

**LINE MOUNTAIN AREA SCHOOL
DISTRICT**

Herndon, Pennsylvania

Financial and Single Audit Reports

For the Year Ended June 30, 2024

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SINGLE AUDIT

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Independent Auditor's Report

Members of the School Board
Line Mountain School District
Herndon, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, budget to actual, schedule of the changes in the District's total funded OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB Liability – PSERS plan, schedule of the District's OPEB contributions – PSERS plan, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions – pension plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Line Mountain School District's basic financial statements. The 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026, on our consideration of the District's internal control over financial reporting and our test 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 the 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 the District's internal control over financial reporting and compliance.

Klavick & Associates PC

Shamokin, Pennsylvania
February 13, 2026

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

Our discussion and analysis of the Line Mountain School District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements which follow this section.

The Management Discussion & Analysis (MD&A) is Required Supplementary Information as specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2023-2024) and the prior year (2022 - 2023) is required to be presented in the MD&A.

Overview of the Financial Statements

This annual report consists of three parts, Management's Discussion and Analysis, the Basic Financial Statements, and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates as a business, such as food service.
- The Basic Financial Statements also include Notes to Financial Statements, which explain some of the information in the statements and provides additional details.

District-Wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods that are similar to private-sector companies. The Statement of Net Position includes assets and liabilities. All of the current year's revenues and expenses are included in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report net position and how it has changed. Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources.

In the district-wide financial statements, the District's activities are divided into two categories:

- Governmental activities - Basic services are included here, such as regular education, special education, transportation, and administration.
- Business-type activities - Fees are charged to help cover the costs of certain services. The District's food service is included here.

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds and not the District as a whole. A fund is a fiscal and accounting entity, with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, or changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each fund must be so accounted for that the identity of its resources, obligations, revenues, expenditures, and fund equities is continually maintained.

The Line Mountain School District has two types of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on cash flows and year-end balances. These statements provide a detailed short-term view that helps to determine the available resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the long-term focus of the district-wide statements, we provide additional information with the governmental funds statements to explain the relationships between them.

- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported the same way as the district-wide financial statements.

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position – Combined net position was (\$1,061,335) on June 30, 2024. See Table A-1.

Table A-1
Line Mountain School District
Net Assets as of June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		District Totals	
	2023	2024	2023	2024	2023	2024
Current and Other Assets	13,436,102	12,701,660	649,648	689,579	14,085,750	13,391,239
Capital Assets	27,368,597	26,693,434	114,054	137,059	27,482,651	26,830,493
Total Assets	40,804,699	39,395,094	763,702	826,638	41,568,401	40,221,732
Deferred Outflows of Resources	4,040,076	3,991,873	80,220	83,273	4,120,296	4,075,146
Current Liabilities	3,493,136	3,360,138	35,178	58,348	3,528,314	3,418,486
Non-Current Liabilities	42,113,982	40,099,012	497,132	569,404	42,611,114	40,668,416
Total Liabilities	45,607,118	43,459,150	532,310	627,752	46,139,428	44,086,902
Deferred Inflows of Resources	1,268,418	1,223,942	33,659	47,369	1,302,077	1,271,311
Invested in Capital Assets, Net of Related Debt	8,667,392	9,523,082	114,054	137,059	8,781,446	9,660,141
Restricted Net Assets	98,065	82,567	-	-	98,065	82,567
Unrestricted Net Assets	(10,796,218)	(10,901,774)	163,899	97,731	(10,632,319)	(10,804,043)
Total Net Position	(2,030,761)	(1,296,125)	277,953	234,790	(1,752,808)	(1,061,335)

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE – CONTINUED

Total Net Position – Increased by \$691,474 for year ending June 30, 2024. See Table A-2.

Table A-2
Line Mountain School District
Change in Net Assets
Net Assets as of June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		District Totals	
	2023	2024	2023	2024	2023	2024
Revenues						
Program Revenues:						
Charges for Services	35,506	37,036	245,183	241,924	280,689	278,960
Operating Grants & Contributions	6,677,141	6,514,187	560,616	585,328	7,237,757	7,099,515
Capital Grants & Contributions	-	264,827	-	-	-	264,827
General Revenues:						
Property Taxes	6,104,437	5,838,695	-	-	6,104,437	5,838,695
Other Taxes	2,448,325	3,185,197	-	-	2,448,325	3,185,197
State Formula Aide	7,867,035	7,186,528	-	-	7,867,035	7,186,528
Investment Earnings	292,423	618,956	2,866	421	295,289	619,377
Other	14,323	39,185	236	-	14,559	39,185
Total Revenues	23,439,190	23,684,611	808,901	827,673	24,248,091	24,512,284
Expenses						
Instruction	11,973,753	13,554,780	-	-	11,973,753	13,554,780
Instructional Student Support	1,359,817	1,440,630	-	-	1,359,817	1,440,630
Administration	2,232,166	2,517,415	-	-	2,232,166	2,517,415
Operation & Maintenance of Facilities	1,882,861	2,084,579	-	-	1,882,861	2,084,579
Pupil Transportation	2,110,513	2,249,247	-	-	2,110,513	2,249,247
Student Activities	656,293	669,039	-	-	656,293	669,039
Scholarships & Awards	5,986	7,227	-	-	5,986	7,227
Interest on Long-Term Debt	462,061	427,057	-	-	462,061	427,057
Food Service	-	-	715,845	870,836	715,845	870,836
Total Expenses	20,683,450	22,949,974	715,845	870,836	21,399,295	23,820,810
Increase (Decrease) in Net Assets	2,755,740	734,637	93,056	(43,163)	2,848,796	691,474

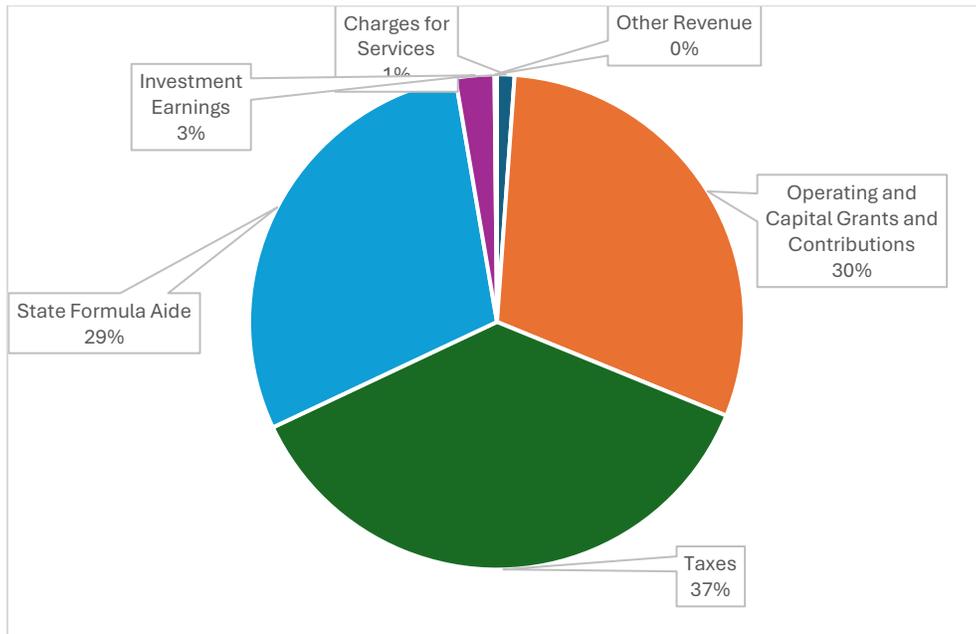
LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE – CONTINUED

Revenues - The District's total revenues were \$24,512,284 for the year ended June 30, 2024. See Table A-2. Taxes and State Formula Aid made up 66% of total revenue for the year. Another 30% came from state and federal aid for specific programs (operating and capital grants) and the remainder from fees charged for services as well as other sources. See Figure A-1.

- Users of District programs paid \$278,960
- The federal and state governments subsidized certain programs with grants and contributions totaling \$7,364,342.
- District taxpayers paid \$9,023,892
- State taxpayers paid \$7,186,528
- Investment earnings were \$619,377
- Other revenue totaled \$39,185

Figure A-1
Sources of Revenue for Fiscal Year 2023-2024



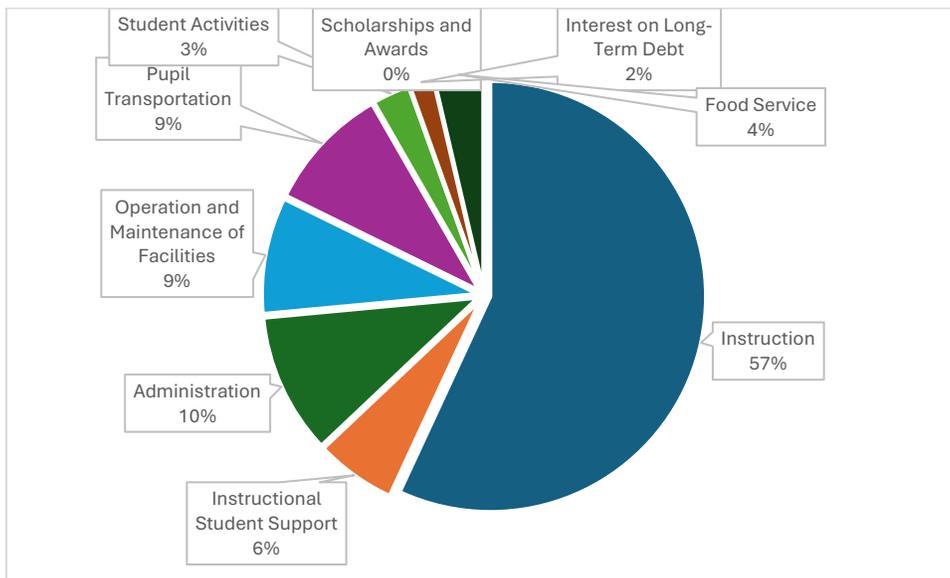
LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE – CONTINUED

Expenditures - The total cost of all programs and services was \$23,820,810. Instruction related expenses (Instruction, Instructional student support, Pupil transportation, Scholarships and awards, and Student activities) accounted for 75% of the expenses. The remainder of the expenses were Administrative costs of 10.43%, Operation of facilities of 8.80%, Food service of 3.35%, and Other costs at 2.16%. See Figure A-2.

