB Statement No. 34, presenting both entity-wide and fund-type reports using both the accrual and modified accrual basis of accounting respectively.

GASB # 34 REPORTING

Every effort has been made to ensure this report is easy-to-read and understandable to all citizens of the Conemaugh Township Area School District and other interested parties. Questions and comments regarding the included information may be obtained either in person or by mail by contacting: Mr. Brandon Studer, Business Manager, 300 W. Campus Avenue, Davidsville, PA 15928; Phone (814) 479-7431 or email brandon.studer@ctasd.org. The remainder of the report contains information included in the fiscal year 2023-2024 Annual Financial Report (PDE form 2057) and local auditor's report. Comparative data for 2022-2023 vs. 2023-2024 is included in the following report.

Government-wide Statements

The government-wide statements report information about the District as a whole using the accrual method of accounting. Net assets include all of the district's assets and liabilities. Current year revenues and expenditures are included in the statement of activity regardless of when paid or received. This approach allows school districts to account for assets and liabilities more like a "for-profit" business would, making comparisons easier and more consistent.

The financial well-being of the District can be more easily assessed using the net assets report, or the overall difference between assets and liabilities. The following reports only show the District's financial stability and do not address the overall success or failure of the District. Determining if the District is providing a quality education to its students while maintaining financial stability is much more difficult and involves many non-financial factors not included in this analysis. It is important to keep in mind, as these reports are reviewed, financial statements, although very important, are only one part of the overall operation of the District.

The government-wide statements are divided into two categories:

1. **Government Activities** - Includes all basic activities, such as education, administration, transportation, capital projects and athletics.
2. **Business-Type Activities** - Food Service Department. Fees and charges to staff and students help support the cost of operation.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Fund Financial Statements

Fund financial statements provide information about the significant funds, *not the district as a whole*.

Governmental Funds - Governmental funds encompass most of the District's activities. Government fund statements present a detailed, short-term financial view of the District on a modified accrual basis.

Proprietary Funds - Proprietary funds are more like a business-type activity. The District Food Service Fund is a proprietary fund in that money is collected through fees and charges and supports the expenses of the fund.

Fiduciary Funds - Funds where the District is a custodian or trustee. The District cannot use these funds for any operational expenditure. The Student Activities Fund represents the District's fiduciary fund.

FINANCIAL HIGHLIGHTS

The Conemaugh Township Area School District's general fund posted revenues of \$16,027,909 and expenditures of \$16,295,799. The difference resulted in a deficit of revenues under expenditures in the amount of \$267,890. Conemaugh Township Area School District's general fund maintains a healthy fund balance of \$4,674,105 at June 30, 2024. These amounts are reflected in the fund financial statements (modified accrual basis).

Property taxes were not increased in 2022-2023 or 2023-2024 and remain at 27.96 mills.

During the 2013-2014 fiscal year the District issued the Series of 2014 General Obligation Bonds in the amount of \$4,095,000 to fund various capital improvements in the District and to refund the District's 2006 lease agreement with the Bank of America. The bonds were paid in full in fiscal year 2024, resulting in a balance outstanding of \$0 at June 30, 2024. During the 2018-2019 fiscal year the District issued the Series of 2019 General Obligation Bonds in the amount of \$10,000,000 to refund the Series of 2012 and a portion of the Series of 2014, and to fund capital projects. The balance outstanding on the Series of 2019 General Obligation Bonds at June 30, 2024 was \$8,520,000. During the 2023-2024 fiscal year the District issued the Series of 2024 General Obligation Bonds in the amount of \$11,215,000 to fund general capital improvements to the facilities of the District. Principal payments on the Series of 2024 General Obligation Bonds are scheduled to commence December 2025, resulting in a balance outstanding of \$11,215,000 at June 30, 2024.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Entity-Wide Financial Analysis

Table 1 summarizes the assets, liabilities, and net position of the District at June 30, 2024, as compared to June 30, 2023.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total School District		Change 2023-24
	2024	2023	2024	2023	2024	2023	
Assets							
Current assets	\$ 19,730,112	\$ 9,790,047 *	\$ 309,200	\$ 389,465	\$ 20,039,312	\$ 10,179,512	\$ 9,859,800
Non-current assets	15,959,510	16,553,569	916,125	499,082	16,875,635	17,052,651	(177,016)
Total assets	<u>\$ 35,689,622</u>	<u>\$ 26,343,616</u>	<u>\$ 1,225,325</u>	<u>\$ 888,547</u>	<u>\$ 36,914,947</u>	<u>\$ 27,232,163</u>	<u>\$ 9,682,784</u>
Deferred Outflows of Resources	<u>\$ 3,283,705</u>	<u>\$ 3,249,226</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,283,705</u>	<u>\$ 3,249,226</u>	<u>\$ 34,479</u>
Liabilities							
Current liabilities	\$ 2,649,562	\$ 2,265,273	\$ (71,204)	\$ (10,339)	\$ 2,578,358	\$ 2,254,934	\$ 323,424
Long-term liabilities	39,741,271	30,177,387	19,009	34,163	39,760,280	30,211,550	9,548,730
Total liabilities	<u>\$ 42,390,833</u>	<u>\$ 32,442,660</u>	<u>\$ (52,195)</u>	<u>\$ 23,824</u>	<u>\$ 42,338,638</u>	<u>\$ 32,466,484</u>	<u>\$ 9,872,154</u>
Deferred Inflows of Resources	<u>\$ 1,373,000</u>	<u>\$ 1,005,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,373,000</u>	<u>\$ 1,005,000</u>	<u>\$ 368,000</u>
Net Position							
Invested in capital assets, net of related debt	\$ 6,878,168	\$ 7,571,412	\$ 916,125	\$ 499,082	\$ 7,794,293	\$ 8,070,494	\$ (276,201)
Restricted	1,448,394	1,815,525	0	0	1,448,394	1,815,525	(367,131)
Unrestricted	<u>(13,117,068)</u>	<u>(13,241,755) *</u>	<u>361,395</u>	<u>365,641</u>	<u>(12,755,673)</u>	<u>(12,876,114)</u>	<u>120,441</u>
Total net position	<u>\$ (4,790,506)</u>	<u>\$ (3,854,818)</u>	<u>\$ 1,277,520</u>	<u>\$ 864,723</u>	<u>\$ (3,512,986)</u>	<u>\$ (2,990,095)</u>	<u>\$ (522,891)</u>

* Restated – See Note 21 to the financial statements.

Current assets are largely comprised of cash and equivalents. Non-current assets represent land, construction in progress, buildings, and equipment less accumulated depreciation and right-of-use assets less accumulated amortization. Current liabilities primarily include accrued salaries and wages as well as the current portion of long-term debt. Long-term debt is comprised of the compensated absences liability, the OPEB liability, net pension liability, and the Series 2019 and Series 2024 Bonds.

The District recognized numerous significant fluctuations reflected above, including the increases in current assets, current and long-term liabilities, and deferred inflows of resources; and the decrease in total net position.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Table 2 summarizes the revenues, expenses, and changes in net position of the District for the year ended June 30, 2024 compared to the year ended June 30, 2023.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total School District		Variance
	2024	2023	2024	2023	2024	2023	2023-24
Program Revenues:							
Charges for services	\$ 48,023	\$ 51,546	\$ 234,890	\$ 230,714	\$ 282,913	\$ 282,260	\$ 653
Operating grants and contributions	3,883,638	3,873,003	611,667	626,396	4,495,305	4,499,399	(4,094)
Capital grants and contributions	169,937	1,317,003	445,995	40,500	615,932	1,357,503	(741,571)
General Revenues:							
Taxes levied	4,053,035	3,930,854	0	0	4,053,035	3,930,854	122,181
Grants and entitlements	7,465,406	7,295,326	0	0	7,465,406	7,295,326	170,080
Investment earnings	343,859	248,388	13,666	11,380	357,525	259,768	97,757
Other	17,024	6,509	0	0	17,024	6,509	10,515
Transfers	0	0	0	0	0	0	0
Total Revenues	<u>15,980,922</u>	<u>16,722,629</u>	<u>1,306,218</u>	<u>908,990</u>	<u>17,287,140</u>	<u>17,631,619</u>	<u>(344,479)</u>
Program Expenses:							
Instruction	9,613,753	8,754,733 *	0	0	9,613,753	8,754,733	859,020
Support services							
Instructional student support	1,269,185	1,038,376	0	0	1,269,185	1,038,376	230,809
Administrative and financial support services	2,302,283	2,180,776	0	0	2,302,283	2,180,776	121,507
Operation and maintenance	1,928,863	1,417,040	0	0	1,928,863	1,417,040	511,823
Pupil transportation	919,470	873,720	0	0	919,470	873,720	45,750
Student activities	595,298	592,980	0	0	595,298	592,980	2,318
Community services	750	1,400	0	0	750	1,400	(650)
Interest on long-term debt	287,008	261,312	0	0	287,008	261,312	25,696
Food service	0	0	893,421	896,964	893,421	896,964	(3,543)
Total Expenses	<u>16,916,610</u>	<u>15,120,337</u>	<u>893,421</u>	<u>896,964</u>	<u>17,810,031</u>	<u>16,017,301</u>	<u>1,792,730</u>
Increase (Decrease) in net position	<u>\$ (935,688)</u>	<u>\$ 1,602,292</u>	<u>\$ 412,797</u>	<u>\$ 12,026</u>	<u>\$ (522,891)</u>	<u>\$ 1,614,318</u>	<u>\$ (2,137,209)</u>

* Restated – See Note 21 to the financial statements.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

The Change in Net Position across funds in 2023-2024 was a decrease of \$522,891.

Revenues of the governmental activities decreased \$344,479 in 2023-24 compared to the previous year, primarily due to greater utilization of federal funding (ESSER and ARP) in the previous year. The District's food service revenue increased \$397,228 compared to prior year, while expenses decreased \$3,543. A significant portion of the increase in food service revenue over prior year reflects \$445,995 in capital contributions in 2023-24 compared to \$40,500 in the previous year as a result of food service equipment purchased by the capital projects fund.

The previous table shows the cost of program services and the charges for services and grants offsetting those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues and unrestricted state entitlements.

