

**MOON AREA SCHOOL DISTRICT**

**PITTSBURGH, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

MOON AREA SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2020

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# *Zelenkofske Axlerod LLC*

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## Independent Auditor's Report

Members of the Board  
Moon Area School District  
Pittsburgh, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the MOON AREA SCHOOL DISTRICT as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the MOON AREA SCHOOL DISTRICT's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information for MOON AREA SCHOOL DISTRICT as of June 30, 2020, and the respective changes in the financial position, and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America.

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## **Emphasis of Matter in Opinion**

As discussed in Note 13, subsequent events may lead MOON AREA SCHOOL DISTRICT to have a significant decrease in revenues. Management has determined that it is not possible to predict the eventual outcome of the subsequent event. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.

## **Adoption of GASB Statements**

As described in Note 1 to the financial statements, in 2020 the School District adopted the provisions of Governmental Accounting Standards Board's Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance". Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of OPEB contributions, schedules of changes in the OPEB liability, schedule of proportionate share of net OPEB liability- PSERS plan, budgetary comparison, schedule of the district's proportionate share of the net pension liability- last 10 years, and schedule of district's contributions- last 10 years information on pages 4 through 11 and 55 through 60 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MOON AREA SCHOOL DISTRICT's financial statements as a whole. The Combining Other Non-major Governmental Financial Statements on pages 62 through 63 are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining Other Non-major Governmental Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021 on our consideration of the MOON AREA SCHOOL DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

February 24, 2021  
Pittsburgh, Pennsylvania

## Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of Moon Area School District's (School District), financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this MD&A is to look at the School District's financial performance. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The MD&A is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*," issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### Financial Highlights

- The School District continues to receive local, state, and national notoriety related to outstanding educational programs and services for students which are delivered at a reasonable level of costs. Regional and national publications identify the School District as a premier school district whose students, faculty, and administration perform at exemplary levels.
- The liabilities and deferred inflows of the School District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$138,853,368 resulting in a deficit net position.
- The School District's total net position decreased by \$4,245,576 over the previous year. Net position of governmental activities decreased by \$3,985,409 and net position from business-type activities decreased by \$260,167.
- As of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$13,223,267 an increase of \$6,353,693 in comparison with the prior year. The increase is attributable to the millage increase resulting in increased tax collections, decrease in certain expenses due to COVID 19, and cost-cutting measures in the General Fund.
- Local revenues represent approximately 75% of the total General Fund revenues. Real estate tax collection is the School District's single largest revenue. For the 2019-2020 fiscal year, real estate tax collections totaled \$55,230,721 or approximately 66% of total revenue. Collections increased by \$3,302,915 from 2018-2019 due to an increase in assessments from growth in the community, and a tax millage rate increase. The tax rate assessed for the 2019-2020 school year was equal to 22.1 mills, an increase of .983 from 2018-2019.
- At the end of the 2019-2020 fiscal year, the unassigned fund balance for the General Fund was \$6,656,351 or 8.4% of total General Fund expenditures. At the end of the 2019-20 fiscal year, the assigned fund balance for the General Fund is \$4,000,000 designated for future debt service payments due the impact of COVID 19 pandemic.

### Overview of the Financial Statements

The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. In addition to the basic financial statements, this report also contains required supplementary information.

*Government-wide Financial Statements* - The government-wide financial statements are designed to provide a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position and the statement of activities show how the School District performed financially during the fiscal year. These two statements report the School District's net position and changes in those net positions. Changes in net position can result from financial and non-financial factors. Some examples of non-financial factors are School District property tax base and mandated educational programs.

The School District does not have a profit motive, so a true comparison is impossible. The statement of net position includes all the School District's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

Both government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through sales and subsidies (business-type activities). The business-type activities of the School District include only the Food Service Fund.

*Fund Financial Statements* - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Some funds are mandated by state law and by bond requirements.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the School District's activities are reported in governmental funds that focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called "modified accrual accounting," which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent soon to finance the School District's programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is reflected in reconciliations within this report.

