### PRELIMINARY OFFICIAL STATEMENT DATED JUNE 20, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: "\_\_\_" (Insured) Moody's: "Aa3" (Underlying) (See "RATINGS" herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. However, interest on the Bonds is included in calculations of both: (a) average annual "adjusted financial statement income" for the purpose of determining whether a corporation is an "applicable corporation," as defined in Section 59(k) of the Tax Code; and (b) the amount of current "adjusted financial statement income" of such applicable corporation which is subject to the alternative minimum tax imposed by Section 55 of the Tax Code, for tax years beginning after December 31, 2022. Under laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

# \$49,375,000\* Canon-McMillan School District (Washington County, Pennsylvania) General Obligation Bonds, Series of 2025

Bonds Dated: Date of Delivery
Interest Due: June 1 and December 1
Principal Due: December 1, as shown on inside cover
First Interest Payment: December 1, 2025

The Bonds described herein are the \$49,375,000\* General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds, when issued, will be registered in the name of Cede & Co., which is the nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 and integral multiples thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, the Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Canon-McMillan School District, a public school district located in Washington County, Pennsylvania (the "School District"), payable from its local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution adopted by the Board of Directors of the School District on April 16, 2025 (the "Resolution") that authorized the Bonds, that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and all available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable real property within the School District, to the extent permitted by law, including Act 1 of the Special Session of 2006, as amended. (See "THE BONDS - Security" and "TAXING POWERS OF THE SCHOOL DISTRICT" herein).

Interest on each of the Bonds is payable initially on December 1, 2025, and thereafter semiannually on June 1 and December 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed U.S. Bank Trust Company, National Association (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office, presently located in Pittsburgh, Pennsylvania (or any successor paying agent or other designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date (as defined herein) with respect to the particular interest payment date (See "THE BONDS," herein).

### The Bonds are subject to redemption prior to maturity as described herein.

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of constructing a new Wylandville Elementary School, (2) pay the costs of other miscellaneous capital improvement projects of the School District; (3) pay capitalized interest, if necessary, on all or a portion of the Bonds; and (4) pay the costs and expenses of issuing the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania pursuant to the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_\_\_\_.

### MATURITIES, AMOUNTS, RATES AND INITIAL OFFERING PRICES/YIELDS See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Clark Hill PLC, Bond Counsel, of Pittsburgh, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Andrews & Price LLC, Pittsburgh, Pennsylvania, School District Solicitor. Certain other matters will be passed upon for the Underwriter by Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, as Underwriter's Counsel. PFM Financial Advisors LLC of Harrisburg, Pennsylvania, will act as the School District's Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about July \_\_\_\_, 2025.



# \$49,375,000\* Canon-McMillan School District (Washington County, Pennsylvania) General Obligation Bonds, Series of 2025

# **BOND MATURITY SCHEDULE FOR:**

Bonds Dated: Date of Delivery

Principal Due: December 1, as shown below
Interest Due: June 1 and December 1

First Interest Payment: December 1, 2025

Year of Maturity	Principal Maturity	Interest	Initial Offering	CUSIP
(December 1)	Amount	Rate	Yields	Numbers <sup>(1)</sup>
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				

(1)These Committee on Uniform Securities Identification Procedures numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter have agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

<sup>\*</sup>Estimated, subject to change.

# CANON-MCMILLAN SCHOOL DISTRICT

(Washington County, Pennsylvania)

# BOARD OF SCHOOL DIRECTORS

Liz Gump	President
Julie Chandler	Vice President
Ann Marie Miller	Treasurer
Dr. Joni Mansmann	Secretary*
Kathy Cooper	Member
Amy Harding	Member
Sandra McCall	Member
Krystal Lorenzato	Member
Tony Delost	Member
Justin McKean	Member

<sup>\*</sup>non-voting officer

### SUPERINTENDENT

DR. GREG TARANTO

# **DIRECTOR OF BUSINESS & FINANCE**

DR. JONI MANSMANN

# SOLICITOR

ANDREWS & PRICE, LLC Pittsburgh, Pennsylvania

# **BOND COUNSEL**

CLARK HILL PLC Pittsburgh, Pennsylvania

# FINANCIAL ADVISOR

PFM FINANCIAL ADVISORS LLC Harrisburg, Pennsylvania

### UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED Pittsburgh, Pennsylvania

# UNDERWRITER'S COUNSEL

DINSMORE & SHOHL LLP Pittsburgh, Pennsylvania

# **PAYING AGENT**

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION Pittsburgh, Pennsylvania

# SCHOOL DISTRICT ADDRESS

200 Big Mac Blvd Canonsburg, PA 15317 No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or, as to information from other sources, by the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the earliest date as of which said information is given.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

THE ORDER AND PLACEMENT OF THE MATERIALS IN THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE PRELIMINARY OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS PRELIMINARY OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS PRELIMINARY OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

Neither the School District's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted information.

If and when included in this Preliminary Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, such as the School District's current budget, and any such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this Preliminary Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The School District does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, the School District does not intend to update or otherwise revise the forecasted financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the School District does not intend to update or revise the forecasted financial information to reflect changes in general economic or industry conditions.

The School District deems this Preliminary Official Statement to be final for purposes of SEC Rule 15(c)2-12(b)(1).

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# PRELIMINARY OFFICIAL STATEMENT

\$53,380,000\*
Canon-McMillan School District
(Washington County, Pennsylvania)
General Obligation Bonds, Series of 2025

### INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and appendices hereto, is furnished by the Canon-McMillan School District, Washington County, Pennsylvania (the "School District") in connection with the offering of \$49,375,000\* aggregate principal amount of its General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds will be dated as of the date the bonds are issued and delivered (the "Date of Delivery"). The Bonds are being issued pursuant to a resolution of the Board of School Directors of the School District adopted on April 16, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82 (the "Act").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds can be made in book-entry only form and purchasers will not receive certificates representing their interest in the Bonds. So long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "THE BONDS-Description" AND "BOOK-ENTRY ONLY SYSTEM" herein.

The information which follows contains summaries of the Resolution, the Bonds, relevant provisions of state and federal laws, and the School District's budget and financial statements. Such summaries do not purport to be complete and references are made to the Resolution, the School District's budget and the School District's financial statements, copies of which are on file and available for examination at the Business Office of the School District. Reference is also made to the Bonds and to the full text of the cited laws and regulations.

### PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of constructing a new Wylandville Elementary School, (2) pay the costs of other miscellaneous capital improvement projects of the School District; (3) pay capitalized interest, if necessary, on all or a portion of the Bonds; and (4) pay the costs and expenses of issuing the Bonds.

# **Sources and Uses of Bond Proceeds**

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

Sources:	Total
Par Amount	
Net Original Issue Premium/(Discount)	
Total Sources	
Uses:	
Construction Fund Deposit	
Capitalized Interest	
Estimated Costs of Issuance <sup>(1)</sup>	
Total Uses	

<sup>(1)</sup>Includes legal, financial advisor, printing, rating, underwriter's discount, municipal bond insurance, CUSIP, paying agent, verification agent, and other miscellaneous costs.

<sup>\*</sup>Estimated, subject to change.

# THE BONDS

# **Description**

The Bonds will be issued in fully registered form, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued as one fully registered Bond for each maturity of the Bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. The Bonds will be dated as of the Date of Delivery, which is expected to be July \_\_\_, 2025, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Preliminary Official Statement. Interest on the Bonds will be payable initially on December 1, 2025 and semiannually thereafter on June 1 and December 1 until the principal sum thereof is paid or, if such Bond is subject to redemption prior to maturity and is called for redemption prior to maturity in accordance with the terms thereof and of the Resolution, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

# **Payment of Principal and Interest**

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC, and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to U.S. Bank Trust Company National Association (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)).

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding December 1, 2025, in which event such Bond shall bear interest from July \_\_\_, 2025, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth calendar day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such defaulted interest shall be payable to the person in whose name such certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania (the "Commonwealth") are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

### Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "BOOK-ENTRY ONLY SYSTEM," certificated Bonds are transferable or exchangeable upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of certificated Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity date and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of such Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

<sup>\*</sup>Estimated, subject to change.

Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity date and interest rate.

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

# Security

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and all available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, subject to the limitations of Act 1 (See, "TAXING POWERS OF THE SCHOOL DISTRICT" herein). The Debt Act presently provides for enforcement of debt service payments (see "DEFAULTS AND REMEDIES" herein), and the Public School Code, as hereinafter defined, presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "Commonwealth Enforcement of Debt Service Payments" hereinafter).

### **Commonwealth Enforcement of Debt Service Payments**

Section 633 of the Pennsylvania Public School Code of 1949, as amended and supplemented (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally (see "Pennsylvania Budget Adoption" hereinafter).

# Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a then record high of \$13.55 billion in the 2021-22 budget.

After a week's delay and intense negotiations, a \$42.7 billion budget for the state's 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-24 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. (See "Act 85 of 2016" hereinafter).

### Act 85 of 2016

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse" to the Fiscal Code. The legislation provides for the intercept of subsidy payments by the Pennsylvania Department of Education ("PDE") to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statutes" Section 633 of the Public School Code. The School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Commonwealth Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

### **Sinking Fund**

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2025" (the "Sinking Fund"), has been authorized to be created under the Resolution and shall be held by the Paying Agent as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

### Actions in the Event of Default on the Bonds

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

### **BOOK-ENTRY ONLY SYSTEM**

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (referred to as the "Issuer" in this section) and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.

### BOND INSURANCE

The Bonds may or may not be issued with bond insurance. The decision to use bond insurance on all or a portion of the Bonds will be subject to market conditions at the time of pricing the Bonds.

# REDEMPTION OF BONDS

### **Mandatory Redemption**

1	edemption in part, by lot, at a	desolution, the Bonds stated to mature on Decer redemption price of 100% of the principal am and in amounts set forth below.	/ <del></del>
	Bonds stated	o mature:	
	<u>Year</u>	<u>Amount</u>	
	*Stated Maturity		
, , , , , , , , , , , , , , , , , , ,	of the Sinking Fund, or the S	half of and as directed in writing by the School chool District may tender to the Paying Agent	

# **Optional Redemption**

The Bonds stated to mature on or after December 1, \_\_\_\_\_\_ shall be subject to redemption prior to maturity, at the option of the School District, in whole, or in part (in any order of maturity as selected by the School District), at any time on or after \_\_\_\_\_ at a price equal to 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

# **Notice of Redemption**

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices to Beneficial Owners.

If at time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent (or, in the case of a refunding, with another bank or depository acting as refunding escrow agent) money sufficient to redeem all Bonds called for redemption, the notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

Notice of any redemption shall be given not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

# **Manner of Redemption**

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Bonds of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for a Bond or Bonds of authorized denominations of the same series, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

# THE SCHOOL DISTRICT

### Introduction

The School District is located in the northeastern part of Washington County, Pennsylvania and covers approximately 57 square miles. Canonsburg Borough, the geographical center of the School District, is located approximately 20 miles southwest of Pittsburgh and 9 miles northeast of the City of Washington, Pennsylvania. Participating municipalities within the School District include Canonsburg Borough, Cecil Township, and North Strabane Township.

### Administration

The School District is a second class school district (school districts within the Commonwealth are classified as first, second, third and fourth class according to population) and operates under and pursuant to the School Code. The School District is governed by a nine-member Board of School Directors (the "School Board"), comprised of residents of the School District who are elected on a staggered basis, by region, for four-year terms of office. The daily operations and management of the School District are overseen by the Superintendent of Schools, who serves as the chief educational officer of the School District. The School District Director of Business and Finance oversees the budgeting and financial management of the School District.

### **School Facilities**

The School District currently operates five elementary schools, two intermediate schools, one middle school, and one high school. The following table depicts the component elements of the existing physical plant of the School District.

TABLE 1
CANON-MCMILLAN SCHOOL DISTRICT
SCHOOL FACILITIES

	Original Construction	Addition/ Renovation		Rated Pupil	2024-25
Building	Date	Date	Grades	Capacity	Enrollment
Elementary:					
South Central	1965	2000	K-4	550	451
Wylandville	1962		K-4	250	318
Muse	1936	1986	K-4	850	759
Borland Manor	1954	1990	K-4	400	273
Hills-Hendersonville	1965	1999	K-4	250	267
Intermediate:					
Cecil Intermediate	1964	2003	5-6	475	412
North Strabane Intermediate	2003		5-6	450	415
Secondary:					
Canon-McMillan Middle School	2023		7-8	1,082	836
High School	1963	1983/1990/2000/2019	9-12	1,524	1,660

Source: School District Officials.

### **Enrollment Trends**

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years, as prepared by the School District's administrative officials.

TABLE 2
CANON-MCMILLAN SCHOOL DISTRICT
ENROLLMENT TRENDS

			BI (ITO BBI)IE	TIT TIEBLIE			
	Actual Enro	llments			Projected Enr	ollments	_
School				School			
Year	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>	Year	<b>Elementary</b>	<b>Secondary</b>	<u>Total</u>
2020-21	2,767	2,574	5,341	2025-26	3,135	2,642	5,777
2021-22	2,766	2,543	5,309	2026-27	3,214	2,619	5,833
2022-23	2,838	2,472	5,310	2027-28	3,252	2,697	5,949
2023-24	2,873	2,563	5,436	2028-29	3,258	2,820	6,078
2024-25	2,901	2,598	5,499	2029-30	3,278	2,874	6,152

Source: School District Officials.

### SCHOOL DISTRICT FINANCES

### Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by the Superintendent and the Director of Business and Finance and submitted to the School Board for approval prior to the beginning of each fiscal year on July 1.

# **Financial Reporting**

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds of the School District. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Its financial statements are audited annually by a firm of independent certified public accountants, as required by state law. Cypher & Cypher CPA serves as the School District's auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its report included in Appendix C to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Preliminary Official Statement.

# Budgeting Process as modified by Act 1 of the Special Session of 2006 (Taxpayer Relief Act)

<u>In General</u>. School districts budget and expend funds according to procedures mandated by PDE. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

<u>Procedures for Adoption of the Annual Budget</u>. Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended (the "Taxpayer Tax Relief Act" or "Act 1"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Act 1 allowable Index, (the "Index") (see "The Taxpayer Relief Act (Act 1)" herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see "The Taxpayer Relief Act (Act 1)" herein), a school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its

decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not increase the tax rate more than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

# **Summary and Discussion of Financial Results**

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Table 5 shows audited revenue and expenditures for fiscal years 2019-20 through 2023-24, along with budgeted revenues and expenditures for 2024-25. The budget for 2024-25, as adopted June 27, 2024, projects revenue of \$116,338,439 and expenditures of \$116,335,421.

TABLE 3
CANON-MCMILLAN SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Fiscal Years Ending June 30)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS					
Cash and Cash Equivalents	\$16,400,219	\$20,366,430	\$19,135,871	\$21,219,134	\$19,503,883
Investments	626,708	637,362	644,419	654,755	667,421
Taxes Receivable	1,616,009	1,887,811	1,993,113	1,957,828	1,893,547
Due from Other Funds	1,049,977	322,873	262,710	188,013	76,105
State and Federal Receivable	2,952,863	3,054,979	4,212,050	3,851,293	4,379,198
Other Receivables	697,920	486,514	638,475	735,893	743,811
Prepaid Expenses/Expenditures	783,434	799,201	813,396	937,714	1,004,042
TOTAL ASSETS	\$24,127,130	\$27,555,170	\$27,700,034	\$29,544,630	\$28,268,007
LIABILITIES					
Due to Other Funds	\$4,085,309	\$7,860,525	\$6,278,768	\$5,581,811	\$4,041,842
Due to Other Governments	0	0	0	7,662	0
Accounts Payable	1,341,895	923,411	1,560,580	2,384,951	2,248,941
Accrued Salaries and Benefits	8,101,225	8,450,969	9,006,542	9,409,952	9,739,472
Unearned Revenue	36,124	110,936	133,882	737,989	37,193
Other Current Liabilities	33,362	16,355	40,588	37,262	34,330
TOTAL LIABILITIES	\$13,597,915	\$17,362,196	\$17,020,360	\$18,159,627	\$16,101,778
	<u> </u>	ψ17,50 <b>2</b> ,150	ψ17,020,000	ψ10,10>,027	Ψ10,101,770
FUND EQUITIES					
Nonspendable Fund Balance	\$878,106	\$893,873	\$908,068	\$1,032,386	\$1,098,714
Committed Fund Balance	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Assigned Fund Balance	884,928	189,741	212,226	240,959	260,682
Unassigned Fund Balance	7,266,181	7,609,360	8,059,380	8,611,658	9,306,833
TOTAL FUND EQUITIES	\$10,529,215	\$10,192,974	\$10,679,674	\$11,385,003	\$12,166,229
	<u> </u>		220,077,071	<u> </u>	<del></del>
TOTAL LIABILITIES					
AND FUND EQUITIES	\$24,127,130	\$27,555,170	\$27,700,034	\$29,544,630	\$28,268,007
ALLD I CLID EQUITIES	Ψ27,127,130	Ψ21,333,170	Ψ21,100,03	Ψ27,577,030	Ψ20,200,007

Source: School District Annual Financial Reports.

# TABLE 4 CANON-MCMILLAN SCHOOL DISTRICT SUMMARY OF CHANGES IN FUND BALANCE\* (Fiscal Years ending June 30)

		Budgeted				
	2020	2021 <sup>(1)</sup>	2022(1)	<u>2023</u>	2024(1)	2025(2)
Beginning Fund Balance	\$7,159,884	\$10,656,990	\$10,080,883	\$10,679,674	\$11,398,877	\$12,166,229
9Revenues over (under) Expenditure	3,369,332	(464,015)	598,791	705,329	767,352	3,018
Ending Fund Balance	\$10,529,216	\$10,192,975	\$10,679,674	\$11,385,003	\$12,166,229	\$12,169,247
	<del></del>				·	

<sup>\*</sup>Totals may not add due to rounding. (1)Restatement

(2)Budget, as adopted June 27, 2024. Source: School District Annual Financial Reports and Budget.

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# **Revenue Sources**

The School District received \$111,888,924 in total revenue for its 2023-24 fiscal year and budgeted revenue of \$116,338,439 for its 2024-25 fiscal year. Local revenue sources increased as a share of total revenue in the past five years, from 71.0% in 2019-20 to 71.6% in 2023-24. Revenue from Commonwealth sources decreased as a share of total revenue in the past five years, from 27.5% in 2019-20 to 26.6% in 2023-24. Federal and other sources increased as a share of total revenue in the past five years, from 1.5% in 2019-20 to 1.7% in 2023-24.