Table 3
Net Revenue/Expenses

	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>
Program Expenses				
Governmental Activities:				
Instruction	\$ 9,613,753	\$ 6,517,181	\$ 8,875,291	\$5,724,542
Instructional student support	1,269,185	1,003,633	1,038,376	997,578
Administration	2,302,283	2,283,318	2,180,776	2,154,606
Maintenance	1,928,863	1,747,294	1,417,040	1,020
Pupil transportation	919,470	437,754	873,720	313,703
Student activities	595,298	540,153	592,980	545,592
Community services	750	(1,329)	1,400	990
Interest and fiscal charges	287,008	287,008	261,312	261,312
Net program expenses	<u>\$16,916,610</u>	<u>\$ 12,815,012</u>	<u>\$15,240,895</u>	<u>\$9,999,343</u>
Less: Unrestricted state entitlements		<u>(7,465,406)</u>		<u>(7,295,326)</u>
Total governmental activities		<u>\$ 5,349,606</u>		<u>\$2,704,017</u>
Business-type activities:				
Food service	<u>\$ 893,421</u>	<u>\$ (399,131)</u>	<u>\$ 896,964</u>	<u>\$ (646)</u>

Governmental Activities

Total net cost of services increased over \$2,600,000 from 2022-2023 to 2023-2024.

Business-Type Activities

The negative net cost of service for the Food Service Fund in 2022-2023 and 2023-2024 reflects the surplus of grant revenue, capital contributions and charges for service over expenses.

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

FUND FINANCIAL ANALYSIS

General Fund Revenues

The Conemaugh Township Area School District derived its revenue from three main sources; local effort, state subsidy and reimbursements, and federal funding. State funding continued to be the largest revenue source for Conemaugh Township Area School District in 2023-2024. State subsidies and/or reimbursements accounted for 68% of the total revenue received in 2023-2024 (\$10,824,137); 30% (\$4,789,538) was local effort, consisting largely of real estate tax collections; 2% (\$335,195) represented the federal share which was primarily Title grants and American Rescue Plan (ARP) funds. The remainder (<0.5%) was "other revenues", representing the District's lease arrangements, proceeds from disposal of assets, and insurance recoveries.

2023-2024

Function/Description	Budgeted	Actual	Variance
6000-Local Revenues	\$ 4,601,148	\$ 4,789,538	\$ 188,390
7000-State Revenues	10,806,625	10,824,137	17,512
8000-Federal Revenues	424,304	335,195	(89,109)
9000-Other Revenues	0	79,039	79,039
Totals	\$ 15,832,077	\$ 16,027,909	\$ 195,832

2023-2024 Differences from Budgeted to Actual

Local

- Local revenues remain stable from the prior year; an increase of \$105,000 was reported.

State

- State revenue is slightly higher than budgeted.

Federal

- Federal revenue was lower than anticipated - revenue is recognized as funds are expended.

Other

- The District received proceeds from the disposition of assets (\$57,000) and funds from insurance recovery (\$11,632) in addition to revenue recognized for leased equipment (\$10,407), not expected in the District's budget.

**Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)**

General Fund Expenditures

CTASD expenditures during 2023-2024 totaled \$16,295,799. A breakdown of expenditures is illustrated in the table below.

Function/Description	Budgeted	Actual	Variance
1100-Regular Education	\$ 6,538,548	\$ 6,440,736	\$ 97,812
1200-Special Education	2,256,575	1,861,198	395,377
1300-Vocational Education	668,000	829,621	(161,621)
1400-Other Education	73,572	87,214	(13,642)
1500-Nonpublic School Programs	0	8,161	(8,161)
2100-Pupil Services	665,086	668,186	(3,100)
2200-Instructional Staff	437,630	419,339	18,291
2300-Administration	1,138,763	1,188,180	(49,417)
2400-Health Services	355,794	353,464	2,330
2500-Business Office	518,033	502,468	15,565
2600-Maintenance	1,317,334	1,355,601	(38,267)
2700-Transportation	817,725	921,451	(103,726)
2800/2900-Central/Support Services	245,650	149,613	96,037
3000-Extracurricular Activities	589,653	587,664	1,989
4000-Construction	158,979	110,700	48,279
5000-Financing / Transfers	960,894	812,203	148,691
Totals - rounded	\$ 16,742,236	\$ 16,295,799	\$ 446,437

2023-2024 Differences from Budgeted to Actual

- Consistent from 22-23 special education expenses remained lower than budgeted due to fewer students enrolled in outside placements. Equally, an increase in Vocational Education costs occurred due to student interest and the construction project at GJCTC.

General Fund Expenditure Comparative Data 2022-2023 vs. 2023-2024

An illustrative comparative chart below shows the overall expenditures from 2022-2023 vs. 2023-2024.

Fiscal Year	Category-1000	Category-2000	Category-3000	Category-4000	Category-5000
2022-2023	\$ 8,931,439	\$ 5,324,003	\$ 589,771	\$ 1,238,392	\$ 1,710,036
2023-2024	\$ 9,226,930	\$ 5,558,302	\$ 587,664	\$ 110,700	\$ 812,203
Difference	\$ 295,491	\$ 234,299	\$ (2,107)	\$ (1,127,692)	\$ (897,833)

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Fund Financials Comparative Data 2023-2024

By maintaining a strong fund balance, the District is able to cover all payrolls and bills for several months when a state budget stalemate or an emergency exists. The District was able to earn over \$200,000 in interest by investing the fund balance money throughout the school year which equates to over a million worth of taxes.

During the 23-24 school year, the District's fund balance decreased by approximately \$270,000 due to revenues received being slightly under budget and although total expenses spent were \$446,000 less than budget, a few categories such as Charter School Enrollments and CTC Tuition significantly exceeded expected budgeted amounts.

Capital Assets

The following table illustrates changes in capital assets, net of depreciation, by asset type.

Capital Assets - Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2024	2023	2024	2023	2024	2023	2023-24
Land	\$ 46,560	\$ 46,560	\$ 0	\$ 0	\$ 46,560	\$ 46,560	0.0%
Site improvements	1,050,263	1,197,946	0	0	1,050,263	1,197,946	-12.3%
Buildings	13,676,740	13,161,920	0	0	13,676,740	13,161,920	3.9%
Construction in progress	362,500	1,265,363	0	65,194	362,500	1,330,557	-72.8%
Equipment and furniture	783,876	836,172	916,125	433,888	1,700,001	1,270,060	33.9%
Right-of-use assets	<u>39,571</u>	<u>45,608</u>	<u>0</u>	<u>0</u>	<u>39,571</u>	<u>45,608</u>	-13.2%
Total	<u>\$15,959,510</u>	<u>\$16,553,569</u>	<u>\$916,125</u>	<u>\$499,082</u>	<u>\$16,875,635</u>	<u>\$17,052,651</u>	-1.0%

The decrease in capital assets of the governmental activities reflects depreciation expense exceeding capital outlays in fiscal year 2024. Capital assets of the business-type activities increased in fiscal year 2024, reflecting capital outlays exceeding depreciation expense.

Debt

The following table illustrates a condensed summary of outstanding long-term debt, including percentage change.

Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2024	2023	2023-2024
Other general obligation debt	\$19,735,000	\$9,010,000	119.0%
Lease Obligations	<u>39,571</u>	<u>45,608</u>	<u>-13.2%</u>
Total	<u>\$19,774,571</u>	<u>\$9,055,608</u>	118.4%

Conemaugh Township Area School District
Management's Discussion and Analysis (MD&A)

Outstanding long-term debt includes funding the Elementary School renovations and additions as well as debt to fund a High School renovation project and retire previous energy saving project debt. Additional funds were used for the ADA and security upgrades, including a secured entrance, to the High School building. The District refinanced bonds during 2019, and issued new debt in fiscal year 2024 to fund general capital improvements to District facilities. Debt further includes lease obligations pertaining to the District's copier agreements and the recognition of right-of-use assets.

Act 72/Act 1 of 2006

The Board of Directors took no action on Act 72 which signified that the District opted out of Act 72. Act 1 of 2006, a revamped Act 72, with many of the same provisions was approved by the State in June 2006.

Final Notes:

The Board and Administration of the Conemaugh Township Area School District encourages the citizens and taxpayers of the District to review this document in conjunction with other financial resources that are available, including the Pennsylvania Department of Education's website at www.pde.state.pa.us and the CTASD website at www.ctasd.org. The District's website contains a wealth of information about the District, its staff, students, Board, and financial status.

Lastly, when reviewing this data included in this report, it is important to note that the financial condition of the District, while very important, is not the only indicator of a successful school district and must be considered only as one piece of the complex picture that makes up the Conemaugh Township Area School District.

The District will continue to strive to provide the best working environment it can for its staff and best learning environment it can for its students. Any additional information needed can be requested from the District Business Office.

BASIC FINANCIAL STATEMENTS

Conemaugh Township Area School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	\$ 17,495,589	\$ 270,646	\$ 17,766,235
Taxes receivable	1,340,850	0	1,340,850
Intergovernmental receivables	831,862	0	831,862
Other receivables	6,175	0	6,175
Inventories	50,000	38,554	88,554
Prepaid expenses	5,636	0	5,636
Total current assets	19,730,112	309,200	20,039,312
Noncurrent assets:			
Land	46,560	0	46,560
Construction in progress	362,500	0	362,500
Depreciable capital assets, net	15,510,879	916,125	16,427,004
Right-of-use assets, net	39,571	0	39,571
Total noncurrent assets	15,959,510	916,125	16,875,635
Total assets	35,689,622	1,225,325	36,914,947
Deferred Outflows of Resources			
Defined benefit pension plan	2,935,084	0	2,935,084
Other post-employment benefits (OPEB)	289,754	0	289,754
Deferred loss on refunding of debt	58,867	0	58,867
Total deferred outflows of resources	3,283,705	0	3,283,705
Total assets and deferred outflows of resources	\$ 38,973,327	\$ 1,225,325	\$ 40,198,652