The School District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the School District's most significant funds. The School District's major governmental funds are the General Fund and Debt Service Fund. Data from the other governmental funds are combined into a single, aggregate presentation on the governmental funds balance sheet. Detailed data from the nonmajor funds is also presented as supplementary information.

*Proprietary Fund* - The School District maintains one proprietary fund to account for its food service program. The fund is presented as a business-type activity in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service operation. This fund is used to account for activities that are like business operations in the business sector.

*Fiduciary Fund* - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to Financial Statements* - The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Required Supplementary Information* - The required supplementary information includes the schedule of the School District's proportionate share of the net pension liability; the postemployment benefits other than pension benefits (OPEBs) schedule of funding progress; and the statement of revenues, expenditures, and changes in fund balance on budget and actual for the General Fund.

*Supplementary Information* - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining balance sheet – other governmental funds and combining statement of revenues, expenditures, and changes in fund balance – other governmental funds provide detail data of the nonmajor funds.

### Government-wide Financial Analysis

The School District's total net position was \$(138,853,368) at June 30, 2020, and (\$134,607,792) at June 30, 2019.

Table 1

**Fiscal Year Ended June 30, 2020  
Net Position**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current and other assets	\$ 25,619,848	\$ 800,774	\$ 26,420,622
Capital assets (net)	<u>116,071,276</u>	<u>342,797</u>	<u>116,414,073</u>
<b>Total Assets</b>	<b><u>141,691,124</u></b>	<b><u>1,143,571</u></b>	<b><u>142,834,695</u></b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred Charge on Refunding	847,018	-	847,018
Deferred outflows of resources for pension	9,714,901	160,384	9,875,285
Deferred outflows related to OPEB	<u>686,200</u>	<u>34,830</u>	<u>721,030</u>
<b>Total Deferred Outflows of Resources</b>	<b>11,248,119</b>	<b>195,214</b>	<b>11,443,333</b>
<b><u>Liabilities</u></b>			
Current and other liabilities	10,293,844	211,837	10,505,681
Long-term liabilities:			
Due within one year	4,167,362	-	4,167,362
Due in more than one year	<u>269,608,689</u>	<u>2,049,128</u>	<u>271,657,817</u>
<b>Total Liabilities</b>	<b><u>284,069,895</u></b>	<b><u>2,260,965</u></b>	<b><u>286,330,860</u></b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred inflows of related to pension	5,439,857	85,285	5,525,142
Deferred inflows related to OPEB	<u>1,245,921</u>	<u>29,473</u>	<u>1,275,394</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>6,685,778</u></b>	<b><u>114,758</u></b>	<b><u>6,800,536</u></b>
<b><u>Net Position</u></b>			
Net investment in capital assets	(22,161,815)	342,797	(21,819,018)
Restricted for specific use	2,311,387	-	2,311,387
Unrestricted	<u>(117,966,002)</u>	<u>(1,379,735)</u>	<u>(119,345,737)</u>
<b>Total Net Position</b>	<b><u>\$(137,816,430)</u></b>	<b><u>\$(1,036,938)</u></b>	<b><u>\$(138,853,368)</u></b>



**Fiscal Year Ended June 30, 2019  
Net Position**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current and other assets	\$ 19,215,425	\$ 796,697	\$ 20,012,122
Capital assets (net)	<u>120,334,621</u>	<u>407,704</u>	<u>120,742,325</u>
<b>Total Assets</b>	<b><u>139,550,046</u></b>	<b><u>1,204,401</u></b>	<b><u>140,754,447</u></b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	557,367		557,367
Deferred outflows related to OPEBS	788,933	12,726	801,659
Deferred outflows of resources for pension	<u>17,595,846</u>	<u>298,951</u>	<u>17,894,797</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>18,942,146</u></b>	<b><u>311,677</u></b>	<b><u>19,253,823</u></b>
<b><u>Liabilities</u></b>			
Current and other liabilities	10,303,046	136,146	10,439,192
Long-term liabilities:			
Due within one year	3,912,495		3,912,495
Due in more than one year	<u>274,852,914</u>	<u>2,107,098</u>	<u>276,960,012</u>
<b>Total Liabilities</b>	<b><u>289,068,455</u></b>	<b><u>2,243,244</u></b>	<b><u>291,311,699</u></b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred inflows related to OPEBS	1,424,088	21,275	1,445,363
Deferred inflows related to pension	<u>1,830,670</u>	<u>28,330</u>	<u>1,859,000</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>3,254,758</u></b>	<b><u>49,605</u></b>	<b><u>3,304,363</u></b>
<b><u>Net Position</u></b>			
Net investment in capital assets	(5,621,464)	407,704	(5,213,760)
Unrestricted	<u>(128,209,557)</u>	<u>(1,184,475)</u>	<u>(129,394,032)</u>
<b>Total Net Position</b>	<b><u>\$(133,831,021)</u></b>	<b><u>\$( 776,771)</u></b>	<b><u>\$(134,607,792)</u></b>