- Instruction related expenses were \$17,920,923.
- Administration and financial support expenses were \$2,517,415.
- The cost of operating and maintaining the facilities was \$2,084,579.
- Food service operations cost \$870,836.
- Interest on long-term debt obligations was \$427,057.

Figure A-2
Expenditures for Fiscal Year 2023-2024



LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

	Total Cost of Services		% Change 2024	Net Cost of Services		% Change 2024
	2023	2024		2023	2024	
Instruction	11,973,753	13,554,780	11.66%	8,137,865	9,409,901	13.52%
Instructional Student Support	1,359,817	1,440,630	5.61%	1,169,397	1,152,900	-1.43%
Administration	2,232,166	2,517,415	11.33%	1,996,845	2,233,758	10.61%
Operation & Maintenance of Facilities	1,882,861	2,084,579	9.68%	1,097,104	1,955,344	43.89%
Pupil Transportation	2,110,513	2,249,247	6.17%	640,591	733,237	12.64%
Student Activities	656,293	669,039	1.91%	467,672	485,618	3.70%
Scholarships & Awards	5,986	7,227	17.17%	(732)	936	178.21%
Interest on Long-Term Debt	462,061	427,057	-8.20%	462,061	162,230	-184.82%
Food Service	715,845	870,836	17.80%	(89,954)	43,854	305.12%
Total Expenses	21,399,295	23,820,810	10.17%	13,880,849	16,177,778	14.20%

The District's governmental funds reported a combined fund balance of \$10,091,788 which is a net decrease of (\$637,992) from the prior year. The schedule below summarizes the fund balances and the total changes in fund balances as of June 30, 2023 and June 30, 2024.

**Line Mountain School District
Governmental Funds**

	Year Ended June 30, 2023	Year Ended June 30, 2024	Increase (Decrease)	Percent of Change
General Fund Non-Spendable	136,455	82,567	(53,888)	-65.27%
General Fund Restricted	-	-	-	0.00%
General Fund Committed	4,027,292	4,027,292	-	0.00%
General Fund Unreserved	5,577,190	5,232,414	(344,776)	-6.59%
Capital Improvements Assigned	890,778	749,515	(141,263)	-18.85%
Other Governmental Funds Restricted	98,065	-	(98,065)	0.00%
Total Governmental Funds	10,729,780	10,091,788	(637,992)	-6.32%

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

GENERAL FUND

The following schedule provides a summary of General Fund revenues and Other Finance Sources.

	Year Ended June 30, 2023	Year Ended June 30, 2024	Increase (Decrease)	Percent of Change
Local Sources				
Taxes	8,457,181	8,474,940	17,759	0.21%
Interest	253,619	571,523	317,904	55.62%
Other	244,393	307,178	62,785	20.44%
State Sources	12,175,930	13,039,621	863,691	6.62%
Federal Sources	2,034,737	1,017,022	(1,017,715)	-100.07%
Total Revenue	23,165,860	23,410,284	244,424	1.04%

Total General Fund revenue increased by \$244,356 or 1.04% from the previous year. Tax collections increased \$17,759 – increase of 0.21% from the previous year. Interest income increased by \$317,904. Other, increased by \$62,785. State sources increased by \$863,691.

The following schedule provides a summary of General Fund expenditures.

	Year Ended June 30, 2023	Year Ended June 30, 2024	Increase (Decrease)	Percent of Change
Instruction	12,194,466	13,309,812	1,115,346	8.38%
Support Services	8,089,225	8,192,807	103,582	1.26%
Operation of Non-Instructional Services	519,495	540,649	21,154	3.91%
Debt Services	1,846,234	1,848,237	2,003	0.11%
Transfers Out	236	-	(236)	-100.00%
Total Expenditures	22,649,656	23,891,505	1,241,849	5.20%

Total General Fund expenditures increased by \$1,241,849 from the previous year. Instruction increased by \$1,115,346 or 8.38%. Support Services increased \$103,582 or 1.26%. Operation of Non-Instructional Services increased by \$21,154. Debt Services increased \$2,003. Transfers Out decreased \$236 due to no transfers.

General Fund Budget

Over the course of the year, the District reviews expenditures and makes appropriate adjustments to cover unexpected expenditures in the annual operating budget due to increases in appropriations of significant budgeted costs.

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

CAPITAL ASSETS

The District has invested \$52,721,752 in a broad range of capital assets, including land, buildings, athletic facilities, furniture, computers, and right-to-use leased equipment. Accumulated depreciation/amortization on these assets was \$26,028,318 at June 30, 2024. Depreciation/amortization expense for the year was \$1,247,891.

Current year additions to capital assets totaled \$99,360, net of accumulated depreciation. This consisted of deletions to construction in process of \$774,523, which is largely related to the STEAM Lab Construction Project. Detailed information concerning capital assets can be found in Notes to Financial Statements, Note 6.

Table A-4
Line Mountain School District
CAPITAL ASSETS

	Year Ended June 30, 2023	Year Ended June 30, 2024	Increase (Decrease)	Percent of Change
Governmental Activities:				
Land	410,066	410,066	-	0.00%
Buildings and Improvements	42,711,468	43,698,241	986,773	2.26%
Less: Accumulated Depreciation	(17,721,595)	(18,757,313)	(1,035,718)	5.52%
Furniture and Equipment	8,096,007	8,456,485	360,478	4.26%
Less: Accumulated Depreciation	(7,011,744)	(7,192,525)	(180,781)	2.51%
Right-to-Use Lease Asset	156,960	156,960	-	0.00%
Less: Accumulated Depreciation	(47,088)	(78,480)	(31,392)	40.00%
Construction in Process	774,523	-	(774,523)	-100.00%
Governmental Activities (Net)	27,368,597	26,693,434	(675,163)	-2.53%
Business-Type Activities:				
Furniture and Equipment	537,498	578,704	41,206	7.12%
Less: Accumulated Depreciation	(423,444)	(441,646)	(18,202)	4.12%
Business-Type Activities (Net)	114,054	137,058	23,004	16.78%

LINE MOUNTAIN SCHOOL DISTRICT
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2024

LONG-TERM LIABILITIES

At year-end, the District had the following long-term liabilities in Table A-5. Also see Notes to Financial Statements, Note 8

Table A-5
Outstanding Long-Term Liabilities

	Year Ended June 30, 2023	Year Ended June 30, 2024	Increase (Decrease)	Percent of Change
Bonds Payables and Bonds Discounts	18,694,613	17,296,047		0.00%
Accumulated Compensated Absences	410,813	489,707	78,894	16.11%
Post-Employment Benefits	1,499,366	1,475,617	(23,749)	-1.61%
Net Pension Liability	23,296,000	22,822,000	(474,000)	-2.08%
Lease Obligations	115,899	85,352	(30,547)	-35.79%
Total	44,016,691	42,168,723	(449,402)	-1.07%

FACTORS INFLUENCING THE DISTRICT'S FINANCIAL FUTURE

There are several major factors that will have a significant influence on the District's financial future. During the 2007-08 fiscal year, Act 1 of 2006 was passed which limits future real estate tax increases to an inflation factor each year. The District plans to raise real estate taxes to the Act 1 index amount in order to cover decreasing state funding and future renovation projects.

The Public School Employee's Retirement System funding crisis will have an impact on future fiscal years. Current projections of state subsidies reflect significant decreases that will adversely affect the educational process statewide. Line Mountain is preparing for this by reviewing all expenditures for upcoming fiscal years. Health Care with Highmark Blue Shield anticipates an overall increase between 5 to 15 percent.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions concerning this report, or require any additional financial information, please contact the Line Mountain School District, Business Office, 185 Line Mountain Road, Herndon, PA 17830.

