

**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, 2025**

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Brenda A. Pawlowski, CPA, CFE

Kimberly A. Dorchak, CPA, CGFM

List of Report Distribution

January 26, 2026

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.

Brenda A. Pawlowski, CPA, CFE

Kimberly A. Dorchak, CPA, CGFM

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *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 – GASB Statement No. 101, *Compensated Absences*

As discussed in Note 21 to the financial statements, Conemaugh Township Area School District implemented GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. The objective of this standard is to align the recognition and measurement guidance for compensated absences under a unified model. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Restatement of Net Position and Fund Balance

As discussed in Note 21 to the financial statements, the net position of the governmental activities and the fund balance of the general fund were restated effective July 1, 2024 to correct for understated intergovernmental receivables. Our opinion is 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

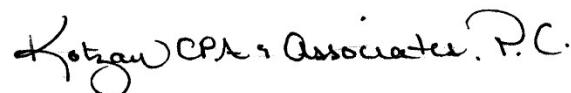
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and OPEB information, and budgetary comparison information on pages 6-14, pages 60-62 and pages 63-64 respectively, be presented to supplement the basic financial 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 26, 2026, 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 26, 2026

Management's Discussion and Analysis

Conemaugh Township Area School District

2024-2025

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, 2024-June 30, 2025. It should be read in conjunction with the financial statements, which follow. Comparative data from fiscal year 2023-2024 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 2024-2025 Annual Financial Report (PDE form 2057) and local auditor's report. Comparative data for 2023-2024 vs. 2024-2025 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 \$16,686,735 and expenditures of \$17,885,412. The difference resulted in a deficit of revenues under expenditures in the amount of \$1,198,677. The District's fund balance for the general fund was \$3,516,261 at June 30, 2025. These amounts are reflected in the fund financial statements (modified accrual basis).

Property taxes were increased in 2024-2025 from 27.96 mills to 30.05 mills.

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, 2025 was \$8,005,000. 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, 2025.

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, 2025, as compared to June 30, 2024.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total School District		Change
	2025	2024	2025	2024	2025	2024	2024-25
Assets							
Current assets	\$ 12,319,906	\$ 19,770,945	* \$ 268,201	\$ 309,200	\$ 12,588,107	\$ 20,080,145	\$ (7,492,038)
Non-current assets	<u>22,788,097</u>	<u>15,959,510</u>	<u>860,416</u>	<u>916,125</u>	<u>23,648,513</u>	<u>16,875,635</u>	<u>6,772,878</u>
Total assets	<u>\$ 35,108,003</u>	<u>\$ 35,730,455</u>	<u>\$ 1,128,617</u>	<u>\$ 1,225,325</u>	<u>\$ 36,236,620</u>	<u>\$ 36,955,780</u>	<u>\$ (719,160)</u>
Deferred Outflows of Resources	<u>\$ 2,660,971</u>	<u>\$ 3,283,705</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,660,971</u>	<u>\$ 3,283,705</u>	<u>\$ (622,734)</u>
Liabilities							
Current liabilities	\$ 4,574,924	\$ 2,805,331	* \$ 21,857	\$ (66,947)	* \$ 4,596,781	\$ 2,738,384	\$ 1,858,397
Long-term liabilities	<u>38,175,765</u>	<u>40,184,290</u>	<u>*</u> <u>25,355</u>	<u>29,442</u>	<u>*</u> <u>38,201,120</u>	<u>40,213,732</u>	<u>(2,012,612)</u>
Total liabilities	<u>\$ 42,750,689</u>	<u>\$ 42,989,621</u>	<u>\$ 47,212</u>	<u>\$ (37,505)</u>	<u>\$ 42,797,901</u>	<u>\$ 42,952,116</u>	<u>\$ (154,215)</u>
Deferred Inflows of Resources	<u>\$ 1,421,000</u>	<u>\$ 1,373,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,421,000</u>	<u>\$ 1,373,000</u>	<u>\$ 48,000</u>
Net Position							
Invested in capital assets, net of related debt	\$ 6,252,752	\$ 6,878,168	\$ 860,416	\$ 916,125	\$ 7,113,168	\$ 7,794,293	\$ (681,125)
Restricted	<u>1,385,241</u>	<u>1,448,394</u>	<u>0</u>	<u>0</u>	<u>1,385,241</u>	<u>1,448,394</u>	<u>(63,153)</u>
Unrestricted	<u>(14,040,708)</u>	<u>(13,675,023)</u>	<u>*</u> <u>220,989</u>	<u>346,705</u>	<u>*</u> <u>(13,819,719)</u>	<u>(13,328,318)</u>	<u>(491,401)</u>
Total net position	<u>\$ (6,402,715)</u>	<u>\$ (5,348,461)</u>	<u>\$ 1,081,405</u>	<u>\$ 1,262,830</u>	<u>\$ (5,321,310)</u>	<u>\$ (4,085,631)</u>	<u>\$ (1,235,679)</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 non-current assets and current liabilities and the decreases in current assets, deferred outflows of resources, long-term liabilities, and 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, 2025 compared to the year ended June 30, 2024.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total School District		Variance
	2025	2024	2025	2024	2025	2024	2024-25
Program Revenues:							
Charges for services	\$ 31,422	\$ 48,023	\$ 234,071	\$ 234,890	\$ 265,493	\$ 282,913	\$ (17,420)
Operating grants and contributions	4,422,557	3,883,638	616,775	611,667	5,039,332	4,495,305	544,027
Capital grants and contributions	118,236	169,937	0	445,995	118,236	615,932	(497,696)
General Revenues:							
Taxes levied	4,282,681	4,053,035	0	0	4,282,681	4,053,035	229,646
Grants and entitlements	7,597,574	7,465,406	0	0	7,597,574	7,465,406	132,168
Investment earnings	619,893	343,859	6,823	13,666	626,716	357,525	269,191
Other	3,976	17,024	0	0	3,976	17,024	(13,048)
Transfers	0	0	0	0	0	0	0
Total Revenues	17,076,339	15,980,922	857,669	1,306,218	17,934,008	17,287,140	646,868
Program Expenses:							
Instruction	10,466,251	9,613,753	0	0	10,466,251	9,613,753	852,498
Support services							
Instructional student support	1,193,360	1,269,185	0	0	1,193,360	1,269,185	(75,825)
Administrative and financial support services	2,149,704	2,302,283	0	0	2,149,704	2,302,283	(152,579)
Operation and maintenance	1,945,389	1,928,863	0	0	1,945,389	1,928,863	16,526
Pupil transportation	1,070,181	919,470	0	0	1,070,181	919,470	150,711
Student activities	607,294	595,298	0	0	607,294	595,298	11,996
Community services	1,400	750	0	0	1,400	750	650
Interest on long-term debt	697,014	287,008	0	0	697,014	287,008	410,006
Food service	0	0	1,039,094	893,421	1,039,094	893,421	145,673
Total Expenses	18,130,593	16,916,610	1,039,094	893,421	19,169,687	17,810,031	1,359,656
Increase (Decrease) in net position	\$ (1,054,254)	\$ (935,688)	\$ (181,425)	\$ 412,797	\$ (1,235,679)	\$ (522,891)	\$ (712,788)

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

The Change in Net Position across funds in 2024-2025 was a decrease of \$1,235,679.

Revenues of the governmental activities increased \$1,095,417 in 2024-25 compared to the previous year, reflecting an increase in tax revenues and investment earnings in addition to greater utilization of grant funding. The District's food service revenue decreased \$448,549 compared to prior year, while expenses increased \$145,673. A significant portion of the decrease in food service revenue compared to prior year reflects \$445,995 in capital contributions in 2023-24 compared to \$0 in 2024-25 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 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Program Expenses				
Governmental Activities:				
Instruction	\$ 10,466,251	\$ 6,894,215	\$ 9,613,753	\$ 6,517,181
Instructional student support	1,193,360	984,986	1,269,185	1,003,633
Administration	2,149,704	2,130,480	2,302,283	2,283,318
Maintenance	1,945,389	1,745,715	1,928,863	1,747,294
Pupil transportation	1,070,181	529,736	919,470	437,754
Student activities	607,294	575,803	595,298	540,153
Community services	1,400	429	750	(1,329)
Interest and fiscal charges	697,014	697,014	287,008	287,008
Net program expenses	<u>\$18,130,593</u>	<u>\$13,558,378</u>	<u>\$16,916,610</u>	<u>\$12,815,012</u>
Less: Unrestricted state entitlements		<u>(7,597,574)</u>		<u>(7,465,406)</u>
Total governmental activities		<u>\$ 5,960,804</u>		<u>\$ 5,349,606</u>
Business-type activities:				
Food service	<u>\$ 1,039,094</u>	<u>\$ 188,248</u>	<u>\$ 893,421</u>	<u>\$ (399,131)</u>

Governmental Activities

Total net cost of services increased approximately \$610,000 from 2023-2024 to 2024-2025.