# TABLE 5 CANON-MCMILLAN SCHOOL DISTRICT SUMMARY OF SCHOOL DISTRICT GENERAL FUND REVENUES AND EXPENDITURES\*

(For years ending June 30)

			Actual			Budgeted
REVENUE:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	$2025^{(1)}$
Local Sources:						
Real Estate Taxes (Current)	\$51,733,863	\$54,445,915	\$55,892,206	\$58,381,847	\$61,154,612	\$65,806,100
Interim Real Estate Taxes	648,248	585,609	948,915	672,550	667,358	700,000
Public Utility Realty Tax	51,699	58,259	62,359	64,112	61,977	66,000
Payments in Lieu of Current Taxes/ State & Local	42,393	35,603	35,988	44,918	38,850	40,000
Total Act 511 Taxes	8,860,408	9,586,387	10,919,558	11,725,746	11,618,531	12,325,000
Delinquent Taxes	1,160,013	1,242,665	1,427,075	1,279,438	1,416,166	1,000,000
Earnings on Investments	375,161	40,864	65,434	1,420,934	2,001,393	1,000,000
Revenue from Student Activities	84,454	24,386	92,060	103,909	97,889	75,000
Federal IDEA Pass Through Revenue	937,951	947,757	1,077,472	949,373	1,118,333	990,000
Rentals	79,800	25,351	76,885	84,052	87,508	50,000
Contributions and Donations from Private Sources	41,208	187,355	25,426	28,313	244,556	20,00
Tuition	54,715	61,550	31,440	10,480	31,152	1,580,00
Receipts from Other LEAS in PA - Education	1,414,801	1,289,954	1,365,690	1,868,269	1,445,752	,,,,,,,
Refunds of Prior Years' Expenditures	87,315	224,890	99,154	37,489	50,146	40,000
All Other Local Revenues Not Specified	136,428	189,200	213,441	219,339	129,350	.0,00
Total Local Sources	\$65,708,456	\$68,945,746	\$72,333,103	\$76,890,769	\$80,163,573	\$83,692,100
State Sources:	φου, 700, 400	\$00,743,740	\$72,333,103	\$70,070,707	ψου,103,373	\$65,072,100
Basic Instructional Subsidy	\$11,828,900	\$11,828,889	\$12,486,923	\$13,687,154	\$14,438,369	\$14,636,364
		35,905				\$14,030,30
Tuition-Orphans & Children in Private Homes	67,279		9,143	65,570	31,964	2.502.45
Special Education	2,319,640	2,407,689	2,461,249	2,482,465	2,713,224	2,593,47
Vocational Education	0	0	0	0	0	
Transportation	1,261,331	1,009,325	925,679	1,102,970	1,015,793	1,102,97
Rentals and Sinking Fund Payments	1,500,620	1,221,241	1,552,557	1,177,310	1,183,024	1,039,54
Health Services	98,261	100,649	97,642	95,985	95,590	100,00
State Property Tax Reduction Allocation	926,253	926,989	925,676	1,168,617	1,167,947	1,403,80
Grants	623,710	540,466	537,616	537,616	864,198	537,610
Revenue from Social Security	1,229,971	1,245,351	1,340,006	1,374,493	1,483,737	1,709,83
Revenue from Retirement Contributions	5,625,842	5,696,578	6,319,763	6,654,580	6,787,864	7,527,76
Total State Sources	\$25,481,807	\$25,013,083	\$26,656,253	\$28,346,761	\$29,781,710	\$30,651,37
Federal Sources:						
Total Federal Sources	\$514,699	\$1,224,781	\$2,888,725	\$1,625,438	\$1,701,137	\$1,984,960
Other Sources:						
Total Other Sources	\$829,361	\$633,561	\$19,975	\$115,047	\$242,504	\$10,000
TOTAL REVENUE	\$92,534,323	\$95,817,172	\$101,898,056	\$106,978,015	\$111,888,924	\$116,338,439
EXPENDITURES:	ψ>2,55 i,525	\$75,017,172	\$101,070,050	\$100,570,015	\$111,000,721	ψ110,000,10.
	045.070.074	046 077 070	050 400 057	052.767.221	055 004 005	ØC1 424 000
Instruction	\$45,079,974	\$46,077,279	\$50,400,057	\$52,767,231	\$55,984,995	\$61,434,098
Pupil Personnel	2,716,481	2,560,909	2,879,827	2,743,374	2,871,214	3,383,330
Instructional Staff	1,449,180	1,364,608	1,189,458	1,333,100	1,622,906	2,053,23
Administration	4,474,323	4,499,763	4,766,926	5,059,335	5,350,492	5,990,84
Pupil Health	1,863,506	1,819,967	1,781,177	1,691,136	1,878,003	2,171,54
Business	825,533	799,284	867,180	1,011,565	1,078,492	1,248,72
Operation and Maintenance	7,259,833	7,351,043	7,779,844	8,525,876	8,823,691	9,541,999
Student Transportation	6,252,637	5,769,971	7,159,607	8,653,285	9,800,800	10,220,929
Central Support	1,708,963	1,971,541	1,855,005	2,040,240	2,435,896	2,562,69
Other Support	1,414,350	1,349,503	1,248,186	1,614,780	1,391,652	1,648,90
Operation of Noninstructional Services	1,841,026	1,806,218	1,929,305	2,287,231	2,364,395	2,304,38
Fac., Acq., Construction & Improvements	418,453	536,011	1,485,020	1,227,994	1,308,811	1,520,10
Debt Service	11,147,580	11,612,004	11,682,674	11,735,729	12,138,845	11,993,64
Fund Transfers	2,713,153	8,763,089	6,275,000	5,581,811	4,071,381	150,00
Budgetary Reserve	0	0	0	0	0	111,00
TOTAL EXPENDITURES	\$89,164,991	\$96,281,188	\$101,299,265	\$106,272,686	\$111,121,572	\$116,335,42
	ψ0,101,7/1	\$70,201,100	\$101,277,203	\$100,272,000	ψ111,121,5 <i>1</i> 2	Ψ110,555,72
SURPLUS (DEFICIT) OF	02.260.222	(0464.015)	0500 501	0505.220	0565.050	00.011
REVENUES OVER EXPENDITURES	\$3,369,332	(\$464,015)	\$598,791	\$705,329	\$767,352	\$3,018

<sup>\*</sup>Totals may not add due to rounding.

Source: School District Annual Financial Reports and Budget.

<sup>(1)</sup>Budget, as adopted June 27, 2024.

# TAXING POWERS OF THE SCHOOL DISTRICT

### In General

Subject to certain limitations imposed by the Taxpayer Relief Act (see "Local Tax Limitations under Act 1 of 2006" below), the School District is empowered by the Public School Code and other statutes to levy the following taxes:

- 1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
- 2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a. for minimum salaries and increments of the teaching and supervisory staff;
  - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
  - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
- 3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
- 4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

# The Taxpayer Relief Act (Act 1)

Under the Taxpayer Relief Act, a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

- to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which
  had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June
  27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and
  principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on
  debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing
  incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of
  appropriate debt service reserves;
- 2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
- 3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the Commonwealth Department of Labor and Industry for the

preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the next, current, and previous fiscal years (not including exemptions) are as follows:

Fiscal Year	Index %
2025-26	4.0%
2024-25	5.3%
2023-24	4.1%
2022-23	3.4%
2021-22	3.0%

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

Set forth above is a summary of Act 1 and its impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor a legal interpretation of any provision of Act 1, and a prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

### Status of the Bonds under Act 1

The Bonds constitute indebtedness incurred after the effective date of Act 1 and, therefore, no exception to the referendum requirement is currently available for new taxes to pay the debt service on the Bonds if a tax increase greater than the Index is required.

### Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

Total Budgeted Expenditures:	Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total budgeted Expenditures:
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between 13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

"Estimated ending unreserved fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

This summary of portions of Act 48 is not intended to be an exhaustive discussion of the provisions of Act 48 nor a legal interpretation of any provisions of Act 48, and a prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

<sup>\*</sup>Applicable to the School District.

# **Tax Levy Trends**

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District and municipalities served by the School District and Washington County. There was a property tax reassessment in Washington County that started in 2013 and was put into effect in 2017.

TABLE 6
CANON-MCMILLAN SCHOOL DISTRICT TAX RATES

	Real Estate (mills)	Real Estate Transfer Tax (%)	Earned Income Tax (%)	Local Services Tax (\$)
2020-21	11.9529	0.5	0.5	5.00
2021-22	11.9529	0.5	0.5	5.00
2022-23	12.0000	0.5	0.5	5.00
2023-24	12.2600	0.5	0.5	5.00
2024-25	12.9097	0.5	0.5	5.00

Source: School District Officials.

TABLE 7
CANON-MCMILLAN SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

School District	2020-21 11.9529	2021-22 11.9529	2022-23 12.0000	2023-24 12,2600	2024-25 12.9097
County & Municipalities within the School District	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Washington County	2.4300	2.4300	2.4300	2.4300	2.4300
Canonsburg Borough	3.9400	4.3480	4.5480	4.5480	4.7820
Cecil Township	1.5000	1.5000	1.5000	1.5000	1.5000
North Strabane Township	1.0300	1.5300	1.5300	1.5300	1.7550

Source: School District Officials.

# **Real Property Tax**

The real property tax (excluding delinquent collections) produced \$61,922,797 in 2023-24, approximately 55.3% of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within two months receive a 2% discount, and those who remit subsequent to four months after July 1 are assessed a 10% penalty.

TABLE 8
CANON-MCMILLAN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

	Market	Assessed	
	<u>Value</u>	<u>Value</u>	<u>Ratio</u>
2019-20	\$3,692,429,970	\$4,523,558,645	122.51%
2020-21	4,105,192,355	4,760,830,595	115.97%
2021-22	4,246,085,128	4,911,313,235	115.67%
2022-23	4,550,948,772	5,013,497,986	110.16%
2024-25	4,744,007,790	5,197,426,366	109.56%
Compound Average Annual Percentage Change	5.14%	2.82%	

Source: Pennsylvania State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

TABLE 9
CANON-MCMILLAN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2022	2022	2023	2023
	Market Value	Assessed Value	Market Value	Assessed Value
School District	\$4,550,948,772	\$5,013,497,986	\$4,744,007,790	\$5,197,426,366
Canonsburg Borough	499,163,867	557,163,565	511,183,945	568,551,465
Cecil Township	2,039,448,375	2,258,746,780	2,115,892,948	2,332,016,310
North Strabane Township	2,012,336,530	2,197,587,641	2,116,930,897	2,296,858,591
Washington County	16,593,703,339	18,061,305,198	16,999,214,934	18,442,980,194

Source: Pennsylvania State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

# TABLE 10 CANON-MCMILLAN SCHOOL DISTRICT ASSESSMENT BY LAND USE

	<u>2019</u>	2020	<u>2021</u>	2022	2023
Residential	\$2,936,628,780	\$3,020,273,390	\$3,131,950,795	\$3,263,705,075	\$3,437,565,905
Trailers	11,596,200	11,820,700	11,582,900	11,615,100	11,575,500
Lots	44,371,210	51,466,810	51,222,600	48,230,100	52,696,900
Industrial	128,360,830	134,648,830	138,936,430	135,905,330	139,756,530
Commercial	1,375,165,525	1,512,696,365	1,546,646,310	1,523,423,681	1,525,934,531
Agriculture	19,470,000	22,817,800	22,831,800	23,477,400	24,316,100
Mineral/Oil	42,500	42,500	694,400	670,300	540,200
Land	7,923,600	7,064,200	7,448,000	6,471,000	5,040,700
Total	\$4,523,558,645	\$4,760,830,595	\$4,911,313,235	\$5,013,497,986	\$5,197,426,366

Source: Pennsylvania State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

TABLE 11 CANON-MCMILLAN SCHOOL DISTRICT REAL PROPERTY TAX COLLECTION DATA

			Current Year		Collections
	Total Flat Billing <sup>(1)</sup>	Current Year Collections June-July	Collections as Percent of Total Flat Billing	Total Current Plus Delinguent <sup>(2)</sup>	as Percent of Total Current <u>Billing</u>
2019-20	\$54,359,928	\$54,359,928	100.00%	\$54,419,187	100.11%
2020-21	57,290,660	54,560,064	95.23%	54,560,034	95.23%
2021-22	58,958,547	56,117,786	95.18%	58,958,547	100.00%
2022-23	64,568,454	61,498,492	95.25%	65,790,304	101.89%
2023-24	69,175,278	61,922,797	89.52%	72,634,041	105.00%

(1)Flat billing plus penalties, less discounts and exonerations. Excludes homestead/farmstead exemptions.

(2)Includes delinquent real estate only.

Source: School District Officials.

# TABLE 12 CANON-MCMILLAN SCHOOL DISTRICT TEN LARGEST REAL PROPERTY TAXPAYERS, 2024-25

		2024-25
		Assessed
Owner		Value
PA Meadows LLC	Casino/Racetrack	\$147,186,000
Southpointe Two Lot 2 6 LP	Commercial	40,943,700
Mylan Inc. (1)	Pharmaceutical	40,000,000
One Thousand Four Hundred Main Tier	Apartments	38,624,300
Quattro Inv. Group	Commercial	29,840,800
MP KOFP JV LLC	Commercial	23,912,700
Southpointe Htl & Conf Center LP (2)	Comm Motel & Plaza	23,475,400
Southpointe II Town Square Bldg <sup>(3)</sup>	Commercial	20,006,700
Southpointe Retail <sup>(2)</sup>	Commercial	18,724,900
Southpointe Two Lot 12 LP <sup>(2)</sup>	Commercial	13,824,000
<b>Total Assessed Value</b>		\$396,538,500

- (1) The property owners appealed these assessments and hearings was held on October 2, 2024. The Board of Assessment issued decisions on October 28, 2024, for no change in values. The property owner appealed the decision of the board to the Court of Common Pleas on November 21, 2024. The School District entered its appearance and intends to defend the assessment. The appeal is still pending. The School District does not anticipate that the appeal will have a material effect on finances.
- (2) The property owner has appealed this assessment, and a hearing was held on August 20, 2024. The Board of Assessment issued decisions on August 28, 2024, reducing the Assessed Values as follows: Southpointe Retail\$18,724,900; Southpointe II Town Square Bldg. \$20,006,700; Southpointe Two Lot 12 LP \$13,824,000. The School District appealed these decisions to the Court of Common Pleas on September 27, 2024. The appeals are still pending. The School District does not anticipate that any of these appeals will have a material effect on its finances.
- (3) The property owner has appealed this assessment, and a hearing was held on September 20,2024. The Board of Assessment issued a decision on September 24, 2024, for no change in value. The property owner appealed the decision of the board to the Court of Common Pleas on October 23, 2024. The School District entered its appearance and intends to defend the assessment. The appeal is still pending. The School District does not anticipate that this appeal will have a material effect on its finances.

Source: School District Officials.

### Other Taxes

Under Act 511, the School District collected \$11,618,531 in other taxes in 2023-24. Among the taxes authorized by Act 511, the Earned Income Tax, Local Services Tax, and Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property was \$56,928,093.

### COMMONWEALTH AID TO SCHOOL DISTRICTS

### General

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <a href="https://www.education.pa.gov">https://www.education.pa.gov</a>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

### **Current Lack of State Appropriations for Debt Service Subsidies**

Commonwealth law previously provided that the School District would receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on debt following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the debt by the PDE and the higher of the School District's permanent Capital Account Reimbursement Fraction ("CARF") which is equal to 51.57%, or its wealth based Market Value Aid Ratio ("MVAR") currently 32.04%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 adopted by the State legislature modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the Commonwealth would start to allow applicants to enter into the new program.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

# **DEBT AND DEBT LIMITS**

# **Debt Statement**

Table 13 shows the outstanding debt of the School District as of June 4, 2025, including the issuance of the Bonds.

# TABLE 13 CANON-MCMILLAN SCHOOL DISTRICT DEBT STATEMENT (As of June 4, 2025)\*

	Gross
NONELECTORAL DEBT	Outstanding
General Obligation Bonds, Series of 2025	\$49,375,000*
General Obligation Bonds, Series B of 2024	23,390,000
General Obligation Bonds, Series A of 2024	28,835,000
General Obligation Bonds, Series of 2019	64,695,000
General Obligation Bonds, Series of 2017	23,290,000
General Obligation Notes, Series A of 2012	17,195,000
General Obligation Bonds, Series A of 2002	1,043,530
General Obligation Bonds, Series A of 2001	2,819,861
TOTAL NONELECTORAL DEBT	\$210,643,391
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$210,643,391*

<sup>\*</sup>Includes the estimated principal amount of the Bonds.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$210,643,391\*. After adjustment for available funds and estimated Commonwealth Aid, the principal amount of direct debt payable from local taxes will total approximately \$204,242,496\*.

# TABLE 14 CANON-MCMILLAN SCHOOL DISTRICT BONDED INDEBTEDNESS AND DEBT RATIOS (As of June 4, 2025)\*

		Local Effort or Net of Available Funds
	Gross	and Estimated
_	Outstanding	State Aid(1)
DIRECT DEBT		
Nonelectoral Debt	\$210,643,391	\$204,242,496
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$210,643,391	\$204,242,496
OVERLAPPING DEBT		
Washington County <sup>(2)</sup>	\$10,100,241	\$10,100,241
Municipal Debt	44,975,000	44,975,000
TOTAL OVERLAPPING DEBT	\$55,075,241	\$55,075,241
TOTAL DIRECT AND OVERLAPPING DEBT	\$265,718,632	\$259,317,737
DEBT RATIOS		
Per Capita	\$7,372.68	\$7,195.08
Percent 2023-24 Assessed Value	5.11%	4.99%
Percent 2023-24 Market Value	5.60%	5.47%

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

# **Debt Limit and Remaining Borrowing Capacity**

The statutory borrowing limit of the School District under the Debt Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2021-22	\$98,121,292
Total Revenues for 2022-23	104,714,953
Total Revenues for 2023-24	109,551,219
Total	\$312,387,464
Annual Arithmetic Average (Borrowing Base)	\$104,129,155

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	Legal <u>Limit</u>	Net Debt Outstanding*	Remaining Borrowing <u>Capacity*</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	\$234,290,598	\$210,643,391	\$23,647,207

<sup>\*</sup>Preliminary; subject to change. Includes the estimated principal amount of the Bonds.

<sup>\*</sup>Preliminary; subject to change.

<sup>&</sup>lt;sup>(2)</sup>Pro rata share of 27.9 percent of \$36,192,220principal amount outstanding.

<sup>\*</sup>Preliminary; subject to change.

# **Debt Service Requirements**

Table 15 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 16 presents data on the extent to which Commonwealth aid provides coverage for debt service and lease rental requirements.

The School District has never defaulted on the payment of debt service.

TABLE 15 CANON-MCMILLAN SCHOOL DISTRICT DEBT SERVICE REQUIREMENTS\*

	Other Outstanding				
	General		Series		
	Obligation		of 2025		Total
Fiscal Year	Debt*	<u>Principal</u>	Interest	Subtotal	Requirements
2024-25	\$11,941,628				
2025-26	12,004,556				
2026-27	12,012,825				
2027-28	12,014,488				
2028-29	11,764,951				
2029-30	12,087,263				
2030-31	12,083,413				
2031-32	12,080,188				
2032-33	12,070,744				
2033-34	11,982,800				
2034-35	12,127,475				
2035-36	12,128,438				
2036-37	11,240,600				
2037-38	11,236,700				
2038-39	11,235,325				
2039-40	11,353,075				
2040-41	11,351,400				
2041-42	10,595,950				
2042-43	9,525,000				
2043-44	9,526,600				
2044-45	9,522,000				
2045-46	9,526,000				
2046-47	9,522,800				
2047-48	9,522,200				
2048-49	9,523,600				
2049-50	9,526,400				<u> </u>
Total	\$287,506,419				

<sup>\*</sup>Totals may not add due to rounding.

# TABLE 16 CANON-MCMILLAN SCHOOL DISTRICT COVERAGE OF DEBT SERVICE AND LEASE RENTAL REQUIREMENTS BY COMMONWEALTH AID\*

REQUIREMENTS BY COMMON WEALTH AID		
2023-24 State Aid Received	\$29,781,710	
2023-24 Debt Service Requirements	\$12,138,845	
Maximum Future Debt Service Requirements after Issuance of Bonds		
Coverage of 2023-24 Debt Service Requirements	2.45 times	
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times	

<sup>\*</sup>Assumes current Commonwealth Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

### **Future Financing**

The School District does not anticipates issuing any additional long-term (non-refunding) debt in the next 1-3 years.

# LABOR RELATIONS

# **School District Employees**

The School District employs approximately 360.5 teachers and 267 support personnel. Teachers in the School District are represented by the Canon-McMillan Education Association ("CMEA"), which is affiliated with the Pennsylvania State Education Association ("PSEA"). There have been no work stoppages at the School District and the School District has experienced favorable labor relations with CMEA. The teachers are working under a contract which expires in August 2027. The SEIU Support Staff contract expires in June 2028.

### **Pension Program**

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employees's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth as established by the Public School Employees' Retirement Code. The contribution rate for members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. The contribution rate for members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.0% for the fiscal year 2025-26.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transition rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and Commonwealth contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

Fiscal Year	Contributions
2020-21	\$11,475,611
2021-22	12,651,450
2022-23	13,351,090
2023-24	13,587,135
2024-25 (budgeted)	15,055,538

Source: School District officials.

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

As of June 30, 2024, the PSERS plan was 64.63% funded, with an unfunded actuarial accrued liability of approximately \$42.3 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 7.05%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

### **Other Post-Employment Benefits**

In addition to providing pension benefits, the School District provides coverage for medical, prescription drug, dental and vision benefits to qualified retirees and beneficiaries based on eligibility requirements set for each group of employees pursuant to Governmental Accounting Standards Board Statement No. 45. The benefits are based on negotiated memorandums of understanding with employee contracts. The costs of retiree health care benefits are recognized as expenditures and a net other postemployment benefit payable based on an actuarial valuation. For a full description of the postemployment health care benefits please refer to Appendix C – Audited Financial Statements, Note 6.

### BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriters disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.

# Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. To mitigate these risks to the greatest extent possible, the School District recently implemented multi-factor authentication for key stakeholders with access to sensitive information. Furthermore, the School District contracted with a third party to provide security assessment services to better defend, investigate, automate, remediate, and secure information security assets, key identified systems, and personal and sensitive data. These services were procured using federal pandemic relief funds. In addition to the various processes in place to safeguard against cyber security attacks, the School District has cyber liability coverage in the event of a data compromise, attack and extortion as well as network security.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate (hereinafter defined).

# LITIGATION

At the time of settlement, the President of the School Board will certify and the Solicitor will opine that there is no litigation pending challenging the Bonds, the Resolution or the power or process of the School District to issue the Bonds.

# **DEFAULTS AND REMEDIES**

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the County in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

### TAX EXEMPTION

# **State Tax Matters**

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

# **Federal Income Tax Matters**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of federal alternative minimum taxes on individuals. However, interest on the Bonds is included in calculations of both: (a) average annual "adjusted financial statement income" for the purpose of determining whether a corporation is an "applicable corporation," as defined in Section 59(k) of the Tax Code; and (b) the amount of current "adjusted financial statement income" of such applicable corporation which is subject to the alternative minimum tax imposed by Section 55 of the Tax Code, for tax years beginning after December 31, 2022.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion regarding the Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of Bond counsel other than Clark Hill PLC.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludible from gross income for Federal income tax purposes and interest on the Bonds is exempt from Pennsylvania personal and corporate income tax, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the Bonds on the tax liabilities of the individual or entity.

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits, under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Bond may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code.