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Internal balances	\$ 112,025	\$ (112,025)	\$ 0
Intergovernmental payables	3,639	0	3,639
Accounts payable	414,377	2,885	417,262
Accrued salaries and benefits	935,670	0	935,670
Payroll deductions and withholdings	569,751	0	569,751
Accrued interest payable	59,673	0	59,673
Current portion of long-term obligations	550,979	165	551,144
Unearned revenues	3,448	37,771	41,219
Total current liabilities	2,649,562	(71,204)	2,578,358
Noncurrent liabilities:			
Bonds payable, net	18,894,059	0	18,894,059
Long-term portion of compensated absences	238,000	19,009	257,009
Long-term portion of lease obligation	24,212	0	24,212
Net other post-employment benefits (OPEB)	2,346,000	0	2,346,000
Net pension liability	18,239,000	0	18,239,000
Total noncurrent liabilities	39,741,271	19,009	39,760,280
Total liabilities	42,390,833	(52,195)	42,338,638
Deferred Inflows of Resources			
Defined benefit pension plan	804,000	0	804,000
Other post-employment benefits (OPEB)	569,000	0	569,000
Total deferred inflows of resources	1,373,000	0	1,373,000
Net Position			
Invested in capital assets, net of debt	6,878,168	916,125	7,794,293
Restricted for capital projects	1,448,394	0	1,448,394
Unrestricted	(13,117,068)	361,395	(12,755,673)
Total net position	(4,790,506)	1,277,520	(3,512,986)
Total liabilities, deferred inflows of resources and net position	\$ 38,973,327	\$ 1,225,325	\$ 40,198,652

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Statement of Activities
For the Year Ended June 30, 2024**

	Expenses	Program Revenues			Net (Expenses) Revenues 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	\$ 9,613,753	\$ 0	\$ 3,096,572	\$ 0	\$ (6,517,181)	\$ 0	\$ (6,517,181)
Instructional student support	1,269,185	0	265,552	0	(1,003,633)	0	(1,003,633)
Administration and financial support services	2,302,283	0	18,965	0	(2,283,318)	0	(2,283,318)
Operations and maintenance of plant services	1,928,863	0	11,632	169,937	(1,747,294)	0	(1,747,294)
Pupil transportation	919,470	11,827	469,889	0	(437,754)	0	(437,754)
Student activities	595,298	34,117	21,028	0	(540,153)	0	(540,153)
Community services	750	2,079	0	0	1,329	0	1,329
Interest on long-term obligations	<u>287,008</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(287,008)</u>	<u>0</u>	<u>(287,008)</u>
Total governmental activities	16,916,610	48,023	3,883,638	169,937	(12,815,012)	0	(12,815,012)
Business-Type Activities:							
Food service	<u>893,421</u>	<u>234,890</u>	<u>611,667</u>	<u>445,995</u>	<u>0</u>	<u>399,131</u>	<u>399,131</u>
Total primary government	<u>\$ 17,810,031</u>	<u>\$ 282,913</u>	<u>\$ 4,495,305</u>	<u>\$ 615,932</u>	<u>(12,815,012)</u>	<u>399,131</u>	<u>(12,415,881)</u>
General Revenues:							
Taxes levied					4,053,035	0	4,053,035
Grants, subsidies and contributions, not restricted					7,465,406	0	7,465,406
Investment earnings					343,859	13,666	357,525
Miscellaneous					<u>1,831</u>	<u>0</u>	<u>1,831</u>
Total general revenues					<u>11,864,131</u>	<u>13,666</u>	<u>11,877,797</u>
Special Items:							
Gain on disposition of assets					<u>15,193</u>	<u>0</u>	<u>15,193</u>
Total special items					<u>15,193</u>	<u>0</u>	<u>15,193</u>
Change in net position					(935,688)	412,797	(522,891)
Net position, beginning of year, restated					<u>(3,854,818)</u>	<u>864,723</u>	<u>(2,990,095)</u>
Net position, end of year					<u>\$ (4,790,506)</u>	<u>\$ 1,277,520</u>	<u>\$ (3,512,986)</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 5,348,767	\$ 12,146,822	\$ 17,495,589
Taxes receivable	1,340,850	0	1,340,850
Due from other governments	831,862	0	831,862
Other receivables	6,175	0	6,175
Inventories	50,000	0	50,000
Prepaid expenses	5,636	0	5,636
Total assets	7,583,290	12,146,822	19,730,112
Deferred Outflows of Resources			
	0	0	0
Total assets and deferred outflows of resources	\$ 7,583,290	\$ 12,146,822	\$ 19,730,112
Liabilities			
Due to other funds	\$ 112,025	\$ 0	\$ 112,025
Due to other governments	3,639	0	3,639
Accounts payable	24,370	390,007	414,377
Accrued salaries and benefits	935,670	0	935,670
Payroll deductions and withholdings	569,751	0	569,751
Unearned revenue	3,448	0	3,448
Total liabilities	1,648,903	390,007	2,038,910
Deferred Inflows of Resources			
Delinquent taxes receivable	1,260,282	0	1,260,282
Total deferred inflows of resources	1,260,282	0	1,260,282
Fund Balance			
Nonspendable	55,636	0	55,636
Restricted	0	11,756,815	11,756,815
Assigned	2,800,000	0	2,800,000
Unassigned	1,818,469	0	1,818,469
Total fund balance	4,674,105	11,756,815	16,430,920
Total liabilities, deferred inflows of resources, and fund balance	\$ 7,583,290	\$ 12,146,822	\$ 19,730,112

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2024**

Total fund balance – governmental funds \$ 16,430,920

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 \$38,219,455 and the accumulated depreciation is \$22,299,516. 15,919,939

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 recorded as deferred inflows of resources in the funds. 1,260,282

Right-of-use assets (leases) used in governmental activities are not financial resources, and therefore, are not reported as assets in the governmental funds. The present value of the right-of-use assets is \$62,739 and the accumulated amortization is \$23,168. 39,571

Long-term liabilities 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	\$(19,735,000)	
Unamortized bond discounts	325,941	
Accrued interest payable	(59,673)	
Compensated absences	(258,620)	
OPEB obligation	(2,346,000)	
Net pension liability	(18,239,000)	
Lease obligations	<u>(39,571)</u>	(40,351,923)

The loss from the refunding of debt is recognized as interest expense at the time of the refunding for the fund financial statements. The loss on the refunding of debt is reported as a deferred outflow of resources in the government-wide statements. 58,867

Deferred inflows and outflows of resources related to pensions and other post-employment benefit plans (OPEB) are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	\$ 2,935,084	
Deferred inflows related to pensions	(804,000)	
Deferred outflows related to OPEB	289,754	
Deferred inflows related to OPEB	<u>(569,000)</u>	<u>1,851,838</u>

Total net position of governmental activities \$ (4,790,506)

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Revenues			
Local sources	\$ 4,789,538	\$ 81,090	\$ 4,870,628
State sources	10,824,137	0	10,824,137
Federal sources	<u>335,195</u>	<u>0</u>	<u>335,195</u>
Total revenues	<u>15,948,870</u>	<u>81,090</u>	<u>16,029,960</u>
Expenditures			
Instruction	9,226,930	0	9,226,930
Support services	5,558,302	286,494	5,844,796
Non-instructional services	587,664	0	587,664
Capital outlay	110,700	807,671	918,371
Debt service (principal and interest)	736,962	0	736,962
Leases (principal and interest)	<u>18,241</u>	<u>0</u>	<u>18,241</u>
Total expenditures	<u>16,238,799</u>	<u>1,094,165</u>	<u>17,332,964</u>
Excess of revenues over (under) expenditures	<u>(289,929)</u>	<u>(1,013,075)</u>	<u>(1,303,004)</u>
Other financing sources (uses)			
Bond proceeds	0	11,215,000	11,215,000
Bond discount	0	(317,635)	(317,635)
Proceeds from fixed asset disposition	57,000	0	57,000
Insurance recoveries	11,632	0	11,632
Proceeds from lease financing	10,407	0	10,407
Interfund transfers	<u>(57,000)</u>	<u>57,000</u>	<u>0</u>
Total other financing sources (uses)	<u>22,039</u>	<u>10,954,365</u>	<u>10,976,404</u>
Net change in fund balance	(267,890)	9,941,290	9,673,400
Fund balance, beginning of year	<u>4,941,995</u>	<u>1,815,525</u>	<u>6,757,520</u>
Fund balance, end of year	<u>\$ 4,674,105</u>	<u>\$ 11,756,815</u>	<u>\$ 16,430,920</u>

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
To the Statement of Activities
For the Year Ended June 30, 2024**

Total net change in fund balance – governmental funds \$ 9,673,400

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$ 557,697	
Depreciation expense	<u>(1,103,912)</u>	(546,215)

While right-of-use assets (leases) are not reported in the governmental funds, these intangible assets are reported in the governmental activities at their present value and amortized over the lease term.

Lease additions	\$ 10,407	
Current year amortization	<u>(16,444)</u>	(6,037)

Because some property taxes will not be collected for several months after the District’s year end, they are not considered as “available” revenues in the governmental funds. Deferred inflows of resources from tax revenues increased by this amount this year.

61,243

Interest on long-term debt is recognized in the governmental funds when it is due. In the statement of activities, interest expense is recognized as interest accrues. The liability for accrued interest expense increased by this amount this year.

(38,249)

In the governmental funds, compensated absences are measured by the amounts used. The statement of activities measures by the amounts earned. The liability for compensated absences decreased by this amount this year.

3,280

Governmental funds report district pension contributions as expenditures in the year required to be made. However, pension expense, which is the change in net pension liability, adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

District pension contributions	\$ 2,107,084	
Pension expense	<u>(1,574,300)</u>	532,784

Conemaugh Township Area School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
To the Statement of Activities
For the Year Ended June 30, 2024

Governmental funds report District payments for other post-employment benefits (OPEB) in the year such benefits are used. However, OPEB expense, which is the change in the net OPEB liability, adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the statement of activities.