Business-Type Activities

The cafeteria showed an increase in the net cost of service of over \$580,000 in 2024-2025 compared to 2023-2024, reflecting the increase in food service expenses and a decrease in capital contributions. The negative net cost of service for the Food Service Fund in 2023-2024 reflects the surplus of grant revenue, capital contributions and charges for service over expenses. In 2024-2025, expenses exceeded grant revenue and charges for service.

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

FUND FINANCIAL ANALYSIS

General Fund Revenues

The Conemaugh Township Area School District derives 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 2024-2025. State subsidies and/or reimbursements accounted for 67% of the total revenue received in 2024-2025 (\$11,175,376); 29% (\$4,772,150) was local effort, consisting largely of real estate tax collections; 4% (\$726,312) represented the federal share which was primarily Title grants, PCCD grant, and a Distance Learning and Telemedicine Grant through the USDA. The remainder (<0.08%) was "other revenues", representing the District's lease arrangements and insurance recoveries.

2024-2025

Function/Description	Budgeted	Actual	Variance
6000-Local Revenues	\$ 5,163,926	\$ 4,772,150	\$ (391,776)
7000-State Revenues	11,097,960	11,175,376	77,416
8000-Federal Revenues	291,821	726,312	434,491
9000-Other Revenues	0	12,897	12,897
Totals	\$ 16,553,707	\$ 16,686,735	\$ 133,028

2024-2025 Differences from Budgeted to Actual

Local

- Local revenues remain stable compared to the prior year; a decrease of approximately \$17,000 was reported. Local revenues were lower than anticipated as real estate taxes, earnings on investments, and donations fell short of budgeted amounts.

State

- State revenue is slightly higher than budgeted.

Federal

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

Other

- The District received funds from insurance recovery (\$2,500) in addition to revenue recognized for leased equipment (\$10,397), 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 2024-2025 totaled \$17,885,412. A breakdown of expenditures is illustrated in the table below.

Function/Description	Budgeted	Actual	Variance
1100-Regular Education	\$ 6,578,807	\$ 7,333,568	\$ (754,761)
1200-Special Education	1,966,741	2,144,570	(177,829)
1300-Vocational Education	964,570	752,256	212,314
1400-Other Education	48,420	97,442	(49,022)
1500-Nonpublic School Programs	9,500	9,075	425
2100-Pupil Services	775,856	724,656	51,200
2200-Instructional Staff	433,107	443,829	(10,722)
2300-Administration	1,231,269	1,185,898	45,371
2400-Health Services	236,265	330,779	(94,514)
2500-Business Office	448,506	402,351	46,155
2600-Maintenance	1,444,809	1,463,569	(18,760)
2700-Transportation	942,000	995,181	(53,181)
2800/2900-Central/Support Service	240,000	177,012	62,988
3000-Extracurricular Activities	877,573	593,481	284,092
4000-Construction	0	0	0
5000-Financing / Transfers	861,500	1,231,745	(370,245)
Totals - rounded	\$ 17,058,923	\$ 17,885,412	\$ (826,489)

2024-2025 Differences from Budgeted to Actual

- Two key expense areas the district experienced large increases in were Cyber Charter School and Healthcare. Student enrollment in Cyber Charter increased by over 20% and the district made an additional month's premium payment to the healthcare consortium to cover claim expenses. The district also experienced an increase in special education expenses, due to students needing to be educated in outside placements. Finally, the district took on new debt to make improvements to both the Elementary and Middle/High School Buildings. These improvements included but are not limited to new roofs for each building, HVAC upgrades at both locations, lighting upgrades, HS gym/HS auditorium/HS stadium upgrades, and several safety and security enhancements as well. All completed projects were done so with longevity in mind.

General Fund Expenditure Comparative Data 2023-2024 vs. 2024-2025

An illustrative comparative chart below shows the overall expenditures from 2023-2024 vs. 2024-2025.

Fiscal Year	Category-1000	Category-2000	Category-3000	Category-4000	Category-5000
2023-2024	\$ 9,226,930	\$ 5,558,302	\$ 587,664	\$ 110,700	\$ 812,203
2024-2025	\$ 10,336,911	\$ 5,723,275	\$ 593,481	\$ 0	\$ 1,231,745
Difference	\$ 1,109,981	\$ 164,973	\$ 5,817	\$ (110,700)	\$ 419,542

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

Fund Financials Comparative Data 2024-2025

By maintaining a durable 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 just under \$200,000 in interest by investing the fund balance money throughout the school year which equates to over a mil worth of taxes.

During the 24-25 school year, the District's fund balance decreased by approximately \$1.2 million. While revenues were slightly over budget (\$133,028), total expenses exceeded budget by over \$800,000.

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
	2025	2024	2025	2024	2025	2024	2024-25
Land	\$ 46,560	\$ 46,560	\$ 0	\$ 0	\$ 46,560	\$ 46,560	0.0%
Site improvements	1,075,403	1,050,263	0	0	1,075,403	1,050,263	2.4%
Buildings	17,116,170	13,676,740	0	0	17,116,170	13,676,740	25.1%
Construction in progress	3,215,450	362,500	0	0	3,215,450	362,500	787.0%
Equipment and furniture	1,300,122	783,876	860,416	916,125	2,160,538	1,700,001	27.1%
Right-of-use assets	34,392	39,571	0	0	34,392	39,571	-13.1%
Total	<u>\$22,788,097</u>	<u>\$15,959,510</u>	<u>\$860,416</u>	<u>\$916,125</u>	<u>\$23,648,513</u>	<u>\$16,875,635</u>	40.1%

The increase in capital assets of the governmental activities reflects capital outlays exceeding depreciation expense in fiscal year 2025. Capital assets of the business-type activities decreased in fiscal year 2025, reflecting depreciation expense exceeding capital outlays.

Debt

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

Outstanding Long-Term Debt

	Total		Total Percentage Change 2024-2025	
	School District			
	2025	2024		
Other general obligation debt	\$19,220,000	\$19,735,000	-2.6%	
Lease Obligations	<u>34,392</u>	<u>39,571</u>	<u>-13.1%</u>	
Total	<u>\$19,254,392</u>	<u>\$19,774,571</u>	<u>-2.6%</u>	

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, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	\$ 9,453,826	\$ 230,873	\$ 9,684,699
Taxes receivable	1,353,752	0	1,353,752
Intergovernmental receivables	738,143	0	738,143
Other receivables	9,725	0	9,725
Inventories	610,630	37,328	647,958
Prepaid expenses	153,830	0	153,830
Total current assets	<u>12,319,906</u>	<u>268,201</u>	<u>12,588,107</u>
Noncurrent assets:			
Land	46,560	0	46,560
Construction in progress	3,215,450	0	3,215,450
Depreciable capital assets, net	19,491,695	860,416	20,352,111
Right-of-use assets, net	34,392	0	34,392
Total noncurrent assets	<u>22,788,097</u>	<u>860,416</u>	<u>23,648,513</u>
Total assets	<u>35,108,003</u>	<u>1,128,617</u>	<u>36,236,620</u>
Deferred Outflows of Resources			
Defined benefit pension plan	2,382,416	0	2,382,416
Other post-employment benefits (OPEB)	224,235	0	224,235
Deferred loss on refunding of debt	54,320	0	54,320
Total deferred outflows of resources	<u>2,660,971</u>	<u>0</u>	<u>2,660,971</u>
Total assets and deferred outflows of resources	<u>\$ 37,768,974</u>	<u>\$ 1,128,617</u>	<u>\$ 38,897,591</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Internal balances	\$ 49,796	\$ (49,796)	\$ 0
Intergovernmental payables	13,944	0	13,944
Accounts payable	1,727,721	29,844	1,757,565
Accrued salaries and benefits	955,366	0	955,366
Payroll deductions and withholdings	607,935	0	607,935
Accrued interest payable	56,700	0	56,700
Current portion of long-term obligations	728,222	5,646	733,868
Unearned revenues	<u>435,240</u>	<u>36,163</u>	<u>471,403</u>
Total current liabilities	<u>4,574,924</u>	<u>21,857</u>	<u>4,596,781</u>
Noncurrent liabilities:			
Bonds payable, net	18,357,675	0	18,357,675
Long-term portion of compensated absences	631,355	25,355	656,710
Long-term portion of lease obligation	17,735	0	17,735
Net other post-employment benefits (OPEB)	2,218,000	0	2,218,000
Net pension liability	<u>16,951,000</u>	<u>0</u>	<u>16,951,000</u>
Total noncurrent liabilities	<u>38,175,765</u>	<u>25,355</u>	<u>38,201,120</u>
Total liabilities	<u>42,750,689</u>	<u>47,212</u>	<u>42,797,901</u>
Deferred Inflows of Resources			
Defined benefit pension plan	794,000	0	794,000
Other post-employment benefits (OPEB)	<u>627,000</u>	<u>0</u>	<u>627,000</u>
Total deferred inflows of resources	<u>1,421,000</u>	<u>0</u>	<u>1,421,000</u>
Net Position			
Invested in capital assets, net of debt	6,252,752	860,416	7,113,168
Restricted for capital projects	1,385,241	0	1,385,241
Unrestricted	<u>(14,040,708)</u>	<u>220,989</u>	<u>(13,819,719)</u>
Total net position	<u>(6,402,715)</u>	<u>1,081,405</u>	<u>(5,321,310)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 37,768,974</u>	<u>\$ 1,128,617</u>	<u>\$ 38,897,591</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Activities
For the Year Ended June 30, 2025