LINE MOUNTAIN SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 10,213,430	\$ 677,970	\$ 10,891,400
Cash and Cash Equivalents - Restricted	82,567	-	82,567
Taxes Receivable, Net	1,119,508	-	1,119,508
Intergovernmental Receivables	1,258,417	-	1,258,417
Interfund Receivables	-	5,615	5,615
Inventories	-	5,994	5,994
Other Receivables	27,738	-	27,738
TOTAL CURRENT ASSETS	12,701,660	689,579	13,391,239
NON-CURRENT ASSETS			
Land and Site Improvements, Net	410,066	-	410,066
Building and Building Improvements, Net	24,940,928	-	24,940,928
Furniture and Equipment, Net	1,263,960	137,059	1,401,019
Right-to-Use Lease	78,480	-	78,480
TOTAL NON-CURRENT ASSETS	26,693,434	137,059	26,830,493
TOTAL ASSETS	39,395,094	826,638	40,221,732
DEFERRED OUTFLOWS OF PENSION & OPEB	3,991,873	83,273	4,075,146
ASSETS & DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	43,386,966	909,911	44,296,877
LIABILITIES			
Accounts Payable	66,551	42,720	109,271
Internal Balances	5,615	-	5,615
Unearned Revenues	240,572	-	240,572
Accrued Expenses	675,267	-	675,267
Intergovernmental Payables	16,635	-	16,635
Accrued Interest	100,485	-	100,485
Accrued Salaries and Benefits	701,698	15,628	717,326
Taxes Held in Escrow	53,008	-	53,008
Long-Term Liabilities:			
Due within one Year:			
Bonds Payable & Bonds Discounts	1,420,000	-	1,420,000
Compensated Absences	48,401	-	48,401
Lease Liability	31,906	-	31,906
Due in more than one Year:			
Bonds Payable & Bond Discounts	15,665,000	-	15,665,000
Lease Liability	53,446	-	53,446
Bond Premium Amortization	211,047	-	211,047
Compensated Absences	435,606	5,700	441,306
Net Pension Liability	22,292,530	529,470	22,822,000
Other Postemployment Benefit Liabilities	1,441,383	34,234	1,475,617
TOTAL LIABILITIES	43,459,150	627,752	44,086,902
DEFERRED INFLOWS OF PENSION & OPEB	1,223,942	47,369	1,271,311
LIABILITIES & DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	44,683,092	675,121	45,358,213
NET POSITION			
Invested in Capital Assets, Net of Related Debt	9,523,082	137,059	9,660,141
Restricted	82,567	-	82,567
Unrestricted	(10,901,774)	97,731	(10,804,043)
TOTAL NET POSITION	\$ (1,296,125)	\$ 234,790	\$ (1,061,335)

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 13,554,780	\$ -	\$ 4,144,879	\$ -	\$ (9,409,901)	\$ -	\$ (9,409,901)
Instructional Student Support	1,440,630	-	287,730	-	(1,152,900)	-	(1,152,900)
Administrative and Financial Support Services	2,517,415	-	283,657	-	(2,233,758)	-	(2,233,758)
Operation and Maintenance of Plant Services	2,084,579	-	129,235	-	(1,955,344)	-	(1,955,344)
Pupil Transportation	2,249,247	-	1,516,010	-	(733,237)	-	(733,237)
Student Activities	669,039	37,036	146,385	-	(485,618)	-	(485,618)
Community Services	7,227	-	6,291	-	(936)	-	(936)
Interest on Long Term Debt	427,057	-	-	264,827	(162,230)	-	(162,230)
Total Governmental Activities	22,949,974	37,036	6,514,187	264,827	(16,133,924)	-	(16,133,924)
Business-Type Activities							
Food Services	870,836	241,924	585,328	-	-	(43,584)	(43,584)
Total Primary Government	\$ 23,820,810	\$ 278,960	\$ 7,099,515	\$ 264,827	(16,133,924)	(43,584)	(16,177,508)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes					5,838,695	-	5,838,695
Public Utility Realty, Earned Income and Per Capita Taxes Levied for General Purposes					3,185,197	-	3,185,197
Grants, Subsidies, and Contributions Not Restricted					7,186,528	-	7,186,528
Investment Earnings					618,956	421	619,377
Miscellaneous Income					37,405	-	37,405
Sale of Capital Assets					1,780	-	1,780
Total General Revenues and Transfers					16,868,561	421	16,868,982
Change in Net Position					734,637	(43,163)	691,474
Net Position as Restated- July 1, 2023					(2,030,762)	277,953	(1,752,809)
Net Position - June 30, 2024					\$ (1,296,125)	\$ 234,790	\$ (1,061,335)

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 9,463,915	\$ 749,515	\$ -	\$ 10,213,430
Cash - Restricted for Scholarships	-	-	82,567	82,567
Taxes Receivable	1,119,508	-	-	1,119,508
Intergovernmental Receivables	1,258,417	-	-	1,258,417
Other Receivables	27,738	-	-	27,738
TOTAL ASSETS	\$ 11,869,578	\$ 749,515	\$ 82,567	\$ 12,701,660
ASSETS & DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 66,551	\$ -	\$ -	\$ 66,551
Due to Other Funds	5,615	-	-	5,615
Intergovernmental Payables	16,635	-	-	16,635
Accrued Expenditures	675,267	-	-	675,267
Taxes Held in Escrow	53,008	-	-	53,008
Unearned Revenue	240,572	-	-	240,572
Accrued Salaries and Benefits	701,698	-	-	701,698
TOTAL LIABILITIES	1,759,346	-	-	1,759,346
DEFERRED INFLOW OF RESOURCES	850,526	-	-	850,526
FUND BALANCES				
Restricted for Scholarships	-	-	82,567	82,567
Assigned Fund Balance	-	749,515	-	749,515
Unassigned Fund Balance	5,232,414	-	-	5,232,414
Committed Fund Balance	4,027,292	-	-	4,027,292
TOTAL FUND BALANCES	9,259,706	749,515	82,567	10,091,788
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,869,578	\$ 749,515	\$ 82,567	\$ 12,701,660

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT
Reconciliation of Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2024

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 10,091,788

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Cost of Capital Assets	52,721,752	
Less: Accumulated Depreciation	<u>(26,028,318)</u>	26,693,434

Long-term liabilities, applicable to the District are not due and payable in the current period and accordingly, are not reported as liabilities in the fund statements. All liabilities, both current and long term are reported on the statement of net position. Balances as of June 30, 2024 are:

Bonds Payable	(17,085,000)	
Bond Premiums	(211,047)	
Lease Liability Payable	(85,352)	
Net Pension Liability	(22,292,530)	
Other Postemployment Benefits Liability	(1,441,383)	
Compensated Absences	<u>(484,007)</u>	(41,599,319)

Delinquent personal and property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	850,526
--	---------

Deferred outflows of resources related to pension/OPEB liability.	3,892,503
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Deferred outflows of resources related to loss on refunding of debt.	99,370
--	--------

Deferred inflows of resources related to pension/OPEB liability.	(1,223,942)
--	-------------

Governmental funds do not report a liability for accrued interest until due and payable.	<u>(100,485)</u>
--	------------------

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (1,296,125)

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Capital Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 9,353,641	\$ 45,901	\$ 111,672	9,511,214
State Grants	13,039,621	-	-	13,039,621
Federal Grants	1,017,022	-	-	1,017,022
TOTAL REVENUES	23,410,284	45,901	111,672	23,567,857
EXPENDITURES				
Instruction	13,309,812	-	-	13,309,812
Support Services	8,192,807	187,164	-	8,379,971
Non-Instructional Services	540,649	-	127,170	667,819
Debt Service - Principal	1,405,547	-	-	1,405,547
Debt Service - Interest	442,690	-	-	442,690
TOTAL EXPENDITURES	23,891,505	187,164	127,170	24,205,839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(481,221)	(141,263)	(15,498)	(637,982)
NET CHANGE IN FUND BALANCES	(481,221)	(141,263)	(15,498)	(637,982)
Fund Balance - July 1, 2023	9,740,927	890,778	98,065	10,729,770
Fund Balance - June 30, 2024	\$ 9,259,706	\$ 749,515	\$ 82,567	\$ 10,091,788

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Change in
 Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended June 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (637,981)

Capital outlays are reported in governmental funds as expenditures.
 However, in the statement of activities, the cost of those assets are
 allocated over their estimated useful lives as depreciation expense. These
 are amounts for the current fiscal year.