District OPEB benefit payments	\$ 86,754	
OPEB expense	<u>(132,677)</u>	(45,923)

The proceeds from lease financing provide current financial resources of governmental funds. However, they increase long-term liabilities on the statement of net position. (10,407)

The proceeds and principal payments on long-term debt consume current financial resources of governmental funds. However, they respectively increase or reduce long-term liabilities on the statement of net position. Further, the effect of bond discounts and premiums are reported in the funds in the year of issue but are deferred and amortized in the statement of activities. The effect is shown below:

Proceeds on Series 2024 Bond	\$(11,215,000)	
Discount on Series 2024 Bond	317,635	
Bond principal payments	490,000	
Amortization of bond discounts	(1,731)	
Lease obligation principal payments	<u>16,444</u>	(10,392,652)

Governmental funds report gains and losses on the refunding of debt as an adjustment to interest in the year the refunding occurs. However, in the statement of activities, the gains and losses are deferred and amortized over the term of the new bond issue or the remaining term of the refunded issue. This amount represents current year amortization of the deferred outflow. (4,547)

Gross proceeds from the disposal of capital assets are recognized as revenue in the fund financial statements. However, in the statement of activities, a gain or loss on the disposal of capital assets is realized based on the book value of the assets at the time of disposal. This amount represents the difference. (41,807)

Refund of prior year expenditures represents current financial sources in the fund financial statements. However, in the statement of activities, this represents a prior year adjustment. (120,558)

Change in net position of governmental activities **\$(935,688)**

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Statement of Net Position
Proprietary Fund
June 30, 2024**

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 270,646
Due from other funds	112,025
Inventory	38,554
Total current assets	421,225
Noncurrent assets:	
Furniture and equipment, net	916,125
Total noncurrent assets	916,125
Total assets	1,337,350
Deferred Outflows of Resources	
	0
Total assets and deferred outflows of resources	\$ 1,337,350
Liabilities	
Current liabilities:	
Accounts payable	\$ 2,885
Unearned revenue	37,771
Current portion of compensated absences	165
Total current liabilities	40,821
Noncurrent liabilities:	
Long-term portion of compensated absences	19,009
Total noncurrent liabilities	19,009
Total liabilities	59,830
Deferred Inflows of Resources	
	0
Net Position	
Invested in capital assets	916,125
Unrestricted	361,395
Total net position	1,277,520
Total liabilities, deferred inflows of resources and net position	\$ 1,337,350

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Food Service</u>
Operating revenues	
Food service revenue	\$ 234,890
Total operating revenues	<u>234,890</u>
Operating expenses	
Salaries	206,481
Employee benefits	179,670
Purchased property services	2,053
Supplies	451,470
Depreciation	53,247
Dues and fees	<u>500</u>
Total operating expenses	<u>893,421</u>
Operating income (loss)	<u>(658,531)</u>
Nonoperating revenues (expenses)	
Earnings on investments	13,666
State sources	145,217
Federal sources	<u>466,450</u>
Total nonoperating revenues (expenses)	<u>625,333</u>
Income (loss) before contributions and transfers	(33,198)
Contributions and transfers	
Capital contributions	<u>445,995</u>
Change in net position	412,797
Total net position, beginning of year	<u>864,723</u>
Total net position, end of year	<u>\$ 1,277,520</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	Food Service
Cash flows from operating activities	
Cash received from users	\$ 238,686
Cash payments to employees for services	(225,025)
Cash payments to suppliers for goods and services	(620,261)
Net cash provided by (used for) operating activities	(606,600)
Cash flows from non-capital financing activities	
State sources	91,926
Federal sources	455,885
Net cash provided by (used for) non-capital financing activities	547,811
Cash flows from capital and related financing activities	
Capital outlay	(24,295)
Net cash provided by (used for) capital and related financing activities	(24,295)
Cash flows from investing activities	
Earnings on investments	13,666
Net cash provided by (used for) investing activities	13,666
Net increase (decrease) in cash and cash equivalents	(69,418)
Cash and cash equivalents, beginning of year	340,064
Cash and cash equivalents, end of year	\$ 270,646
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (658,531)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	53,247
(Increase) decrease in inventories	10,847
Increase (decrease) in accounts payable	2,585
Increase (decrease) in accrued salaries/benefits	(18,544)
Increase (decrease) in unearned revenue	3,796
Total adjustments	51,931
Net cash provided by (used for) operating activities	\$ (606,600)
Non-cash Transactions	
Capital assets financed by general and capital projects funds	\$ 445,995

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 87,290
Total assets	87,290
Deferred Outflows of Resources	0
Total assets and deferred outflows of resources	\$ 87,290
Liabilities	\$ 0
Total liabilities	0
Deferred Inflows of Resources	0
Net Position	
Restricted for student organizations	87,290
Total net position	87,290
Total liabilities, deferred inflows of resources, and net position	\$ 87,290

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024**

	Custodial Fund
Additions:	
Gifts and contributions	\$ 10,315
Interest income	4,052
Fundraising	111,942
Total additions	126,309
 Deductions:	
Events and supplies	121,939
Total deductions	121,939
Change in net position	4,370
Net position, beginning of year	82,920
Net position, end of year	\$ 87,290

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

1. Description of School District and Reporting Entity

The Conemaugh Township Area School District is a Local Education Agency of the third class, governed by a nine-member publicly elected board, located in the Commonwealth of Pennsylvania. The District has approximately 1,020 enrolled students and operates two school buildings, including an elementary school (grades K-5) and a middle/senior high school (grades 6-12). The District also participates in a local area vocational/technical school with various other districts.

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

Component units are legally separate organizations for which the School District is financially accountable or other organizations whose nature and significant relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (1) either the School District's ability to impose its will on the organization; or (2) there is potential for the organization to provide a financial benefit to or impose a financial burden on the School District. The School District has no component units.

2. Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of these accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Fund Financial Statements

Fund financial statements are also provided in the report for all governmental funds, proprietary funds, and the fiduciary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – Accounts for financial resources restricted for the acquisition, construction, renovation, and deferred maintenance of major capital facilities or equipment, and for debt service.

Proprietary Funds

Proprietary funds focus on the determination of net position, changes in net position and cash flows and are classified as either internal service or enterprise funds. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. There are no internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following is the School District's major enterprise fund:

Food Service Fund – This fund accounts for the financial transactions related to the food service operation of the School District.

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. The custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The School District's custodial fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

C. Measurement Focus

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements

Fund financial statements are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Proprietary Fund types distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service fund are charges for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures. Unearned revenues are addressed in Note 2N, and deferred inflows/outflows of resources in Note 2O.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Revenues - Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The School District is required to adopt a proposed budget at least thirty (30) days prior to adoption of the annual budget. The proposed budget shall be printed or otherwise made available for public inspection to all persons and shall be made available for duplication to any person, on request, at least twenty (20) days prior to the date set for the adoption of the budget. Final action shall not be taken on the proposed budget until after ten (10) days of public notice.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the board is required. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2024.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Education, which authorized the School District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order contract, or other form of commitment, an encumbrance is recorded.

Included in the General Fund budget are program budgets as prescribed by the State and Federal agencies funding the program. These budgets are approved on a program by program basis by the State or Federal funding agency.

An Enterprise fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

F. Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. The District's prepaid expense at June 30, 2024 is for curriculum.

H. Inventory

On government-wide financial statements inventories are presented at the lower 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 and consist of supplies held for consumption. 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 (\$50,000) is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund is the only governmental fund that has material inventory balances as of June 30, 2024.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2024. The inventory consisted of government donated commodities 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, 2024 are reported as unearned revenue.

I. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the proprietary fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund financial statements.

**Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars (\$5,000). The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 20 years
Site Improvements	15 - 30 years

J. Leases

The District is a lessee for a noncancellable lease of office equipment. The District recognizes a lease liability and an intangible right-of-use asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The District uses the interest rate charged by the lessor as the discount rate. When this rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.

The right-of-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-of-use asset is amortized on a straight-line basis over the term of the lease.

K. Original Issue Discounts

Bond discounts are reported as direct adjustments to the face amount of the bond and are deferred and amortized over the life of the bond using the straight-line method of amortization.

L. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are determined to be collectible, and no allowance has been established.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

N. Unearned Revenues

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

O. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year’s financial statements include those related to the District’s cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District’s other post-employment benefits (OPEB). Depending on the nature of the deferred outflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred outflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

The District also reports deferred loss on the refunding of debt as a deferred outflow of resources in the government-wide statement of net position. The loss is recognized as a component of interest expense on a straight-line basis over the term of the corresponding debt (from 20.2 to 25.0 years). Accordingly, at June 30, 2024, the District reports a deferred outflow of resources of \$110,563, net of accumulated amortization of \$51,696.

No deferred outflows of resources affect the fund financial statements in the current year.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Deferred Inflows of Resources

The District's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The deferred inflows of resources reported on the District's statement of net position include those related to the District's cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District's other post-employment benefits (OPEB). Depending on the nature of the deferred inflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred inflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

In the District's governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as a deferred inflow of resources (\$1,260,282).

P. Fund Balance Classification

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance – amounts that are in nonspendable form (such as inventory or prepaid items) or are legally or contractually required to be maintained intact.
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Conemaugh Township Area School District
Notes to Financial Statements
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As of June 30, 2024, fund balance components, other than unassigned, consist of the following:

	Nonspendable	Restricted	Assigned
General Fund:			
Inventory	\$ 50,000	\$ 0	\$ 0
Prepaid expense	5,636	0	0
Future debt service payments (Greater Johnstown CTC building project)	0	0	2,300,000
Future technology purchases	0	0	500,000
Capital Projects Fund	0	11,756,815	0
Total	\$ 55,636	\$ 11,756,815	\$ 2,800,000

The School Board establishes (and modifies or rescinds) fund balance commitments by resolution of the board. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance may be established by the Business Manager and/or Superintendent, as delegated by the School Board.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Q. Net Position

Net position represents the assets and deferred outflows of resources, net of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide statement of net position reports \$1,448,394 of restricted net position, which is restricted by enabling legislation for capital projects.

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

S. Multi-Employer Benefit Plans

Pension Plan

Substantially all full-time and part-time employees of the District participate in a cost-sharing, multi-employer defined benefit pension plan. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net pension liability. The standard further requires the District to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows and inflows of resources related to pensions.

Other Post-Employment Benefits (OPEB)

The Public School Employees Retirement System (PSERS) provides a health insurance premium assistance program, which is a governmental cost-sharing, multiple employer OPEB plan for all eligible District retirees who qualify and elect to participate. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net OPEB liability. The Standard further requires the District to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows and inflows of resources related to OPEB.

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

3. Cash and Cash Equivalents

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

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

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

Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided certain requirements are met.

Repurchase agreements with respect to U. S. Treasury bills or obligations.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Local Government Investment Pools (LGIPs) which include, but are not limited to, the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

Under Pennsylvania Act 10 of 2016, effective May 24, 2016, all Pennsylvania local governments, including school districts, have additional investment options including commercial paper, bankers' acceptances, and negotiable certificates of deposit. These additional investments are subject to maturity terms and credit rating requirements, as defined in the Act. However, due to the collateralization requirements of the Code and because negotiable certificates of deposit do not exist in the current investment market in a collateralized form to satisfy the requirements, they are not an investment lawfully available to school districts at this time.