	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	\$ 10,466,251	\$ 0	\$ 3,572,036	\$ 0	\$ (6,894,215)	\$ 0	\$ (6,894,215)
Instructional student support	1,193,360	0	208,374	0	(984,986)	0	(984,986)
Administration and financial support services	2,149,704	0	19,224	0	(2,130,480)	0	(2,130,480)
Operations and maintenance of plant services	1,945,389	0	81,438	118,236	(1,745,715)	0	(1,745,715)
Pupil transportation	1,070,181	0	540,445	0	(529,736)	0	(529,736)
Student activities	607,294	30,451	1,040	0	(575,803)	0	(575,803)
Community services	1,400	971	0	0	(429)	0	(429)
Interest on long-term obligations	697,014	0	0	0	(697,014)	0	(697,014)
Total governmental activities	18,130,593	31,422	4,422,557	118,236	(13,558,378)	0	(13,558,378)
Business-Type Activities:							
Food service	1,039,094	234,071	616,775	0	0	(188,248)	(188,248)
Total primary government	<u>\$ 19,169,687</u>	<u>\$ 265,493</u>	<u>\$ 5,039,332</u>	<u>\$ 118,236</u>	<u>(13,558,378)</u>	<u>(188,248)</u>	<u>(13,746,626)</u>
General Revenues:							
Taxes levied					4,282,681	0	4,282,681
Grants, subsidies and contributions, not restricted					7,597,574	0	7,597,574
Investment earnings					619,893	6,823	626,716
Miscellaneous					3,976	0	3,976
Total general revenues					<u>12,504,124</u>	<u>6,823</u>	<u>12,510,947</u>
Change in net position					(1,054,254)	(181,425)	(1,235,679)
Net position, beginning of year, restated					<u>(5,348,461)</u>	<u>1,262,830</u>	<u>(4,085,631)</u>
Net position, end of year					<u>\$ (6,402,715)</u>	<u>\$ 1,081,405</u>	<u>\$ (5,321,310)</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,522,066	\$ 4,931,760	\$ 9,453,826
Taxes receivable	1,353,752	0	1,353,752
Due from other governments	738,143	0	738,143
Other receivables	9,725	0	9,725
Inventories	610,630	0	610,630
Prepaid expenses	<u>153,830</u>	0	<u>153,830</u>
Total assets	7,388,146	4,931,760	12,319,906
Deferred Outflows of Resources	<u>0</u>	0	0
Total assets and deferred outflows of resources	<u>\$ 7,388,146</u>	<u>\$ 4,931,760</u>	<u>\$ 12,319,906</u>
Liabilities			
Due to other funds	\$ 49,796	\$ 0	\$ 49,796
Due to other governments	13,944	0	13,944
Accounts payable	533,604	1,194,117	1,727,721
Accrued salaries and benefits	955,366	0	955,366
Payroll deductions and withholdings	607,935	0	607,935
Unearned revenue	<u>435,240</u>	0	<u>435,240</u>
Total liabilities	<u>2,595,885</u>	<u>1,194,117</u>	<u>3,790,002</u>
Deferred Inflows of Resources			
Delinquent taxes receivable	<u>1,276,000</u>	0	<u>1,276,000</u>
Total deferred inflows of resources	<u>1,276,000</u>	0	<u>1,276,000</u>
Fund Balance			
Nonspendable	764,460	0	764,460
Restricted	0	3,737,643	3,737,643
Assigned	2,250,000	0	2,250,000
Unassigned	<u>501,801</u>	0	<u>501,801</u>
Total fund balance	<u>3,516,261</u>	<u>3,737,643</u>	<u>7,253,904</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,388,146</u>	<u>\$ 4,931,760</u>	<u>\$ 12,319,906</u>

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, 2025

Total fund balance – governmental funds \$7,253,904

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 \$46,262,904 and the accumulated depreciation is \$23,509,199.

22,753,705

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.

1,276,000

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 \$73,136 and the accumulated amortization is \$38,744.

34,392

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	\$ (19,220,000)
Unamortized bond discounts	312,325
Accrued interest payable	(56,700)
Compensated absences	(792,920)
OPEB obligation	(2,218,000)
Net pension liability	(16,951,000)
Lease obligations	<u>(34,392)</u>
	(38,960,687)

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.

54,320

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	\$ 2,382,416
Deferred inflows related to pensions	(794,000)
Deferred outflows related to OPEB	224,235
Deferred inflows related to OPEB	<u>(627,000)</u>

1,185,651

Total net position of governmental activities \$(6,402,715)

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, 2025

	<u>General Fund</u>	<u>Major Fund Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Local sources	\$ 4,772,150	\$ 411,008	\$ 5,183,158
State sources	11,175,376	0	11,175,376
Federal sources	<u>726,312</u>	<u>0</u>	<u>726,312</u>
Total revenues	<u>16,673,838</u>	<u>411,008</u>	<u>17,084,846</u>
Expenditures			
Instruction	10,336,911	0	10,336,911
Support services	5,723,275	0	5,723,275
Non-instructional services	593,481	0	593,481
Capital outlay	0	8,430,180	8,430,180
Debt service (principal and interest)	1,213,236	0	1,213,236
Leases (principal and interest)	17,327	0	17,327
Refund of prior year receipts	<u>1,182</u>	<u>0</u>	<u>1,182</u>
Total expenditures	<u>17,885,412</u>	<u>8,430,180</u>	<u>26,315,592</u>
Excess of revenues over (under) expenditures	<u>(1,211,574)</u>	<u>(8,019,172)</u>	<u>(9,230,746)</u>
Other financing sources (uses)			
Insurance recoveries	2,500	0	2,500
Proceeds from lease financing	<u>10,397</u>	<u>0</u>	<u>10,397</u>
Total other financing sources (uses)	<u>12,897</u>	<u>0</u>	<u>12,897</u>
Net change in fund balance	(1,198,677)	(8,019,172)	(9,217,849)
Fund balance, beginning of year, restated	<u>4,714,938</u>	<u>11,756,815</u>	<u>16,471,753</u>
Fund balance, end of year	<u>\$ 3,516,261</u>	<u>\$ 3,737,643</u>	<u>\$ 7,253,904</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, 2025

Total net change in fund balance – governmental funds \$(9,217,849)

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 capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$8,043,449	
Depreciation expense	<u>(1,209,683)</u>	6,833,766

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	\$ 10,397	
Current year amortization	<u>(15,576)</u>	(5,179)

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.

15,718

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 decreased by this amount this year.

2,973

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.