Capital Outlays	572,728	
Depreciation Expense	<u>(1,247,891)</u>	(675,163)

Because some property taxes will not be collected for several months
 after the District's year end, they are not considered as available revenues in the
 government funds. Deferred tax revenues increased by this amount this year. 116,755

Repayment of debt principal is an expenditure in the governmental funds, but the
 repayment reduces long-term liabilities in the Statement of Net Assets. 1,405,547

Losses on bond refundings, and bond discounts and premiums are deferred and
 Amortized over the term of the bond in the statement of activities. 13,629

Interest is recognized in governmental funds when paid but is accrued in the
 Statement of Activities. 14,543

Some expenses reported on the statement of activities do not require the
 use of current financial resources, therefore, they are not reported as
 expenditures in governmental funds:

Changes in Other Post Employment Benefits	8,064	
Changes in Compensated Absences Payable	(74,419)	
Changes in Pension Expense	<u>563,662</u>	<u>497,307</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 734,637

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

Statement of Net Position

Proprietary Fund

June 30, 2024

	Food Service
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 677,970
Due From Other Funds	5,615
Inventories	5,994
Total Current Assets	689,579
Non-Current Assets	
Machinery and Equipment	578,705
Less: Accumulated Depreciation	(441,646)
Total Non-Current Assets	137,059
Deferred Outflows of Resources	
Deferred Amounts Related to Pension & OPEB	83,273
Total Deferred Outflows of Resources	83,273
TOTAL ASSETS	909,911
LIABILITIES	
Accounts Payable	42,720
Accrued Salaries and Benefits	15,628
Long-Term Liabilities:	
Due within More Than One Year	
Compensated Absences	5,700
Net Pension Liability	529,470
Other Post Employment Benefits Liability	34,234
TOTAL LIABILITIES	627,752
Deferred Inflows of Resources	
Deferred Amounts Related to Pension & OPEB	47,369
Deferred Inflows of Resources	47,369
TOTAL LIABILITIES AND DEFERRED INFLOWS	675,121
NET POSITION	
Investment in Capital Assets, Net of Related Debt	137,059
Unrestricted Net Position	97,731
TOTAL NET POSITION	234,790
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 909,911

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Food Service
Operating Revenues	
Food Service Revenue	\$ 241,924
Total Operating Revenues	241,924
Operating Expenses	
Salaries	254,848
Employee Benefits	109,183
Other Purchased Services	446,881
Supplies	36,367
Repairs and Maintenance	3,168
Depreciation	2,187
Dues and Fees	18,202
Total Operating Expenses	870,836
Operating Income/Loss	(628,912)
Nonoperating Revenues (Expenses)	
Earnings on Investments	421
State Sources	130,110
Federal Sources	455,218
Total Nonoperating Revenues (Expenses)	585,749
Change in Net Position	(43,163)
Net Position - July 1, 2023	277,953
Net Position - June 30, 2024	\$ 234,790

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2024

	<u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers and Intergovernments	\$ 302,941
Cash Payments to Employees for Services	(324,565)
Cash Payments to Suppliers for Goods and Services	<u>(485,324)</u>
Net Cash (Used for) Operating Activities	<u>(506,948)</u>
Cash Flows from Noncapital Financing Activities	
State Sources	130,110
Federal Sources	<u>455,218</u>
Net Cash Provided by Noncapital Financing Activities	<u>585,328</u>
Cash Flows from Investing Activities	
Purchase of Property, Plant and Equipment	(41,206)
Earnings on Investments	<u>421</u>
Net Cash Provided by Investing Activities	<u>(40,785)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,595
Cash and Cash Equivalents Beginning of Year	<u>640,375</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 677,970</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (628,912)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	18,202
(Increase) Decrease in Inventories	1,778
(Increase) Decrease in Deferred Outflows	(3,053)
Increase (Decrease) in Due from Other Funds	(5,615)
Increase (Decrease) in Prepaid Expenses	1,500
Increase (Decrease) in Accounts Payable	32,618
Increase (Decrease) in Deferred Revenue	(1,295)
Increase (Decrease) in Compensated Absences	4,475
Increase (Decrease) in Accrued Payroll	2,373
Increase (Decrease) in Deferred Inflows	3,184
Increase (Decrease) in Net Pension Liability	63,550
Increase (Decrease) in OPEB Liability	<u>4,247</u>
Total Adjustments	<u>121,964</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (506,948)</u></u>

The accompanying notes are an integral part of these financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Line Mountain School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the District is considered a "primary government". The District is governed by a nine-member board to which each member is elected by the citizens of each defined district.

For financial reporting purposes, Line Mountain School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

The District participates in a jointly governed organization. The organization is the Northumberland County Career and Technology Center. The organization is presented in Note 11 to the basic financial statements.

Government-Wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements – Continued

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - This fund is used to account for financial resources to be used for capital improvements, and the construction, replacements, additions, and maintenance of facilities, and purchase of school buses.

All other governmental funds not meeting the criteria established for major funds ~ represented in the non-major governmental funds column of the fund financial statements.

Additionally, the District reports the following major proprietary fund:

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the District has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. The District's proprietary fund is the Cafeteria Fund. This fund is used to account for the cafeterias of the District.

Measurement Focus and Basis of Accounting

In the government-wide Statement of Net Position and Statement -of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Property taxes are levied by the District upon an assessed value times an approved millage rate. See Note 3 for further details.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect on inter-fund activity has been eliminated from the government-wide statements.

The account classifications used in the financial statements conform to the broad classifications recommended in Governmental Accounting, Auditing, and Financial Reporting, issued by the Government Finance Officers Association and are consistent with the broad classifications recommended in Financial Accounting for Local and State School Systems, 2014 edition, issued by the U.S. Department of Education.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the 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 District must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

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.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgetary Process

The operating budget is prepared in accordance with generally accepted accounting principles. An annual budget prepared by function and object is formally adopted for the General Fund. Project length financial plans are used for Capital Projects Fund.

The budget may be amended during the year if projected increases or decreases in revenue are identified by the Business Manager. 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 amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended budget issued during the fiscal year 2024.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the District attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are reported within committed or assigned fund balances.

Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Investments consist of repurchase agreements and funds invested in the PA Treasury Investment Program and are stated at cost, which approximates market value. This is in accordance with Section 440.1 of the School Code.

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.

On governmental fund financial statements, the amount of taxes receivable at June 30, 2024, less the amount actually collected and remitted to the District in July and August 2024 are reported as deferred inflows of resources.

Due From/To Other Funds

During the course of operations, transactions 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.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories

The District's inventory of supplies in the General Fund is not significant in amount and is therefore not included in the financial statements.

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

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 District as assets with an initial single item cost of more than \$5,000, and an estimated useful life in excess of one year. In addition, capital assets purchased with a 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.

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>	<u>Estimated Lives</u>
Land	Not Depreciated
Land Improvements	12 Years
Buildings and Building Improvements	40 Years
Vehicles	5 - 15 Years
Furniture and Equipment	12 Years

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Liabilities

In the government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issue costs are recognized as an expense in the period incurred. In the fund financial statements, the face amount of debt is reported as other financing sources, and the repayment of debt is reported as debt service expenditures. Premiums received on debt issues are reported as other financing sources while discounts on debt issues are reported as other financing uses during the current period. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

The District is a lessee for non-cancellable leases of equipment. A lease liability and an intangible right-to-use lease asset is recognized in the government-wide financial statements. The District considers all leases above their capitalization policy for recognition. Leases that are material individually or in the aggregate are recognized.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease's term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in these categories: Deferred outflows on refunding bonds, deferred outflows and inflows related to pensions and other postemployment benefits, and unavailable tax revenue. Deferred outflows/inflows on refundings are the result of differences in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows and inflows related to pensions and other postemployment benefits are discussed in Notes 9 and 10, respectively. Unavailable tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. This amount, which relates to property taxes, is deferred and recognized as an inflow of resources in the period the amount becomes available.

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.

Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision making authority. This formal action is the approval of a resolution for a specific purpose.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balances – Continued

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Business Manager pursuant to authorization established by the board.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/ expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Governmental Fund Balances

Governmental Fund Balances consist of the following at June 30, 2024:

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Restricted Fund Balance	\$ -	\$ -	\$ 82,567	\$ 82,567
Assigned Fund Balance	-	749,515	-	749,515
Committed Fund Balance	4,027,292	-	-	4,027,292
Unassigned Fund Balance	5,232,414	-	-	5,232,414
Total	<u>\$ 9,259,706</u>	<u>\$ 749,515</u>	<u>\$ 82,567</u>	<u>\$ 10,091,788</u>

Although the board restricts the use of the Capital Projects Fund assets for construction, additions and equipment, fixed assets can be purchased out of the General Fund if the items are budgeted for in the annual budget.

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because it was not used.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Definition of Cash and Cash Equivalents

For the purpose of the statement of cash flows, the term cash and cash equivalents includes cash in bank and short-term, highly liquid investments with a maturity of ninety days or less at the date of purchase.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and the various rates stated in the labor contracts. The District records a liability for accumulated unused sick leave for all employees.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements.

Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB) consist of health care plans provided by the District through a single employer defined benefit plan which funds fixed amounts toward the purchase of health insurance for qualified retirees. OPEB also includes benefits provided through the Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Program. The Health Insurance Premium Assistance Program is a governmental cost sharing multiple-employer OPEB plan for eligible retirees who qualify and elect to participate.

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.

Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating in the financial statements.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 2 – LEGAL COMPLIANCE BUDGETS

All principals at each educational level of the District submit requests for appropriation to the superintendent and business administrator. A tentative budget is prepared. It includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to the School Board at public meetings for their review.

Tentative adoption of the budget must be made 30 days prior to final adoption to allow for public review. Final adoption of the budget must occur on or before June 30. Budget transfers are typically made by the business administrator at year end with Board approval.

NOTE 3 – REAL ESTATE TAX AND DEFERRED REVENUE

Based upon assessments provided by the County, the District bills and collects its own property taxes. The District tax rate for the year ended June 30, 2024, was 79.81 mills for Northumberland County residents as levied by the School Board. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-Levy Date
July 1 - August 31	-2% Discount Period
September 1 - October 31	-Face Payment Period
November 1 - December 31	-10% Penalty Period
December 31	-Delinquent Date

The 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.