*Government-wide Financial Analysis* - The School District's net capital assets decreased \$4,328,252 from fiscal year ended June 30, 2019 to fiscal year ended June 30, 2020. The School District's buildings include five elementary schools, one middle school, and one high school. It also includes technology and other assets net of depreciation. This decrease in capital assets was due to the amount of depreciation expense exceeding capital outlays in the current year.

The School District's negative net position is primarily the result of implementing GASB Statement No. 68. The School District's portion of the PSERS unfunded liability (included in long-term liabilities) is \$108,115,000 and \$113,052,000 at June 30, 2020 and 2019, respectively.

The current liabilities lie in six, line items: accounts payable, due to other funds, accrued salaries and benefits, unearned revenues, accrued claims and judgments, and other current liabilities. Non-current liabilities consist of long-term debt. The other components are bonds payable, capital leases, compensated absences, other postemployment benefits, and the net pension liability.

The School District's net position has decreased by \$4,245,576 during the current fiscal year.

Table 2 takes the information from the statement of activities, rearranges it slightly, to show the total revenues, expenses, and change to the net position of both the governmental activities and the business-type activities for fiscal years ended June 30, 2019 and 2020.

**Table 2**  
**Fiscal Year Ended June 30, 2019**  
**Change in Net Position**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Revenues:</u></b>			
Program revenues:			
Charges for services	\$ 217,247	\$ 829,557	\$ 1,046,804
Operating grants and contributions	12,093,695	730,049	12,823,744
General revenues:			
Property taxes	51,301,728	-	51,301,728
Other taxes	6,332,478	-	6,332,478
Grants, subsidies/contributions, unrestricted	8,091,424	-	8,091,424
Investment earnings	476,474	16,512	492,986
Gain on disposal of capital assets	209,125	-	209,125
Miscellaneous income	<u>340,038</u>	<u>16,143</u>	<u>356,181</u>
Total revenues	<u>79,062,209</u>	<u>1,592,261</u>	<u>80,654,470</u>
<b><u>Expenses:</u></b>			
Instruction	51,289,004	-	51,289,004
Support services	24,339,486	-	24,339,486
Non-instructional services	1,712,543	-	1,712,543
Interest on long-term debt	6,225,140	-	6,225,140
Food services	<u>-</u>	<u>1,547,099</u>	<u>1,547,099</u>
Total Expenses	<u>83,566,173</u>	<u>1,547,099</u>	<u>85,113,272</u>
<b>Change in Net Position</b>	<b><u><u>\$ ( 4,503,964)</u></u></b>	<b><u><u>\$ 45,162</u></u></b>	<b><u><u>\$ ( 4,458,802)</u></u></b>