The deposit and investment policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents include demand deposits at local financial institutions. The market values of deposits are equal to the cost of the deposits.

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk, however the District's deposits in excess of the FDIC limit are collateralized in accordance with the Pennsylvania Security for Public Deposit Act. As of June 30, 2024, \$17,649,745 of the District's bank balance of \$17,899,745 was exposed to custodial risk as:

Uninsured and uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution	0
Uninsured and collateral held by the pledging bank's trust department not in the District's name	17,649,745
Total	\$ 17,649,745

Reconciliation to Financial Statements

Uninsured amount above	\$ 17,649,745
Plus: Insured amount	250,000
Deposits in transit	4,548
Less: Outstanding checks	(50,768)
Total cash per financial statements	\$ 17,853,525

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

4. Real Estate Taxes

Real estate taxes for the School District are collected from the Borough of Benson and the Townships of Conemaugh and West Paint. The tax on real estate for public school purposes for fiscal 2024 was 27.96 mills (\$27.96 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations of property (\$103,990,519) are determined by Somerset County, and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - September 30	- 2% Discount Period
October 1 - November 30	- Face Payment Period
December 1 - December 31	- 10% Penalty Period
January 15	- Lien Date

5. Taxes Receivable

The elected tax collectors are required to return any uncollected taxes to the county's tax claim bureau by January 15. It has been determined the amount of outstanding taxes as of June 30, 2024 is \$1,340,850. The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable. An allowance for uncollectible taxes was not established by the administration. A portion of the amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance recorded as a deferred inflow of resources in the fund financial statements.

Uncollected taxes for the year ended June 30, 2024:

Realty Transfer Tax	\$	4,971
Delinquent Real Estate		67,040
Earned Income Taxes		7,919
Occupation Taxes		<u>638</u>
Uncollected Taxes Recognized as Revenue (received within 60 days)		80,568
Real Estate Taxes - Deferred Inflow of Resources		<u>1,260,282</u>
Total Taxes Receivable		<u><u>\$ 1,340,850</u></u>

6. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues of \$3,448 in the General Fund represent unexpended grant funds. Unearned revenues of \$37,771 in the Proprietary Fund represent credits on student cafeteria accounts (\$9,171), and donated commodities inventory on hand (\$28,600) at June 30, 2024.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

7. Due From Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by another governmental unit on behalf of the School District. At June 30, 2024, the following amounts are due from other governmental units:

<u>Due From</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Federal	\$ 198,146	\$ 0
State	621,889	0
Local	<u>11,827</u>	<u>0</u>
	<u>\$ 831,862</u>	<u>\$ 0</u>

8. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 46,560	\$ 0	\$ 0	\$ 46,560
Construction in progress	<u>1,265,363</u>	<u>362,500</u>	<u>(1,265,363)</u>	<u>362,500</u>
Total capital assets, not being depreciated	<u>1,311,923</u>	<u>362,500</u>	<u>(1,265,363)</u>	<u>409,060</u>
Capital assets, being depreciated:				
Buildings and improvements	27,656,969	35,794	1,239,217	28,931,980
Furniture and equipment	4,877,699	149,487	(436,029)	4,591,157
Site improvements	<u>4,282,791</u>	<u>9,916</u>	<u>(5,449)</u>	<u>4,287,258</u>
Total capital assets, being depreciated	<u>36,817,459</u>	<u>195,197</u>	<u>797,739</u>	<u>37,810,395</u>
Less accumulated depreciation:				
Buildings and improvements	14,495,049	786,337	(26,146)	15,255,240
Furniture and equipment	4,041,527	159,976	(394,222)	3,807,281
Site improvements	<u>3,084,845</u>	<u>157,599</u>	<u>(5,449)</u>	<u>3,236,995</u>
Total accumulated depreciation	<u>21,621,421</u>	<u>1,103,912</u>	<u>(425,817)</u>	<u>22,299,516</u>
Total capital assets, being depreciated, net	<u>15,196,038</u>	<u>(908,715)</u>	<u>1,223,556</u>	<u>15,510,879</u>
Governmental activities capital assets, net	<u>\$ 16,507,961</u>	<u>\$ (546,215)</u>	<u>\$ (41,807)</u>	<u>\$ 15,919,939</u>
Right-of-use assets				
Right-of-use assets	\$ 52,332	\$ 10,407	\$ 0	\$ 62,739
Less: accumulated amortization	<u>6,724</u>	<u>16,444</u>	<u>0</u>	<u>23,168</u>
Governmental activities	<u>\$ 45,608</u>	<u>\$ (6,037)</u>	<u>\$ 0</u>	<u>\$ 39,571</u>

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deductions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 65,194	\$ 0	\$ (65,194)	\$ 0
Total capital assets, not being depreciated	<u>65,194</u>	<u>0</u>	<u>(65,194)</u>	<u>0</u>
Capital assets, being depreciated:				
Equipment	917,820	470,290	(30,038)	\$ 1,358,072
Total capital assets, being depreciated	<u>917,820</u>	<u>470,290</u>	<u>(30,038)</u>	<u>1,358,072</u>
Less accumulated depreciation:				
Equipment	483,932	53,247	(95,232)	441,947
Total accumulated depreciation	<u>483,932</u>	<u>53,247</u>	<u>(95,232)</u>	<u>441,947</u>
Total capital assets, being depreciated, net	<u>433,888</u>	<u>417,043</u>	<u>65,194</u>	<u>916,125</u>
Business-type activities capital assets, net	<u>\$ 499,082</u>	<u>\$ 417,043</u>	<u>\$ 0</u>	<u>\$ 916,125</u>

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

Governmental Activities:

Instruction	\$ 642,477
Instruction support	85,001
Administration and finance	153,444
Operation and maintenance of plant	129,158
Pupil transportation	61,819
Student activities	<u>32,013</u>
Total depreciation expense - governmental activities	<u>\$ 1,103,912</u>

Amortization expense of \$16,444 for right-of-use assets was charged to instruction.

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9. Defined Benefit Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by Pennsylvania Public School Employee's Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees' Retirement Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. The members eligible to participate in the plan include all full-time employees, part-time hourly employees who render at least 500 hours of service in the school year, and part-time per diem employees who render at least 80 days of service in the school year. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.psers.pa.gov.

Funding Policy

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011.

Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan 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).

Class T-G and Class T-H members who qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of 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 35 years of service.

Benefits are generally equal to 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.

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

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

Contributions

Member Contributions:

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

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

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for new members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

Members who joined PSERS after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% base rate) of the member's qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

Employer Contributions:

The contribution required of participating employers is based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. Before July 1, 1995, the school district and the Commonwealth shared the employer contribution rate equally. Since July 1, 1995, the school districts are required to pay the entire employer contribution rate and are reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the market value/personal income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate.

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The District’s contractually required contribution rate, 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. For the fiscal year ended June 30, 2024, the rate of the employer’s contribution was 34.00 percent of covered payroll. The 34.00 percent rate is composed of a pension contribution rate of 33.09 percent for pension defined benefits, 0.64 percent for healthcare insurance premium assistance, and 0.27 percent for the Act 5 defined contribution plan. Conemaugh Township Area School District’s contributions to PSERS for the year ending June 30, 2024 were \$2,165,030. These contributions include \$17,192 to the defined contribution plan for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$18,239,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS’ total pension liability as of June 30, 2022 to June 30, 2023. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District’s proportion was 0.0410%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$1,574,300. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,000	\$ 250,000
Changes in assumptions	272,000	0
Net difference between projected and actual investment earnings	516,000	0
Changes in proportions	36,000	554,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	2,107,084	0
	\$ 2,935,084	\$ 804,000

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\$2,107,084, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in the pension expense as follows:

Year Ended June 30:	
2025	\$ 29,000
2026	(547,000)
2027	371,000
2028	171,000
2029	0
Thereafter	0
	<u>\$ 24,000</u>

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- The Investment Rate of Return was 7.00%.
- The inflation assumption was 2.50%.
- Salary growth at an 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 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 2022.

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

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

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

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

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

Discount Rate

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

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	\$ 23,643,000	\$ 18,239,000	\$ 13,680,000

Pension Plan Fiduciary Net Position

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

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11. Post-employment Benefit Plans – PSERS Health Insurance Premium Assistance Program

Plan Description

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

Premium Assistance Eligibility Criteria

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

- Have 24.5 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 24.5 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.

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 rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$40,754 for the year ended June 30, 2024.

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

At June 30, 2024 the District reported a liability of \$740,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0409%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$10,677. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,000	\$ 7,000
Changes in assumptions	64,000	140,000
Net difference between projected and actual investment earnings	2,000	0
Changes in proportions	5,000	42,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	40,754	0
	\$ 116,754	\$ 189,000

\$40,754 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. 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,		
2025	\$	(27,000)
2026		(26,000)
2027		(25,000)
2028		(29,000)
2029		(6,000)
Thereafter		0
	\$	(113,000)

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Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.13% - S&P 20-Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, 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.
- 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 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u> <u>100.0%</u>	1.20%

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

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Discount Rate

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

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

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 837,000	\$ 740,000	\$ 659,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 740,000	\$ 740,000	\$ 740,000

OPEB Plan Fiduciary Net Position

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

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12. Post-employment Benefit Plan – District Specific Plan

Plan Description

The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the “Plan”) that is used to provide continuation of medical and pharmacy benefits to employees who retire from the District, in addition to a retirement cash bonus (\$1,500 plus \$50 for each year of service) for teachers and administrators. Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

Eligibility

- A. Teachers and Administrators:
 - a) Healthcare
 - i) District incentive – 30 years of PSERS service, including at least 15 years with the District, and PSERS retirement eligibility
 - ii) Act 110/43 – if employee does not meet District incentive requirements
- B. Support Staff:
 - a) Healthcare – Eligibility for Act 110/43

Duration of Healthcare Benefits

Teachers and Administrators eligible for District incentive:

Retirees receive coverage until age 65 or qualification for Medicare if earlier. Spousal coverage can also be purchased. Spousal coverage ceases with the cessation of retiree coverage, or upon spouse’s attainment of age 65 or qualification for Medicare if earlier.