The balances at June 30, 2024 are as follows:

	<u>Gross Taxes</u> <u>Receivable</u>	<u>Allowance for</u> <u>Uncollectible</u> <u>Taxes</u>	<u>Net Estimated</u> <u>to be</u> <u>Collectible</u>	<u>Tax Revenue</u> <u>Recognized</u>	<u>Deferred</u> <u>Taxes</u>
Real Estate	<u>\$ 1,967,188</u>	<u>\$ (847,680)</u>	<u>\$ 1,119,508</u>	<u>\$ 268,982</u>	<u>\$ 850,526</u>

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2024, the following amounts are due from other governmental units:

Federal Subsidies	\$ 789,195
State Subsidies	<u>469,222</u>
Total	<u>\$ 1,258,417</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 5 – CASH AND CASH EQUIVALENTS

Carrying of cash and cash equivalents as of June 30, 2024, appear in the financial statements as summarized below:

Governmental Funds	\$	10,213,430
Proprietary Funds		<u>677,970</u>
Totals	\$	<u>10,891,400</u>

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or collateralized with securities held by the District’s agent in the District’s name, (2) uninsured, and for which the securities are held by the financial institution or its trust department in the District’s name, or (3) uncollateralized.

At June 30, 2024, the bank balance of deposits held was \$11,412,763. Financial institutions used by the District are required to secure deposits of all “public bodies” with a pledge of collateral in accordance with Pennsylvania Pledge Act 72 (72 P.S. Section 3836-1 et seq.). Therefore, all of the District’s deposits were deemed to be fully collateralized at June 30, 2024.

Accounts covered by Federal Deposit Insurance Corporation (FDIC) insurance coverage for a government unit are insured up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and up to \$250,000 for all demand deposit accounts (interest-bearing and noninterest bearing).

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 6 – CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 410,066	\$ -	\$ -	\$ 410,066
Construction in Progress	774,523	-	774,523	-
Total Capital Assets, Not Depreciated	1,184,589	-	774,523	410,066
Capital Assets, Being Depreciated:				
Buildings & Improvements	42,711,468	986,773	-	43,698,241
Furniture, Equipment, & Vehicles	8,096,007	360,478	-	8,456,485
Right to Use Lease Assets	156,960	-	-	156,960
Total Capital Assets, Being Depreciated	50,964,435	1,347,251	-	52,311,686
Less Accumulated Depreciation For:				
Buildings & Improvements	(17,721,595)	(1,035,718)	-	(18,757,313)
Furniture, Equipment, & Vehicles	(7,011,744)	(180,781)	-	(7,192,525)
Right to Use Lease Assets	(47,088)	(31,392)	-	(78,480)
Total Accumulated Depreciation	(24,780,427)	(1,247,891)	-	(26,028,318)
Governmental Activities -				
Capital Assets, Net -	\$ 27,368,597	\$ 99,360	\$ 774,523	\$ 26,693,434
Business Type Activities:				
Capital Assets, Being Depreciated:				
Furniture/Equipment	\$ 537,498	\$ 41,207	\$ -	\$ 578,705
Less Accumulated Depreciation For:				
Furniture & Equipment	(423,444)	(18,202)	-	(441,646)
Business Type Activities-				
Capital Assets, Net	\$ 114,054	\$ 23,005	\$ -	\$ 137,059

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 6 – CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	737,033
Instructional student support		78,333
Administrative and financial support services		136,883
Operation and maintenance of plant services		113,348
Pupil transportation		122,301
Student activities		36,379
Community services		393
Interest on long-term debt		23,221
Total Depreciation Expense		\$ 1,247,891

NOTE 7 – LONG-TERM DEBT OBLIGATIONS

The District borrows money in order to acquire land or high cost equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the District-Wide statements (Statement of Net Position).

Summary of Long-Term Obligations

Long-term liability balances and activity for the year ended June 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Bonds Payable & Bonds Discounts	\$ 18,694,613	\$ -	\$ 1,398,566	\$ 17,296,047	\$ 1,420,000
Compensated Absences	410,813	78,894	-	489,707	48,401
Lease Liability	115,899	-	30,547	85,352	31,906
Net Pension Liability	23,296,000	-	474,000	22,822,000	-
Other Post Employment Benefit Liability	1,469,349	6,268	-	1,475,617	-
Total	\$ 43,986,674	\$ 85,162	\$ 1,903,113	\$ 42,168,723	\$ 1,500,307

Long-Term Debt

Purpose	Due Date	Interest Rate	Beginning Balance	Decrease	Ending Balance
GOB, Series 2017	2033	1.00 - 3.00%	7,580,000	620,000	6,960,000
GOB, Series 2019	2030	1.65 - 5.00%	3,505,000	405,000	3,100,000
GOB, Series 2019 A	2035	2.00 - 5.00%	7,375,000	350,000	7,025,000
Plus Bond Discounts and Premiums			234,613	23,566	211,047
Total Long-Term Debt			18,694,613	1,398,566	17,296,047

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 7 – LONG-TERM DEBT OBLIGATIONS – CONTINUED

Long-Term Debt - Continued

General Obligation Bonds, Series 2017 - On October 31, 2017, the District issued General Obligation Bonds, Series of 2017 in the amount of \$7,725,000. The Bonds were used for the current refunding of a portion of the District's General Obligation Bonds, Series of 2012, and paying the costs associated with issuance of the Bonds. The bonds mature on November 15th of each year through 2033 and bear interest at rates ranging from 1.00% to 3.00%. Interest is payable semi-annually on May 15th and November 15th. The partial refunding of the Series 2012 Bonds resulted in an economic gain of \$253,802. The bonds are secured with the full faith, credit and taxing power of the District.

General Obligation Bonds, Series 2019 - On March 29, 2019, the District issued General Obligation Bonds, Series of 2019 in the amount of \$3,525,000. The Bonds were used for the current refunding of a portion of the District's General Obligation Bonds, Series of 2014 A, and paying the costs associated with issuance of the Bonds. The bonds mature on September 1st of each year through 2030 and bear interest at rates ranging from 1.65% to 5.00%. Interest is payable semi-annually on March 1st and September 1st. The partial refunding of the Series 2014A Bonds resulted in an economic gain of \$76,059. The bonds are secured with the full faith, credit and taxing power of the District.

General Obligation Bonds, Series 2019 A - On September 30, 2019, the District issued General Obligation Bonds, Series of 2019A in the amount of \$8,545,000. The Bonds were used for the current refunding of the District's General Obligation Bonds, Series of 2013, and paying the costs associated with issuance of the Bonds. The bonds mature on September pt of each year through 2035 and bear interest at rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on March pt and September P1 . The refunding of the Series 2013 Bonds resulted in an economic gain of \$567,233. The bonds are secured with the full faith, credit and taxing power of the District.

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Maturity - Long-Term Debt

The following is a summary of the maturity of long-term indebtedness:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,420,000	\$ 413,166	\$ 1,833,166
2026	1,450,000	389,216	1,839,216
2027	1,470,000	365,266	1,835,266
2028	1,505,000	350,766	1,855,766
2029	1,540,000	336,266	1,876,266
2030-2034	8,155,000	1,441,123	9,596,123
2035	1,545,000	235,489	1,780,489
	<u>\$ 17,085,000</u>	<u>\$ 3,531,293</u>	<u>\$ 20,616,293</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 7 – LONG-TERM DEBT OBLIGATIONS – CONTINUED

Additional Disclosure

In the event of the failure of the District to pay or cause to be paid the interest on or principal of the Bonds, as the same become due and payable, the holders of the Bonds shall be entitled to certain remedies provided by law. 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 the Court of Common Pleas of the county in which the District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the District. The Debt 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 Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

NOTE 8 – LEASE LIABILITY

The District leases equipment for certain offices and buildings. The term of the lease is five years. The District's equipment lease contains scheduled monthly payments with expiration dates extending through 2027. Lease and finance purchase obligations are fully funded by the general fund. The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2024:

Future minimum lease payments under these leases are as follows:

<u>Years</u>	<u>Interest</u>	<u>Principle</u>	<u>Total</u>
2025-2026	\$ 31,906	\$ 3,070	\$ 34,976
2026-2027	33,326	1,670	34,996
2027-2028	20,120	294	20,414
	<u>\$ 85,352</u>	<u>\$ 5,034</u>	<u>\$ 90,386</u>

NOTE 9 – PENSION PLAN

Summary of Significant Accounting Policies

Pensions

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – PENSION PLAN – CONTINUED

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 work render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.pers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

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

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

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – PENSION PLAN – CONTINUED

Contributions

Member Contributions:

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

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

Employer Contributions:

The school districts’ contractually required contribution rate for the fiscal year ended June 30, 2024 was 34.00% 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 \$2,726,716 for the year ended June 30, 2024.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – PENSION PLAN – CONTINUED

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 \$22,822,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward 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 covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0513 percent, which was the same proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2024, the District recognized pension expense of (\$479,460). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,000	\$ 312,000
Changes in assumptions	341,000	-
Net difference between projected and actual investment earnings	646,000	-
Changes in proportion	23,000	377,000
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to measurement date	2,726,716	-
	\$ 3,741,716	\$ 689,000

\$2,726,716 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 Ending June 30,	
2024	\$ 105,000
2025	(559,000)
2026	564,000
2027	215,000
Thereafter	-
Total	\$ 325,000

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – PENSION PLAN – CONTINUED

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 the 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 wages growth and for merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actual 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.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – PENSION PLAN – CONTINUED

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global Public Equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure	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%
	<u>100.0%</u>	

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

Discount Rate

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

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	\$ 29,583,000	\$ 22,822,000	\$ 17,117,000

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 9 – PENSION PLAN – CONTINUED

Pension Plan Fiduciary Net Position

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

NOTE 10 - POST EMPLOYMENT BENEFITS PLAN

District Specific Plan

Plan Description

Plan Administration - The District’s School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the “Plan”) that is used to provide post-retirement healthcare benefits for teachers and certain others who retire under the qualifications of the Pennsylvania School Employee’s Retirement System. Plan provisions are established based on bargaining agreements negotiated by the District. The Plan is unfunded, and no financial report is prepared.