64,488

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	\$2,102,416	
Pension expense	<u>(1,357,084)</u>	745,332

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, 2025

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	\$ 112,235	
OPEB expense	<u>(107,754)</u>	4,481

The proceeds from lease financing provide current financial resources of governmental funds. However, they increase long-term liabilities on the statement of net position. (10,397)

The principal payments on long-term debt consume current financial resources of governmental funds. However, they 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:

Bond principal payments	\$ 515,000	
Amortization of bond discounts	(13,616)	
Lease obligation principal payments	<u>15,576</u>	516,960

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)

Change in net position of governmental activities \$(1,054,254)

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Net Position
Proprietary Fund
June 30, 2025

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 230,873
Due from other funds	49,796
Inventory	<u>37,328</u>
	<u>317,997</u>
Total current assets	<u>317,997</u>
Noncurrent assets:	
Furniture and equipment, net	<u>860,416</u>
	<u>860,416</u>
Total noncurrent assets	<u>860,416</u>
	<u>860,416</u>
Total assets	1,178,413
Deferred Outflows of Resources	<u>0</u>
	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 1,178,413</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 29,844
Unearned revenue	36,163
Current portion of compensated absences	<u>5,646</u>
	<u>5,646</u>
Total current liabilities	<u>71,653</u>
Noncurrent liabilities:	
Long-term portion of compensated absences	<u>25,355</u>
	<u>25,355</u>
Total noncurrent liabilities	<u>25,355</u>
	<u>25,355</u>
Total liabilities	<u>97,008</u>
Deferred Inflows of Resources	<u>0</u>
	<u>0</u>
Net Position	
Invested in capital assets	860,416
Unrestricted	<u>220,989</u>
	<u>220,989</u>
Total net position	<u>1,081,405</u>
	<u>1,081,405</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,178,413</u>
	<u>\$ 1,178,413</u>

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, 2025

	<u>Food Service</u>
Operating revenues	
Food service revenue	<u>\$ 234,071</u>
Total operating revenues	<u>234,071</u>
Operating expenses	
Salaries	256,476
Employee benefits	207,433
Purchased property services	10,472
Other purchased services	366
Supplies	488,648
Depreciation	75,199
Dues and fees	<u>500</u>
Total operating expenses	<u>1,039,094</u>
Operating income (loss)	<u>(805,023)</u>
Nonoperating revenues (expenses)	
Earnings on investments	6,823
Contributions from private sources	1,500
State sources	133,034
Federal sources	<u>482,241</u>
Total nonoperating revenues (expenses)	<u>623,598</u>
Change in net position	(181,425)
Total net position, beginning of year, restated	<u>1,262,830</u>
Total net position, end of year	<u>\$ 1,081,405</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, 2025**

	<u>Food Service</u>
Cash flows from operating activities	
Cash received from users	\$ 234,666
Cash payments to employees for services	(257,739)
Cash payments to suppliers for goods and services	<u>(698,724)</u>
Net cash provided by (used for) operating activities	<u>(721,797)</u>
Cash flows from non-capital financing activities	
Local sources	1,500
State sources	193,663
Federal sources	<u>480,038</u>
Net cash provided by (used for) non-capital financing activities	<u>675,201</u>
Cash flows from investing activities	
Earnings on investments	<u>6,823</u>
Net cash provided by (used for) investing activities	<u>6,823</u>
Net increase (decrease) in cash and cash equivalents	(39,773)
Cash and cash equivalents, beginning of year	<u>270,646</u>
Cash and cash equivalents, end of year	<u>\$ 230,873</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (805,023)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	75,199
(Increase) decrease in due from other funds	1,600
(Increase) decrease in inventories	1,226
Increase (decrease) in accounts payable	7,469
Increase (decrease) in accrued salaries/benefits	(2,863)
Increase (decrease) in unearned revenue	<u>595</u>
Total adjustments	<u>83,226</u>
Net cash provided by (used for) operating activities	<u>\$ (721,797)</u>
Non-cash Transactions	
Capital assets included in accounts payable at June 30, 2025	<u>\$ 19,490</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ <u>92,015</u>
Total assets	92,015
Deferred Outflows of Resources	<u>0</u>
Total assets and deferred outflows of resources	\$ <u>92,015</u>
Liabilities	<u>0</u>
Total liabilities	<u>0</u>
Deferred Inflows of Resources	<u>0</u>
Net Position	
Restricted for student organizations	<u>92,015</u>
Total net position	<u>92,015</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>92,015</u>

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, 2025

	<u>Custodial Fund</u>
Additions:	
Gifts and contributions	\$ 2,056
Interest income	3,726
Fundraising	<u>112,089</u>
Total additions	<u>117,871</u>
Deductions:	
Events and supplies	<u>113,146</u>
Total deductions	<u>113,146</u>
Change in net position	4,725
Net position, beginning of year	<u>87,290</u>
Net position, end of year	<u>\$ 92,015</u>

See accompanying notes to the basic financial statements.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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, 2025

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, 2025

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, 2025

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 2025.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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, 2025, 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, 2025 consists of health insurance premiums paid in advance.

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 along with an additional amount of \$560,630 for items purchased for the upcoming school year. 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, 2025.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2025. 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, 2025 are reported as unearned revenue.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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.

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 noncancelable 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.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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.

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.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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, 2025, the District reports a deferred outflow of resources of \$110,563, net of accumulated amortization of \$56,243.

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

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 (\$1,276,000).

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
June 30, 2025

As of June 30, 2025, fund balance components, other than unassigned, consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General Fund:			
Inventory	\$ 610,630	\$ 0	\$ 0
Prepaid expense	153,830	0	0
Future debt service payments (Greater Johnstown CTC building project)	0	0	1,750,000
Future technology purchases	0	0	500,000
Capital Projects Fund	0	<u>3,737,643</u>	0
Total	<u>\$ 764,460</u>	<u>\$ 3,737,643</u>	<u>\$ 2,250,000</u>

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 \$1,385,241 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
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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, 2025

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, 2025, \$9,554,667 of the District's bank balance of \$9,804,667 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	<u>9,554,667</u>
Total	<u><u>\$ 9,554,667</u></u>

Reconciliation to Financial Statements

Uninsured amount above	\$ 9,554,667
Plus: Insured amount	250,000
Deposits in transit	5,812
Less: Outstanding checks	<u>(33,765)</u>
Total cash per financial statements	<u><u>\$ 9,776,714</u></u>

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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 2025 was 30.05 mills (\$30.05 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations of property (\$102,957,254) 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, 2025 is \$1,353,752. 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, 2025:

Realty Transfer Tax	\$ 3,944
Delinquent Real Estate	64,170
Earned Income Taxes	9,163
Occupation Taxes	<u>475</u>
Uncollected Taxes Recognized as Revenue (received within 60 days)	77,752
Real Estate Taxes - Deferred Inflow of Resources	<u>1,276,000</u>
Total Taxes Receivable	<u>\$ 1,353,752</u>

6. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues of \$435,240 in the General Fund represent unexpended grant funds. Unearned revenues of \$36,163 in the Proprietary Fund represent credits on student cafeteria accounts (\$9,766), and donated commodities inventory on hand (\$26,397) at June 30, 2025.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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, 2025, the following amounts are due from other governmental units:

<u>Due From</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Federal	\$ 165,163	\$ 0
State	572,980	0
Local	0	0
	<u>\$ 738,143</u>	<u>\$ 0</u>

8. Capital Assets

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

	Beginning Balance	Additions	Transfers/ Deductions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 46,560	\$ 0	\$ 0	\$ 46,560
Construction in progress	<u>362,500</u>	<u>3,105,450</u>	<u>(252,500)</u>	<u>3,215,450</u>
Total capital assets, not being depreciated	<u>409,060</u>	<u>3,105,450</u>	<u>(252,500)</u>	<u>3,262,010</u>
Capital assets, being depreciated:				
Buildings and improvements	28,931,980	4,113,090	252,500	33,297,570
Furniture and equipment	4,591,157	671,597	0	5,262,754
Site improvements	<u>4,287,258</u>	<u>153,312</u>	<u>0</u>	<u>4,440,570</u>
Total capital assets, being depreciated	<u>37,810,395</u>	<u>4,937,999</u>	<u>252,500</u>	<u>43,000,894</u>
Less accumulated depreciation:				
Buildings and improvements	15,255,240	926,160	0	16,181,400
Furniture and equipment	3,807,281	155,351	0	3,962,632
Site improvements	<u>3,236,995</u>	<u>128,172</u>	<u>0</u>	<u>3,365,167</u>
Total accumulated depreciation	<u>22,299,516</u>	<u>1,209,683</u>	<u>0</u>	<u>23,509,199</u>
Total capital assets, being depreciated, net	<u>15,510,879</u>	<u>3,728,316</u>	<u>252,500</u>	<u>19,491,695</u>
Governmental activities capital assets, net	<u>\$ 15,919,939</u>	<u>\$ 6,833,766</u>	<u>\$ 0</u>	<u>\$ 22,753,705</u>
Right-of-use assets	\$ 62,739	\$ 10,397	\$ 0	\$ 73,136
Less: accumulated amortization	<u>23,168</u>	<u>15,576</u>	<u>0</u>	<u>38,744</u>
Governmental activities				
Right-of-use assets, net	<u>\$ 39,571</u>	<u>\$ (5,179)</u>	<u>\$ 0</u>	<u>\$ 34,392</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deductions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, being depreciated:				
Equipment	\$ 1,358,072	\$ 19,490	\$ 0	\$ 1,377,562
Total capital assets, being depreciated	<u>1,358,072</u>	<u>19,490</u>	<u>0</u>	<u>1,377,562</u>
Less accumulated depreciation:				
Equipment	441,947	75,199	0	517,146
Total accumulated depreciation	<u>441,947</u>	<u>75,199</u>	<u>0</u>	<u>517,146</u>
Business-type activities capital assets, net	<u>\$ 916,125</u>	<u>\$ (55,709)</u>	<u>\$ 0</u>	<u>\$ 860,416</u>