Teachers and Administrators eligible for Act 110/43:

Retirees can purchase coverage until the earlier of age 65 or qualification for Medicare. Spousal coverage can also be purchased. Spousal coverage ceases with the cessation of retiree coverage, or upon spouse’s attainment of age 65 or qualification for Medicare if earlier.

Support Staff:

Retirees can purchase coverage until the earlier of age 65 or qualification for Medicare. Spousal coverage can also be purchased. Spousal coverage ceases with the cessation of retiree coverage, or upon spouse’s attainment of age 65 or qualification for Medicare if earlier.

Participant Contributions

- A. Teachers and Administrators:
 - a) Eligible for District Incentive
 - i) Retiree contributes the amount of increases in premium rate post-retirement, subject to the District portion being capped at a maximum
 - ii) Spouse – premium rate
 - b) Eligible under Act 110/43 – premium rate

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B. Support Staff – premium rate

The number of participants as of July 1, 2023, the effective date of the most recent OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	District
Active employees	106
Retired employees	4
Spouses of retired employees	<u>2</u>
Total	<u><u>112</u></u>

Funding Policy

The contribution requirements of the plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund.

Net OPEB Liability

The District’s net OPEB liability of \$1,606,000 was measured as of June 30, 2023 and was rolled forward using actuarial assumptions to the valuation date of June 30, 2024.

Actuarial Assumptions and Other Inputs

- Discount Rate – 3.93% as of June 30, 2024.
- Healthcare Cost Trend Rates – 6.50% for 2025, decreasing to an ultimate rate of 3.70% by 2074.
- The discount rate was based on the Bond Buyer 20-year Bond GO Index at June 30, 2024.
- Mortality rates are assumed using the PubT-H 2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021.

Changes in the District’s net OPEB liability for the plan for the fiscal year ended June 30, 2024 was as follows:

Balance at July 1, 2023	\$ <u>1,687,000</u>
Service cost	75,000
Interest	61,000
Plan changes	(12,000)
Liability gains/losses	(42,000)
Changes in assumptions	(117,000)
Benefit payments	<u>(46,000)</u>
Net changes	<u>(81,000)</u>
Balance at June 30, 2024	<u><u>\$ 1,606,000</u></u>

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Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.93%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate.

	1% Decrease 2.93%	Current Rate 3.93%	1% Increase 4.93%
District's net OPEB liability	\$ 1,736,000	\$ 1,606,000	\$ 1,483,000

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

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate.

	1% Decrease	Current Rate	1% Increase
District's net OPEB liability	\$ 1,488,000	\$ 1,606,000	\$ 1,746,000

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$122,000. At June 30, 2024, the District reported deferred outflows and inflows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 153,000	\$ 38,000
Changes in assumptions	20,000	342,000
	\$ 173,000	\$ 380,000

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2025	\$	(11,000)
2026		(26,000)
2027		(28,000)
2028		(24,000)
2029		(26,000)
Thereafter		(92,000)
	\$	(207,000)

Economic/demographic (gains)/losses and assumption changes are recognized over the average remaining service life for all active and inactive members.

**Conemaugh Township Area School District
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13. Long-Term Obligations

During the fiscal year ended June 30, 2024, general long-term obligations changed as follows:

	Bonds Payable	Lease Obligations	Compensated Absences	Total General Long-term Obligations
Beginning of year	\$ 9,010,000	\$ 45,608	\$ 299,618	\$ 9,355,226
Additions	11,215,000	10,407	0	11,225,407
Principal retirement	(490,000)	(16,444)	0	(506,444)
Changes in compensated absences	<u>0</u>	<u>0</u>	<u>(21,824)</u>	<u>(21,824)</u>
End of year	19,735,000	39,571	277,794	20,052,365
Less: current portion	(515,000)	(15,359)	(20,785)	(551,144)
Less: Original issue discount, net	<u>(325,941)</u>	<u>0</u>	<u>0</u>	<u>(325,941)</u>
Long-term liabilities	<u>\$ 18,894,059</u>	<u>\$ 24,212</u>	<u>\$ 257,009</u>	<u>\$ 19,175,280</u>

The future annual payments required to amortize all outstanding debt and obligations, except for the compensated absences, as of June 30, 2024, including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds			Lease Obligations		
	Interest	Principal	Total	Interest	Principal	Total
2025	\$ 698,235	\$ 515,000	\$ 1,213,235	\$ 1,729	\$ 15,359	\$ 17,088
2026	673,428	550,000	1,223,428	1,636	14,058	15,694
2027	660,034	560,000	1,220,034	1,157	9,937	11,094
2028	646,649	575,000	1,221,649	25	217	242
2029	630,803	590,000	1,220,803	0	0	0
2030-2034	2,897,934	3,205,000	6,102,934	0	0	0
2035-2039	2,373,234	3,730,000	6,103,234	0	0	0
2040-2044	1,611,144	4,495,000	6,106,144	0	0	0
2045-2049	<u>587,503</u>	<u>5,515,000</u>	<u>6,102,503</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 10,778,964</u>	<u>\$ 19,735,000</u>	<u>\$ 30,513,964</u>	<u>\$ 4,547</u>	<u>\$ 39,571</u>	<u>\$ 44,118</u>

General Obligation Bonds, Series of 2024

The District issued General Obligation Bonds, Series of 2024, dated May 22, 2024, in the principal amount of \$11,215,000. The proceeds of the bonds are to be used to fund general capital improvements to the facilities of the District and to pay all costs and expenses incurred by the District in connection with the issuance and sale of these bonds. The bonds bear interest rates ranging from 3.250% to 4.125% with annual principal maturities from December 2025 through December 2048. The balance outstanding at June 30, 2024 was \$11,215,000.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

General Obligation Bonds, Series of 2019

The District issued General Obligation Bonds, Series of 2019, dated June 4, 2019, in the principal amount of \$10,000,000. The proceeds of the bonds were used to refund the District's General Obligation Bonds, Series of 2012 (\$6,425,000) and a portion of the District's General Obligation Bonds, Series of 2014 (\$2,620,000); fund various capital projects within the District; and to pay all costs incidental to the issuance of these bonds. The present value of the net economic gain the School District realized as a result of the refunding of the Series of 2012 bonds and the portion of the Series of 2014 bonds is \$259,485. The bonds bear interest rates ranging from 1.80% to 3.10% with annual principal maturities from December 2019 through December 2038. The balance outstanding at June 30, 2024 was \$8,520,000.

General Obligation Bonds, Series of 2014

The District issued General Obligation Bonds, Series of 2014, dated June 17, 2014, in the principal amount of \$4,095,000. The proceeds of the bonds were used to fund various capital improvements to the facilities of the School District, refund the District's 2006 lease agreement with the Banc of America, and to pay all costs and expenses incurred by the District in connection with the issuance and sale of these bonds. The bonds bear interest rates ranging from 0.37% to 4.00% with annual principal maturities from March 2015 through September 2035. Due to the aforementioned refunding of a portion of the Series of 2014 bonds, the final maturity is September 2023. The balance outstanding at June 30, 2024 was \$0.

Butler County General Authority School Lease Revenue Note: Greater Johnstown Career and Technology Center (GJCTC)

On April 28, 2022, the Butler County General Authority (the Authority) issued a School Lease Revenue Note (GJCTC Project), Series of 2022 in the amount of \$16,500,000. The proceeds of the Note were used to finance upgrades to the GJCTC facility via a guaranteed energy savings project. The Note is a special, limited recourse obligation of the Authority secured under a loan agreement, with debt service payable solely from payments by the GJCTC and the participating school districts under a sublease. On April 28, 2022, the property on which the GJCTC's facilities are located was leased by the GJCTC and the participating school districts to the Authority in exchange for the proceeds of the Note. On April 28, 2022, the property was then subleased by the Authority to the GJCTC and participating school districts sufficient to pay all debt service due on the Note. The rights of the Authority to receive sublease rental payments under the sublease have been assigned to the Bank. The sublease rentals, which were assigned to the Bank pursuant to the loan agreement, are payable by the GJCTC and the participating school districts from their general revenues, and constitute operating expenses, not debt, of the GJCTC and participating school districts.

The GJCTC's participating member districts, including Conemaugh Township Area School District, are required to pay their proportionate shares of incurred debt under the Articles of Agreement for the Establishment and Operation of the GJCTC, dated January 1966, as later amended. Pursuant to this agreement, the member districts have agreed to a formula for the allocations of each district's share of the debt service payments.

The GJCTC's financing translates into an ongoing obligation of the participating districts for credit purposes; however, for the purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts. Therefore, the future obligations of debt service are not recorded as a liability on Conemaugh Township Area School District's financial statements. The District's share of the outstanding balance of the GJCTC debt at June 30, 2024 is \$1,827,713.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Lease Obligations

The District entered into multiple lease agreements with various terms from January 2021 through August 2027 as a lessee for the use of copiers. The noncancelable lease term for each agreement is 48 months. The initial lease obligation and right-of-use assets were recorded at the present value of the payments expected to be made during the lease term, using a discount rate of 5.75%, representing the District’s estimated incremental borrowing rate.

The value of the right-of-use assets as of June 30, 2024 was \$62,739, less accumulated amortization of \$23,168 and is disclosed with capital assets at Note 8.

Accumulated Compensated Absences

In accordance with accounting principles generally accepted in the United States of America, the District accrues liabilities for compensated absences. Compensated absences reflect the potential cost of sick leave earned by employees as of June 30, 2024. The School District allows all employees to accumulate their unused sick leave. Upon retirement, eligible employees shall receive separation benefits based upon the total days of unused sick leave accumulated while in the employ of Conemaugh Township Area School District at the rate of \$40 per day for the first 100 days, \$50 per day for days 101-200 and \$60 per day for accumulated unused days in excess of 200. The School District has computed a total liability of \$277,794 at June 30, 2024 with \$258,620 reflected in the general fund and \$19,174 reflected in the proprietary fund. Due to the nature of the obligation for accrued separation benefits, annual requirements to amortize such obligations are not determinable and have not been presented.

General obligation bonds and lease obligations issued for governmental activity purposes are liquidated by the general fund. Compensated absence liabilities for governmental activities will be paid by the general fund, whereas those for business-type activities will be paid by the food service proprietary fund.