Plan Membership - As of June 30, 2024, the Plan’s membership consisted of the following:

Active Participants	147
Vested Former Participants	0
Retired Participants	<u>4</u>
Total	<u>151</u>

Benefits Provided - The Plan provides healthcare benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer and vary depending on employee classification and years of service of the retiree. The District pays the full premium for medical, and prescription drug for all retirees, spouses, and dependents, depending on those factors. Teamsters retired in 2004 are the only employees of the District who have dental and vision benefits as well.

Contributions - The contribution requirements of the plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amounts vary depending on classification and years of service with the District.

Total OPEB Liability

The District’s total OPEB liability of \$547,617 was measured as of June 30, 2021, and was rolled forward using actuarial assumptions to the valuation date of July 1, 2022.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

District Specific Plan – Continued

Total OPEB Liability

Inflation	3.00%
Salary Increases	4.00% average, including inflation
Discount Rate	4.13%
Healthcare Cost Trend Rate	7.00% for 2023, decreasing to an ultimate rate 4.10% by 2075

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2023.

Mortality rates are assumed using the rates assumed in the PSERS defined benefit pension plan actuarial valuation with projections incorporated based on the MP-2021 projection scale to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2012, valuation was based on historical results, as a recent experience study was not completed.

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

	<u>Total OPEB Liability</u>
Balance at 7/1/22	\$ 534,336
Service Cost	31,175
Interest	22,474
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(25,860)
Changes of Assumptions	7,561
Benefit Payments	<u>(22,069)</u>
Net Change	<u>13,281</u>
Balance at 7/1/23	<u>\$ 547,617</u>

Changes in assumptions reflect a change in the discount rate from 4.06% to 4.13%, an update of trend assumptions, and an update of assumptions for salary, mortality, and retirements based on the new PSERS assumptions.

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

District Specific Plan – Continued

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 480,086	\$ 547,617	\$ 627,425

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	3.13%	4.13%	5.13%
Net OPEB Liability	\$ 595,536	\$ 547,617	\$ 502,424

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of (\$9,647) for the District's plan. On June 30, 2024, the District reported deferred outflows related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 148,028
Changes in assumptions	61,605	184,984
Benefit payments subsequent to the measurement date	30,717	-
	<u>\$ 92,322</u>	<u>\$ 333,012</u>

Amounts, other than contributions subsequent to the measurement date, reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (32,579)
2026	(32,579)
2027	(32,579)
2028	(32,574)
2029	(32,972)
Thereafter	<u>(108,124)</u>
Total	<u>\$ (271,407)</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

PSERS Healthcare Insurance Premium Assistance Plan

Summary of Significant Accounting Policies

Other Post Employment Benefits

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

General Information about the Health Insurance Premium Assistance Program

PSERS Healthcare Insurance Premium Assistance Plan

The Retirement 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 PSERS Plan 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 services 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 they reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

PSERS Healthcare Insurance Premium Assistance Plan – Continued

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 districts' contractually required contribution rate for fiscal year ended June 30, 2024, was 0.64% of covered payroll, an actuarially determined 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 PSERS Plan from the District were \$52,738 for the year ended June 30, 2024.

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

At June 30, 2023, the District reported a liability of \$928,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2024 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 of all School Districts in the PSERS Plan. At June 30, 2024, the District's proportion was 0.0513 percent, which was a decrease of 0.0011 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$14,961). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,000	\$ 9,000
Changes in assumptions	80,000	176,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportion	1,000	46,000
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to measurement date	52,738	-
	<u>\$ 141,738</u>	<u>\$ 231,000</u>

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

PSERS Healthcare Insurance Premium Assistance Plan – Continued

\$52,738 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and 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:

<u>Year Ending June 30,</u>	
2024	\$ (39,000)
2025	(33,000)
2026	(31,000)
2027	(33,000)
2028	(6,000)
Thereafter	-
Total	<u>\$ (142,000)</u>

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%
 - Eligible retirees will elect to participate post age 65 at 70%

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

PSERS Healthcare Insurance Premium Assistance Plan – Continued

Actuarial Assumptions - Continued

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.

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

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.09% 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.

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2024

NOTE 10 – POST EMPLOYMENT BENEFITS PLAN – CONTINUED

PSERS Healthcare Insurance Premium Assistance Plan – Continued

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, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees 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 District’s Proportionate Share of the net OPEB liability as well as what the District’s Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 928,000	\$ 928,000	\$ 928,000

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

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or higher (5.09 percent) than the current discount rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
System net OPEB Liability	\$ 1,049,000	\$ 928,000	\$ 827,000

OPEB Plan Fiduciary Net Position

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS

The District participates in the Northumberland County Career and Technology Center (NCCTC) which is governed by a joint operating committee. The committee is composed of seven members, two appointed annually from each Mount Carmel and Line Mountain School Districts, and three appointed annually from Shamokin School District. The NCCTC provides vocational and technical education for students of the three-member school districts. Each member school district pays tuition to the NCCTC based upon its relative enrollment percentage at the school. The member school districts approve the budget of the NCCTC.

This joint venture does not meet the criteria for inclusion within the reporting entity because the NCCTC is separately chartered from the school districts it serves, its joint operating committee controls the employment of personnel, its joint operating committee has the power to approve all operating expenditures of the NCCTC, and the NCCTC is maintained as a separate operating unit.

For the year ended June 30, 2024, the member school districts and the percentage of tuition received from each member school district were as follows:

Shamokin	45.00%
Mount Carmel	45.00%
Line Mountain	10.00%
	<u>100.00%</u>

The District's share of the joint venture is not determinable. The most recent NCCTC financial information for the year ended June 30, 2024, is available by contacting the Executive Director, Northumberland County Career and Technology Center, Coal Township, PA.

The District made tuition payments, debt service payments and administrative costs payments to NCCTC of \$119,718 for the year ended June 30, 2024. \$14,046 was due from NCCTC at June 30, 2024.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District receives federal and state grants and subsidies that are subject to audit and review by the Auditor General. These audits could result in a request for reimbursement by the state for amounts disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such reimbursements, if any, will not be significant.

The District is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the District with respect to the various proceedings. However, the District's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the District.

NOTE 13 – RISK MANAGEMENT

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

LINE MOUNTAIN SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 14 – FUTURE IMPLEMENTATIONS OF GASB PRONOUNCEMENTS

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The District has adopted the provisions of Statement No. 99 for its fiscal year 2024 financial statements.

In June 2022, GASB issued Statement No. 100, Accounting Changes and Errors. The District has adopted the provisions of Statement No. 100 for its fiscal year 2024 financial statements.

In June 2022, GASB issued Statement No. 101, Compensated Absences. The District is required to adopt the provisions of Statement No. 101 for its fiscal year 2025 financial statements.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The District has adopted the provisions of Statement No. 102 for its fiscal year 2024 financial statements.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The District is required to adopt the provisions of Statement No. 103 for its fiscal year 2025 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events were measured from after the date of the financial statements, until the date of the issued audit report, February 13, 2026. There were no significant subsequent events reported during that period.

REQUIRED SUPPLEMENTARY INFORMATION

LINE MOUNTAIN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Originals	Final		
Revenues				
Local Sources	\$ 8,859,859	\$ 8,859,859	\$ 9,353,641	\$ 493,782
State Sources	12,117,457	12,117,457	13,039,621	922,164
Federal Sources	418,936	418,936	1,017,022	598,086
Total Revenues	21,396,252	21,396,252	23,410,284	2,014,032
Expenditures				
Instruction				
Regular Programs	8,862,010	8,862,010	9,485,212	(623,202)
Special Education Programs	2,893,162	2,893,162	3,339,709	(446,547)
Vocational Education Programs	299,259	299,259	343,891	(44,632)
Other Instructional Programs	164,565	164,565	141,000	23,565
Support Services				
Students	950,288	950,288	1,087,080	(136,792)
Instructional Staff	246,060	246,060	306,402	(60,342)
Administration	1,559,801	1,559,801	1,452,423	107,378
Pupil Health	187,385	187,385	238,744	(51,359)
Business	456,040	456,040	465,198	(9,158)
Operation and Maintenance of Plant Services	1,621,914	1,621,914	2,183,354	(561,440)
Student Transportation Services	1,965,039	1,965,039	2,178,573	(213,534)
Central and Other Support Services	307,937	307,937	281,033	26,904
Non-Instructional Services				
Student Activities	-	-	540,649	(540,649)
Total Expenditures	19,513,460	19,513,460	22,043,268	(2,529,808)
Excess (Deficiency) of Revenues Over Expenditures				
	1,882,792	1,882,792	1,367,016	(515,776)
Other Financing Sources (Uses)				
Debt Service	1,828,196	1,828,196	1,848,237	(20,041)
Total Other Financing Uses	1,828,196	1,828,196	1,848,237	(20,041)
Net Change in Fund Balance	\$ 54,596	\$ 54,596	\$ (481,221)	\$ 4,563,881
Fund Balance, June 30, 2023			9,740,927	
Fund Balance, June 30, 2024			\$ 9,259,706	