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

Governmental Activities:

Instruction	\$ 730,649
Instruction support	83,468
Administration and finance	150,001
Operation and maintenance of plant	135,484
Pupil transportation	75,000
Student activities	<u>35,081</u>
Total depreciation expense - governmental activities	<u>\$ 1,209,683</u>

Amortization expense of \$15,576 for right-of-use assets was charged to instruction.

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 may be obtained at www.pa.gov/PSERS.

Conemaugh Township Area School District
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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). To qualify for normal retirement Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of 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 between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

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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.

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, 2025, the rate of the employer's contribution was 33.90 percent of covered payroll. The 33.90 percent rate is composed of a pension contribution rate of 32.92 percent for pension defined benefits, 0.63 percent for healthcare insurance premium assistance, and 0.35 percent for the Act 5 defined contribution plan. Conemaugh Township Area School District's contributions to PSERS for the year ending June 30, 2025 were \$2,165,003. These contributions include \$22,352 to the defined contribution plan for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$16,951,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. 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, 2024, the District's proportion was 0.0405%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,357,084. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 0	\$ 267,000
Changes in assumptions	0	0
Net difference between projected and actual investment earnings	280,000	0
Changes in proportions	0	527,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	<u>2,102,416</u>	0
	<u><u>\$ 2,382,416</u></u>	<u><u>\$ 794,000</u></u>

\$2,102,416, 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, 2026. 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:

<u>Year Ended June 30:</u>	
2026	\$ (692,000)
2027	215,000
2028	21,000
2029	(58,000)
2030	0
Thereafter	<u>0</u>
	<u><u>\$ (514,000)</u></u>

Conemaugh Township Area School District
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Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- 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, 2024 and 2023.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real Estate	<u>9.5%</u>	5.9%
	<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, 2024.

Conemaugh Township Area School District
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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:

	Current Discount		
	1% Decrease 6.00%	Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 22,330,000	\$ 16,951,000	\$ 12,409,000

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.pa.gov/PSERS.

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

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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, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$40,235 for the year ended June 30, 2025.

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

At June 30, 2025 the District reported a liability of \$716,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0403%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2025, the District recognized OPEB expense of \$9,754. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,000	\$ 11,000
Changes in assumptions	44,000	109,000
Net difference between projected and actual investment earnings	1,000	0
Changes in proportions	4,000	38,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	<u>40,235</u>	<u>0</u>
	<u><u>\$ 92,235</u></u>	<u><u>\$ 158,000</u></u>

\$40,235 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ (30,000)
2027	(29,000)
2028	(33,000)
2029	(11,000)
2030	(3,000)
Thereafter	<u>0</u>
	<u><u>\$ (106,000)</u></u>

Actuarial Assumptions

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

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

Conemaugh Township Area School District
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- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-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>	1.70%

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, 2024.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

	<u>1% Decrease</u> 3.21%	<u>Current</u> <u>Discount</u> Rate 4.21%	<u>1% Increase</u> 5.21%
District's proportionate share of the net OPEB liability	\$ 809,000	\$ 716,000	\$ 638,000

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, 2024, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees from the PSERS system were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 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, 2024, 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:

	<u>1% Decrease</u>	<u>Current</u> <u>Trend</u> Rate	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 716,000	\$ 716,000	\$ 716,000

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.pa.gov/PSERS.

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.

Conemaugh Township Area School District
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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
- B. Support Staff – premium rate

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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 \$1,502,000 was measured as of June 30, 2024 and was rolled forward using actuarial assumptions to the valuation date of June 30, 2025.

Actuarial Assumptions and Other Inputs

- Discount Rate – 5.20% as of June 30, 2025.
- Healthcare Cost Trend Rates – 6.40% for 2026, 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, 2025.
- 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, 2025 was as follows:

Balance at July 1, 2024	\$ 1,606,000
Service cost	61,000
Interest	62,000
Plan changes	0
Liability gains/losses	0
Changes in assumptions	(155,000)
Benefit payments	(72,000)
Net changes	(104,000)
Balance at June 30, 2025	<u><u>\$ 1,502,000</u></u>

Conemaugh Township Area School District
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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 5.20%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20%) or 1 percentage point higher (6.20%) than the current discount rate.

	1% Decrease 4.20%	Current Rate 5.20%	1% Increase 6.20%
District's net OPEB liability	\$ 1,623,000	\$ 1,502,000	\$ 1,384,000

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	\$ 1,392,000	\$ 1,502,000	\$ 1,633,000

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$98,000. At June 30, 2025, 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	\$ 128,000	\$ 34,000
Changes in assumptions	4,000	435,000
	<u>\$ 132,000</u>	<u>\$ 469,000</u>

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

<u>Year Ended June 30,</u>	
2026	\$ (40,000)
2027	(42,000)
2028	(38,000)
2029	(40,000)
2030	(40,000)
Thereafter	<u>(137,000)</u>
	<u>\$ (337,000)</u>

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
Notes to Financial Statements
June 30, 2025

13. Long-Term Obligations

During the fiscal year ended June 30, 2025, general long-term obligations changed as follows:

	Bonds Payable	Lease Obligations	(Restated) Compensated Absences	Total General Long-term Obligations
Beginning of year	\$ 19,735,000	\$ 39,571	\$ 277,794	\$ 20,052,365
Restatement	0	0	613,478	613,478
Additions	0	10,397	0	10,397
Principal retirement	(515,000)	(15,576)	0	(530,576)
Net change in compensated absences	0	0	(67,351)	(67,351)
End of year	19,220,000	34,392	823,921	20,078,313
Less: current portion	(550,000)	(16,657)	(167,211)	(733,868)
Less: Original issue discount, net	(312,325)	0	0	(312,325)
Long-term liabilities	<u>\$ 18,357,675</u>	<u>\$ 17,735</u>	<u>\$ 656,710</u>	<u>\$ 19,032,120</u>

The obligation for compensated absences was restated with implementation of GASB Statement No. 101. See Note 21.

The future annual payments required to amortize all outstanding debt and obligations, except for the compensated absences, as of June 30, 2025, including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds			Lease Obligations		
	Interest	Principal	Total	Interest	Principal	Total
2026	\$ 673,428	\$ 550,000	\$ 1,223,428	\$ 1,904	\$ 16,657	\$ 18,561
2027	660,034	560,000	1,220,034	1,424	12,536	13,960
2028	646,649	575,000	1,221,649	293	2,816	3,109
2029	630,803	590,000	1,220,803	245	2,383	2,628
2030	614,259	605,000	1,219,259	0	0	0
2031-2035	2,804,797	3,300,000	6,104,797	0	0	0
2036-2040	2,245,194	3,860,000	6,105,194	0	0	0
2041-2045	1,424,622	4,680,000	6,104,622	0	0	0
2046-2049	380,944	4,500,000	4,880,944	0	0	0
	<u>\$ 10,080,730</u>	<u>\$ 19,220,000</u>	<u>\$ 29,300,730</u>	<u>\$ 3,866</u>	<u>\$ 34,392</u>	<u>\$ 38,258</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, 2025 was \$11,215,000.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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, 2025 was \$8,005,000.

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, 2025 is \$1,744,288.

Lease Obligations

The District entered into multiple lease agreements with various terms from February 2023 through June 2029 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 discount rates of 5.75% or 5.10%, representing the District's estimated incremental borrowing rate at the inception of the lease.