Finally, the residence of a holder of the Bonds in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

### CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide the following to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent:

(A) Annually, not later than **March 31** following the end of each fiscal year, beginning with the fiscal year ending June 30, 2025, the following financial information and operating information for the School District:

- (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and
- (2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)
- (3) actual enrollment data (elementary, secondary and total) for the current and past five fiscal years and projected enrollment data (elementary, secondary and total) for the next five fiscal years;
- (4) the aggregate assessed value and aggregate market value of all taxable real estate for the current fiscal year and the last five fiscal years;
- (5) the real property tax collection results for the most recent fiscal year and the last five fiscal years, including (1) the real estate levy imposed (expressed as an aggregate dollar amount); (2) the dollar amount of real estate taxes collected that represented current collections (expressed as an aggregate dollar amount); and (3) the total amount of aggregate real estate taxes collected (expressed as an aggregate dollar amount); and
- (6) the millage rates imposed for the current fiscal year and the last five fiscal years.
- (B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;
- (C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
  - (7) modifications to rights of holders of the Bonds, if material;
  - (8) bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar event of the School District;
  - (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (15) incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and
  - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.
- (D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

### "Financial obligation" shall mean:

- (A) (i) A debt obligation;
- (ii) A derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
  - (iii) A guarantee of either (i) or (ii), above.
- (B) Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The events listed in (C) above are those specified in the Rule, not all of which may be relevant to the Bonds. The School District may from time to time choose to file notice of the occurrence of other events, in addition to the events listed in (C) above, but the School District does not commit to provide notice of the occurrence of any events except those specifically listed in (C) above.

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District's continuing disclosure undertaking shall be limited to a right to obtain specific performance, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District's obligations with respect to continuing disclosure described herein shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other "obligated persons" with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access ("EMMA") System, which may be accessed on the internet at http://www.emma.msrb.org.

# **Existing Continuing Disclosure Filing History**

The School District has previously entered into Continuing Disclosure Agreements with respect to certain previously issued bond issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline <sup>[1]</sup>
6/30/2020	12/27/2020
6/30/2021	12/27/2021
6/30/2022	12/27/2022
6/30/2023	12/27/2023
6/30/2024	12/27/2024

Financial Statements	
Filing Date	EMMA ID [2]
12/22/2020	P11107176
11/02/2021	P21169538
12/13/2022	P11242503
1/09/2024 [4	P11303916
11/04/2024 [5	P21406157

Budget		
Filing Date	EMMA ID [2]	
6/26/2020	RE1039227	
6/28/2021	P31092815	
6/30/2022	P11223922	
6/22/2023	P11268994	
11/19/2024	P11367073	

Operating Data	
Filing Date	EMMA ID [2]
12/21/2020	P11106597
12/22/2021	P31096175
11/21/2022	P21241034
12/20/2023	P11300791
12/19/2024	P21415044

### Notes

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2020, the School District filed the budget timely on June 26, 2020, the operating data timely on December 21, 2020, and the audited financial statements timely on December 22, 2020.

For fiscal year ending June 30, 2021, the School District filed the budget timely on June 28, 2021, the audited financial statements late on January 24, 2022, and the operating data timely on December 22, 2021.

<sup>[1]</sup> For these purposes, assumes the shortest filing deadline of the School District's previous Continuing Disclosure Agreements

<sup>[2]</sup> Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below: <a href="http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId="http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId="http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId="http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId="http://emma.msrb.org/continuingDisclosureView/ContinuingCisclosureView/C

<sup>[3]</sup> The School District filed an Audit Late Notice and the Annual Financial Report as an interim filing on November 2, 2021 (EMMA ID: P21146062). The Audit Report was filed late on January 24, 2022 (EMMA ID: P21169538)

<sup>[4]</sup> The School District filed an Audit Late Notice on January 9, 2024 (EMMA ID: P11303916) and the Annual Financial Report as an interim filing on November 17, 2023 (EMMA ID: P21327170). The Audit Report was filed late on February 13, 2024 (EMMA ID: P21343512)

<sup>[5]</sup> The School District filed an Audit Late Notice on November 4, 2024 (EMMA ID: P21406157) and the Annual Financial Report as an interim filing on November 4, 2024 (EMMA ID: P21406157). The Audit Report was filed late on January 10, 2025 (EMMA ID: P21422951)

For fiscal year ending June 30, 2022, the School District filed the budget timely on June 30, 2022, the audited financial statements timely on December 13, 2022, and the operating data timely on November 21, 2022.

For fiscal year ending June 30, 2023, the School District filed the budget timely on June 22, 2023, the audited financial statements late on January 9, 2024, and the operating data timely on December 20, 2023.

For fiscal year ending June 30, 2024, the School District filed the budget timely on November 19, 2024, the audited financial statements late on January 10, 2025, and the operating data timely on December 19, 2024.

### **Future Continuing Disclosure Compliance**

The School District has engaged Digital Assurance Certification, LLC ("DAC") as its Dissemination Agent for the purpose of complying with Rule 15c2-12.

### RATINGS

S&P Global Ratings is expected to assign its rating of "\_\_" to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by \_\_\_\_. Moody's Investor's Service, Inc. is expected to assign its underlying rating of "\_\_" (\_\_\_\_\_ Outlook) to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$\_\_\_\_\_\_, which price represents the par amount of the Bonds less an underwriting discount of \$\_\_\_\_\_\_ and less a net original issue discount of \$\_\_\_\_\_\_. The Underwriter's obligation is subject to certain conditions precedent; the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

# **LEGAL OPINION**

The Bonds are offered with the approving legal opinion of Clark Hill PLC, Bond Counsel, of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the School District by Andrews & Price LLC, Pittsburgh, Pennsylvania, School District Solicitor and for the Underwriter by Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, as Underwriter's Counsel.

### FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. Although the Financial Advisor has assisted the School District in the preparation of this Preliminary Official Statement, it is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **MISCELLANEOUS**

This Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

The School District has authorized the distribution of this Preliminary Official Statement.

	I-MCMILLAN SCHOOL DISTRICT gton County, Pennsylvania)
By:	
,	President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Canon-McMillan School District



## **Population**

Table A-1 shows population trends for the School District, Washington County, and the Commonwealth of Pennsylvania. Table A-2 shows 2020 age composition and average number of persons per household in Washington County and the Commonwealth. Average household size for Washington County was slightly lower than the statewide average.

## TABLE A-1 POPULATION TRENDS

			Compound Average Annual
	<u>2010</u>	<u>2020</u>	Percentage Change <u>2010-2020</u>
School District	32,708	34,697	1.05%
Washington County	206,987	209,349	0.08%
Pennsylvania	12,702,379	13,002,700	0.80%

Source: U.S. Census Bureau, Census 2010 & 2020 U.S. Census Bureau.

## TABLE A-2 AGE COMPOSITION

	0-17 Years	18-64 Years	65+ Years	Persons Per Household
Washington County	22.3%	56.7%	21.0%	2.4
Pennsylvania	22.0%	62.6%	15.4%	2.5

Source: 2020 Census Summary File 1.

Major employers within Washington County include:

## **Top 10 Employers**

The Washington Hospital
Pathways of Southwestern PA Inc
Live Nation Worldwide
Wal-Mart Associates Inc
Giant Eagle Inc
Crown Castle USA Inc
Monongahela Valley Hospital Inc
Washington County
ANSYS Inc
Canon-McMillan School District

Source: Center for Workforce Information and Analysis – 3<sup>rd</sup> Quarter 2024

## **Employment**

Overall employment data are not compiled for the School District or municipalities within it, but such data are compiled for the Pittsburgh Metropolitan Statistical Market Area (the "MSA") as shown below.

## TABLE A-3 DISTRIBUTION OF EMPLOYMENT Pittsburgh Metropolitan Statistical Area (Washington, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland Counties) NONFARM JOBS

		NUNFARM JUBS	Employment		1	
ESTABLISHMENT DATA	Mar 2025	Feb 2025	Jan 2025	Mar 2024	Feb 2025	Mar 2024
Total Nonfarm	1,202,700	1,192,700	1,186,300	1.194.900	10,000	7,800
Total Private	1,082,900	1,073,100	1,069,200	1,076,800	9,800	6,100
Goods Producing	148,600	147,300	146,700	151,400	1,300	-2,800
Mining and Logging	8,300	8,200	8,100	8,100	100	200
Construction	55,300	53,500	53,300	55,200	1,800	100
Specialty trade contractors	32,900	32,000	31,700	33,000	900	-100
Manufacturing	85,000	85,600	85,300	88,100	-600	-3,100
Durable Goods	61,000	61,300	61,100	63,600	-300	-2,600
Primary metal mfg.	10,100	10,100	10,000	10,400	0	-300
Iron and steel mills and ferroalloy mfg.	5,300	5,300	5,300	5,500	0	-200
Non-Durable Goods	24,000	24,300	24,200	24,500	-300	-500
SERVICE-PROVIDING	1,054,100	1,045,400	1,039,600	1,043,500	8,700	10,600
PRIVATE SERVICE-PROVIDING	934,300	925,800	922,500	925,400	8,500	8,900
Trade, Transportation, and Utilities	209,500	209,100	210,500	208,200	400	1,300
Wholesale Trade	41,700	41,400	41,400	42,000	300	-300
Retail Trade	115,400	115,400	116,400	115,900	0	-500
Building material and supplies dealers	8,100	7,900	7,900	8,400	200	-300
Food and beverage stores	22,200	22,200	22,300	22,400	0	-200
Clothing and clothing accessories stores	25,600	25,700	26,000	25,100	-100	500
General merchandise stores	7,900	8,000	8,200	8,000	-100	-100
Department stores	6,400	6,400	6,600	6,400	0	0
Transportation, Warehousing and Utilities	52,400	52,300	52,700	50,300	100	2,100
Utilities	5,700	5,700	5,600	5,700	0	0
Truck Transportation	11,100	11,000	11,100	11,000	100	100
Information	20,800	20,600	20,900	21,700	200	-900
Financial Activities	78,000	78,000	78,000	78,700	0	-700
Finance and Insurance	62,800	62,900	62,800	63,700	-100	-900
Credit intermediation and related activities	26,200	26,200	26,200	26,200	0	0
Depository credit intermediation	22,800	22,800	22,800	22,800	0	0
Insurance carriers and related activities	29,300	29,400	29,400	29,900	-100	-600
Professional and Business Services	186,400	184,700	183,400	186,600	1,700	-200
Professional and technical services	89,600	88,700	88,200	88,900	900	700
Architectural and engineering services	17,400	17,200	17,100	16,800	200	600
Scientific research and development services	11,300	11,200	11,100	11,300	100	0
Management of companies and enterprises	41,300	41,100	41,100	42,500	200	-1,200
Administrative and waste services	55,500	54,900	54,100	55,200	600	300
Administrative and support services	50,600	50,000	49,400	50,600	600	0
Employment services	17,500	17,300	17,000	18,100	200	-600
Educational and Health Services	274,000	272,200	267,100	264,400	1,800	9,600
Educational services	58,700	58,400	54,500	57,500	300	1,200
Colleges and universities	44,100	43,900	41,000	43,100	200	1,000
Health care and social assistance	215,300	213,800	212,600	206,900	1,500	8,400
Ambulatory health care services	78,600	77,900	77,400	75,100	700	3,500
Offices of physicians	32,000	31,800	31,600	31,100	200	900
Hospitals	54,700	54,500	54,200	52,900	200	1,800
General medical and surgical hospitals	52,600	52,300	52,100	50,600	300	2,000
Nursing and residential care facilities	35,400	35,100	35,000	34,100	300	1,300
Social assistance	46,600	46,300	46,000	44,800	300	1,800
Leisure and Hospitality	120,400	122,200	123,500	114,300	-1,800	6,100
Accommodation and food service	99,700	100,000	100,100	94,600	-300	5,100
Food services and drinking places	89,900	89,900	89,900	85,600	0	4,300
Full time service restaurants	41,200	41,100	41,300	40,100	100	1,100
Limited-service eating places	33,800	34,100	34,300	33,200	-300	600 500
Other Services	48,700	49,200	48,800	48,200	-500	500
Government	116,700	115,700	113,800	115,400	1,000	1,300
Federal Government	19,700	19,800	19,700	19,800	-100	-100
State Government	13,300	13,000	12,900	13,700	300	-400
Local Government	83,700	82,900	81,200	81,900	800	1,800
Local government educational services	50,100	49,200	47,200	49,000 32,900	900 -100	1,100
Other Local Government	33,600	33,700	34,000	32,900	-100	700
Data benchmarked to March 2024						

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor & Industry

Table A-4 shows recent trends in labor force, employment and unemployment for Washington County and the Commonwealth. The unemployment rate for Washington County has been lower than the statewide average.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT\*
(Washington County)

						Compound Average Annual %
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	$2025^{(1)}$	Rate
Washington County						
Civilian Labor Force (000)	104.80	104.50	103.50	105.50	105.00	-0.02%
Employment (000)	97.80	100.70	100.54	101.70	101.00	1.19%
Unemployment (000)	7.0	3.8	3.0	3.8	4.0	-16.58%
Unemployment Rate	6.60%	3.60%	2.90%	3.60%	3.90%	
Pennsylvania						
Civilian Labor Force (000)	6,406.0	6,452.0	6,493.0	6,557.0	6,559.0	0.53%
Employment (000)	5,999.0	6,204.0	6,303.0	6,337.0	6,303.0	1.65%
Unemployment (000)	407.0	248.0	190.0	239.0	255.0	-15.16%
Unemployment Rate	6.30%	3.80%	2.90%	3.60%	3.90%	

(1)As of November 2024.

Source: Pennsylvania Department of Labor & Industry.

### **Income**

The data in Table A-5 shows the per capita income for the School District, Washington County and the Commonwealth in 2010 and 2020. Per capita income in the School District is higher than the average per capita income in Washington County and the Commonwealth.

TABLE A-5
TRENDS IN PER CAPITA INCOME\*

			Compound Average Annual
	<u>2010</u>	<u>2020</u>	Percentage Change 2010-2020
School District	\$28,884	\$40,594	3.46%
Washington County	26,045	36,554	3.45%
Pennsylvania	27,049	29,291	2.76%

<sup>\*</sup>Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: U.S. Census Bureau, Census 2010 & 2020

## **Commercial Activity**

Table A-6 shows recent trends for retail sales in Washington County and for the Commonwealth.

TABLE A-6 TOTAL RETAIL SALES (000)

	2019	2020	2021	2022	2023
Washington County	\$3,166,845	\$3,238,897	\$3,316,715	\$3,513,438	\$3,846,606
Pennsylvania	244,709,540	251.186.116	274,685,600	297,770,327	310,912,244

Source: The Nielsen Company.



## APPENDIX B FORM OF OPINION OF BOND COUNSEL



## FORM OF OPINION OF BOND COUNSEL

The form of the approving legal opinion of Clark Hill PLC, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of this Preliminary Official Statement shall create no implication that Clark Hill PLC has reviewed any of the matters set forth in such opinion subsequent to the date thereof.

To and for the attention	, 2025
of the Purchaser of the	
Described Bonds:	
Pennsylvania) (the "Local Government Unit") and deissuance, sale and delivery of its \$	<u> </u>

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177), as amended (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); the Federal Income Tax Certificate of an authorized officer; and such other certificates, proceedings and law as we deemed necessary in order to render this opinion. Unless separately noted, we have not independently verified factual certifications made to us by the Local Government Unit, its officers and agents during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of U.S. Bank Trust Company National Association, Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

Based on the foregoing, we are of the opinion on this date as follows:

- 1. The Bonds are valid and binding general obligations of the Local Government Unit.
  - (a) The Bonds are issued for a valid purpose under the School Code.
- (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.

- (c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.
- (d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.
- 2. The Bonds are secured by a pledge of the full faith, credit and all available taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amount to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.
- 3. Presently included among the general revenues of the Local Government Unit available for the payment of a portion of the Bonds are ad valorem real estate taxes, whose levy is subject to the limitations of Pennsylvania Act No. 1 of Special Session of 2006 ("Act 1"), as amended, which became effective June 27, 2006. The pledge of ad valorem taxes to the payment of debt service on the Bonds the proceeds of which will be used for capital improvement purposes is not unlimited, and may be constrained, generally, to rates established at the time of adoption of the fiscal 2025/2026 budget, as adjusted by an annual index.
- 4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.
- 5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.
- 6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.
- 7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals. However, interest on the Bonds is included in calculations of both: (a) average annual "adjusted financial statement income" for the purpose of determining whether a corporation is an "applicable corporation," as defined in Section 59(k) of the Tax Code; and (b) the amount of current "adjusted financial statement income" of such applicable corporation which is subject to the alternative minimum tax imposed by Section 55 of the Tax Code, for tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.
Very truly yours,
CLARK HILL PLC

\_\_\_\_, 2025

Page 3



APPENDIX C AUDITED FINANCIAL STATEMENTS FISCAL YEAR ENDING JUNE 30, 2024



## CANON-MCMILLAN SCHOOL DISTRICT

CANONSBURG, PENNSYLVANIA

ANNUAL FINANCIAL REPORT SCHOOL YEAR ENDED JUNE 30, 2024





## CANON-MCMILLAN SCHOOL DISTRICT

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## Independent Auditor's Report

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

Ladies and Gentlemen:

## **Report on the Audit of the Financial Statements**

## **Opinions**

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

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

## **Basis for Opinions**

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

## Responsibilities of Management for the Financial Statements

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

Tel 412.369.9992 Fax 412.774.2218 fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

## Required Supplementary Information

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

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

## **Supplementary Information**

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

## **Other Information**

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

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

## Other Reporting Required by Government Auditing Standards

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

reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Canon-McMillan School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canon-McMillan School District's internal control over financial reporting and compliance.

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**CERTIFIED PUBLIC ACCOUNTANTS** 

Canonsburg, Pennsylvania November 26, 2024

# Management's Discussion and Analysis



## CANON-McMILLAN SCHOOL DISTRICT CANONSBURG, PENNSYLVANIA

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

Our discussion and analysis of Canon–McMillan School District's financial performance provides an overview of the School District's financial activities for the fiscal year ending June 30, 2024. The MD&A should be read in conjunction with the financial statements and footnotes. This report was prepared by the School District's Business Office.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June, 1999.

This report was prepared by the School District's Director of Business & Finance. Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including disclosures in the notes to general purpose financial statements, is the responsibility of the School District's management. We believe that the data is accurately presented in all material respects, is presented in a manner designed to fairly present the financial position and results of operations of the district as measured by the financial activity of the various funds and that all disclosures necessary to enable a reader to gain the maximum understanding of the School District's financial affairs have been included.

## THE SCHOOL DISTRICT

Canon–McMillan School District is a School District of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"). Canon–McMillan School District is an independent reporting entity as determined within the criteria established in accordance with Governmental Accounting Standards Board Codification Section 2100. The application of this section provides comparability between governmental units, comprehensiveness of an individual report, and an indication of the responsibility and control function of the elected officials.

The criteria of Section 2100 have been examined as to the relationship of the School District with the Western Area Career and Technology Center. This entity was determined not to be a part of the reporting entity of the School District. The Center has been excluded due to lack of substantial control. The district appoints one member to the Joint Operating Committee of the Center. The district pays tuition for the students attending the center and would be responsible for any revenue shortfall and loan defaults.

The School District provides a comprehensive educational system from kindergarten through grade twelve, including regular instruction, special instruction, vocational education and necessary support services. The goal of the School District is to provide excellence in education by fostering high levels of student achievement through

collaboration with the community and amidst an ethical culture. We are proud of the efforts of a small group of caring community citizens to establish a foundation to serve the interests of the district. The Canon-McMillan Horizon Foundation is a non-profit organization designed to solicit tax-free donations from local businesses and, in turn, donate those monies to Canon-McMillan to support the school district in areas including, but not limited to, educational programming and classroom supplies/materials.

The governing body of the School District consists of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. The Superintendent functions as the Chief Executive Officer and works collaboratively with the Board of School Directors within a governance framework. The collaboration continues with and throughout the administrative team as teamwork is a cornerstone of our philosophy of success.

## POSITIVE RESULTS OF OUR SCHOOL PROGRAM

Overall, the District is proud of the achievement of its students. We are proud to note we have received a number of accolades as a result of our student performance: Wylandville Elementary School (2010) was named a National Blue-Ribbon School. Canon-McMillan High School (2023) was named an AP Honors Bronze School. In addition, during the 2023-2024 school year, Canon-McMillan Middle School was recognized for their academic excellence, developmental responsiveness, social equity and outstanding structures and processes by the Pennsylvania Schools to Watch program. Canon-McMillan Middle School received their fourth Re-designation through the Schools to Watch process. Less than 12 schools in Pennsylvania have been designated that number of times. In 2024 all the schools were named Best Schools by US News and World Report. Cecil Intermediate, a Title 1 school from our district, was recognized as a National Title I Distinguished School for the State of Pennsylvania in 2015 and in 2018.

As one of the fastest growing school districts in southwestern Pennsylvania, we are proud of the myriad of opportunities we offer our students. Our growth, in combination with the age of some of our facilities necessitated a multi-phase capital improvement plan which was initially presented in May, 2014. Groundbreaking for the new Muse Elementary School occurred in the fall of 2015 and the opening date for the new school occurred on schedule in August 2017. We created physical learning spaces that are conducive to learning appropriate for the 21st century, representative of financially sound decisions and indicative of the well-developed infrastructure our students and school community Our high school renovation/expansion project began in 2017 and was completed by December 2018. Our newest project completion was the state-of-the-art Canon-McMillan Middle School, which opened on time and began providing schooling to the 7<sup>th</sup> and 8<sup>th</sup> graders in January 2023. In the school, team areas house collaboration for cross-curricular opportunities, a gymnasium that fits multiple physical education classes to promote health and wellness. The Arts wing is home to our award-winning middle school band and choir programs. A gifted/maker space to expand thinking and problem-solving. And a related arts/technology wing that creates an experience that educates the whole child.