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of the Changes in the District's Total District Funded OPEB Liability and Related Ratios
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total District Funded OPEB Liability							
Service Cost	\$ 31,175	\$ 48,093	\$ 53,899	\$ 39,026	\$ 50,058	\$ 46,548	\$ 47,481
Interest	22,474	16,333	15,149	23,482	23,734	23,855	18,201
Changes in Benefits Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(25,860)	-	(105,869)	-	(86,460)	-	-
Changes in Assumptions	7,561	(186,724)	(21,932)	82,838	(29,810)	717	4,350
Benefit Payments	(22,069)	(25,409)	(43,158)	(46,308)	(41,438)	(39,027)	(36,645)
Net Changes	<u>13,281</u>	<u>(147,707)</u>	<u>(101,911)</u>	<u>99,038</u>	<u>(83,916)</u>	<u>32,093</u>	<u>33,387</u>
Total District Funded OPEB Liability - Beginning	<u>534,336</u>	<u>682,043</u>	<u>783,954</u>	<u>684,916</u>	<u>768,832</u>	<u>736,739</u>	<u>703,352</u>
Total District Funded OPEB Liability - Ending	<u>\$ 547,617</u>	<u>\$ 534,336</u>	<u>\$ 682,043</u>	<u>\$ 783,954</u>	<u>\$ 684,916</u>	<u>\$ 768,832</u>	<u>\$ 736,739</u>
Covered Employee Payroll	\$ 7,682,957	\$ 7,565,666	\$ 7,565,666	\$ 7,041,415	\$ 7,041,415	\$ 7,163,551	\$ 7,163,551
Total District Funded OPEB Liability as a Percentage of Covered Employee Payroll	7.13%	7.06%	9.01%	11.13%	9.73%	10.73%	10.28%

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of a measurement date of the net OPEB liability (June 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

See Notes to Financial Statements

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS Plan
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability	0.1182%	0.0524%	0.0523%	0.0524%	0.0528%	0.0549%	0.0581%
District's Proportionate Share of the PSERS OPEB Liability	\$ 928,000	\$ 965,000	\$ 1,239,000	\$ 1,132,000	\$ 1,123,000	\$ 1,145,000	\$ 1,184,000
District's Covered Payroll	\$ 7,854,229	\$ 7,703,878	\$ 7,409,724	\$ 7,361,079	\$ 7,285,939	\$ 7,396,093	\$ 7,731,819
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	11.82%	12.53%	16.72%	15.38%	15.41%	15.48%	15.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.56%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of a measurement date of the net OPEB liability (June 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

See Notes to Financial Statements

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of the District's OPEB Contributions - PSERS Plan
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 52,738	\$ 60,522	\$ 56,664	\$ 60,458	\$ 61,478	\$ 60,088	\$ 61,120
Contributions in Relation to the Contractually Required Contribution	<u>(52,738)</u>	<u>(60,522)</u>	<u>(56,664)</u>	<u>(60,458)</u>	<u>(61,478)</u>	<u>(60,088)</u>	<u>(61,120)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
District's Covered Payroll	\$ 7,854,229	\$ 7,703,878	\$ 7,409,724	\$ 7,361,079	\$ 7,285,939	\$ 7,396,093	\$ 7,731,819
Contribution as a Percentage of Covered Payroll	0.67%	0.79%	0.76%	0.82%	0.84%	0.81%	0.79%

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of a measurement date of the net OPEB liability (June 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

See Notes to Financial Statements

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.1182%	0.0524%	0.0523%	0.0524%	0.0528%	0.0549%	0.0581%	0.0500%	0.0551%	0.0558%
District's Proportionate Share of the Net Pension Liability	\$ 22,822,000	\$ 23,296,000	\$ 21,473,000	\$ 25,801,000	\$ 24,701,000	\$ 26,355,000	\$ 28,695,000	\$ 24,778,000	\$ 23,866,000	\$ 22,086,000
District's Covered Payroll	\$ 7,854,229	\$ 7,703,878	\$ 7,409,724	\$ 7,361,079	\$ 7,285,939	\$ 7,396,093	\$ 7,731,819	\$ 6,476,582	\$ 7,094,303	\$ 7,120,584
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	290.57%	302.39%	289.79%	350.51%	339.02%	356.34%	371.13%	382.58%	336.41%	310.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.22%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of a measurement date of the net Pension liability (June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015).

This schedule is presented to illustrate the requirement to show information for 10 years.

See Notes to Financial Statements

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of the District's Contributions - Pension Plan
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,726,716	\$ 2,768,755	\$ 2,407,492	\$ 2,470,672	\$ 2,441,559	\$ 2,360,074	\$ 2,398,396	\$ 2,398,396	\$ 2,398,396	\$ 2,398,396
Contributions in Relation to the Contractually Required Contribution	<u>(2,726,716)</u>	<u>(2,768,755)</u>	<u>(2,407,492)</u>	<u>(2,470,672)</u>	<u>(2,441,559)</u>	<u>(2,360,074)</u>	<u>(2,398,396)</u>	<u>(2,398,396)</u>	<u>(2,398,396)</u>	<u>(2,398,396)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
District's Covered Payroll	\$ 7,854,229	\$ 7,703,878	\$ 7,409,724	\$ 7,361,079	\$ 7,285,939	\$ 7,396,093	\$ 7,731,819	\$ 7,731,819	\$ 7,731,819	\$ 7,731,819
Contributions as a Percentage of Covered Payroll	34.72%	35.94%	32.49%	33.56%	33.51%	31.91%	31.02%	31.02%	31.02%	31.02%

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of a measurement date of the net Pension liability (June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015).

This schedule is presented to illustrate the requirement to show information for 10 years.

See Notes to Financial Statements

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the School Board
Line Mountain School District
Herndon, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Athens Area School District (the “District”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 13, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We consider the deficiencies 2024-02 and 2024-03, described in our accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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. We consider 2024-01, described in our accompanying Schedule of Findings and Questioned Costs, to be a material weakness. However, other material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Klucik & Associates PC

Shamokin, Pennsylvania
February 13, 2026

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

Members of the School Board
Line Mountain School District
Herndon, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Athens Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Athens Area School District's (the "District") major federal program for the year ended June 30, 2024. The 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, the District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 responsibility 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 the 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 the 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 the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 GAAS, *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 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 judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the 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 the 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 the 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.

Klacik & Associates, P.C.

Shamokin, Pennsylvania
February 13, 2026

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

	Source Code	Assistance Listing Number	Pass-through Grantor's Number	Grand Period	Award Amount	Total Received	Accrued (Deferred) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2024
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education:										
Child Nutrition Cluster:										
	I	10.553	365	23-24	N/A	\$ 109,344	\$ -	\$ 109,344	\$ 109,344	\$ -
	I	10.555	362	23-24	N/A	274,570	-	274,570	274,570	-
	I	10.555	362	23-24	28,408	28,408	-	28,408	28,408	-
	I	10.649	358	23-24	-	653	-	653	653	-
						412,975	-	412,975	412,975	-
Non-cash assistance passed through the Pennsylvania Department of Agriculture:										
Child Nutrition Cluster:										
	I	10.555	2-02-49-350	23-24	N/A	46,458	(1,779)	42,244	42,244	(5,993)
						46,458	(1,779)	42,244	42,244	(5,993)
						458,780	(1,779)	454,566	454,566	(5,993)
U.S. Department of Education										
Passed through the Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies										
	I	84.010	013-22-0229	21-22	372,360	265,971	265,971	-	-	-
	I	84.010	013-23-0229	22-23	348,418	124,585	81,994	42,591	42,591	-
	I	84.010	013-24-0229	23-24	338,760	-	-	338,760	338,760	338,760
						390,556	347,965	381,351	381,351	338,760
Supporting Effective Instruction State Grants										
	I	84.367	020-22-0229	21-22	20,934	36,381	36,381	-	-	-
	I	84.367	020-23-0229	22-23	41,954	-	34	-	-	34
	I	84.367	020-24-0229	23-24	41,361	-	-	41,361	41,361	41,361
						36,381	36,415	41,361	41,361	41,395
Student Support and Academic Enrichment Program										
	I	84.424	144-22-0229	21-22	26,183	18,702	18,702	-	-	-
	I	84.424	144-23-0229	22-23	29,217	14,886	21,265	-	-	6,379
	I	84.424	144-24-0229	23-24	27,276	-	-	27,276	27,276	27,276
						33,588	39,967	27,276	27,276	33,655
Education Stabilization:										
Passed through the Pennsylvania Department of Education:										
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER)										
	I	84.425U	223-21-0229	20-24	2,600,605	1,654,930	967,495	446,864	446,864	(240,571)
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)										
	I	84.425U	225-21-0229	20-24	202,126	-	(64,758)	64,758	64,758	-
						1,654,930	902,737	511,622	511,622	(240,571)
Special Education Cluster:										
Passed through Capital Area Intermediate Unit										
	I	84.027	131-24-0016	23-24	221,585	299,299	77,714	221,585	221,585	-
	I	84.173	131-24-0016	23-24	1,188	1,188	-	1,188	1,188	-
						300,487	77,714	222,773	222,773	-
						2,415,942	1,404,798	1,184,383	1,184,383	173,239
						\$ 2,875,375	\$ 1,403,019	\$ 1,639,602	\$ 1,639,602	\$ 167,246

LINE MOUNTAIN SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

NOTE 1 – BASIS OF PRESENTATION AND ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Line Mountain School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – USDA DONATED COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had \$5,994 food commodities in inventory.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – IDENTIFICATION OF MAJOR PROGRAMS

As shown on the accompanying Schedule of Findings and Questioned Costs, the dollar threshold used to distinguish between type A and type B programs were seven hundred and fifty thousand (\$750,000) dollars. The District had no major programs, so two Type B programs were selected for further testing, which was, Education Stabilization Fund, CFDA number 84.425, with total federal expenditures of \$511,622, and Child Nutrition Cluster, CFDA numbers 10.553, 10.555, 10.556 and 10.559, with total federal expenditures of \$454,566.