The value of the right-of-use assets as of June 30, 2025 was \$73,136, less accumulated amortization of \$38,744 and is disclosed with capital assets at Note 8.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

Accumulated Compensated Absences

Employees of the District are entitled to paid vacation, personal, and sick leave depending on various employment agreements and contracts. The liability for unused accumulated leave earned at June 30 is calculated using the employees' pay rates and/or contracted termination rates, depending on the probability of method of settlement through either cash or noncash means. The District computed a liability of \$823,921 at June 30, 2025, with \$792,920 reflected in the governmental activities and \$31,001 in the business-type activities/proprietary fund. The District has estimated the current portion of this liability based on history of annual utilization. However, due to the nature of the obligation for accrued leave, 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.

14. Interfund Transactions

The following is a summary of interfund receivables and payables at June 30, 2025:

	<u>Receivables</u>	<u>Payables</u>
General Fund (Major Fund)	\$ 0	\$ 49,796
Food Service Fund (Major Fund)	49,796	0
	<u>\$ 49,796</u>	<u>\$ 49,796</u>

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, 2025.

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, 2025 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, 2025 as the District recognizes medical claim expense as claims are paid.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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, 2025 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, 2025 for IU8 programs amounted to \$91,847. At June 30, 2025, the District had a balance due to Appalachia IU8 of \$8,780 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 2024-25 was \$739,010.

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 2025 was \$739,010. The District had no balance due to or from GJCTC at June 30, 2025. (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 67% 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.

Conemaugh Township Area School District
Notes to Financial Statements
June 30, 2025

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 2025 totaled \$79,339.

21. Change in Accounting Principle and Restatement of Net Position

For the year ended June 30, 2025, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this standard is to align the recognition and measurement guidance for compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for 1) leave that has not been used, and 2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributed to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The standard further provides guidance on measurement and amends existing disclosure requirements.

The unified recognition and measurement model in this Statement is expected to result in a more robust estimate of the amount of compensated absences that a government will pay or settle; more accurately reflect when a government incurs an obligation; and allow for consistent application eliminating potential comparability issues between governments that offer different types of leave.

Implementation of GASB Statement No. 101 resulted in a decrease in the District's net position of the governmental activities by \$598,788 and a decrease in the net position of the business-type activities/proprietary fund by \$14,690 effective July 1, 2024.

In addition to the implementation of GASB Statement No. 101, the net position of the governmental activities and the fund balance of the general fund have been restated to correct for understated intergovernmental receivables resulting in a increase of \$40,833 effective July 1, 2024.

The results are summarized below:

	6/30/2024		
	As Previously Reported	6/30/2024 Adjustment	As Restated
Government-Wide			
Governmental Activities	\$ (4,790,506)	\$ (557,955)	\$ (5,348,461)
Business-type Activities	<u>1,277,520</u>	<u>(14,690)</u>	<u>1,262,830</u>
Total Primary Government	<u>\$ (3,512,986)</u>	<u>\$ (572,645)</u>	<u>\$ (4,085,631)</u>
Governmental Funds			
General Fund	\$ 4,674,105	\$ 40,833	\$ 4,714,938
Total Governmental Funds	<u>\$ 4,674,105</u>	<u>\$ 40,833</u>	<u>\$ 4,714,938</u>
Proprietary Fund			
Major Fund:			
Food Service Fund	\$ 1,277,520	\$ (14,690)	\$ 1,262,830
Total Proprietary Fund	<u>\$ 1,277,520</u>	<u>\$ (14,690)</u>	<u>\$ 1,262,830</u>

Conemaugh Township Area School District
Required Supplementary Information – Pension Schedules
June 30, 2025

Schedule of Proportionate Share of the Net Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability	0.0405%	0.0410%	0.0426%	0.0427%	0.0424%	0.0421%	0.0436%	0.0449%	0.0440%	0.0449%
District's proportionate share of net pension liability	\$ 16,951,000	\$ 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
District's covered-employee payroll*	\$ 6,403,968	\$ 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
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	264.70%	291.17%	302.76%	289.99%	350.86%	339.55%	356.30%	371.02%	382.66%	336.39%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

*The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2024 and prior).

Schedule of District Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 2,102,416	\$ 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
Contributions in relation to the contractually required contributions	<u>(2,102,416)</u>	<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>
Contribution deficiency (excess)	<u>\$ 0</u>									
Covered-employee payroll	\$ 6,386,441	\$ 6,403,968	\$ 6,263,954	\$ 6,255,441	\$ 6,045,474	\$ 5,950,273	\$ 5,800,291	\$ 5,874,285	\$ 5,976,834	\$ 5,698,286
Contributions as a percentage of covered-employee payroll	32.92%	32.90%	34.09%	33.81%	33.42%	33.21%	32.44%	31.46%	28.68%	24.40%

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, 2025

Schedule of Proportionate Share of the Net OPEB Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.0403%	0.0409%	0.0425%	0.0426%	0.0424%	0.0421%	0.0436%	0.0449%	0.0440%
District's proportionate share of net OPEB liability	\$ 716,000	\$ 740,000	\$ 782,000	\$ 1,011,000	\$ 916,000	\$ 895,000	\$ 909,000	\$ 915,000	\$ 948,000
District's covered-employee payroll*	\$ 6,403,968	\$ 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	11.18%	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	7.13%	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, 2024 and prior).

Schedule of District Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 40,235	\$ 40,754	\$ 46,677	\$ 49,786	\$ 49,443	\$ 49,753	\$ 47,905	\$ 48,328	\$ 48,724
Contributions in relation to the contractually required contributions	(40,235)	(40,754)	(46,677)	(49,786)	(49,443)	(49,753)	(47,905)	(48,328)	(48,724)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered-employee payroll	\$ 6,386,441	\$ 6,403,968	\$ 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	0.63%	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, 2025

Schedule of Changes in District's OPEB liability:

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 61,000	\$ 75,000	\$ 72,000	\$ 91,000	\$ 88,000	\$ 86,000	\$ 83,000	\$ 92,000
Interest	62,000	61,000	57,000	35,000	36,000	63,000	67,000	61,000
Plan changes	0	(12,000)	0	55,000	0	(136,000)	0	0
Liability gains/losses	0	(42,000)	0	199,000	0	39,000	0	0
Changes of assumptions	(155,000)	(117,000)	(12,000)	(297,000)	9,000	(49,000)	87,000	72,000
Benefit payments	(72,000)	(46,000)	(82,000)	(133,000)	(146,000)	(156,000)	(182,000)	(232,000)
Net change in total OPEB liability	(104,000)	(81,000)	35,000	(50,000)	(13,000)	(153,000)	55,000	(7,000)
Total OPEB liability - beginning	<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>	<u>1,820,000</u>
Total OPEB liability - ending	<u>\$ 1,502,000</u>	<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	\$ 5,444,589	\$ 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	27.59%	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, 2025

	Budgeted Amounts	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	
Revenues			
Local sources	\$ 5,163,926	\$ 5,163,926	\$ (391,776)
State sources	11,097,960	11,097,960	77,416
Federal sources	<u>291,821</u>	<u>291,821</u>	<u>434,491</u>
Total revenues	<u>16,553,707</u>	<u>16,553,707</u>	<u>120,131</u>
Expenditures			
Instruction:			
Regular programs	6,578,807	6,578,807	(754,761)
Special programs	1,966,741	1,966,741	(177,829)
Vocational education programs	964,570	964,570	212,314
Other instructional programs	48,420	48,420	(49,022)
Nonpublic school programs	9,500	9,500	425
Support services:			
Pupil personnel	775,856	775,856	51,200
Instructional staff	433,107	433,107	(10,722)
Administration	1,231,269	1,231,269	45,371
Pupil health	236,265	236,265	(94,514)
Business	448,506	448,506	46,155
Operation and maintenance of plant	1,444,809	1,444,809	(18,760)
Student transportation	942,000	942,000	(53,181)
Central	240,000	240,000	75,752
Other support services	0	0	(12,764)
Operation of noninstructional services:			
Student activities	877,573	877,573	285,492
Community services	0	0	(1,400)
Debt service	861,500	861,500	(351,736)
Leases	0	0	(17,327)
Refund of prior year receipts	<u>0</u>	<u>0</u>	<u>(1,182)</u>
Total expenditures	<u>17,058,923</u>	<u>17,058,923</u>	<u>(826,489)</u>
Excess (deficiency) of revenues over expenditures	<u>(505,216)</u>	<u>(505,216)</u>	<u>(1,211,574)</u>
			<u>(706,358)</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, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	(Budgetary Basis)	Budget Favorable (Unfavorable)
Other financing sources (uses)				
Proceeds from lease financing	0	0	10,397	10,397
Insurance recoveries	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>2,500</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>12,897</u>	<u>12,897</u>
Net change in fund balance	(505,216)	(505,216)	(1,198,677)	(693,461)
Fund balance, beginning of year, restated	<u>7,671,689</u>	<u>7,671,689</u>	<u>4,714,938</u>	<u>(2,956,751)</u>
Fund balance, end of year	<u><u>\$ 7,166,473</u></u>	<u><u>\$ 7,166,473</u></u>	<u><u>\$ 3,516,261</u></u>	<u><u>\$ (3,650,212)</u></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, 2025