Canon-McMillan has made a number of technological upgrades, improved district-wide technological infrastructure and increased bandwidth to accommodate a shift to full use of their online platforms (Google Classroom for K-4 and Schoology for grades 5-12). The district embraces the PA Core Standards with the provision of differentiated instructional practices which build a foundation for student success. Tutoring is offered for at-risk students needing extra help. Enrichment opportunities also are provided and are augmented by programming that addresses the needs of identified gifted students. Canon-McMillan has engaged in Community Partnerships providing students with handson project-based learning experiences in conjunction with their coursework. These experiences involve plant/factory field trips, round-table problem-solving discussions with engineers and CEO's and solutions-based projects paired with classroom instructional activities to solve real-life problems identified by the respective company representatives. While our Community Partners list is growing, it includes partners such as SitelogicIQ, Auma Actuators, Range Resources, Catalyst-Connections, All-Clad Metalcrafters, Universal Electric Corporation, CONSOL Energy and Mark-West Energy Partners.

As a testament to the positive results of our school programs, the award-winning Canon-McMillan School District has building level test scores that exceed the state average and are within the range that the Pennsylvania Department of Education considers to be successful. Canon-McMillan continues to focus on student growth at each of our schools with the goal to continue to increase each individual school's overall performance.

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

### FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

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

Revenues: The School District's general fund received \$111.6 million during 2023-2024 compared with \$106.8 million for 2022-2023. Canon–McMillan received 71.8% of its funding from local sources, 26.7% from state sources, and 1.5% federal sources which was only a slight shift from 2022-2023. Real estate tax receipts continue to be the primary source of revenue for the general fund. The property assessments, from which real estate tax receipts are based, continue to increase. Without a significant increase in state

funding, it is anticipated that future annual millage rate increases are likely, especially if the district continues to pursue Capital Projects.

Earned Income Tax (EIT) is the second most significant local revenue source funding general fund operations and it continued to increase despite appearing to plateau or level off a few years ago. Canon-McMillan continues to be higher than state averages. The mandated countywide consolidation effort which began in 2012 made the receipt of these revenues more efficient. The district will continue to monitor this taxing effort as it will have both short- and long-term impacts to the Earned Income Tax collection. Returning to pre pandemic assumptions that the School District is financially positioned very well as economic growth continues and the financial health of the local economy is not solely dependent on any one of several major employers. Another large local tax revenue source for the School District is the Realty Transfer Tax, which taxes one half percent on the sale of homes in our communities. The rates on both this tax and the Earned Income Tax rate are not able to be changed per state law. Homes in our communities range from starter homes, which are attractive to young families, to expansive properties. Properties in our district continue to be on the rise.

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

It is anticipated the district will continue to perform better than many communities in terms of revenue streams. Additionally, there have been improvements and additions to the highways creating increased access to major markets and making the Canon–McMillan School District a location that businesses are sure to find attractive.

## **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the district's assets and liabilities, with the difference between the two reported as net position. Over time increases and decreases in net position serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of

the timing of related cash flows. Thus, revenues and expenses are reported in this statement from some items that will result in cash flows in the future fiscal periods, such as uncollected taxes

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes, state and federal subsidies (governmental activities) from other functions that are intended to recover a portion from user fees and charges (business-type activities). The governmental activities include general costs of the District such as instruction, administration and community service. The largest major fund in governmental activity is the General Fund.

The General Fund and Capital Projects Fund are the two major funds under governmental activities.

The General Fund accounts for all transactions of the School District which are not required to be accounted for in another fund. The School Board is empowered by Article 5 Section 507 of the Public-School Code to levy and collect necessary taxes in addition to the annual State appropriation in order to pay for any indebtedness that may be created and to enable it to establish, enlarge, equip, furnish, operate, and maintain the operations of the School District. All other funds are designated for specific purposes.

The Capital Bond Funds have activity restricted to capital improvements and the purchase of long-term equipment and are aggregated into a single presentation, Construction Fund. The district has two non-major funds: a Debt Service Fund and Athletic Fund, all of which are aggregated into a single presentation, Non-Major Funds.

The only other major fund is the Food Service Fund and it is a business-type activity fund which accounts for the cafeteria program in each of the district's nine schools. The district contracted these services through an RFP process with Nutrition Inc. to provide food service management.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – Most of the District's activities are reported in governmental funds which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which focuses on near-term inflows and outflows of readily available resources as well as balances of readily available resources at the end of the fiscal year. Such information is useful in evaluating a District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By

doing so, readers can understand the long-term impact of the government's near-term financing decisions. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements and can be noted on Pages 4 and 6 in the financial statements.

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. While the District maintains only one proprietary fund type, the Food Service Fund, it provides more detail and additional information than government-wide statements, such as cash flows.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the district's operations. The district maintains student funds as Custodial Funds. The district acts as a custodian and administers this fund on behalf of the students and their organizations. Since these funds are custodial in nature, the district does not measure the results of operation. However, acting as a custodian of these funds, the Business Office had found areas of concern in regard to the internal controls and added further controls as a result.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table reflects the condensed Statement of Net Position:

## Statement of Net Position As of June 30, 2024

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

## Assets, Liabilities & Net Position

The School District's total assets and deferred outflows increased \$1.6 million during 2023-2024 to a total of \$287,457,123. 30% is comprised of current assets: cash and cash equivalents, investments, receivables (delinquent taxes), and other receivables from federal and state sources, insurance reimbursement, and other School District funds including Capital Projects. The remaining 70% assets are attributable to noncurrent assets comprised of long-term receivables and capital assets net of depreciation.

Total liabilities and deferred inflows decreased \$8,022,023 during 2023-2024 to a total of \$341,570,143. Beginning June 15, 2014 GASB #68 became effective and is reflective in the future statements presented in this report. This statement was made to address accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts and have certain characteristics. The application of this statement has resulted in the school district being required to include a proportionate share of the PSERS unfunded

liability within its financial statements. It is important to note that the district is mandated to participate. Typically, we would have only seen things like bonds payable, accounts payable, salaries and benefits payable and other post-employment benefits payable represented in this section. This section traditionally and currently also reflects, accounts payable balances that are primarily the result of expenditures incurred prior to June 30, 2024 and paid subsequent to June 30, 2024. Accrued salaries and benefits are primarily the result of salaries earned by teachers as of June 30, 2024 and paid during the summer 2024.

The district's total net position in 2023 was (\$63.8M), June 2024 net position decreased (\$54.1M) a total of \$9,668,188 during 2023-2024. The net position decrease is comprised of: net investment in capital assets; restricted funds comprised of capital projects, retirement obligations and designated purposes. Unrestricted funds are reflective of the inclusion of GASB #68 into the financials with \$(88,453,821).

## **RESULTS OF OPERATIONS**

Fiscal year ended June 30, 2024 Changes in Net Position

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

### Revenues

Local taxes account for 72% of all revenue (audit pg.7). The district raised taxes in 2024. The district currently receives approximately \$5,266,595 per each mill of real estate tax, and a tenth of a mill is approximately \$526,659. This figure takes into account deducting for un-collected taxes (discount, collection rate, etc...). Reassessment took place in 2016. The district is still initiating and defending appeals from reassessment and projects this to be an annual on-going process moving forward. The remaining revenues are Federal and State subsidies which totaled 28% of additional revenue for fiscal 2024.

## **Expenditures and Other Financing Uses-Governmental Funds**

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

The following table shows the district's nine largest functions at total cost and net cost (total cost less revenues generated by the activity). This table also shows the net costs offset by the other unrestricted grants subsidies and unrestricted contributions to show the remaining financial needs supported by local tax efforts and miscellaneous revenues.

## Fiscal Year Ended June 30, 2024

## **Governmental Activities**

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

## Explanation of Expenditure Category Content:

Depreciation – Depreciation expense is an application of the matching principle whereby the cost of fixed assets used up during a period is matched with the revenues generated by their use. While depreciation expense is not a use of cash, the underlying concept that depreciation expense should bear some relationship to principal debt payments is most important. In 2008-2009, we reflected the results of our outside appraisal of fixed assets and believed we were current in the cost of those assets. In subsequent years, we have added additional updates that were shared by our outside appraisal company. The district will be engaging in another appraisal of our fixed assets in conjunction with the capital improvement plan, in the meantime, annual updates will be provided.

Instruction – Activities designed to provide grades K-12 students with learning experiences to prepare them for activities as citizens, family members, and non-vocational workers as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps.

Instructional support services include those activities associated with assisting, supporting and directing the instructional staff on providing learning experiences for students. Program areas included in this section are audiovisual services, computer services, library, curriculum development and staff development.

Administration services are those activities concerned with establishing and administering policy in connection with operating the School District. Program areas include board services, tax collection, personnel services, legal services, special legal counsel, superintendent services, community relations and office of the principal.

Financial services cover the Business Office operations, warehousing and distributing services and duplicating services. The cost reflects the increase in centralization of the maintenance cost of duplicating equipment. Audit preparation and fixed asset appraisal are also key components of this area. Accounting software and associated modules are an integral part of the business office.

Operation and maintenance services cover the activities concerned with keeping the physical plant, comfortable and safe for use and keeping the buildings and grounds in effective working condition and in a good state of repair. District-wide maintenance projects included roof installation, carpet replacement, ceiling tile replacement, fire and security system repairs, field repairs and playground improvements and roadway and parking lot improvements. Preventive maintenance programs include filter replacements with facility mechanical systems, power system upgrades, HVAC system renovations and high efficiency energy management through lighting conversions to low wattage T8 LEDs. Safety and security is continually addressed with the latest installations involving door barricade systems for every classroom and additional interior and exterior security

cameras. The district also contracts the services of police officers/school resource officers from our local municipalities. 2018 marked the beginning of a district wide initiative that would be first in the district. The district implemented a plan that would phase in full-time contracted SRO's for every building, and by the start of school in 2019 that plan was completed. The district plans to continue to add more safety programs and initiatives.

Transportation in Canon–McMillan includes regular education students, homeless students, special education students, parochial students, inter-district students attending agricultural and vocational-education students attending the Western Area Career and Technology Center and the Parkway West Career and Technology Center.

Student activities encompass those co-curricular programs which supplement the regular instruction program, including such activities as band and athletics.

Community services reflect those activities concerned with providing community services to students such as recreational activities and contributions to Canonsburg Public Library.

Debt services include interest payments on long-term debt obligations and refund of prior year receipts.

## **BUDGETING PROCESS**

The fiscal 2024 General Fund Budget was approved by the Board of School Directors on June 27, 2024. The budget included proposed total expenditures of \$116,335,421 and revenues of \$116,383,439. The revenues were \$48,018 more than expenses, this forecasts a surplus fund balance. The designation of fund balance was set aside to anticipate things like last minute state budget changes or lack of state budget, GASB 45 (OPEB) contributions, class size monitoring, the unknown financial impact of future tax assessment appeals and emergency monies for building repair. For example: the stadium turf and track were deemed unsafe for play which resulted in a large unanticipated expense in 2014-2015 and 2015-2016. The budget plan continues to include technology improvements, like one-to-one device initiative, increased bandwidth and technology needed in our current post pandemic environment, bus replacements, police and other security measures as well as deferred maintenance programming as outlined in the district's five-year planning. The anticipated unknown in the amount of funds available for the state funding formula and reduction in grants monies had some budgetary realignment impact. A big factor in the budgeting process continues to be tax assessments resulting from the county wide reassessment process (see Appendix B). Lastly, the budget also included monies for post-retirement healthcare benefits (GASB).

## FUND BALANCE ANALYSIS-GOVERNMENTAL FUNDS

	General Fund	Capital Projects Fund*	District Activities Fund	
June 30, 2023 Increase (Decrease)	\$ 11,398,877 \$ 767,352	\$ 51,739,299 \$ 1,378,877	\$ 141,179 \$ (75,021)	
June 30, 2024	\$12,166,229	\$ 53,118,176	\$ 66,158	

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

The fund balance for the General Fund at June 30, 2024 included a surplus of \$767,352. This is a result of budgeting a surplus and federal supplanted funds. The total fund balance increased from \$11,398,877 to \$12,166,229. It is important to note that the balance sheet delineates the portions of these funds that are assigned, committed, restricted and unassigned. The designation may limit the spending of those funds without further actions. The typical influencing factors are the district long range planning for current and future debt service, unanticipated interim taxes, increases to real estate beyond projections and the district halting spending early. These typically result in additional revenues not budgeted as the outcome was unknown until after the budget was set.

In regard to fund balance, the fund balance policy was established in response to multiple years that the fund balance dipped to a deficit. A recommendation made by the Auditor General was to adopt a policy to prevent this from occurring along with tightened controls. The district complied with both recommendations and a positive fund balance is the result. As a result of budgeting challenges especially in regard to funding, tax appeals, mandated retirement contributions and limits on ability to tax, the district made additional fund balance allocations and will be reviewing the Fund Balance Policy to include these areas. The district's unassigned fund had reached the optimal recommended % but has not dropped, which resulted from fund being committed to Capital Projects. The recommended minimum fund balance limit is between 8%-10%.

### **DEBT ADMINISTRATION**

As of June 30, 2024, the District had long-term debt obligations totaling \$307,547,914. This amount has decreased by \$3.6M due to debt payments for Capital Projects: High School, Stadium, Muse Elementary and Middle School Projects. The long-term Capital Improvement Bonds, Notes and Bond Premium is \$182,391,949 as of June 30, 2024. This amount also includes \$110,222,500 to record as per GASB the net pension liability, \$4,478,900 reported as per GASB 75 for Health Insurance Premium Liability and \$5,405,688 for other post-retirement benefits and compensated absences. More detailed information relating to the district's long-term liabilities is included in the notes to the financial statements.

## HISTORY AND FUTURE ECONOMIC FACTORS

The Canon–McMillan School District, encompassing a land area of 56 square miles, is located in western Washington County and extends north to the Allegheny County border. The Townships of Cecil, North Strabane and Canonsburg Borough comprise the School District. The newest census was completed in 2020. The U.S. Census Bureau on their website has a 2020 total population for the district of 40,053; this represents a 19% increase over the 2010 total population of 33,671.

Higher education at Canon-McMillan was initiated in the locale by the Rev. John McMillan in the log cabin that is now located on the front campus of the current Canonsburg Middle School. Since 1791, when Col. John Canon donated this lot and contributed money to provide for the Canonsburg Academy, there has been a secondary school on this site.

After 1800, the Canonsburg Academy was charted as Jefferson College and later merged with Washington College to found the present Washington and Jefferson College in Washington. The Rev. McMillan's Log College is said to be the first school of higher learning west of the Allegheny Mountains. The Canon-McMillan School District was created in the 1950's following the jointure of the Canonsburg Borough, Cecil Township and North Strabane Township schools. On September 15, 1954, the name Canon-McMillan Joint School System was attached to the merger. With the creation of Canon-McMillan, the students from all three municipalities began attending a single Canon-McMillan High School. North Strabane provided the land for the new high school and ground was broken for construction of the school on December 16, 1957.

Canon-McMillan has graduated such athletic standouts as Mike Hull (Class of 2008), who is on the roster as a linebacker for the Miami Dolphins; and the late Doug Kotar (Class of 1970), who played as a running back for the New York Giants football team, and William Schmidt (Class of 1965), who won a bronze medal in the javelin at the 1972 Olympics, and such international artists as twins Joseph and James Sulkowski (Class of 1969), who have displayed their works in all 50 states and abroad. Many of the District's outstanding alumni have been honored at the district's annual Hall of Honor award ceremony.

Cecil Township, which accounts for nearly 36% of the School District's land area, was once primarily rural and agricultural in character but now includes commercial, residential and industrial areas. A major development in this township was Southpointe which includes an eighteen-hole golf course, hotels, restaurants, recreation, office complexes, and two universities. A new four-hundred-acre development similar to "Southpointe" was previously approved by Washington County and boasts the following: offices, stores, restaurants, a nine-hole golf course and new housing developments. Southpointe II is under development with the anticipation of additional real estate projects. Even though the project was once stalled due to the poor economy, its progress is back on track. In 2014, Mylan Corporation (which has since, become Mylan Pharmaceuticals Head Quarters) opened a 280,000 square foot corporate building in Southpointe II. Southpointe and Southpointe II are currently home to businesses such as: CONSOL Energy, Homewood Suites, NCO Financial Systems, Ansys Inc., Black Box, Range Resources, Mark-West, etc. Cecil Township also includes some of the highest paying taxpayers

within the district. In addition to the new businesses commercial and industrial growth, new housing developments continue to expand within Cecil Township. The commercial, industrial and residential development will continue to also create many new jobs and increase real estate and earned income tax revenue for the School District.

North Strabane Township accounts for nearly 38% of the district's land area and is similar to Cecil with a mix of residential and commercial areas along with an industrial park, several motels and restaurants. North Strabane, like Cecil Township also includes some of the largest employers or taxpayers in the district. It is also home to some of the largest businesses: to mention only a few-- 84 Lumber, Pennsylvania Transformer Technology, and the Meadows Racetrack and Casino. The Meadows opened their temporary casino in 2007-2008 with plans to have their permanent casino facility ready by during the 2010-2011 school year. The facility actually opened in the spring of 2009. The district received interim monies for the permanent facility and in 2009-2010 the facility was fully on the tax books. The casino further expanded in 2011-2012 by building a parking facility. Resolution occurred during 2012-2013 school year the between the district, county, township and Meadows Casino in regard to past and future real estate taxes. The resolution resulted in a reduction in tax assessment for the property. Much like Cecil Township, North Strabane also had a number of new residential developments that will likely bring additional students and additional real estate and earned income tax revenue for the district.

Canonsburg Borough makes up the balance of the district and is typical of a small city. It has a downtown shopping area, restaurants, motels, some industrial areas and residential areas. Canonsburg Borough boasts the home of the famous, "Sarris Candies" business, which is also one of the largest businesses in Canonsburg. In 2009, ground breaking on a new larger public library was undertaken. The library opened in 2011 and has partnered with the school district. The library brings added benefit to the school district and the community. The community looks forward to the addition of the UPMC Washington Hospital Outpatient Center.

The Canon-McMillan School District is still experiencing some student growth and community economic development. It is important to note that some of the student growth is not in increased student counts per building but rather at cyber/charter schools. The district, despite the pandemic, has seen improvement in the economic conditions of our community. As evidenced in increased real estate, interim taxes and earned income growth since the prior year, the district is experiencing growth as a result of the new housing developments and local oil and gas industry job growth.

The School District is near the city of Washington, the county seat of Washington County. Part of the Pittsburgh Primary Metropolitan Statistical Area (PMSA), the School District is approximately 20 miles southwest from the City of Pittsburgh, the government seat of Allegheny County. Access to Pittsburgh is provided by US Route 19 and Interstate 79 which bisect the School District North to South. US Route 40 and Interstate 70 are near the School District from east to west. Currently, Washington County is developing two industrial parks located within 15 miles of the school district which will continue to increase the employment rate for District residents. The University of Pittsburgh Medical Center, located approximately 20 miles from the School District, provides extensive and

exceptional health care for all surrounding counties. Additionally, acute-care service is provided by Canonsburg General Hospital, part of AHN (which is located within the School District) and UPMC Washington Hospital.

With the forward-thinking actions and initiatives of Canon–McMillan School District's Board of Education, the provision of high-quality education of our students will continue through the 21st Century.

The district is prepared to meet the challenges of offering a high-quality education to all students while effecting cost savings whenever possible.

# **CAPITAL IMPROVEMENT PLAN**

The School District continues to track residential growth and the potential enrollment growth that may result. Consequently, the school district will continue exploring options to build a new school building (New Wylandville Elementary) and/or renovate and expand existing structures. Capital improvements will continue as a focal point over the next five to ten years. The district engaged the services of Dr. Shelby Stewman, demographer, from Carnegie Mellon University, to study the population trends (past, present and future) so that precise planning could be put into place.

As a result of previous demographic studies, the Board of School Directors procured the services of HHSDR architectural firm to make recommendations in regard to facilities and future needs. In May, 2014, a Conceptual Facilities Plan was publicly presented to include the first project, an 800-student elementary school in Muse, which was completed in August 2017. During the 2016-2017 the district also finished the High School renovation and Stadium projects in 2019. The new middle school construction was completed with students starting classes in January 2023. The initial demographic study, completed by Dr. Stewman, was utilized in conjunction with the recommendations of HHSDR to define a footprint for construction/renovation projects for the next 3 to 10 years. The next project will be new Wylandville Elementary which involves closing down Borland Manor Elementary and demolishing the current Wylandville Elementary. This project is projected to be completed in 2027.

Major capital projects have been funded through bond proceeds and school district reserves. Unless the School District budgets funds for these projects it is possible that these needs will result in the addition of debt. However, the School Board of Directors recognizes the importance of capital projects and began to fund the Capital Project Fund (Board Policy 620). Another key factor in capital projects is the district's borrowing ability. This is monitored and assessed annually by the Board Budget and Finance Committee. GASB 75 requires school districts to list all their post health care retirement benefits on the District financials, the District fulfilled the recommended amount from 2009 up thru the 2017. The latest report indicated the district is fully funded and future recommendations may be forthcoming. Regardless, the district will continue to consider this upon completion of future budgets, as well as continued reviews of our GASB 75 obligations to ensure the impact to the district's borrowing abilities is minimized.

# PENNSYLVANIA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Stock market fluctuations could result in positive and negative returns on investments for the State retirement system. It is anticipated that the fund will require significantly increased contributions from all of the school systems within the Commonwealth. The rates are still in the collared time frame at incrementally higher contribution rates after which time, projections from the retirement system have indicated that the rate charged to school systems could be impacted by much higher contributions.