LINE MOUNTAIN SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: UNMODIFIED

Internal control over financial reporting:
 Material weakness(es) identified? X Yes No

Significant deficiency(ies)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes X No

Significant deficiency(ies)? X Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of Major Programs:

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? Yes X No

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II – Financial Statement Findings

2024-1 - Reconciliation of Accounts

Criteria: Timely reconciliation of significant asset and liability accounts is key to ensuring that revenues, expenses/expenditures and transfers are properly recorded. Timely reconciliations reduce the risk that errors will go undetected and/ or uncorrected.

Condition: During our audit, we noted a number of accounts that were not properly reconciled or not reconciled timely and required material adjustments to properly state account balances.

Cause: Transactions were not recorded in the period of benefit and account reconciliations were not performed in a timely manner.

Effect: Failure to complete timely and accurate reconciliations could result in undetected and/or uncorrected errors in account balances and financial reports.

Recommendation: The District should review and revise, where necessary, its year-end closing procedures to ensure revenues, expenditures and balance sheet accounts are complete and accurate. Account reconciliations should be prepared in a timely manner, and all necessary closing adjustments should be recorded prior to the start of audit fieldwork.

Views of Responsible Officials: Management is in agreement with the finding.

Prior Year Finding: 2023-01

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION III – Federal Award Findings and Questioned Costs

2024-02 – Reporting

All Federal Programs

Criteria: Federal awarding agencies and pass-through entities require recipients to submit periodic financial and performance reports, including but not limited to cash reconciliation reports, quarterly reports, and final expenditure reports, within specified deadlines. These reports must be accurate, complete, and supported by underlying accounting records. Additionally, recipients are required to establish and maintain effective internal controls to ensure the accurate preparation, reconciliation, and timely submission of all required federal reports in accordance with 2 CFR 200.302 and 2 CFR 200.303.

Condition: The District did not consistently file required federal reports within established deadlines. Specifically, certain required quarterly cash reconciliation reports were submitted after the required due dates, and in some instances, required reports were not submitted.

Additionally, the District was unable to provide adequate supporting documentation to reconcile reported expenditures to the general ledger for certain federal reports. Furthermore, required final expenditure reports were not always submitted after funds were fully expended. These issues were noted across multiple federal programs, indicating deficiencies in the District's overall internal controls over federal reporting.

Cause: The District's internal controls and review process over federal reporting were not operating effectively. There was a lack of adequate supervisory review and monitoring to ensure that all federal reports were prepared accurately, reconciled to the general ledger, and submitted in a timely manner.

Effect: The District is not in compliance with federal reporting requirements. Failure to submit accurate and timely reports could result in delayed reimbursements, increased scrutiny by federal and pass-through agencies, or potential withholding or loss of federal funding.

Questioned Costs: None

Recommendation: We recommend that the District strengthen internal controls over federal reporting for all federal programs. The District should implement formal procedures to ensure that all required federal reports are prepared accurately and completely, reconciled to the general ledger, reviewed by appropriate supervisory personnel, and submitted timely in accordance with federal and pass-through agency requirements.

Additionally, the District should provide training to personnel responsible for federal reporting and implement a monitoring process to ensure ongoing compliance with federal requirements.

Views of Responsible Officials: Management is in agreement with the finding.

Prior Year Finding: 2023-02

LINE MOUNTAIN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION III – Federal Award Findings and Questioned Costs

2024-03 – Cash Management and Fund Accounting

Child Nutrition Cluster – AL #10.553, 10.555, 10.556, 10.559
U.S. Department of Agriculture
Pass-Through Entity – Pennsylvania Department of Education

Criteria: In accordance with 7 CFR 210.14 and 7 CFR 220.7, School Food Authorities are required to maintain a nonprofit school food service account. All revenues received from food service operations and federal reimbursements must be retained and used only for the operation or improvement of the nonprofit school food service. Additionally, sound internal control practices and fund accounting principles require that food service funds be accounted for separately to ensure proper accountability, transparency, and compliance with federal program requirements.

Condition: The District did not maintain a separate bank account for its Cafeteria Fund during fiscal year 2024. Instead, cafeteria-related receipts and disbursements were processed through the District's General Fund bank account. As a result, cafeteria activity was commingled with General Fund activity rather than maintained separately.

Cause: The District did not establish separate cash management procedures to ensure cafeteria fund activity was maintained in a separate bank account. This resulted from inadequate internal controls over fund segregation and cash management for the nonprofit school food service program.

Effect: Failure to maintain a separate bank account for the Cafeteria Fund increases the risk that cafeteria funds may not be properly safeguarded, tracked, or used solely for allowable food service purposes. This condition may result in noncompliance with federal program requirements and reduces transparency and accountability over cafeteria fund operations.

Questioned Costs: None

Recommendation: We recommend that the District establish a separate bank account for its Cafeteria Fund to ensure that all food service revenues and expenditures are properly segregated and accounted for in accordance with federal regulations and sound internal control practices. The District should implement procedures to ensure cafeteria funds are used exclusively for allowable food service purposes and are properly monitored and reconciled.

Views of Responsible Officials: Management is in agreement with the finding.

Prior Year Finding: None

LINE MOUNTAIN SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

Section II – Financial Statement Findings and Questioned Costs

Finding 2023-01 Timely Reconciliation of Accounts

Condition: During the audit of the 2023 financial statements, the prior auditor noted a number of accounts that were not properly reconciled or not reconciled timely and required material adjustments to properly state account balances.

Recommendation: The prior auditor recommended the District should review and revise, where necessary, its year-end closing procedures to ensure revenues, expenditures and balance sheet accounts are complete and accurate. Account reconciliations should be prepared in a timely manner, and all necessary closing adjustments should be recorded prior to the start of audit fieldwork.

2023 Conclusion: The District will develop the expertise to prepare financial statements in a more timely manner.

Section III – Federal Award Findings and Questioned Costs

Finding 2023-02 Reporting

Education Stabilization Fund – AL #84.425
U.S. Department of Education
Passed through PA Department of Education

Condition: The District filed the Reconciliation of Cash on Hand Quarterly Report for Grant # 223-21-0229 after the 10-day requirement for the quarters ending September 30, March 31, and June 30 of fiscal year 2023. Additionally, The District was unable to provide support to tie the reported expenditures back to their general ledger.

Recommendation: The prior auditor recommended that the District strengthen internal controls over grant reporting to ensure all required Reconciliation of Cash on Hand Quarterly Reports and final expenditure reports are prepared accurately and submitted timely in accordance with grant requirements. The District should implement a formal review and monitoring process and provide training to staff responsible for grant reporting to ensure ongoing compliance.

2023 Conclusion: The District will continue to develop the internal reporting processes required to fulfill the requirements of the program.

LINE MOUNTAIN SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

Finding 2023-03 Equipment and Real Property Management

Education Stabilization Fund – AL #84.425
U.S. Department of Education
Passed through PA Department of Education

Condition: During the prior auditor’s testing, they noted that the District acquired four individual pieces of equipment over the \$5,000 threshold to be used in the STEAM/CNC Lab without receiving prior approval from the Pennsylvania Department of Education. Additionally, we noted one instance of the District not including all required information on their property records.

Recommendation: The prior auditor recommended that the District implement procedures to ensure prior written approval is obtained for applicable equipment purchases funded by federal grants and that fixed asset records include all required information in accordance with Uniform Guidance. The District should also provide appropriate training to personnel involved in grant purchasing and asset management to ensure ongoing compliance.

2023 Conclusion: This finding has been cleared during the current year.

Finding 2023-04 Activities Allowed

Education Stabilization Fund – AL #84.425
U.S. Department of Education
Passed through PA Department of Education

Condition: During the prior auditor’s testing, they noted that 3 of the 60 payroll transactions selected for testing did not have sufficient audit evidence to demonstrate the District was following their internal control processes.

Recommendation: The prior auditor recommended that the District strengthen internal controls over payroll charged to Federal awards by ensuring required approvals are obtained and review processes occur. Additionally, the District should review their record retention policy to ensure sufficient supporting documentation is retained to demonstrate compliance with Federal requirements.

2023 Conclusion: This finding has been cleared during the current year.