Federal/Grant Project Title	Source Code	Federal ALN	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned)		Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue									
							Revenue at July 1, 2024	Adjustment				Revenue at June 30, 2025									
U.S. DEPARTMENT OF EDUCATION																					
Passed through the Pennsylvania Department of Education:																					
ECIA Title I - Low Income	I	84.010	013-250094	07/01/24-09/30/25	\$ 172,385	\$ 103,551	\$ 0	\$ 0	\$ 171,834	\$ 171,834	\$ 0	\$ 68,283									
ECIA Title I - Low Income	I	84.010	013-240094	07/20/23-09/30/24	174,604	70,248	114,368	0	0	0	0	44,120									
ECIA Title II Improving Teacher Quality	I	84.367	020-250094	07/01/24-09/30/25	28,798	28,763	0	0	28,798	28,798	0	35									
ECIA Title II Improving Teacher Quality	I	84.367	020-240094	07/20/23-09/30/24	21,249	17,174	17,123	0	51	51	0	0									
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-250094	07/01/24-09/30/25	13,149	13,149	0	0	13,149	13,149	0	0									
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-240094	07/20/23-09/30/24	11,335	7,557	7,557	0	0	0	0	0									
Subtotal ECIA Programs passed through Pennsylvania Department of Education					421,520	240,442	139,048	0	213,832	213,832	0	112,438									
Passed through the Pennsylvania Department of Education:																					
American Rescue Plan - ESSER III	I	84.425U	223-210094	03/13/20-09/30/24	1,092,981	0	(3,448)	0	3,448	3,448	0	0									
Subtotal Education Stabilization Fund					1,092,981	0	(3,448)	0	3,448	3,448	0	0									
Passed through Appalachia Intermediate Unit #08:																					
IDEA Part B - Section 611	I	84.027	062-250008	07/01/24-09/30/25	221,251	179,099	0	0	221,251	221,251	0	42,152									
IDEA Part B - Section 611	I	84.027	062-240008	07/01/23-09/30/24	216,415	53,903	53,903	0	0	0	0	0									
IDEA Part B - Section 619	I	84.173A	131-250008	07/01/24-06/30/25	1,635	0	0	0	1,635	1,635	0	1,635									
IDEA Part B - Section 619	I	84.173A	131-240008	07/01/23-06/30/24	3,399	3,399	3,399	0	0	0	0	0									
Subtotal Special Education Cluster					442,700	236,401	57,302	0	222,886	222,886	0	43,787									
Total U.S. Department of Education					1,957,201	476,843	192,902	0	440,166	440,166	0	156,225									

See accompanying notes.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2025

Federal/Grant Project Title	Source	Federal Code	Federal ALN	Pass Through Grantors Number	Program Grant Period	Total Received For the Year	Accrued (Unearned)			Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2025						
							Award Amount	Revenue at July 1, 2024	Revenue Adjustment	Revenue Recognized	Expenditures						
U.S DEPARTMENT OF TREASURY																	
Passed through the Pennsylvania Commission on Crime and Delinquency:																	
Coronavirus State and Local Fiscal Recovery Funds	I	21.027	2023-CM-01-43231	01/01/24-12/31/25		111,232	103,125	0	0	111,232	111,232						
Total U.S Department of Treasury						111,232	103,125	0	0	111,232	111,232						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES																	
Passed through the Pennsylvania Department of Human Services:																	
Medical Assistance Program - Reimbursement	I	93.778	N/A	07/01/24-06/30/25	N/A	4,704	0	0	5,535	5,535	0						
SBAP Administration Reimbursement	I	93.778	N/A	07/01/23-06/30/24	N/A	1,796	1,796	0	0	0	0						
Total U.S. Department of Health and Human Services						6,500	1,796	0	5,535	5,535	0						
U.S. DEPARTMENT OF AGRICULTURE																	
Passed through the Rural Utilities Service:																	
Distance Learning and Telemedicine	I	10.855	PA0758-A17	11/01/23-10/31/26		939,512	791,033	0	(40,833)	314,960	314,960						
Total U.S. Department of Agriculture									0	0	(435,240)						
Passed through the Pennsylvania Department of Agriculture:																	
National School Lunch - (USDA Commodities)	I	10.555	N/A	07/01/24-06/30/25	N/A	(a) 79,339	(b) (28,600)	0	81,542	(c) 81,542	(d) 0						
Passed through the Pennsylvania Department of Education:											(26,397)						
National School Lunch Federal	I	10.555	N/A	07/01/24-06/30/25	N/A	289,999	0	0	289,999	289,999	0						
School Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	110,700	0	0	110,700	110,700	0						
Subtotal Child Nutrition Cluster						480,038	(28,600)	0	482,241	482,241	0						
State Matching Funds	S	N/A	N/A	07/01/24-06/30/25	N/A	81,588	0	0	81,588	81,588	0						
Total U.S. Department of Agriculture						1,352,659	(28,600)	(40,833)	878,789	878,789	0						
TOTAL FINANCIAL ASSISTANCE						\$ 3,007,945	\$ 1,939,127	\$ 166,098	\$ (40,833)	\$ 1,435,722	\$ 0						
											\$ (296,474)						

See accompanying notes.

Conemaugh Township Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2025

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, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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, 2025, the District had food commodities totaling \$26,397 in inventory.

- (a) Total amount of commodities received from the Department of Agriculture.
- (b) Beginning inventory at July 1, 2024.
- (c) Total amount of commodities used.
- (d) Ending inventory at June 30, 2025.

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, 2025

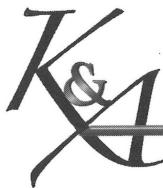
Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note E – Reconciliation to Financial Statements

Total Federal Sources reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 726,312
Add: IDEA-B Section 611 passed through, recorded as Local Sources	221,251
Add: IDEA-B Section 619 passed through, recorded as Local Sources	1,635
Less: School Based Access Medicaid Reimbursement Program	<u>(77,305)</u>
 Total Federal Expenditures – Governmental Funds	 <u>871,893</u>
 Total Federal Sources reported on Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	 <u>482,241</u>
 Total Federal Expenditures – Proprietary Fund	 <u>482,241</u>
 Total Federal Expenditures	 <u><u>\$1,354,134</u></u>

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

Total Expenditures	\$1,435,722
Less: State share of National School Lunch and Severe Need Breakfast Program	<u>(81,588)</u>
 Total Federal Expenditures	 <u><u>\$1,354,134</u></u>
 Distance Learning and Telemedicine	 <u><u>\$ 314,960</u></u>
 Tested	 <u><u>\$ 314,960</u></u> = 23.3%
 Total Federal Expenditures	 <u><u>\$1,354,134</u></u>



Brenda A. Pawlowski, CPA, CFE

Kimberly A. Dorchak, CPA, CGFM

**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, 2025, 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 26, 2026.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item #2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

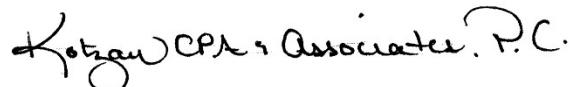
As part of obtaining reasonable assurance about whether Conemaugh Township Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item #2025-002.

Conemaugh Township Area School District's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on Conemaugh Township Area School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Conemaugh Township Area School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 26, 2026

Brenda A. Pawlowski, CPA, CFE

Kimberly A. Dorchak, CPA, CGFM

**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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2025-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Conemaugh Township Area School District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Conemaugh Township Area School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

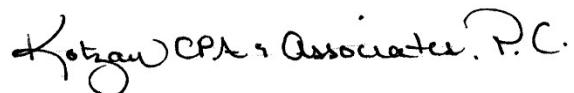
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2025-004 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Conemaugh Township Area School District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Conemaugh Township Area School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 26, 2026

Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<i>unmodified</i>			
Internal control over financial reporting:				
Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
Significant deficiency identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiency identified not considered to be material weakness(es)?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	None reported

Type of auditors' report issued on compliance for major programs:	<i>unmodified</i>		
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.855	Distance Learning and Telemedicine

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
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**Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section II - Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding #2025-001

CONDITION:

Material audit adjustments were required in order for the financial statements to be fairly presented in accordance with U.S. generally accepted accounting principles at June 30, 2025.