# **TECHNOLOGY**

Canon–McMillan School District has invested several million dollars to acquire technology in the form of equipment, software, and infrastructure. Attempts to provide budgeted funds for replacement and upgrade of this technology in an effort to remain reasonably current have been modestly successful. It is anticipated that significantly higher levels of funding will be required in the near term to maintain the increase in technology. Because these programs are no longer state funded, support for maintaining up-to-date technology has been needed. Thus, the last three-five years the district has been working on a 1-to-1 device program and due to that was well positioned when the school closure occurred in March. Moving forward this will be a budgetary expense that will need funding until a replacement program is put into place.

The district has incorporated technology in all phases of operations. The business office has used the website to provide transparency by displaying current budgetary, audit and other important financial data. District administrators are using the website to share information about their buildings or areas of responsibility. Teachers are using the district website as a communication channel for both students and parents. Parents are referencing the website regularly for updates regarding their children's academic progress, to monitor and make notations on their student lunch accounts and to communicate with teachers on a regular basis.

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

Technology is also embedded in the daily learning experiences of our students. It augments already sound teaching methodology in a manner that aligns with and highlights 21<sup>st</sup> Century learning skills and justifies yet another reason why the Canon-McMillan School District provides a premier learning experience for our students.

# **REVENUE**

The stability of revenue to meet the operational needs of the School District is, in the immediate period, is sound and stable considering the comparative tax burden on the School District's residents, as compared with other school districts in this region. This is mainly attributable to the residential and commercial growth that the district is still

experiencing. The Pennsylvania state legislature may result in changes to funding levels for this school district that could impact subsidy revenue, and simultaneously limit or eliminate the taxing power as well as receiving lower funding amounts. The federal government in recent years provided stimulus funding that, while providing an influx of monies to the district budget, has expired. Another very critical factor greatly impacting the district is the status of residential and commercial tax appeals.

# CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

Our financial report is designed to provide citizens, taxpayers, students, investors and creditors, and other interested parties with a general overview of the School Board's finances and to illustrate the School Board's accountability for funds it receives. Questions concerning this report or a request for additional information should be addressed to Dr. Joni Mansmann, Director of Business and Finance, Canon–McMillan School District, 200 Big Mac Blvd., Canonsburg, PA 15317, telephone number (724) 746-2940 or <a href="mansmanni@cmsd.k12.pa.us">mansmanni@cmsd.k12.pa.us</a>.

# CANON-McMILLAN SCHOOL DISTRICT CANONSBURG, PENNSYLVANIA

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

Appendix A: Regional and Economic Data

Appendix B: District Enrollment, Debt and Other Tax Data

# Appendix A

Regional and Economic Data of Canon-McMillan School District

(Washington County, Pennsylvania)

# REGIONAL AND ECONOMIC DATA OF CANON-MCMILLAN SCHOOL DISTRICT (Washington County, Pennsylvania)

The School District is located in the northeastern part of Washington County, Pennsylvania and covers approximately 56 square miles. Canonsburg Borough, the geographical center of the School District, is located approximately 20 miles southwest of Pittsburgh and 9 miles northeast of the City of Washington, Pennsylvania. Participating municipalities within the School District include Canonsburg Borough, Cecil Township and North Strabane Township.

### **Higher Education**

The School District has access to numerous college and universities that offer a variety of undergraduate, graduate and non-credit programs. Washington and Jefferson College is a private liberal arts college located south of the School District in the City of Washington, Pennsylvania. Pennwest University is a public university with campuses in California, Clarion, Edinboro and online. Waynesburg University is located to the south of the School District in the Borough of Waynesburg, the county seat of Greene County and Wheeling, West Liberty and Bethany Colleges are located in the neighboring state of West Virginia. Numerous institutions of higher education that are located in the City of Pittsburgh include the University of Pittsburgh, Carnegie-Mellon University, Duquesne University, Robert Morris University, Point Park University, Chatham University and Carlow University.

### **Medical Facilities**

The University of Pittsburgh Medical Center, located approximately 20 miles from the School District, provides extensive and exceptional health care for all surrounding counties. Additionally, UPMC Washington Hospital, located in the City of Washington, is an acute-care general hospital. AHN Canonsburg General Hospital, which is also a general acute-care facility, is located in nearby North Strabane Township. The West Virginia University Medical Center is located approximately thirty miles from the School District in Morgantown, West Virginia. The School District is also served by Mon Valley Hospital, St. Clair Memorial Hospital and a satellite Children's Hospital in Bridgeville..

### **Transportation Facilities**

There is a variety of transportation in Washington County, including three Class 1 railroads and two short lines, as well as 19 trucking companies, three bus lines and three taxi companies based in the County.

Interstate Routes 70 and 79 and U.S. Routes 19, 40 and 43 traverse the School District and provide direct access to the City of Pittsburgh (approximate driving time is thirty minutes) as well as the city of Wheeling, West Virginia. Air service is provided by Pittsburgh International Airport.

### **Public Utilities**

Electricity for the School District is provided by West Penn Power Company. Water service is obtained through the Western Pennsylvania Water Company. Sewage is presently processed by the Canonsburg-Houston Joint Sewer Authority and North Strabane Township Municipal Authority.

# **Public Safety**

Police protection is provided in every municipality by either a local department or the Pennsylvania State Police. Fifty-two communities within the County have their own volunteer fire department and service and mutual-aid agreements provide fire protection to smaller communities.

# Recreation

Washington County offers a variety of scenic attractions, historic sites, recreational areas and points of interest, making it a popular destination for vacationers and tourists. Fourteen sites in the County have been designated as National Historic Landmarks. A diversity of recreational facilities exist in Washington County including campgrounds, swimming pools, lakes, municipal parks and ball fields.

# **Major Employers**

Top Ten Employers located within or near the School District are listed below:

Employer	Type of Business	Number of Employees
1. 84 Lumber Company	Industrial	1,018
2. Crown Castle USA, Inc	Communication	806
3. Washington Trotting Association	Casino/Racetrack	731
4. Ansys Inc. & Subsidiaries	Communication	615
<ol><li>Sunny Days In Home Care LLC</li></ol>		501
<ol><li>Compliance Staffing Agency LLC</li></ol>		479
7. Canon-McMillan School District	Education	477
8. Starline Holdings LLC	Industrial	419
9. Canonsburg General Hospital	Hospital	408
10. ABARTA Coca Cola Beverages	Industrial	401

SOURCE: School District Tax Collector

# Major Tax Payer

Top Ten Tax Payers located within or near the School District are listed below:

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

SOURCE: Washington County Tax Assessment Office

- (1) The property owners appealed these assessments and hearings were held on August 20, 2024. The Board of Assessment issued decisions on August 28, 2024 reducing the Assessed Values as follows: Southpointe Retail \$18,724,900; Southpointe II Town Square Bldg. \$20,006,700; Southpointe Two Lot 12 LP \$13,824,000. The District intends to appeal these decisions. The District does not anticipate that any of these appeals will have a material effect on its finances.
- (2) The property owner has appealed this assessment and a hearing is scheduled for September 20, 2024. The property owner is seeking to lower the assessed value on the property. The District intends to appear and defend this appeal and will appeal any significant adverse decision. The District does not anticipate that this appeal will have a material effect on its finances.

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

# Population Composition - 2000, 2010 and 2020

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

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

# Population Concentration - 2010 and 2020

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

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

# Per Capita Income - 2000, 2010 and 2020

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

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

# Family and Household Income – 2010 and 2020

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

SOURCE: United States Census Bureau:

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

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

	Population				
	<b>Total Persons</b>	Total Family <u>Households</u>	Persons In <u>Poverty</u>	High School <u>Graduate</u>	College <u>Graduate</u>
North Strabane Township	16,307	6,299	5.27%	97.80%	44.90%
Cecil Township	14,935	5,912	4.40%	97.60%	46.00%
Canonsburg Borough	9,652	4,266	4.20%	94.10%	31.90%
Washington County Pennsylvania	210,383 12,972,091	87,200 5,193,727	11.50% 11.80%	94.00% 91.70%	34.40% 33.80%
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SOURCE: U.S. Census Bureau (2022). American Community Survey 5-year estimates. Retrieved from Census Reporter Profile page for Cecil Township, North Strabane Township & Canonsburg Borough, Washington County, PA

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

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

 $\underline{https://censusreporter.org/profiles/06000US4212555432-north-strabane-township-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511800-cecil-township-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511152-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511150-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511150-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.org/profiles/06000US4212511150-canonsburg-borough-washington-county-pa/\underline{https://censusreporter.or$ 

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# Housing Units - 2010 and 2020

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

SOURCE: United States Census Bureau weblink: <a href="https://censusreporter.org/">https://censusreporter.org/</a>

https://census.gov and https://data.census.gov

# **Unemployment Rates**

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

SOURCE: Pennsylvania State Employment Service: www.paworkstats.state.pa.us

https://www.workstats.dli.pa.gov/Products/CountyProfiles/Pages/default.aspx

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

# Appendix B Operating and Financial Data

### **Enrollment Data**

	Actual Enro	llments	
School Year Ending June 30,	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
2014	2,728	2,315	5,043
2015	2,756	2,404	5,160
2016	2,779	2,439	5,218
2017	2,777	2,444	5,221
2018	2,819	2,466	5,285
2019	2,841	2,553	5,394
2020	2,767	2,574	5,341
2021	2,766	2,543	5,309
2022	2,838	2,472	5,310
2023	2,873	2,563	5,436
2024	2,901	2,598	5,499(1)
	<b>Projected Enrol</b>	llments* (2)	
School Year Ending June 30,	Elementary	<b>Secondary</b>	<b>Total</b>
2023	3,011	2,557	5,568
2024	3,123	2,562	5,685
2025	3,135	2,642	5,777
2026	3,214	2,619	5,833
2027	3,252	2,697	5,949
2028	3,258	2,820	6,078
2029	3,278	2,874	6,152

SOURCE: School District Officials.

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

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

# SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS

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

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

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

<sup>(1) 100%</sup> overlapping.

<sup>(2)</sup> As of December 2024 at 27.9072% overlapping. Proportionate share ratio is determined by dividing the assessed value of the municipalities that comprise the School District by the assessed value of the County, and multiplying that ratio by the outstanding debt of the County, in the total amount.

### **Debt Ratio Calculations (including issuance of the Bonds)**

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

\*Population (2020 5-yr. estimate):

36,041

\$4,744,007,790 Market Value (Pennsylvania State Tax Equalization Board):

Note: As per Financial Advisor - "The local effort debt is calculated using the DOE convention for rounding which results in a slightly different number than using the full percentage values for each project.

# **Future Financing**

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

**Real Estate Tax Collection Data** 

Year	Market Valuation	Assessed Valuation	Millage	Current Levy	Current Collections	Current Collecti ons as a % of Levy	Total Collections	Total Collection s as a % of Levy
2017- 2018*	2,891,567,333	4,258,889,88 5	11.09	47,231,089	43,765,978	92.7	46,770,786 <sup>(1)</sup>	99.0
2018- 2019	3,373,971,673	4,513,783,01 0	11.4005	51,459,383	51,723,797	100.5	51,723,797	100.5
2019- 2020	3,392,589,161	4,666,088,24 5	11.6500	54,359,928	54,359,928	96.8	54,419,187	100
2020- 2021	3,655,743,254	4,793,034,42 5	11.9529	57,290,660	54,560,064	95.2	54,560,034	95.2
2021- 2022	3,692,429,970	4,932,572,59 1	11.9529	58,958,547	56,117,786	96.7	58,958,547	100
2022- 2023	4,246,085,128	5,266,594,96 6	12.2600	64,568,454	61,498,492	97.0	65,790,304	100
2023- 2024	4,550,948,772	5,358,395,44 7	12.9097	69,175,278	61,922,797	97.1	72,634,041	105

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

# Real Property Taxes, Appeals and Reassessment

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

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

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

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

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

SOURCE: School District Administrative Officials, Peacock Keller and Chief Assessor.

# **Tax Anticipation Borrowing**

The School District has not issued Tax and Revenue Anticipation Bonds in over a decade. The School Board of Directors revised their fund balance policy in 2010 to ensure monies were set aside for emergencies and unplanned events. This planning has helped the district avoid issuing short term debt. 2015-2016 when the Commonwealth was faced with a budget impasse that was not resolved until well into the following year, the District did not require short term borrowing.





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

	Governmental Activities	Business-Type Activities	Total
ASSETS Cook and Cook Environments	¢ 0,000,040	ć 1.104.0F2	ć 0.002.000
Cash and Cash Equivalents Investments	\$ 8,699,946 62,063,359	\$ 1,104,052 6,269,344	\$ 9,803,998 68,332,703
Taxes Receivable (net)	2,893,547	0,209,344	2,893,547
Internal Balances	76,055	(76,055)	2,893,347
State Revenue Receivable	3,524,559	(70,033)	3,524,559
Federal Revenue Receivable	854,639		854,639
Other Receivables	649,140	37,698	686,838
Inventories	94,672	10,243	104,915
Prepaid Expenses/Expenditures	1,004,042	375,813	1,379,855
Long Term Receivables	15,481,747		15,481,747
Right to Use Intangible Asset	52,942		52,942
Capital Assets (net)	160,811,187	844,546	161,655,733
TOTAL ASSETS	\$ 256,205,835	\$ 8,565,641	\$ 264,771,476
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB Related	22,685,647		22,685,647
Total Deferred Inflows of Resources	22,685,647		22,685,647
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 278,891,482	\$ 8,565,641	\$ 287,457,123
LIABILITIES			
Accounts Payable	\$ 3,698,401	\$ 25,224	\$ 3,723,625
Accrued Salaries and Benefits	9,739,472		9,739,472
Interest Payable	429,730		429,730
Unearned Revenue	37,193	10,243	47,436
Other Current Liabilities	34,330	62,970	97,300
Long-Term Liabilities:			
Portions Due or Payable Within One Year:	F F7F 000		F F7F 000
Bonds Payable Notes Payable	5,575,000 225,000		5,575,000 225,000
Leases Payable	29,643		29,643
Long-term Portion of Compensated Absences	73,297		73,297
Portions Due or Payable After One Year:	, 5,25.		7 0,20 7
Bonds Payable - Net of Related Premiums/Discounts	164,681,505		164,681,505
Notes Payable - Net of Related Premiums/Discounts	16,959,321		16,959,321
Leases Payable	12,428		12,428
Net Pension Liability	110,222,500		110,222,500
OPEB - Health Insurance Premium Share Liability	4,478,900		4,478,900
Long-term Portion of Compensated Absences	1,494,236		1,494,236
OPEB Obligation	3,838,155		3,838,155
TOTAL LIABILITIES	321,529,111	98,437	321,627,548
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB Related	4,460,848		4,460,848
Long Term Receivable Total Deferred Inflows of Resources	15,481,747 19,942,595		<u>15,481,747</u> 19,942,595
NET POSITION	13,342,333		13,342,333
Net Investment in Capital Assets	(8,257,426)	844,546	(7,412,880)
Restricted for:	(0,231,720)	577,570	(,,412,000)
Capital Projects	34,745,963		34,745,963
Retirement Obligations	1,500,000	5,441,560	6,941,560
Designated Purposes	66,158	. ,	66,158
Unrestricted	(90,634,919)	2,181,098	(88,453,821)
TOTAL NET POSITION	(62,580,224)	8,467,204	(54,113,020)
TOTAL LIABILITIES, DEFERRED INFLOWS OF			
RESOURCES, AND NET POSITION	\$ 278,891,482	\$ 8,565,641	\$ 287,457,123

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

		Prograr	Program Revenues	Net (Expense) Revenue	Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	and Changes in Net Position Governmental Business Activities Activiti	Business-type Activities		Total
Governmental Activities Depreciation - Unallocated	\$ 4.437.708	· ·	· ·	\$ (4.437.708)	· •	÷	(4.437.708)
Instruction	2	1,476,905	11,	2	ŀ	٠	(42,044,504)
Instructional Student Support	6,347,729		831,140	(5,516,589)			(5,516,589)
Administrative and Financial Support	9,907,127	07 00	981,095	(8,926,032)			(8,926,032)
Operation and Mannerlance of Plant Pupil Transportation	9,762,496	005,10	1,609,305	(8,153,191)			(8,153,191)
Student Activities	2,178,167	303,609	231,784	(1,642,774)			(1,642,774)
Community Services Interest on Long-Term Debt	264,291 7,652,818		4,829 1,183,024	(559,462) (6,469,794)			(259,462) (6,469,794)
Total Governmental Activities	105,495,208	1,868,022	17,247,144	(86,380,042)			(86,380,042)
Business Type Activities Food Savine	7 865 497	1 294 942	1 922 508		351 953		351 953
Retirement Obligations	126,462	310,103,1	000,124,0,1		(126,462)		(126,462)
Total Business Type Activities	2,991,959	1,294,942	1,922,508		225,491		225,491
Total Government	108,487,167	3,162,964	19,169,652	(86,380,042)	225,491		(86,154,551)
General Revenues, Special and Extraordinary Items and Transfers Taxes							
Property Taxes				63,238,135			63,238,135
Other Taxes Grants Subsidias and Contributions Unrestricted				11,719,358			11,719,358
Urants, substants and contributions, ornestinged Investment Earnings				4,582,719	370,562		4,953,281
Miscellaneous Income				305,648			305,648
Iransfers Between Governmental and Business Type Activities				(29,539)	29,539		
Total General Revenues, Special and Extraordinary Items and Transfers				95,422,638	400,101		95,822,739
Change in Net Position				9,042,596	625,592		9,668,188
Net Position - Beginning - Restated				(71,622,820)	7,841,612		(63,781,208)
Net Position - Ending				\$ (62,580,224)	\$ 8,467,204	٠	(54,113,020)

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

	Aajor Totals Totals		66,208 \$ 8,699,946	62,063,359	1,093,347	3,524,559	854,639	649,139	94,672	1,004,042	66,208 \$ 82,901,850				50 \$ 4,041,892	3,698,400	9,739,472	37,193	34,330	50 17,551,287			94.672	1,004,042		53,118,176	1,500,000	66,158 66,158		260,682	6,306,833	66,158 65,350,563		66,208 \$ 82,901,850
	Non-Major Funds		\$								<b>У</b>				❖																			ν
Governmental Funds	Capital Projects Fund		\$ 645,823	49,879,970	000 100 0	7,011,015					\$ 54,567,635				· \$	1,449,459				1,449,459						53,118,176						53,118,176		\$ 54,567,635
	General Fund		\$ 7,987,915	12,183,389	1,095,347	3.574.559	854,639	649,139	94,672	1,004,042	\$ 28,268,007				\$ 4,041,842	2,248,941	9,739,472	37,193	34,330	16,101,778			94.672	1,004,042			1,500,000			260,682	9,306,833	12,166,229		\$ 28,268,007
		ASSETS	Cash and Cash Equivalents	Investments (At Fair Value)	Taxes Necelvable (Net)	State Revenue Receivable	Federal Revenue Receivable	Other Receivables (Net)	Inventories	Prepaid Expenditures	Total Assets	LIABILITIES. DEFERRED INFLOWS OF	RESOURCES, AND FUND BALANCES	Liabilities:	Due to Other Funds	Accounts Payable	Accrued Salaries and Benefits	Unearned Revenue	Other Current Liabilities	Total Liabilities	Fund Balances:	Nonspendable:	Inventory	Prepaid Expenditures	Committed to:	Capital Projects	PSERS	Designated Purposes	Assigned to:	Athletics	Unassigned:	Total Fund Balances	TOTAL HABILITIES DEEFERRED INELOWS OF	RESOURCES, AND FUND BALANCES

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

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

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

		Governmental Funds Capital Projects	unds	Non-Major		
	General	Fund		Funds		Totals
	\$ 74,957,493	❖	,	٠	↔	74,957,493
	5,206,130	2,575,482	,482	211,565		7,993,177
	29,781,710			7,725		29,789,435
	1,701,138					1,701,138
	111,646,471	2,575,482	,482	219,290		114,441,243
	55,985,015	10	10,605			55,995,620
	35,253,166	72,	72,695			35,325,861
Operation Of Non-Instructional Services	2,364,405	10	10,476	204,343		2,579,224
	1,308,811	4,896,720	,720			6,205,531
	12,147,845	247	247,951			12,395,796
	107,059,242	5,238,447	,447	204,343		112,502,032
	4,587,229	(2,662,965)	(596	14,947		1,939,211
Proceeds from Extended Term Financing	35,435					35,435
	6,782					6,782
	119,319					119,319
	896'68	4,041,842	,842			4,131,810
	(4,071,381)			(896'68)	_	(4,161,349)
(Nses)	(3,819,877)	4,041,842	,842	(896'68)		131,997
	767,352	1,378,877	,877	(75,021)		2,071,208
	11,398,877	51,739,299	299	141,179		63,279,355
	\$ 12,166,229	\$ 53,118,176	"	\$ 66,158	\$	65,350,563

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

Net Change in Fund Balances – Governmental Funds		\$	2,071,208
Depreciation Expense			(5,694,268)
Capital outlays are reported governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			5,092,279
Amortization of lease assets and interest expense related to lease liabilities.			10,763
Bond and note premium and discount amortization			187,267
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as the interest accrues regardless of when it is due. The additional interest reported in the statement of activities is the result of accrued interest payable and the			(4.204.020)
accretement of interest on capital appreciation bonds.			(1,201,030)
In the statement of activities, compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, these items are measured by the amounts paid.			(89,459)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net			5,905,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense			
District pension contributions	(115,296)		
Cost of benefits earned net of employee contributions	2,876,132	-1	2,760,836
Change in Net Position – Governmental Activities		\$	9,042,596