14. Interfund Transactions

The following is a summary of interfund receivables and payables at June 30, 2024:

	<u>Receivables</u>	<u>Payables</u>
General Fund (Major Fund)	\$ 0	\$112,025
Food Service Fund (Major Fund)	112,025	0
	\$ 112,025	\$112,025

The interfund balances between General Fund and Food Service Fund represent food service subsidy revenue received by the General Fund and not transferred to Food Service as of June 30, 2024.

Interfund transfers during the year end June 30, 2024 consisted of the following:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund (Major Fund)	\$ 0	\$ 57,000
Capital Projects Fund (Major Fund)	57,000	0
	\$ 57,000	\$ 57,000

In fiscal year 2024, proceeds from the sale of capital assets were transferred to the Capital Projects Fund to be used towards the funding of future capital expenditures.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

15. Contingent Liabilities

Grant Programs

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

16. Self Insurance - Medical Insurance

The School District is participating in the insurance consortium with the Greater Johnstown Area Consortium to provide for the medical care for eligible employees and their dependents. The consortium, which administers the plan, monitors the school's deposits into the school district trust account to be held for the benefits described above and Highmark Services, the plan administrator, processes and pays the claims. The consortium limits its liability by purchasing stop-loss insurance coverage. Conemaugh Township Area School District's liability at June 30, 2024 for unpaid claims incurred prior to the fiscal year end is not readily determinable. No liability has been recorded for these claims at June 30, 2024 as the District recognizes medical claim expense as claims are paid.

17. Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2024 and the two previous fiscal years, no settlements exceeded insurance coverage.

18. Related Party Transactions

Intermediate Unit Participation

The District is a member of Appalachia Intermediate Unit 8. The District avails itself of various services provided by this membership including special education, curriculum development, and certain internal service functions. The total of services provided to Conemaugh Township Area School District for the year ended June 30, 2024 for IU8 programs amounted to \$42,853. At June 30, 2024, the District had a balance due to Appalachia IU8 of \$3,508 for services.

Joint Venture

The School District is a participating member of the Greater Johnstown Career and Technology Center (GJCTC). The GJCTC is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the GJCTC's annual operating budget. Each participating district pays a pro-rata share of the GJCTC's operating costs based on the number of students attending the GJCTC for each district. Conemaugh Township Area School District's share of the GJCTC's operating costs for 2023-24 was \$928,863.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2024

Upon dissolution of the GJCTC, the net position will be shared on a pro-rata basis of each participating district's current market value of taxable real property, as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in the GJCTC, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, except a residual interest in the net position upon dissolution that should not be reflected in the financial statements. Complete financial statements for the GJCTC can be obtained from the GJCTC administrative office at 445 Schoolhouse Road, Johnstown, PA.

The District's tuition expense for its students attending the GJCTC for fiscal 2024 was \$928,863. The District had no balance due to or from GJCTC at June 30, 2024. (See Note 13 for additional information on Butler County General Authority Debt for the GJCTC).

19. Economic Dependency

Conemaugh Township Area School District receives approximately 68% of its revenue from the State of Pennsylvania in the form of state subsidies. Changes in funding levels by the State could have a material effect on future operations of the District.

20. Nonmonetary Transactions

The District receives one of its federal program subsidies by means of noncash transfer. The U.S. Department of Agriculture, through the Pennsylvania Department of Agriculture, provides food commodities under the National School Lunch Program. These nonmonetary commodity items are valued at market values and recorded as revenue as utilized. The total food commodities donated by the federal government for the fiscal year 2024 totaled \$58,073.

21. Restatement of Net Position

The net position of the governmental activities was restated effective July 1, 2023 to correct for understated intergovernmental receivables. See results summarized below:

	6/30/2023		6/30/2023
	As Previously	Error	6/30/2023
	<u>Reported</u>	<u>Correction</u>	<u>As Restated</u>
Government-Wide			
Governmental Activities	\$ (3,975,376)	\$ 120,558	\$ (3,854,818)
Total Primary Government	<u>\$ (3,975,376)</u>	<u>\$ 120,558</u>	<u>\$ (3,854,818)</u>

Conemaugh Township Area School District
Required Supplementary Information – Pension Schedules
June 30, 2024

Schedule of Proportionate Share of the Net Pension Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.0410%	0.0426%	0.0427%	0.0424%	0.0421%	0.0436%	0.0449%	0.0440%	0.0449%	0.0445%
District's proportionate share of net pension liability	\$ 18,239,000	\$ 18,939,000	\$ 17,531,000	\$ 20,877,000	\$ 19,695,000	\$ 20,930,000	\$ 22,175,000	\$ 21,805,000	\$ 19,448,000	\$ 17,614,000
District's covered-employee payroll*	\$ 6,263,954	\$ 6,255,441	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286	\$ 5,781,388	\$ 5,678,784
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	291.17%	302.76%	289.99%	350.86%	339.55%	356.30%	371.02%	382.66%	336.39%	310.17%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

*The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2023 and prior).

Schedule of District Contributions

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,107,084	\$ 2,135,300	\$ 2,115,270	\$ 2,020,528	\$ 1,975,916	\$ 1,881,569	\$ 1,848,113	\$ 1,714,136	\$ 1,390,531	\$ 1,149,570
Contributions in relation to the contractually required contributions	<u>(2,107,084)</u>	<u>(2,135,300)</u>	<u>(2,115,270)</u>	<u>(2,020,528)</u>	<u>(1,975,916)</u>	<u>(1,881,569)</u>	<u>(1,848,113)</u>	<u>(1,714,136)</u>	<u>(1,390,531)</u>	<u>(1,149,570)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 6,367,735	\$ 6,263,954	\$ 6,255,441	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286	\$ 5,781,388
Contributions as a percentage of covered-employee payroll	33.09%	34.09%	33.81%	33.42%	33.21%	32.44%	31.46%	28.68%	24.40%	19.88%

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Required Supplementary Information-OPEB Schedules
PSERS Health Insurance Premium Assistance Program
June 30, 2024**

Schedule of Proportionate Share of the Net OPEB Liability

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.0409%	0.0425%	0.0426%	0.0424%	0.0421%	0.0436%	0.0449%	0.0440%
District's proportionate share of net OPEB liability	\$ 740,000	\$ 782,000	\$ 1,011,000	\$ 916,000	\$ 895,000	\$ 909,000	\$ 915,000	\$ 948,000
District's covered-employee payroll*	\$ 6,263,954	\$ 6,255,441	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286
District's proportionate share of net OPEB liability as percentage of its covered-employee payroll	11.81%	12.50%	16.72%	15.39%	15.43%	15.47%	15.31%	16.64%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

*The District's covered employee payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2023 and prior).

Schedule of District Contributions

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 40,754	\$ 46,677	\$ 49,786	\$ 49,443	\$ 49,753	\$ 47,905	\$ 48,328	\$ 48,724
Contributions in relation to the contractually required contributions	<u>(40,754)</u>	<u>(46,677)</u>	<u>(49,786)</u>	<u>(49,443)</u>	<u>(49,753)</u>	<u>(47,905)</u>	<u>(48,328)</u>	<u>(48,724)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 6,367,735	\$ 6,263,954	\$ 6,255,441	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834
Contributions as a percentage of covered-employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.82%	0.82%

Note: These schedules are intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Required Supplementary Information-OPEB Schedules
District Specific Plan
June 30, 2024**

Schedule of Changes in District's OPEB liability:

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 75,000	\$ 72,000	\$ 91,000	\$ 88,000	\$ 86,000	\$ 83,000	\$ 92,000
Interest	61,000	57,000	35,000	36,000	63,000	67,000	61,000
Plan changes	(12,000)	0	55,000	0	(136,000)	0	0
Liability gains/losses	(42,000)	0	199,000	0	39,000	0	0
Changes of assumptions	(117,000)	(12,000)	(297,000)	9,000	(49,000)	87,000	72,000
Benefit payments	(46,000)	(82,000)	(133,000)	(146,000)	(156,000)	(182,000)	(232,000)
Net change in total OPEB liability	(81,000)	35,000	(50,000)	(13,000)	(153,000)	55,000	(7,000)
Total OPEB liability - beginning	<u>1,687,000</u>	<u>1,652,000</u>	<u>1,702,000</u>	<u>1,715,000</u>	<u>1,868,000</u>	<u>1,813,000</u>	<u>1,820,000</u>
Total OPEB liability - ending	<u>\$ 1,606,000</u>	<u>\$ 1,687,000</u>	<u>\$ 1,652,000</u>	<u>\$ 1,702,000</u>	<u>\$ 1,715,000</u>	<u>\$ 1,868,000</u>	<u>\$ 1,813,000</u>
Covered payroll	\$ 5,236,901	\$ 5,215,837	\$ 5,111,413	\$ 5,063,109	\$ 4,928,252	\$ 4,641,140	\$ 4,822,021
District's net OPEB liability as a percentage of its covered-employee payroll	30.67%	32.34%	32.32%	33.62%	34.80%	40.25%	37.60%

Note: This schedule is intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements

**Conemaugh Township Area School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2024**

	Budgeted Amounts Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local sources	\$ 4,601,148	\$ 4,601,148	\$ 4,789,538	\$ 188,390
State sources	10,806,625	10,806,625	10,824,137	17,512
Federal sources	<u>424,304</u>	<u>424,304</u>	<u>335,195</u>	<u>(89,109)</u>
Total revenues	<u>15,832,077</u>	<u>15,832,077</u>	<u>15,948,870</u>	<u>116,793</u>
Expenditures				
Instruction:				
Regular programs	6,538,548	6,538,548	6,440,736	97,812
Special programs	2,256,575	2,256,575	1,861,198	395,377
Vocational education programs	668,000	668,000	829,621	(161,621)
Other instructional programs	73,572	73,572	87,214	(13,642)
Nonpublic school programs	0	0	8,161	(8,161)
Support services:				
Pupil personnel	665,086	665,086	668,186	(3,100)
Instructional staff	437,630	437,630	419,339	18,291
Administration	1,138,763	1,138,763	1,188,180	(49,417)
Pupil health	355,794	355,794	353,464	2,330
Business	518,033	518,033	502,468	15,565
Operation and maintenance of plant	1,317,334	1,317,334	1,355,601	(38,267)
Student transportation	817,725	817,725	921,451	(103,726)
Central	242,150	242,150	146,870	95,280
Other support services	3,500	3,500	2,743	757
Operation of noninstructional services:				
Student activities	588,903	588,903	586,264	2,639
Community services	750	750	1,400	(650)
Capital outlay	158,979	158,979	110,700	48,279
Debt service	860,894	860,894	736,962	123,932
Leases	<u>0</u>	<u>0</u>	<u>18,241</u>	<u>(18,241)</u>
Total expenditures	<u>16,642,236</u>	<u>16,642,236</u>	<u>16,238,799</u>	<u>403,437</u>
Excess (deficiency) of revenues over expenditures	<u>(810,159)</u>	<u>(810,159)</u>	<u>(289,929)</u>	<u>520,230</u>

See accompanying notes to the basic financial statements.