CRITERIA:

An indicator of a material weakness is when the auditor identifies a material misstatement in the financial statements that was not detected by the entity's internal control.

CAUSE:

Management's review of District financial statements failed to detect material misstatements. The misstatements resulted from unrecorded accounts payable in the Capital Projects Fund and unrecorded prepaid expense in the General Fund.

EFFECT:

The effect was materially misstated prepaid expense and corresponding expenditures in the General Fund, as well as accounts payable and corresponding expenditures in the Capital Projects Fund at June 30, 2025, the details of which were provided to management in the form of proposed audit adjustments.

RECOMMENDATION:

We recommend that management record all audit adjustments in the general ledger accounting system, effective June 30, 2025, and ensure beginning balances for fiscal year 2026 balance sheet accounts agree to June 30, 2025 audited balances. Further, we recommend a more frequent and detailed management review of the financial statements of all funds to ensure completeness of financial information and that transactions are accurately reported in the proper fund and proper period.

MANAGEMENT RESPONSE:

Management agrees with the recommendations. All audit adjustments have been recorded in the general ledger accounting system effective June 30, 2025 and management will review beginning fiscal year 2026 balance sheet account balances to ensure accuracy. Management will more carefully review financial information and seek guidance as necessary on the proper recording of transactions.

COMPLIANCE AND OTHER MATTERS

Finding #2025-002

CONDITION:

Management failed to meet the Pennsylvania Department of Education (PDE) deadline for submission of the Final Expenditure Report (FER) for the 2023-24 ECIA Title I program.

**Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

CRITERIA:

According to PDE reporting instructions, Final Expenditure Reports are due within 30 days of the close of the grant or as soon as funds are obligated, whichever comes first. Delinquent reports subject the District to suspended grant payments.

CAUSE:

The District does not appear to have adequate internal controls in place to ensure timely submission of required reports for federal programs.

EFFECT:

The effect of the failure to file the FER for the 2023-24 ECIA Title I program caused the District to be out of compliance with PDE requirements. The noncompliance resulted in delayed funding from PDE for the remaining subsidy due to the District from the 2023-24 award period.

RECOMMENDATION:

We recommend that management submit the Final Expenditure Report and review the current status of all grants to ensure PDE filings are current. We further recommend that management establish procedures necessary to properly administer the grants awarded to the District and assign performance of these procedures to the appropriate personnel, as well as management oversight to ensure the timely submission of reports and receipt of subsidies due to the District.

MANAGEMENT RESPONSE:

Management agrees with the recommendations and has taken the necessary steps to implement them. The Final Expenditure Report for the 2023-24 ECIA Title I program was submitted in November 2025 and the remaining subsidy due the District was received from PDE for the 2023-24 award on November 24, 2025. Further, management will assign federal program administration duties appropriately and ensure oversight by the business office.

Section III – Federal Award Findings and Questioned Costs

COMPLIANCE

U.S. DEPARTMENT OF AGRICULTURE

Passed through the Rural Utilities Service:

Finding #2025-003: Distance Learning and Telemedicine – ALN No. 10.855; Year Ended June 30, 2025

CONDITION:

Grant funds advanced to the District were not disbursed by the District in a timely manner.

**Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

CRITERIA:

In accordance with the Uniform Guidance Compliance Supplement, Part III, Section C “Cash Management”, non-federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement for direct program or project costs.

CAUSE:

The District delayed payment of invoices due to receipt of faulty and incorrect products in order to ensure correction by the company.

EFFECT:

The retention of grant funds led to interest earned on federal funds in excess of \$500.

QUESTIONED COSTS:

None

PROPER PERSPECTIVE (SAMPLING):

The District received funds in advance of payment of invoices twice during fiscal year 2024-25. 100% of the receipts were tested for compliance. The audit sample was statistically valid.

REPEAT FINDING:

No

RECOMMENDATION:

We recommend management contact the Grantor to determine necessary actions in response to the excess interest earned on federal funds, including the potential return of earnings to the grant agency.

MANAGEMENT RESPONSE:

Management agrees with the recommendation and will contact the grant agency to determine required corrective actions, if any.

INTERNAL CONTROL OVER COMPLIANCE

U.S. DEPARTMENT OF AGRICULTURE

Passed through the Rural Utilities Service:

Finding #2025-004; Distance Learning and Telemedicine – ALN No. 10.855; Year Ended June 30, 2025

CONDITION:

The District's internal control over compliance failed to ensure timely distribution of advanced federal grant funds.

**Conemaugh Township Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

CRITERIA:

Internal controls over federal programs and adherence to the District's policies are to be sufficient to ensure compliance with grant requirements, as discussed in **Compliance Finding 2025-003**.

CAUSE:

The cause of the internal control deficiency over compliance was the failure to adhere to the District's established cash management policy.

EFFECT:

The effect of this deficiency is that internal controls over cash management are not functioning as designed, and grant funds were held for an excessive period of time prior to disbursement for payment of invoices.

RECOMMENDATION:

We recommend that the District follow its established cash management policy to attempt to expend all advances of federal funds within seventy-two (72) hours of receipt. Further, advances of funds should be requested only when payment is anticipated and after discrepancies with products received have been corrected to mitigate the amount of time grant funds are held prior to disbursement.

MANAGEMENT RESPONSE:

Management agrees with the recommendation. The District will follow the cash management policy and ensure timely disbursement of advanced federal funds. Further, the District will monitor the submission of requests for funds to correspond with anticipated payment of invoices.



**Conemaugh Township Area School District
Business Office
300 West Campus Avenue
P. O. Box 407
Davidsville, Pennsylvania 15928**

**Brandon Studer
Business Manager**

**Phone 814-479-7431
FAX 814-479-2620**

**Corrective Action Plan
For the Fiscal Year Ended June 30, 2025**

Section II – Financial Statement Findings

2025-001 Internal Control Over Financial Reporting – Material Audit Adjustments

Name of contact person – Brandon Studer, Business Manager

Recommendation: We recommend that management record all audit adjustments in the general ledger accounting system, effective June 30, 2025, and ensure beginning balances for fiscal year 2026 balance sheet accounts agree to June 30, 2025 audited balances. Further, we recommend a more frequent and detailed management review of the financial statements of all funds to ensure completeness of financial information and that transactions are accurately reported in the proper fund and proper period.

Action Taken: Management agrees with the recommendations. All audit adjustments have been recorded in the general ledger system effective June 30, 2025 and management will review beginning fiscal year 2026 balance sheet account balances to ensure accuracy. Management will more carefully review financial information and seek guidance as necessary on recording of transactions.

Proposed Completion Date: January 31, 2026

2025-002 Compliance and Other Matters – ECIA Title I Reporting

Name of contact person – Brandon Studer, Business Manager

Recommendation: We recommend that management submit the 2023-24 ECIA Title I Final Expenditure Report and review the current status of grants to ensure PDE filings are current. We further recommend that management establish procedures necessary to properly administer the grants awarded to the District and assign performance of these procedures to the appropriate personnel, along with monitoring procedures.

Action Taken: Management agrees with the recommendations. The Final Expenditure Report has been submitted, and the remaining grant funds have been received by the District. Further, the District will establish procedures for administration oversight of grants and assign responsibility to the appropriate personnel.

Proposed Completion Date: June 30, 2026

Section III – Federal Award Findings

2025-003 Distance Learning and Telemedicine – ALN No. 10.855

Compliance:

Name of contact person – Brandon Studer, Business Manager

Recommendation: We recommend management contact the Grantor to determine necessary actions in response to the excessive interest earned on federal funds, including the potential return of earnings to the grant agency.

Action Taken: Management agrees with the recommendation and will contact the Rural Utilities Service to determine whether excess interest earned on the funds is due back to the agency.

Proposed Completion Date: March 31, 2026

2025-004 Distance Learning and Telemedicine – ALN No. 10.855

Internal Controls over Compliance:

Recommendation: We recommend that the District's established cash management policy is followed to ensure timely disbursement of advanced grant funds, and advances of funds are requested to correspond with anticipated payment of invoices.

Action Taken: Management agrees with the recommendations. The cash management policy will be followed, and request of funds will be timed to correspond with the anticipated payment of invoices.

Proposed Completion Date: March 31, 2026