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

Part	FOR	THE YEAR	R ENDED JUNE 30	), 2024	4				_
Budget   B									Over
Decay   Deca			-					_	
Taxes	_		Budget		Budget	(bu	dgetary basis)	Bu	dget - Final
Taxes									
Other Local Revenues         3.185,000         3.185,000         2.95,2850         29,87,170         1.880           Federal Sources         1,251,017         1,251,017         1,701,138         450,121           Total Revenues         1,07,47,359         107,747,359         11,646,471         3,899,112           Expenditures           Instruction         Regular Programs         37,399,956         38,267,236         37,443,148         (824,088)           Special Programs         14,667,381         14,674,425         15,433,556         759,313           Other Instructional Programs         499,733         488,233         30,696         (95,348)           Other Instructional Programs         56,241,107         57,090,987         55,885,015         (1,105,972)           Support Services         33,38,999         3,243,991         1,622,915         (351,076)           Subdents         3,388,999         3,243,991         1,622,915         (351,076)           Administration         5,545,921         5,94,007         5,594,950         (243,711)           Pupil Health         2,112,091         1,78,005         (243,086)           Business         1,186,225         1,186,225         1,622,51         1,078,494         (197,317)     <					70 740 400				
1888   1800		\$	, ,	\$		\$		\$	
Federal Sources									
Total Revenues									
Expenditures			_		_		_		_
Instruction   Regular Programs   37,399,956   38,267,236   37,443,148   (824,088)   Special Programs   14,667,381   14,674,425   15,433,556   759,131   Vocational Education   3,674,037   3,661,093   2,707,645   (953,448)   Other Instructional Programs   499,733   488,233   392,696   695,537   Nonpublic School Programs   499,733   488,233   392,696   695,537   Total Instruction   56,241,107   57,090,987   55,985,015   (1,105,972)   Support Services   3338,999   3,243,994   2,871,212   (372,782)   Instructional Staff   2,023,711   1,973,991   1,622,915   (351,076)   Administration   5,545,921   5,594,207   5,350,496   (243,711)   Pupil Health   2,111,2091   2,112,091   1,878,005   (234,086)   Business   1,186,225   1,186,225   1,078,494   (107,731)   Government   1,973,911   1,973,911   1,622,915   (351,076)   Government   2,448,136   2,544,754   2,435,901   (108,853)   Government   2,488,136   2,544,754   2,435,901   (108,853)   Government   2,488,136   2,544,754   2,435,901   (108,853)   Government   2,448,136   2,444,545   2,435,901   (108,853)   Government   2,448,136   2,448,13	Total Revenues		107,747,359		107,747,359		111,646,471		3,899,112
Instruction   Regular Programs   37,399,956   38,267,236   37,443,148   (824,088)   Special Programs   14,667,381   14,674,425   15,433,556   759,131   Vocational Education   3,674,037   3,661,093   2,707,645   (953,448)   Other Instructional Programs   499,733   488,233   392,696   695,537   Nonpublic School Programs   499,733   488,233   392,696   695,537   Total Instruction   56,241,107   57,090,987   55,985,015   (1,105,972)   Support Services   3338,999   3,243,994   2,871,212   (372,782)   Instructional Staff   2,023,711   1,973,991   1,622,915   (351,076)   Administration   5,545,921   5,594,207   5,350,496   (243,711)   Pupil Health   2,111,2091   2,112,091   1,878,005   (234,086)   Business   1,186,225   1,186,225   1,078,494   (107,731)   Government   1,973,911   1,973,911   1,622,915   (351,076)   Government   2,448,136   2,544,754   2,435,901   (108,853)   Government   2,488,136   2,544,754   2,435,901   (108,853)   Government   2,488,136   2,544,754   2,435,901   (108,853)   Government   2,448,136   2,444,545   2,435,901   (108,853)   Government   2,448,136   2,448,13	Expenditures								
Regular Programs         37,399,956         38,267,236         37,431,148         (824,088)           Special Programs         14,667,381         14,674,425         15,433,556         759,131           Vocational Education         3,674,037         3,661,093         2,707,645         (95,344)           Other Instructional Programs         499,733         488,233         392,696         (95,537)           Nonpublic School Programs         56,241,107         57,090,987         55,985,015         (1,105,972)           Support Services         3,338,999         3,243,994         2,871,212         (372,782)           Instructional Staff         2,023,711         1,973,991         1,622,915         (55,1076)           Administration         5,545,921         5,949,407         5,350,496         (243,711)           Pupil Health         2,112,091         2,112,091         1,878,005         (24,086)           Business         1,186,255         1,1186,225         1,108,291         1,078,494           Operation & Maintenance of Plant Services         8,386,198         8,883,198         8,223,691         (59,507)           Student Transportation Services         8,200,228         8,000,228         9,000,801         1,600,573           Central         2,458,165 <td>•</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	•								
Special Programs         14,667,381         14,674,425         15,433,556         759,131           Vocational Education         3,674,037         3,661,093         2,707,645         (953,448)           Other Instructional Programs         499,733         488,233         392,696         (95,537)           Nonpublic School Programs         56,241,107         57,090,987         55,985,015         (1,105,972)           Support Services         3338,999         3,243,994         2,871,212         (372,782)           Instructional Staff         2,023,711         1,973,991         1,622,915         (351,076)           Administration         5,545,921         5,594,207         5,380,496         (243,711)           Pupil Health         2,112,091         2,112,091         1,1878,005         (24,086)           Business         1,186,225         1,186,225         1,078,494         (107,731)           Operation & Maintenance of Plant Services         8,306,198         8,831,198         8,233,691         (59,507)           Student Transportation Services         8,200,228         8,200,228         8,200,228         8,200,228         8,203,691         (107,731)           Other Support Services         35,170,409         35,247,588         35,253,166         45,578			37.399.956		38.267.236		37.443.148		(824.088)
Vocational Education         3,674,037         3,661,093         2,707,645         (953,448)           Other Instructional Programs         499,733         488,233         392,666         95,537           Total Instruction         56,241,107         57,090,987         55,885,015         (1,05,972)           Support Services         33,38,999         3,243,994         2,871,212         (372,782)           Instructional Staff         2,023,711         1,973,991         1,622,915         (351,076)           Administration         5,545,921         5,594,207         5,550,496         (243,711)           Pupil Health         2,112,091         2,112,091         1,878,005         (234,086)           Business         1,186,225         1,186,225         1,178,400         (207,371)           Student Transportation Services         8,200,228         8,200,228         8,200,228         9,800,801         1,609,572           Student Transportation Services         35,170,409         35,207,588         35,253,166         45,578           Other Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,320         2,076,821         2,100,114         23,293           Communi									
Other Instructional Programs         499,733         488,233         392,696         (95,537)           Nonpublic School Programs         56,241,107         57,090,987         55,985,015         (1,055,972)           Support Services         3,338,999         3,243,994         2,871,212         (372,782)           Instructional Staff         2,023,711         1,973,991         1,622,915         (351,076)           Administration         5,545,921         5,594,007         5,550,496         (243,711)           Pupil Health         2,112,091         1,112,091         1,1878,005         (234,086)           Business         1,186,225         1,186,225         1,078,494         (107,731)           Operation & Maintenance of Plant Services         8,280,128         8,831,98         8,831,98         8,823,591         (59,573)           Student Transportation Services         8,200,228         8,200,228         9,800,801         1,600,733           Central         2,458,136         2,544,754         2,435,901         (108,853)           Other Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           T									
Nonpublic School Programs         7,970         7,970           Total Instruction         56,241,107         57,090,987         55,985,015         (1,105,972)           Support Services         33,38,999         3,243,994         2,871,212         (317,782)           Instructional Staff         2,023,711         1,973,991         1,622,915         (351,076)           Administration         5,545,921         5,594,207         5,350,496         (243,711)           Pupil Health         2,112,091         2,112,091         1,878,005         (234,086)           Business         1,186,225         1,186,225         1,078,494         (107,731)           Operation & Maintenance of Plant Services         8,836,198         8,883,198         8,823,691         (59,507)           Student Transportation Services         8,200,228         8,200,228         9,800,801         1,600,773           Central         2,458,136         2,544,754         2,435,901         (108,853)           Other Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291									
Total Instruction	9		133,733		100,233		•		
Support Services   Students   3,38,999   3,243,994   2,871,212   (372,782)     Instructional Staff   2,023,711   1,973,991   1,622,915   (351,076)     Administration   5,545,921   5,594,207   5,350,496   (243,711)     Pupil Health   2,112,091   2,112,091   1,878,005   (234,086)     Business   1,186,225   1,186,225   1,078,494   (107,731)     Operation & Maintenance of Plant Services   8,836,198   8,883,198   8,823,691   (59,507)     Student Transportation Services   8,200,228   8,200,228   9,800,801   1,600,573     Central   2,458,136   2,544,754   2,435,901   (108,853)     Other Support Services   1,468,900   1,468,900   1,391,651   (77,249)     Total Support Services   35,170,409   35,207,588   35,253,166   45,578     Operation of Non-instructional Services   169,557   169,557   264,291   94,734     Total Non-instructional Services   169,557   169,557   264,291   94,734     Total Non-instructional Services   2,247,937   2,246,378   2,364,405   118,027     Capital Outlay   840,771   793,771   1,308,811   515,040     Debt Service   72,452,452   12,147,845   2,319     Total Expenditures   12,145,526   12,145,526   12,147,845   2,319     Total Expenditures   1,101,609   263,109   4,587,229   4,324,120     Other Financing Sources (Uses)   100,000   10,000   6,782   (3,118)     Insurance Recoveries   119,319   119,319     Interfund Transfers In   89,968   89,968     Interfund Transfers (Out   1,500,000   (140,000)   (4,071,381)   (3,921,381)     Budgetary Reserve   (850,000)			56 241 107		57 090 987				
Students			30,241,107		37,030,307		33,303,013		(1,103,372)
Instructional Staff	• •		3 338 000		3 2/13 00/1		2 271 212		(272 782)
Administration 5,545,921 5,594,207 5,350,496 (243,711) Pupil Health 2,112,091 2,112,091 1,878,005 (234,086) Business 1,186,225 1,186,225 1,078,494 (107,731) Operation & Maintenance of Plant Services 8,836,198 8,831,98 8,23,691 (59,507) Student Transportation Services 8,200,228 8,200,228 9,800,801 1,600,573 Central 2,458,136 2,544,754 2,435,901 (108,853) Other Support Services 1,468,900 1,468,900 1,391,651 (77,249) Total Support Services 35,170,409 35,207,588 35,253,166 45,578 Operation of Non-Instructional Services Student Activities 2,078,380 2,076,821 2,100,114 23,293 (000,000) Community Services 169,557 169,557 264,291 94,734 Total Non-Instructional Services 2,247,937 2,246,378 2,364,405 118,007 Capital Outlay 840,771 793,771 1,308,811 515,040 Debt Service Principal and Interest 12,145,526 12,145,526 12,147,845 2,319 Total Expenditures 106,645,750 107,484,250 107,059,242 (425,008) Excess (Deficiency) of Revenues Over Expenditures 11,10,609 263,109 4,587,229 4,324,120  Other Financing Sources (Uses)  Proceeds from Extended Term Financing 3,5435 36,435 Sales of Fixed Assets 10,000 10,000 6,782 (3,218) Insurance Recoveries 119,319 119,319 Interfund Transfers In 8,968 89,968 89,968 Interfund Transfers (Out) (150,000) (150,000) (4,071,381) (3,921,381) Budgetary Reserve (850,000) - Total Other Financing Sources & (Uses) (1990,000) (140,000) (3,819,877) (3,679,877)  Net Change in Fund Balances 111,609 123,109 767,352 644,243									
Pupil Health         2,112,091         2,112,091         1,878,005         (234,086)           Business         1,186,225         1,186,225         1,078,494         (107,731)           Operation & Maintenance of Plant Services         8,836,198         8,883,198         8,823,691         (59,507)           Student Transportation Services         8,200,228         8,200,228         9,800,801         1,600,573           Central         2,458,136         2,544,754         2,433,901         (108,853)           Other Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Pot Service         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         <									
Business									
Operation & Maintenance of Plant Services         8,836,198         8,883,198         8,223,691         (59,507)           Student Transportation Services         8,200,228         8,200,228         9,800,801         1,600,573           Central         2,458,136         2,544,754         2,435,901         (108,853)           Other Support Services         1,468,900         1,468,900         1,391,651         (77,249)           Total Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-instructional Services         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291         94,734           Total Outlay         840,771         793,771         1,308,811         515,040           Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         35,435         35,435         35,435           Over Expenditures         1,101,609         263,109         4,587,229         4,324,120           Other Financin	•								
Student Transportation Services         8,200,228         8,200,228         9,800,801         1,600,573           Central         2,458,136         2,544,754         2,435,901         (108,853)           Other Support Services         1,468,900         1,468,900         1,391,651         (77,249)           Total Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         12,145,526         12,145,526         12,147,845         2,319           Frincipal and Interest         12,145,526         10,7484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         10,116,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435									
Central Other Support Services Other Support Services 1,468,900 1,468,900 1,391,651 (77,249)         2,544,754 1,391,651 (77,249)         (108,853) (77,249)         (108,853) (77,249)         (1,291,651 (77,249)         (108,853) (77,249)         (1,291,651 (77,249)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291,64)         (1,291	•								
Other Support Services         1,468,900         1,468,900         1,391,651         (77,249)           Total Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         12,145,526         12,145,526         12,147,845         2,319           Principal and Interest         16,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         0         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         0         35,435         35,435         35,435           Over Expenditures         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435         35,435         36	•								
Total Support Services         35,170,409         35,207,588         35,253,166         45,578           Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         0ver Expenditures         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers (out)         (150,000)         (150,000)         (4,071,381)         (3,921									
Operation of Non-Instructional Services         2,078,380         2,076,821         2,100,114         23,293           Student Activities         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Over Expenditures         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319         119,319           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381) <td< td=""><td></td><td></td><td></td><td>_</td><td></td><td></td><td></td><td></td><td></td></td<>				_					
Student Activities         2,078,380         2,076,821         2,100,114         23,293           Community Services         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers In         89,968         89,968           Interfund Transfers (out)         (150,000)         (4,071,381)         (3,218,381)           Budgetary Reserve         (850,000)         -         -         -			35,170,409		35,207,588		35,253,166		45,578
Community Services         169,557         169,557         264,291         94,734           Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Over Expenditures         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)	•								
Total Non-Instructional Services         2,247,937         2,246,378         2,364,405         118,027           Capital Outlay         840,771         793,771         1,308,811         515,040           Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435         35,435         35,435         35,435         35,435         35,435         35,435         35,435         35,435         35,435         35,435         36									
Capital Outlay Debt Service         840,771         793,771         1,308,811         515,040           Principal and Interest Total Expenditures         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319 <td>•</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>_</td>	•								_
Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers In         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243	Total Non-Instructional Services		2,247,937		2,246,378		2,364,405		118,027
Debt Service         Principal and Interest         12,145,526         12,145,526         12,147,845         2,319           Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers In         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243	Capital Outlay		840.771		793.771		1.308.811		515.040
Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877	Debt Service		•						
Total Expenditures         106,645,750         107,484,250         107,059,242         (425,008)           Excess (Deficiency) of Revenues         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877	Principal and Interest		12.145.526		12.145.526		12.147.845		2.319
Excess (Deficiency) of Revenues Over Expenditures  1,101,609  263,109  4,587,229  4,324,120  Other Financing Sources (Uses)  Proceeds from Extended Term Financing Sales of Fixed Assets 10,000  10,000  6,782  (3,218) Insurance Recoveries 119,319  1nterfund Transfers In 89,968 1nterfund Transfers (Out) (150,000) (150,000) (4,071,381) (3,921,381) Budgetary Reserve (850,000) Total Other Financing Sources & (Uses) (990,000)  Net Change in Fund Balances  111,609  123,109  767,352  644,243  Fund Balance - July 1, 2023 - Restated  11,398,877  11,398,877	•								
Over Expenditures         1,101,609         263,109         4,587,229         4,324,120           Other Financing Sources (Uses)           Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers In         89,968         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877	•			_					( -,,
Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers In         89,968         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877	* **		1,101,609		263,109		4,587,229		4,324,120
Proceeds from Extended Term Financing         35,435         35,435           Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319         119,319           Interfund Transfers In         89,968         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877									
Sales of Fixed Assets         10,000         10,000         6,782         (3,218)           Insurance Recoveries         119,319         119,319           Interfund Transfers In         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877									
Insurance Recoveries         119,319         119,319           Interfund Transfers In         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877	3								
Interfund Transfers In         89,968         89,968           Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877			10,000		10,000				
Interfund Transfers (Out)         (150,000)         (150,000)         (4,071,381)         (3,921,381)           Budgetary Reserve         (850,000)         -         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877         11,398,877									-
Budgetary Reserve         (850,000)         -         -           Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877							89,968		
Total Other Financing Sources & (Uses)         (990,000)         (140,000)         (3,819,877)         (3,679,877)           Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877	Interfund Transfers (Out)				(150,000)		(4,071,381)		(3,921,381)
Net Change in Fund Balances         111,609         123,109         767,352         644,243           Fund Balance - July 1, 2023 - Restated         11,398,877         11,398,877         11,398,877			(850,000)						
Fund Balance - July 1, 2023 - Restated 11,398,877 11,398,877 11,398,877	Total Other Financing Sources & (Uses)		(990,000)		(140,000)		(3,819,877)		(3,679,877)
	Net Change in Fund Balances		111,609		123,109		767,352		644,243
Fund Balance - June 30, 2024 <u>\$ 11,510,486</u> <u>\$ 11,521,986</u> <u>\$ 12,166,229</u> <u>\$ 644,243</u>	Fund Balance - July 1, 2023 - Restated		11,398,877	_	11,398,877		11,398,877		
	Fund Balance - June 30, 2024	\$	11,510,486	\$	11,521,986	\$	12,166,229	\$	644,243

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

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

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

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

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

	 Food Service	irement itions Fund
Cash Flows from Operating Activities: Cash Received from Customers Cash Payments to Employees for Services Cash Paid to Suppliers for Goods and Services	\$ 1,292,473 (1,243,427) (1,488,957)	\$
Net Cash Provided (Used) by Operating Activities	(1,439,911)	
Cash Flows from Noncapital Financing Activities:		
Grants and Subsidies Received for Non-Operating Activities		
State Subsidies	504,295	
Federal Subsidies Transfer from Other Funds	1,253,179	
Net Cash Provided (Used) by Noncapital Financing Activities	 29,539 1,787,013	 
Cash Flows from Capital and Related Financing Activities:		
Purchase of Equipment	 (29,539)	 
Net Cash Provided (Used) by Capital and Related Financing Activities	(29,539)	
Cash Flows from Investing Activities:		
Earnings on Investments	112,882	257,679
Withdrawals (Purchases of) from Investment Pools	(66,773)	 (257,679)
Net Cash Provided (Used) by Investing Activities	46,109	
Net Increase (Decrease) in Cash and Equivalents	363,672	
Cash and Cash Equivalents, Beginning of Year	 740,380	
Cash and Cash Equivalents, End of Year	\$ 1,104,052	\$ 
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities		
Operating Income (Loss) Adjustments to Reconcile Operating Income (Loss) to Net	\$ (1,570,554)	\$ (126,462)
Cash Used by Operating Activities:		
Depreciation	105,374	
Donated Commodities Used	165,034	
Changes in Assets and Liabilities:		
Accounts Receivable	(2,469)	
Inventories	10,574	426.462
Other Assets	(111 050)	126,462
Due to/Due From Other Funds Accounts Payable	(111,958) (2,201)	
Other Liabilities	2,135	
Unearned Revenues	(35,846)	
Total Adjustments	 130,643	 126,462
•	 	 · ·
Net Cash Provided (Used) by Operating Activities	\$ (1,439,911)	\$

# **Noncash Noncapital Financing Activities:**

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

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

		Custodi	al Fund	S
		Student		School
ASSETS	<i>F</i>	Activities		Store
Cash and Cash Equivalents	\$	392,486	\$	33,800
TOTAL ASSETS	\$	392,486	\$	33,800
LIABILITIES				
Accounts Payable	\$	2,548	\$	64
Other Current Liabilities				
Total Liabilities		2,548		64
NET POSITION				
Restricted		389,938		33,736
Total Net Position		389,938		33,736
TOTAL LIABILITIES AND NET POSITION	\$	392,486	\$	33,800

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

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

# Canon–McMillan School District Notes to the Financial Statements June 30, 2024

# Note 1 – Summary of Significant Accounting Policies

The Canon—McMillan School District (the "School District") provides public education to residents of North Strabane Township, Cecil Township and the Borough of Canonsburg.

# A. Reporting Entity

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

In evaluating the School District as a primary government in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," management has addressed all potential component units. Consistent with this Statement, the criteria used by the School District to evaluate possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. Upon review of this criteria, the School District determined that there were no potential component units that met the criteria for inclusion in the reporting entity.

The School District is, however, a participant in a jointly governed organization: Western Area Career & Technology Center. The Center is not considered part of the reporting entity, as the School District is not financially accountable for the school. See Note 10 for details on operating information about this entity.

# **B.** Basis of Presentation

The financial statements of Canon—McMillan School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Following are the more significant of the School District's accounting policies.

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

# 1. Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances are eliminated.

# 2. Fund Financial Statements

The fund financial statements provide information about the School District's funds, including the fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

# C. Fund Accounting

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

# 1. Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to

the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The General Fund and the Capital Projects Fund are the School District's major governmental funds:

General Fund – The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Normal debt service payments for general long-term debt are recorded in the General Fund by the School District.