**Conemaugh Township Area School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	(Budgetary Basis)	Budget Favorable (Unfavorable)
Other financing sources (uses)				
Proceeds from fixed asset disposition	0	0	57,000	57,000
Proceeds from lease financing	0	0	10,407	10,407
Insurance recoveries	0	0	11,632	11,632
Interfund transfers	0	0	(57,000)	(57,000)
Budgetary reserve	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>22,039</u>	<u>122,039</u>
Net change in fund balance	(910,159)	(910,159)	(267,890)	642,269
Fund balance, beginning of year	<u>4,973,698</u>	<u>4,973,698</u>	<u>4,941,995</u>	<u>(31,703)</u>
Fund balance, end of year	<u>\$ 4,063,539</u>	<u>\$ 4,063,539</u>	<u>\$ 4,674,105</u>	<u>\$ 610,566</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2024

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2023	Adjustment	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2024
U.S. DEPARTMENT OF EDUCATION												
Passed through the Pennsylvania Department of Education:												
ECIA Title I - Low Income	I	84.010	013-240094	07/20/23-09/30/24	\$ 174,604	\$ 60,236	\$ 0	\$ 0	\$ 174,604	\$ 174,604	\$ 0	\$ 114,368
ECIA Title I - Low Income	I	84.010	013-230094	07/01/22-09/30/23	144,782	10,521	10,521	0	0	0	0	0
ECIA Title II Improving Teacher Quality	I	84.367	020-240094	07/20/23-09/30/24	26,057	8,883	0	0	26,006	26,006	0	17,123
ECIA Title II Improving Teacher Quality	I	84.367	020-230094	07/01/22-09/30/23	21,249	545	545	0	0	0	0	0
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-240094	07/20/23-09/30/24	11,335	3,778	0	0	11,335	11,335	0	7,557
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-230094	07/01/22-09/30/23	12,035	571	571	0	0	0	0	0
Subtotal ECIA Programs passed through Pennsylvania Department of Education					<u>390,062</u>	<u>84,534</u>	<u>11,637</u>	<u>0</u>	<u>211,945</u>	<u>211,945</u>	<u>0</u>	<u>139,048</u>
Passed through the Pennsylvania Department of Education:												
American Rescue Plan - ESSER III	I	84.425U	223-210094	03/13/20-09/30/24	<u>1,092,981</u>	<u>119,234</u>	<u>(5,282)</u>	<u>0</u>	<u>121,068</u>	<u>121,068</u>	<u>0</u>	<u>(3,448)</u>
Subtotal Education Stabilization Fund					<u>1,092,981</u>	<u>119,234</u>	<u>(5,282)</u>	<u>0</u>	<u>121,068</u>	<u>121,068</u>	<u>0</u>	<u>(3,448)</u>
Passed through Appalachia Intermediate Unit #08:												
IDEA Part B - Section 611	I	84.027	062-240008	07/01/23-09/30/24	216,415	162,512	0	0	216,415	216,415	0	53,903
IDEA Part B - Section 619	I	84.173A	131-240008	07/01/23-06/30/24	3,399	0	0	0	3,399	3,399	0	3,399
Subtotal Special Education Cluster					<u>219,814</u>	<u>162,512</u>	<u>-</u>	<u>0</u>	<u>219,814</u>	<u>219,814</u>	<u>0</u>	<u>57,302</u>
Total U.S. Department of Education					<u>1,702,857</u>	<u>366,280</u>	<u>6,355</u>	<u>0</u>	<u>552,827</u>	<u>552,827</u>	<u>0</u>	<u>192,902</u>

See accompanying notes.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2024

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2023	Adjustment	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2024
<u>U.S FEDERAL COMMUNICATIONS COMMISSION</u>												
Passed through the Universal Service Administrative Company:												
COVID-19 Emergency Connectivity Fund	I	32.009	N/A	07/01/21-06/30/23	205,358	5,358	9,466	4,108	0	0	0	0
Total U.S Federal Communications Commission					205,358	5,358	9,466	4,108	0	0	0	0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>												
Passed through the Pennsylvania Department of Human Services:												
Medical Assistance Program - Reimbursement												
SBAP Administration Reimbursement	I	93.778	N/A	07/01/23-06/30/24	N/A	386	0	0	2,182	2,182	0	1,796
SBAP Administration Reimbursement	I	93.778	N/A	07/01/22-06/30/23	N/A	1,420	1,420	0	0	0	0	0
Total U.S. Department of Health and Human Services						1,806	1,420	0	2,182	2,182	0	1,796
<u>U.S. DEPARTMENT OF AGRICULTURE</u>												
Passed through the Pennsylvania Department of Agriculture:												
National School Lunch - (USDA Commodities)	I	10.555	N/A	07/01/23-06/30/24	N/A	(a) 58,073	(b) (39,165)	0	68,638	(c) 68,638	0	(d) (28,600)
Passed through the Pennsylvania Department of Education:												
National School Lunch Federal	I	10.555	N/A	07/01/23-06/30/24	N/A	270,887	0	0	270,887	270,887	0	0
Supply Chain Assistance	I	10.555	N/A	12/13/23-06/30/25	N/A	25,237	0	0	25,237	25,237	0	0
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	101,035	0	0	101,035	101,035	0	0
Subtotal Child Nutrition Cluster						455,232	(39,165)	0	465,797	465,797	0	(28,600)
Pandemic-EBT Local Admin Funds	I	10.649	N/A	10/01/23-09/30/24	N/A	653	0	0	653	653	0	0
State Matching Funds	S	N/A	N/A	07/01/23-06/30/24	N/A	91,926	0	0	91,926	91,926	0	0
Total U.S. Department of Agriculture						547,811	(39,165)	0	558,376	558,376	0	(28,600)
TOTAL FINANCIAL ASSISTANCE					\$ 1,908,215	\$ 921,255	\$ (21,924)	\$ 4,108	\$ 1,113,385	\$ 1,113,385	\$ 0	\$ 166,098

See accompanying notes.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2024

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards and certain state grants (the Schedule) includes the federal award activity of Conemaugh Township Area School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Conemaugh Township Area School District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Conemaugh Township Area School District.

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

Note C - Donated Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had food commodities totaling \$28,600 in inventory.

- (a) Total amount of commodities received from the Department of Agriculture.
- (b) Beginning inventory at July 1, 2023.
- (c) Total amount of commodities used.
- (d) Ending inventory at June 30, 2024.

Note D - Direct/Indirect Funding

The following source codes reflect program funding:

- D = Direct Funding
- I = Indirect Funding
- F = Federal Share
- S = State Share

**Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2024**

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note E – Reconciliation to Financial Statements

Total Federal Sources reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$	335,195
Add: IDEA-B Section 611 passed through, recorded as Local Sources		216,415
Add: IDEA-B Section 619 passed through, recorded as Local Sources		<u>3,399</u>
 Total Federal Expenditures – Governmental Funds		 <u>555,009</u>
 Total Federal Sources reported on Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund		 <u>466,450</u>
 Total Federal Expenditures – Proprietary Fund		 <u>466,450</u>
 Total Federal Expenditures		 <u><u>\$1,021,459</u></u>

Note F - Test of 20% Rule (Low-Risk)

Total Expenditures	\$1,113,385	
Less: State Matching Funds Lunch Program and Severe Need Breakfast Program		<u>(91,926)</u>
 Total Federal Expenditures		 <u><u>\$1,021,459</u></u>
 Special Education Cluster		 <u>\$ 219,814</u>
 Tested		 <u>\$ 219,814</u>
 Total Federal Expenditures		 \$1,021,459 = 21.5%



**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***

Independent Auditors' Report

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

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 Conemaugh Township Area School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Conemaugh Township Area School District's basic financial statements, and have issued our report thereon dated January 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Conemaugh Township Area 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Conemaugh Township Area 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.

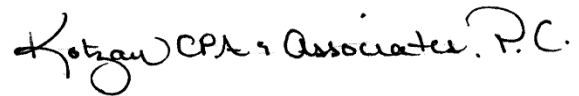
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 22, 2025

**Report on Compliance for Each Major Federal Program and on
Internal Control Over Compliance Required by The Uniform Guidance**

Independent Auditors' Report

To the Members of the Board
Conemaugh Township Area School District
West Campus Avenue
Davidsville, Pennsylvania 15928

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conemaugh Township Area 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 Conemaugh Township Area School District's major federal programs for the year ended June 30, 2024. Conemaugh Township Area School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Conemaugh Township Area 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 Conemaugh Township Area 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 Conemaugh Township Area School District's federal programs.

Auditors' 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 Conemaugh Township Area 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 Conemaugh Township Area 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 Conemaugh Township Area 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 Conemaugh Township Area 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 Conemaugh Township Area 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.

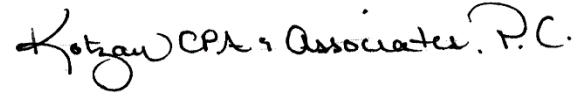
Report on Internal Control over Compliance

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 *Auditors' 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.

A handwritten signature in black ink that reads "Kotzan CPA & Associates, P.C." The signature is written in a cursive, flowing style.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 22, 2025

**Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency identified not considered to be material weaknesses?	_____ Yes	_____ X _____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency identified not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X _____ No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173A	Special Education Cluster

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

Auditee qualified as low-risk auditee? _____ X _____ Yes _____ No

Section II – Financial Statement Findings No Findings

Section III – Federal Award Findings and Questioned Costs No Findings or Questioned Costs