Capital Projects Fund – The Capital Projects Fund includes the School District's capital projects and capital reserve funds. The Capital Projects fund accounts for funds which are typically borrowed or transferred from the General Fund and used for major capital improvements. The capital reserve fund is a Section 1432 capital reserve fund set up in accordance with the Pennsylvania School Code. The purpose of the fund is to set aside excess monies available in the General Fund for future use in the area of capital outlay and improvements.

The Other Governmental Funds of the School District account for other resources, including the district activities fund whose use is restricted to a particular purpose.

District Activities Fund – The District Activities Fund accounts for specific activities within the District and is restricted for particular purposes.

# 2. Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the School District's proprietary funds:

# **Enterprise Fund**

The Enterprise Fund may be used to account for any activity for which a fee is charged to external users for goods or services.

# **Food Service**

The Food Service Fund accounts for the financial transactions related to the food service operations of the School District. This fund is the School District's only enterprise fund and it is reported as a major fund.

# **Internal Service Fund**

# **Retirement Obligations**

The Retirement Obligations Fund accounts for the financial transactions related to the other post employment activities of the School District. This fund is used to set aside funds accumulated to pay for the School District's Other Post Employment Obligations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are food service charges. Operating expenses for

the School District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

# 3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Custodial funds are custodial in nature and are used to fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District's custodial fund accounts for various student-managed activities.

# **Custodial Funds**

Student Activity Fund – This fund is utilized to account for monies authorized by Section 511 of the Public School Code of 1949 for student activities, publications and organizations.

School Store Fund – This fund accounts for operations of the School District's school store that is maintained by the students.

# D. Measurement Focus, Basis of Accounting

# 1. Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

# 2. Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The statement of revenues, expenditures and changes in fund balances reflects the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

# 3. Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

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

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

# 4. Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations, are recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as unearned revenue.

# 5. Expenses/Expenditures

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

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

# **E. Budgetary Process**

Generally accepted accounting principles serve as the budgetary basis of accounting. In accordance with state law, an annual budget prepared by function and object is formally adopted for the General Fund. The School District does not formally adopt budgets for other funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted.

The appropriation resolution is subject to budget transfer amendments between functions, as allowed by the Public School Code, throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary financial statement reflect the first appropriation resolution for the general fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation that includes budget transfer amendments as passed by the Board during the fiscal year. The measurement level of control over expenditures for all budgeted funds is the surplus or deficit of the fund as a whole.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May of the preceding fiscal year, the School District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board of School Directors is then called for the purpose of adopting the proposed budget. The meeting may only be held after 30 days of public notification.
- Prior to July 1, the Board of School Directors legally enacts the budget through passage of a resolution.
- The budget must be filed with the Pennsylvania Department of Education by July 31 of the fiscal year.

# F. Encumbrances

Encumbrances at year-end are reported in the fund financial statements as reservations of fund balance since they do not constitute expenditures or liabilities, but serve as authorization for expenditures in the subsequent year. As of June 30, 2024, the School District has no encumbrances.

# G. Cash and Investments

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with maturity of three months or less when purchased and pooled funds of investments subject to daily withdrawal to be cash equivalents.

# **Deposits**

Below is a summary of the School District's deposits which are insured by the Federal Depository Insurance Corporation, and those which are not insured or collateralized in the School District's name, but collateralized in accordance with Act 72 of the Pennsylvania State Legislature which requires the financial institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name.

	FDIC Insured	Pooled Collateral	Bank Balance	Carrying Amount
Cash and Deposits	\$ 250,022	\$ 11,039,500	\$ 11,289,522	\$ 10,230,284

# **Investments**

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

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

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

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

When applicable, the School District measures investments at fair value. The fair value measurement guidelines, set forth by generally accepted accounting principals, recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.
- Level 2 inputs: The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.
- Level 3 inputs: Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

# **Investment Risks**

Custodial Credit Risk — Custodial credit risk is the risk of loss resulting from the failure of the custodian such that the custodian would not be able to recover the value of its investments or collateral securities in the possession of the custodian. The School District is permitted to invest funds consistent with sound business practices in the following types of investments, certain money market mutual funds, and deposit accounts:

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

Act 20, a Pennsylvania law enacted in June of 1995, expands the allowable investment vehicles to include certain money market mutual funds rated as "AAA" whose investments are limited to those mentioned in the previous paragraph.

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

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a fixed income investment. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – Credit risk concentration is the risk of loss attributed to investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represented five percent or more of the plan's net position. The School District places no limit on the amount it may invest in any one issue.

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

# H. Taxes Receivable

Taxes receivable consist of delinquent real estate taxes due at June 30, 2024, less an allowance for the amount of these delinquencies not expected to be collected within the next fiscal year.

# I. Interfund Receivables/Payables

During the course of operations, transactions sometime occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

# J. Inventories

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by a fund balance reserve, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund did not have a material inventory balance as of June 30, 2024.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2024. The inventory consisted of government donated commodities (valued using USDA values) using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2024 are reported as unearned revenue.

# **K. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<b>Estimated Lives</b>
Land Improvements	10 - 15 years
Buildings and Building Improvements	20 - 50 years
Vehicles	6 - 10 years
Machinery and Equipment	6 - 10 years

# L. Long-Term Liabilities

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

governmental activities or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# M. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# N. Fund Balances

In accordance with Governmental Accounting Standards Board Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies governmental fund balances as follows:

- Nonspendable includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2024 by the School District are nonspendable in form.
- Restricted includes amounts that are restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed includes amounts that can only be used for specific purposes. Committed
  fund balance is reported pursuant to resolutions passed by the Board of School
  Directors, the District's highest level of decision making authority. Commitments may be
  modified or rescinded only through resolutions approved by the Board of School
  Directors.
- Assigned includes amounts that the School District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the School District's established policy, amounts may be assigned by the Director of Business and Finance of the School District.
- Unassigned includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of School Directors has provided otherwise in its commitment or assignment actions.

Fund balances in the School District's general fund totals \$12,166,229 consisting of \$1,098,714 that is nonspendable for inventory and prepaid expenditures, \$1,500,000 that is committed for PSERS liabilities, \$260,682 that is assigned for athletics, and \$9,306,833 that is unassigned. In addition, \$53,118,176 is a committed fund balance in the capital projects fund.

Fund balances in the School District's non-major funds include \$66,158 for the District Activities Fund.

#### O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

#### P. Subsequent Events

The School District evaluated subsequent events for recognition and disclosure through November 26, 2024, the date the financial statements were available to be issued.

#### Note 2 – Real Estate and Unearned Revenue

Property taxes attach as an enforceable lien on property as of July 1<sup>st</sup> of the year following levy. Taxes are levied on July 1. The School District bills and collects its own property taxes through locally elected tax collectors. Collection of delinquent property taxes is contracted to a private collection agency. The tax levy for fiscal 2024 was based on assessed values on January 1, 2023 of \$5.267 billion. The School District tax rate for the year ended June 30, 2024 was 12.2600 mills as levied by the School Board.

Taxes may be paid at a 2% discount until September 30<sup>th</sup>, at face until November 30<sup>th</sup>, and at a 10% penalty until the lien date.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. This balance, net of allowances, is \$1,893,547.

#### Note 3 – Changes in Capital Assets

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

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

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

#### Note 4 – General Long-Term Debt

Changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds, loans & leases payable	ć 100 220 1F1	\$ 1,203,798	\$ (5.460.000)	¢ 164.071.040	¢
Capital improvement bonds General obligation notes	\$ 169,228,151 17,865,000	\$ 1,203,798	\$ (5,460,000) (445,000)	\$ 164,971,949 17,420,000	\$ 5,575,000
General obligation notes	187,093,151	1,203,798	(5,905,000)	182,391,949	5,800,000
	187,093,131	1,203,738	(3,903,000)	102,331,343	3,800,000
Add: Bond and Note Premiums	6,332,330		(262,489)	6,069,841	
Less: Bond and Note Discounts	(1,096,186)		75,222	(1,020,964)	
Total bonds, loans					
and leases payable	192,329,295	1,203,798	(6,092,267)	187,440,826	5,800,000
Other liabilities:					
Compensated absences	1,400,819	534,801	(368,087)	1,567,533	73,297
Health Insurance Premium Share (OPEB)	4,518,000	418,000	(457,100)	4,478,900	
Pension Liability	109,087,300	14,136,000	(13,000,800)	110,222,500	
OPEB Obligation	3,830,694	296,458	(288,997)	3,838,155	
Total other liabilities	118,836,813	15,385,259	(14,114,984)	120,107,088	73,297
Governmental activities					
long-term liabilities	\$ 311,166,108	\$ 16,589,057	\$ (20,207,251)	\$ 307,547,914	\$ 5,873,297

#### **General Obligation Bonds**

Capital Appreciation Bonds, Series of 1999, stated maturity amount of \$23,975,000, with yield to maturity ranging from 5.95% to 6.10% with final payment due in 2024.

Capital Appreciation Bonds, Series A of 2001, stated maturity amount of \$13,610,000, with yield to maturity ranging from 4.75% to 5.96% with final payment due in 2029.

Capital Appreciation Bonds, Series A of 2002, stated maturity amount on \$22,635,000, with yield to maturity ranging from 2.30% to 5.98% with final payment due in 2034. These bonds were partially refunded in 2013/2014 with the issuance of the General Obligation Bonds, Series B of 2014.

General Obligation Bonds, Series B of 2014, issuance amount of \$9,865,000, variable rates from 0.530% to 4.270%, with final payment due in 2028.

General Obligation Bonds, Series D of 2014, issuance amount of \$25,350,000, variable rates from 0.70% to 5.00%, with final payment due in 2039.

General Obligation Bonds, Series of 2017, issuance amount of \$24,825,000, variable rates from 0.95% to 5.00%, with final payment due in 2041.

General Obligation Bonds, Series of 2019, issuance amount of \$65,455,000, variable rates from 2.00% to 4.00%, with final payment due in 2050.

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

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

#### **Current Interest Bonds**

2014 General Obligation Bonds, Series B			\$	5,530,000
2014 General Obligation Bonds, Series D				25,010,000
2017 General Obligation Bonds				23,370,000
2019 General Obligation Bonds				64,830,000
2020 General Obligation Bonds				27,145,000
Total Current Interest Bonds			\$ 1	45,885,000
Zero Coupon Bonds	Stated Maturity	Value at Issuance	Acc	ompound reted Value at ne 30, 2024
1999 General Obligation Bonds	\$23,975,000	\$ 6,963,515	\$	-0-
2001 General Obligation Bonds, Series A	13,610,000	3,048,628		11,173,824
2002 General Obligation Bonds, Series A Total Zero Coupon Bonds	22,635,000	8,251,635	\$	7,913,125 19,086,949
Total All Bonds			\$1	64,971,949

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

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

The General Fund is used to liquidate the liability for long-term debt. Interest expense disclosed in the government wide financial statements includes interest paid on long term debt obligations, refund of prior year revenues and unamortized costs related to refunding of debt.

#### **General Obligation Notes**

General Obligation Notes – Series of 2012A, issuance amount of \$18,785,000, interest at the rate of 0.45% - 3.25% with final payment due in 2035.

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

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

#### Note 5 – Pension Plan

#### 1. Summary of Significant Accounting Policies

#### Pensions

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

#### General Information about the Pension Plan

#### Plan Description

PSERS is a governmental cost sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at <a href="https://www.psers.pa.gov">www.psers.pa.gov</a>.

#### **Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service: (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

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

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

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

#### **Contributions**

#### Member Contributions:

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

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

#### **Shared Risk Program Summary**

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

#### **Employer Contributions:**

The School District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09%\* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$13,408,456 for the year ended June 30, 2024.

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

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

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

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

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

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

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

#### 3. Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

#### Discount Rate

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

#### <u>Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</u>

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

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

#### Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at <a href="https://www.psers.pa.gov">www.psers.pa.gov</a>.

#### Note 6 – OPEB Liability – Health Insurance Premium Share

#### **OPEB Plan**

#### 1. Summary of Significant Account Policies

#### Other Postemployment Benefits

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

#### General Information about the Health Insurance Premium Assistance Program

#### Health Insurance Premium Assistance Program

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

#### Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

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

#### Pension Plan Description

PSERS is a governmental cost sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at <a href="https://www.psers.pa.gov">www.psers.pa.gov</a>.

#### **Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

#### **Employer Contributions:**

The school district's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$257,237 for the year ended June 30, 2024.

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

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

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

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

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

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

#### 3. Actuarial Assumptions

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

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

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

The following assumptions were used to determine the contribution rate:

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

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

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

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

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

#### **Discount Rate**

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retiree Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

#### <u>Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate</u>

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

		Current	
		Discount	
	1% Decrease	Rate	1% Increase
	3.13%	4.13%	5.13%
District's proportionate share of			
the net OPEB liability	\$ 5.063.000	\$ 4.478.000	\$ 3.988.000

#### **OPEB Plan Fiduciary Net Position**

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at <a href="https://www.psers.pa.gov">www.psers.pa.gov</a>.

#### Note 7 – Compensated Absences & Other Post-Employment Benefits

The School District has made early retirement benefits available to certain employees. The benefit is (1) payment for unused sick days at retirement and (2) a retirement incentive payable. The payable for declared retirements is recorded as a current liability in the General Fund at the time of retirement. With respect to other employees that do not meet the criteria established by the School District for early retirement, these employees are not eligible to receive payment for their unused sick days at retirement. The General Fund has been used to liquidate the accumulated liability for retirement benefits. The dollar amounts of the benefits are as follows:

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

#### Note 8 – Other Post-Employment Benefits

The District maintains a single-employer defined benefit healthcare plan. The plan provides health insurance for eligible retirees and their spouses through the District's health insurance plan.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the Board of School Directors. The Annual Required Contribution for the year ended June 30, 2024 was not made by the District.

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

#### <u>Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

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

	 red Outflows Resources	Deferred Inflow of Resources	
Difference between expected and actual experience Changes in Assumptions	\$ 174,954	\$	1,163,262 414,586
	\$ 174,954	\$	1,577,848

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

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

#### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

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

#### Sensitivity of the Net OPEB liability to Changes in the Medical Inflation Rate

The following presents the net OPEB liability to the District, calculated using the current medical inflation rate as well as what the District's net OPEB liability would be if it were calculated using an inflation rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

		Current Medical					
	1% Decrease	Inf	lation Rate	1% Increase			
			_				
Net OPEB Liability	\$ 3,303,577	\$	3,838,155	\$ 4,475,348			

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

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

<sup>➤</sup> Valuation Date: July 1, 2022 projected to June 30, 2024

The following assumptions were also made:

Actuarial Cost Method – Entry Age normal Percentage of Pay

*Medical Inflation Rate* – 6.5% increase in the first year (actual), 6% in the second year, decreasing by 0.5% per year to an ultimate rate of 5%.

Asset Valuation Method – Market value

*Inflation – 2.6%* 

Wage inflation – 3.00%

Salary Increases – 3.00%, average, including inflation.

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

Retirement Age – Immediate upon first eligibility

Mortality – RP-2000 Combined Healthy with Scale BB

#### Note 9 – Lease Assets and Liabilities

#### **Lease Agreements**

2025

2026

**Total Future Payments** 

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

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

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

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

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

#### Subscription Based Information Technology Agreements

10,057 \$

13,315 \$

3,258

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

366 \$

473 \$

107

10,423

3,365

13,788

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

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

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

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

				Modi	fications &				Amounts Due
Lease Assets	Beg	ginning of Year	Additions	Reme	asurements	S	ubtractions	End of Year	Within One Year
SBITA - GASB 96	\$	33,949	\$ 42,070	\$	-	\$	-	\$ 76,019	
		33,949	42,070		-		-	76,019	
Less: Accumulated Amortization									
SBITA - GASB 96		(11,316)	(24,605)					(35,921)	
		(11,316)	(24,605)		-		-	(35,921)	
Total Lease Assets, net		22,633	17,465		-			40,098	
Lease Liabilities		21,949	17,452		-		(10,645)	28,756	19,586
Maturity Analysis		Principal	Interest	Total	Payments				
2025	\$	19,586	\$ 1,774	\$	21,360				
2026		9,170	565		9,735				
Total Future Payments	\$	28,756	\$ 2,339	\$	31,095				

#### Note 10 – Jointly Governed Organizations

The School District is one of eight member school districts of the Western Area Career & Technology Center. The Center is controlled and governed by the Joint Committee, which is composed of one member from each school board of the member districts. Direct oversight of the Center's operations is the responsibility of the Joint Committee. The School District's share of annual operating and capital costs for the Center fluctuates based on the percentage enrollment in the

school and is reflected as intergovernmental expenditures of the General Fund. The audit report may be obtained by calling the business office of the School District.

#### Note 11 – Contingent Liabilities and Events

Canon—McMillan School District participates in a number of state and federally assisted grant programs. The programs are subject to program compliance audits by the grantor agencies or their representatives. The audits of some of these programs for and including the year ended June 30, 2024 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts to be immaterial.

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

#### Note 12 – Interfund Balances

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

	Interfund Payable		
\$ 4,041,842	General Fund	\$ 4	4,041,842
76,105	Cafeteria Fund		76,055
	District Activities Fund		50
\$ 4,117,947		\$ 4	4,117,947
	76,105	\$ 4,041,842 General Fund 76,105 Cafeteria Fund District Activities Fund	\$ 4,041,842 General Fund \$ 76,105 Cafeteria Fund District Activities Fund

The General Fund's payable is the result of amounts being set aside for ongoing capital projects. The Cafeteria Fund's payable represents amounts paid by the General Fund on the Cafeteria Fund's behalf.

During the fiscal year ended June 30, 2024, the following fund level transfers were made:

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

The above transfer to the Capital Projects Fund represents amounts that are being set aside for ongoing capital projects within the District. The transfer to the General Fund was made to facilitate the closing of an activity within the District Activities Fund. The transfer to the Cafeteria Fund represents fixed asset purchases made by the General Fund that will be used by the Cafeteria Fund's operations.

#### Note 13 – Risk Management

General Risk – The School District is exposed to various risks of loss related to certain torts, thefts, damages, catastrophic loss of assets, errors and omissions, injury to employees and natural disasters. Canon–McMillan School District manages most of its risk through the general fund with the purchase of commercial insurance coverage. Settled claims have not exceeded coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

The District estimates that the amount of actual or potential claims against the District as of June 30, 2024 will not materially affect the financial condition of the District and will be covered under the present insurance coverage.

#### Note 14 – Health Insurance Consortium

The School District is one of ninety members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium was formed in 1987 in order to provide health benefits to participating school entities. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. These rates are established with the objective of satisfying current costs and claims of covered health care services, as well as providing a residual sufficient to satisfy work capital requirements and promote premium stabilization for periods when actual costs of coverage exceed premiums collected from members. The Consortium or the School District does not maintain independent insurance coverage for catastrophic losses.

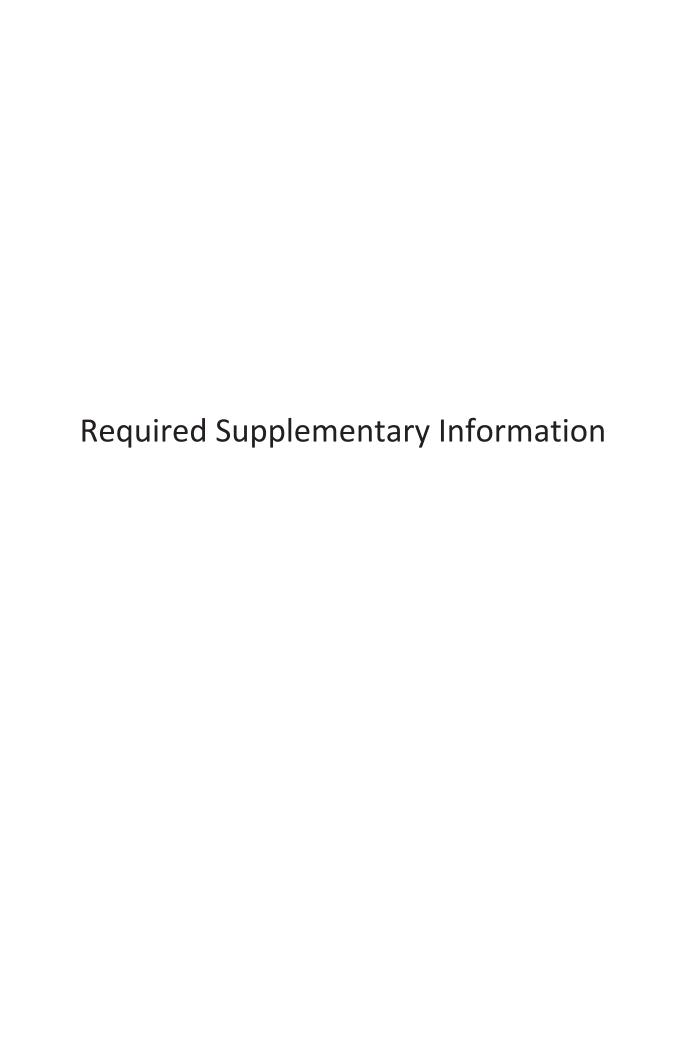
At June 30, 2024, such net residual net assets (deficit) were \$64,607,800 for the Consortium as a whole, of which a share of the residual net assets of \$1,722,475 was attributable to the School District. The agreement permits members to withdraw from the Consortium under specified terms. Participating entities that withdraw are entitled to receive a pro rata share of the allocable net assets as reduced by any amount billed and payable to the Consortium as well as any remaining buy-in amounts. Participating entities must reimburse the Consortium for their pro rata share of any deficiency in net assets. Conversely, participating entities must reimburse the Consortium for their prorata share of any deficiency in net assets.

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

#### Note 15 – Beginning Balance Adjustment

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





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

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	2020	6/30/2019		6/30/2018	9	6/30/2017	/9	6/30/2016	6/30/2015	6/3	6/30/2014
District's Proportion of the Net Pension Liability	0.2477%	0.2454%	0.2341%		0.2372%	0.2450%		0.2366%		0.2346%		0.2320%	0.2227%		0.2165%
District's Proportionate Share of the Net Pension Liability	\$ 110,193,000	\$ 110,193,000 \$ 109,057,000	\$ 96,114,000	\$ 116,7	\$ 000′562	\$ 116,795,000 \$ 114,617,000 \$ 113,580,000	<o->  √-</o->	113,580,000	₩.	115,883,000	\$	\$ 000,010,21.	\$ 115,883,000 \$ 115,010,000 \$ 96,496,000 \$	-∞	85,692,000
District's Covered-employee Payroll	\$ 37,919,686	\$ 36,083,002	\$ 33,184,052	\$ 33,4	33,418,098	33,785,620	<b>⋄</b>	31,857,284	\$	31,238,673	<>-	30,046,850 \$	30,046,850 \$ 28,655,402 \$		27,629,124
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	290.60%	302.24%	289.64%		349.50%	339.25%		356.53%		370.96%		382.77%	336.75%		310.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.85%	61.34%	63.67%		54.32%	25.66%		54.00%		51.84%		50.14%	54.36%		57.24%

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

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	2017	6/30/2016	9
District's Proportion of the Net OPEB Liability	0.2475%	0.2454%	0.2341%	0.2372%	0.2450%	0.2366%	J	0.2346%	0.23	0.2320%
District's Proportionate Share of the Net OPEB Liability	\$ 4,478,000	\$ 4,517,000	\$ 5,548,000	\$ 5,145,000	\$ 5,211,000	\$ 4,933,000	\$ 4,7	4,780,000 \$	4,997,000	000
District's Covered-employee Payroll	\$ 37,919,686	\$ 36,083,002	\$ 33,184,052	\$ 33,418,098	\$ 33,785,620	\$ 31,857,284	\$ 31,2	31,238,673 \$	30,046,850	850
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	11.81%	12.52%	16.72%	15.40%	15.42%	15.48%		15.30%	16.	16.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.22%	98.9	5.30%	2.69%	2.56%	2.56%		5.73%	ιų	5.47%

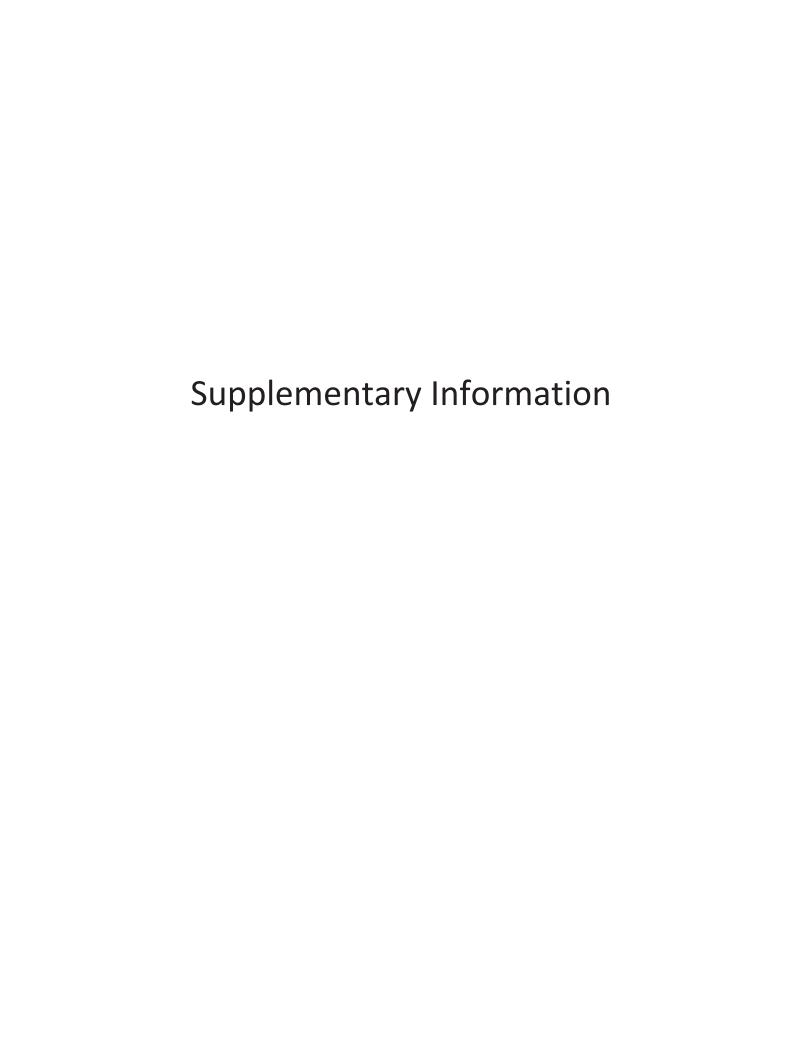
# CANON-MCMILLAN SCHOOL DISTRICT SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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

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

	7	123	(7	2022	2	021	2	020	20	119	2	0.18	2	017	2	016
Actuarially Determined Contribution	\$ 2	294,733	↔	\$ 361,504	٠; ج	13,626	\$-	329,177	\$	41,736	\$-	318,480		\$ 313,626 \$ 329,177 \$ 341,736 \$ 318,480 \$ 294,878 \$	٠٠,	\$ 300,426
Contributions in relation to the actuarially determined contribution	7	283,036		286,561	(4	272,410		279,239	2	280,699		264,339		259,369		261,132
Contribution Deficiency		11,697		74,943		41,216		49,938		61,037		54,141		35,509		39,294
Covered Payroll	37,9	37,919,686	36,	36,083,002	33,1	33,184,052	33,	33,418,098	33,7	33,785,620	31,	31,857,284	31,	31,238,673	30,0	10,046,850
Contribution as a percentage of covered payroll		0.75%		0.79%		0.82%		0.84%		0.83%		0.83%		0.83%		0.87%





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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Canon-McMillan School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Canon-McMillan School District's basic financial statements, and have issued our report thereon dated November 26, 2024.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Canon-McMillan School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Canon-McMillan School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Canon-McMillan School District's internal control.

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

Tel 412.369.9992 Fax 412.774.2218 Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

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

#### **Purpose of this Report**

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

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CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania November 26, 2024





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

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

#### Report on Compliance for Each Major Federal Program

#### **Opinion on Each Major Federal Program**

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

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

#### Basis for Opinion on Each Major Federal Program

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

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

#### Responsibilities of Management for Compliance

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

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Tel 724.852.1501 Fax 724.852.1502 Wexford Office 6000 Babcock Blvd. Pittsburgh, PA 15237

Tel 412.369.9992 Fax 412.774.2218

#### Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

#### **Report on Internal Control over Compliance**

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

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

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

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

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

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CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania November 26, 2024

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

#### Section 1 – Summary of Auditor's Results

Financi	al Statements:	
:	Turn of auditor/a remort issued	Linux ad:f: ad
i.	Type of auditor's report issued	Unmodified
ii.	Internal control over financial reporting:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	None reported
iii.	Noncompliance material to financial statements noted?	No

Federa	l Awards:	
iv.	Internal control over major	
	programs:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	None reported
	Significant deficiencies identified.	None reported
V.	Type of auditor's report issued on	Unmodified
	compliance for major programs:	
vi.	Any audit findings disclosed that	No
VI.	are required to be reported in	NO .
	accordance with 2 CFR 200.516(a)?	
vii.	Major programs:	
	ALN Number(s)	Name of Federal Program or Cluster
	10.553	Child Nutrition Cluster
	10.555	
	84.425C	Education Stabilization Fund, including
	84.425D	subprograms Elementary and Secondary
	84.425U	School Emergency Relief (ESSER II),
		Elementary and Secondary School
		Emergency Relief (ARP ESSER III), Cares Act –

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

## <u>Section 2 – Findings Related to Financial Statements Required to Be Reported Under GAGAS</u>

None.

#### <u>Section 3 – Findings and Questioned Costs for Federal Awards</u>

None.

#### <u>Section 4 – Summary of Prior Audit Findings</u>

None.

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

Carryover To 24/25	67,463.05	67,463.05		299.99		299.99					10,242.91	10,242.91	•	
	\$ \$25	25 \$	\$ \$	(66	00	\$ 90					91) d	91) \$	⋄	\$
Accrued/ Deferred Revenue 6/30/24	119,570.25	119,570.25	261,595.05	(299.99)	7,015.00	268,310.06	'				(10,242.91) d	(10,242.91)	·	
7 11 11	<b>⋄</b>	\$	v.			φ.	<b>√</b> s				ا ن ن	❖	⋄	\$
Expenditures Recognized 23/24	500,962.95	540,852.66	990,761.00	9,637.92	7,015.00	1,007,413.92	180,183.26	89,410.33	826,846.59	125,702.63 25,272.47	144,216.67 c 20,817.28 1,142,855.64	1,412,449.23	5,763.00	5,763.00
	.95 \$	\$ 99.	\$	.92	00.	92 \$	.26 \$	59	.59	.63	.67 28 .64	23 \$	\$ 00.	\$
Revenues Recognized 23/24	500,962.95 39,889.71	540,852.66	990,761.00	9,637.92	7,015.00	1,007,413.92	180,183.26	89,410.33 269,593.59	826,846.59	125,702.63 25,272.47	144,216.67 20,817.28 1,142,855.64	1,412,449.23	5,763.00	5,763.00
	•	\$	<.	_		₩.	<.			_	ا   م	\$	⋄	❖
Accrued/ Deferred Revenue 7/1/23	69,252.06	69,252.06	467,761.31	(9,937.91)	9,657.00	467,480.40				(25,272.47)	(20,817.28)	(46,089.75)	1	
	⋄	₩	v,			₩.	vs.				o o	₩	⋄	⋄
Cash Received In 23/24	381,392.70 109,141.77	490,534.47	729,165.95		9,657.00	1,206,584.26	180,183.26	89,410.33 269,593.59	826,846.59	125,702.63	154,459.58	1,376,602.39	5,763.00	5,763.00
	\$	\$	\$ O O	0	0.0	\$	\$ ·	m m	,	m 01	# # #	\$	\$·	\$
Program Grant Award	568,426.00	963,666.00	990,761.00	15,000.00	7,015.00	1,957,149.00	180,183.26	89,410.33 269,593.59	826,846.59	125,702.63 139,291.82	154,459.58 138,462.03 1,384,762.65	1,654,356.24	5,763.00	5,763.00
_	❖	↔	v,			↔	v,					₩	↔	❖
Program	23/24		23/24	21/22	23/24 22/23		23/24	23/24	23/24	23/24 22/23	23/24		23/24	
Pass Through Grantor #	013-240060			062-21-0032	131-21-0-001-A 131-21-0-001-A									
Federal Assistance Listing #	84.010		84.027	84.027	84.173		10.553	10.553	10.555	10.555	10.555		10.649	
Funding	_		-	-	-		-	-	-	-	-		-	
Project Title Or Grant Name	Title I, Part A Cluster Department of Education Passed From Pennsylvania Department of Education Title I, Part A	Total Title I, Part A Cluster	Special Education Cluster (IDEA) Department of Education Passed From Intermediate Unit #1 IDEA, Part B	Pattan	Passed From Intermediate Unit #1 IDEA, Section 619	Total Special Education Cluster (IDEA)	Child Nutrition Cluster Department of Agriculture Passed From Pennsylvania Department of Education School Breakfast Program	School Breakfast Program - Severe Need Subtotal AL #10.553	Passed From Pennsylvania Department of Education National School Lunch Program	Supply Chain Assistance	Passed From Pennsylvania Department of Agriculture National School Lunch - Donated Commodities Subtotal AL#10.555	Total Child Nutrition Cluster	Passed From Pennsylvania Department of Education Pandemic Electronic Benefit Transfer	Subtotal AL #10.649

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

Carryover To 24/25			•		29,326.15	29,326.15			674,941.18	14,823.80 7,770.90		697.535.88	794,325.08	165,854.00	970,721.98
Ö	ν.	Φ.	⋄										φ.		₩
Accrued/ Deferred Revenue 6/30/24	5,899.04	5,899.04	14,501.60	14,501.60	(8,698.15)	(8,698.15)			236,680.66	(1,221.50)	6,549.40	259,932,00	385,305.70		649,271.89
		\$	٠										φ.		₩
Expenditures Recognized 23/24	5,899.04	5,899.04	105,993.00 13,885.10	119,878.10	1,615.85	26,461.12		29,808.66	792,537.30	24,976.10	21,567.38	912.176.97	1,605,131.85	1	4,030,894.04
ш —	<>	\$	s.										φ.		
Revenues Recognized 23/24	5,899.04	5,899.04	105,993.00	119,878.10	1,615.85	26,461.12		29,808.66	792,537.30	24,976.10	21,567.38	912.176.97	1,605,131.85		4,030,894.04
	<>	₩	<b>⋄</b>										₩		₩
Accrued/ Deferred Revenue 7/1/23	7,391.39	7,391.39	14,221.90	14,221.90	(39 463 3)	(5,637.65)		(29,808.66)	(502,231.82)	(23,816.00)	(12,636.38)	(532,558,55)	(454,722.24)		(25,940.20)
1	\$	&	\$		0.0	ادا			01.11				•	l İ	اب ادا
Cash Received In 23/24	7,391.39	7,391.39	91,491.40	119,598.40	10,314.00	29,521.62			53,624.82	2,381.60	2,381.60	119.686.42	765,103.91	,	3,355,681.95
	\$ 2	\$	\$ C C		0.0		m	0	0.0				٠ د		٠ <u>٠</u>
Program Grant Award	5,899.04	16,318.21	105,993.00	189,624.00	30,942.00	61,974.00	48,431.63	1,458,125.00	2,949,365.00	32,747.00	32,747.00	4.738.416.63	5,959,443.63	165,854.00	9,753,121.08
-	<>	↔	<b>⋄</b>										φ.		↔
Program Years	23/24		23/24		23/24	67/77	19/20	20/21	21/22	21/22	21/22			23/24	
Pass Through Grantor #	140078		020-240060		144-240060	20000	254-200060	200-210060	223-210060	225-210060	225-210060				
Federal Assistance Listing#	93.778		84.367		84.424		84.425C	84.425D	84.425U	84.4250	84.425U			21.027	
Funding Source	-		-		-		-	-						-	
Project Title Or Grant Name	Department of Health and Human Services Passed from Pennsylvania Department of Public Welfare Medical Assistance - Access Time Study	Total Department of Health and Human Services	Department of Education Passed From Pennsylvania Department of Education Title II - Improving Teacher Quality	Subtotal AL #84.367	Title IV-Student Support and Academic Enrichment Program	Subtotal AL #84.424	CARES ACT - Continuity of Education Grant for A-TSI Schools	CRRSA ACT - ESSER II - Elementary and Secondary School Emergency Relief Fund	CARES Act - ARP ESSER	CARES Act - ARP ESSER 7% - Learning Loss CARES Act - ARP ESSER 7% - Summer School	CARES ACT - ARP ESSER /% - Atter school APP ESSER / 5 - Atter school	Subtotal AL #84.425	Total Department of Education	2024-2025 CMSD Mental Health Grant - PCCD	Grand Total

(a) Total amount of Commodities received from Dept of Agriculture (b) Beginning inventory at July 1 (c) Total amount of Commodities Used (d) Ending Inventory at June 30

Footnotes:

# Canon–McMillan School District Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

#### Note 1 – Basis of Presentation

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

#### Note 2 – Summary of Significant Accounting Policies

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- 2) Pass-through entity identifying numbers are presented where available.

#### Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had food commodities totaling \$10,243 in inventory.

#### Note 4 – Indirect Cost Rates

The School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### Note 5 – Beginning Balance Adjustment

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



#### APPENDIX D SPECIMEN MUNICIPAL BOND INSURANCE POLICY



## APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE



#### \$\_\_\_\_\_

## CANON-McMILLAN SCHOOL DISTRICT (Washington County, Pennsylvania)

Dated\_\_\_\_\_\_\_\_, 2025 - Final Maturity\_\_\_

#### **GENERAL OBLIGATION BONDS, SERIES OF 2025**

#### CONTINUING DISCLOSURE CERTIFICATE

THIS	CONTINUING	DISCLOSURI	E CERTIFICATE	(this '	"Certificate")	is execu	ited and
delivered the _	day of	, 2025	by the Canon-McN	Aillan S	School Distric	t (the "Iss	<i>uer</i> ") in
connection with	h the issuance of it	ts \$	_ General Obligatio	n Bond	s, Series of 20	25 (the "I	Bonds").
The Bonds are	being issued pursu	ant to a resolution	on adopted by the Bo	ard of S	School Directo	ors of the I	ssuer on
April 16, 2025	(the "Authorizing	g Legislation").	The Issuer, intendin	g to be	legally bound	l, hereby	certifies,
covenants and	agrees as follows:						

#### SECTION 1. Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "*Rule*").

#### SECTION 2. Definitions.

All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Legislation and the Bonds. Notwithstanding the foregoing, the term "*Disclosure Agent*" shall mean the Issuer, or any third-party disclosure agent appointed or engaged by the Issuer. Any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using a modified accrual basis of accounting, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be incorporated by reference from other documents, including official statements relating to other debt issues of the Issuer or related public entities, which have been submitted to the MSRB through EMMA or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including personal holding Bonds through nominees, depositories or other intermediaries).

"Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

"*EMMA*" shall mean the Electronic Municipal Market Access System created by the MSRB and located at <a href="https://www.emma.msrb.org">www.emma.msrb.org</a> and as described in Securities and Exchange Commission Release No. 34-59061 and Release No. 34-59062.

#### "Financial Obligation" means a:

- (A) (i) Debt obligation;
- (ii) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
  - (iii) A guarantee of either (i) or (ii), above.
- (B) Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean any of the events listed in items (i) through (xiv) below the occurrence of which the Issuer obtains knowledge. The following events with respect to the Bonds shall constitute Material Events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of the holders of the Bonds, if material;
- (viii) Optional or unscheduled redemptions of any Bonds, if material, and tender offers;
- (ix) Defeasance of all or any portion of the Bonds;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;

- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
- (xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Bonds.

"Official Statement" shall mean the Official Statement dated \_\_\_\_\_\_, 2025 relating to the Bonds.

#### "Operating Data" shall mean:

- 1. a summary of the budget for the current fiscal year (i.e., the fiscal year following the fiscal year of the financial statements being provided);
- 2. a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year;
- 3. actual enrollment data (elementary, secondary and total) for the current and past five fiscal years and projected enrollment data (elementary, secondary and total) for the next five fiscal years;
- 4. the aggregate assessed value and aggregate market value of all taxable real estate for the current fiscal year and the last five fiscal years;
- 5. the real property tax collection results for the most recent fiscal year and the last five fiscal years, including (1) the real estate levy imposed (expressed as an aggregate dollar amount); (2) the dollar amount of real estate taxes collected that represented current collections (expressed as an aggregate dollar amount); and (3) the total amount of aggregate real estate taxes collected (expressed as an aggregate dollar amount); and
- 6. the millage rates imposed for the current fiscal year and the last five fiscal years.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the Commonwealth of Pennsylvania.

#### SECTION 3. Disclosure of Information.

- (A) <u>Information to be Disclosed</u>. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, a filing with the MSRB through EMMA of the information set forth in subsections (1), (2) and (3) below:
  - (1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than March 31, beginning March 31, 2026 for the fiscal year ending June 30, 2025, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information.
  - (2) <u>Material Events Notices</u>. Notice of the occurrence of a Material Event, which notice shall be filed not more than ten (10) business days after the occurrence thereof.
  - (3) <u>Failure to Provide Annual Financial Information or Operating Data</u>. Notice of the failure of Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

#### (B) <u>Means of Submitting Information</u>.

The Issuer or the Disclosure Agent under this Certificate shall submit the information required to be disclosed under this Certificate to the MSRB using EMMA. Such information shall be transmitted in portable document format (pdf) at <a href="www.emma.msrb.org">www.emma.msrb.org</a> and accompanied by identifying information as prescribed by the MSRB (in word-searchable format).

#### SECTION 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

#### SECTION 5. Miscellaneous.

- (A) <u>Termination</u>. The Issuer's obligations under this Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.
- (B) <u>Additional Information</u>. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of a Material Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Financial Statement

or notice of occurrence of a Material Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of a Material Event.

- (C) <u>Defaults; Remedies</u>. In the event of a failure of the Issuer or the Disclosure Agent to comply with any provision of this Certificate any Bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer or the Disclosure Agent to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Bonds and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.
- (D) <u>Beneficiaries</u>. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriters and Bondholders, or beneficial owners thereof, and shall create no rights in any other person or entity.

#### SECTION 6. Additional Disclosure Obligations.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer, and that under some circumstances compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

[REMAINDER OF PAGE INENTIONALLY BLANK]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Certificate as of the day and year first above written.

CANON-McMILLAN SCHOOL DISTRICT
By:
President, Board of School Directors