**Fiscal Year Ended June 30, 2020**  
**Change in Net Position**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Revenues:</u></b>			
Program revenues:			
Charges for services	\$ 148,385	\$ 635,363	\$ 783,748
Operating grants and contributions	14,492,717	756,004	15,248,721
General revenues:			
Property taxes	54,368,712	-	54,368,712
Other taxes	6,297,625	-	6,297,625
Grants, subsidies/contributions, unrestricted	6,511,503	-	6,511,503
Investment earnings	388,794	9,376	398,170
Refund of Prior Year Expenditures	154,403	-	154,403
Gain on disposal of capital assets	-	-	-
Miscellaneous income	<u>81,338</u>	<u>-</u>	<u>81,338</u>
 Total revenues	 <u>82,443,477</u>	 <u>1,400,743</u>	 <u>83,844,220</u>
<b><u>Expenses:</u></b>			
Instruction	53,616,952	-	53,616,952
Support services	24,089,582	-	24,089,582
Non-instructional services	1,906,109	-	1,906,109
Debt service	6,816,243	-	6,816,243
Food services	<u>-</u>	<u>1,660,910</u>	<u>1,660,910</u>
 Total Expenses	 <u>86,428,886</u>	 <u>1,660,910</u>	 <u>88,089,796</u>
 <b>Change in Net Position</b>	 <b><u>\$ (3,985,409)</u></b>	 <b><u>\$ (260,167)</u></b>	 <b><u>\$ (4,245,576)</u></b>

Financial Analysis of the School District's Funds

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$13,223,267. Approximately 50% or \$6,656,351 of this total amount constitutes the unassigned fund balance. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending, because it has already been constrained for future pension contributions, capital projects, and prepaid expenses.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the assigned fund balance of the General Fund was \$4,000,000, while the total fund balance amounted to \$11,301,270. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures. The unassigned fund balance represents 8.4% of total General Fund expenditures, while the total fund balance represents 14.3% of that same amount.

The fund balance of the School District's General Fund increased by \$4,439,791 during the current fiscal year.

The Capital Reserve Fund has a fund balance of \$1,921,997 all of which is restricted for future capital needs of the School District.

*Proprietary Funds* - The School District’s business-type activities provide the same type of information found in the government-wide financial statements.

Net position of the Food Service Fund at the end of the year resulted in a balance of (\$1,036,938). Total net position decreased by (\$260,167) after continued increases in employer benefits cost and COVID 19 mandates. Management is committed and continues to implement different strategies that will make the School District’s food service operation self-sustaining.

*General Fund Budgetary Highlights* - The School District’s budget is prepared according to the laws of the Commonwealth of Pennsylvania (Commonwealth) and is based on the modified accrual system of accounting. The most significant fund in the School District’s financial statements is the General Fund.

The budgeting systems are designed to tightly control budgets by administrators responsible for their respective accounts. Internal control procedures are built into the system by requiring purchase orders, which are approved at several levels, and with required signatures for all budget transfers and payment of expenditures. A schedule showing the School District’s original and final budget amounts compared with the amounts actually paid and received is provided in this report.

For the General Fund, revenues totaled \$82,304,262 for the current fiscal year and were higher than budgeted amounts by \$2,845,061. The increase was due to the higher collection of real estate and other taxes.

General Fund expenditures for the School District totaled \$79,142,368 for the current fiscal year and were \$8,683,854 higher than budgeted. This increase was due to debt service payments made as a result of refunding general obligation bonds. This was partially offset by savings for transportation due to COVID 19 and other purchased services and district supply costs. The district budgeted for reserves that were not utilized and legal fees that were not expended.

*Fund Balance Analysis* - The School District’s General Fund balance increased by \$4,439,791. This increase is due to higher collections of real estate taxes and payments not made due to COVID 19. The fund balance is within acceptable guidelines established by the Commonwealth.

The School District will continue to monitor operations and strive to maintain this fund balance at acceptable levels.

**Table 4**  
**Fiscal Years Ended June 30, 2020 and 2019**  
**Summary of Governmental Change in General Fund Balance**

	June 30, 2020	June 30, 2019
Beginning General Fund Balance	\$ 6,861,479	\$5,715,215
Net Change in Fund Balance	4,439,791	1,146,264
Ending General Fund Balance	\$ 11,301,270	6,861,479

**Capital Asset and Debt Administration**

*Capital Assets* - At June 30, 2020, the School District had \$116,414,073 invested in a broad range of capital assets, including land, buildings and system, improvements, construction in progress, machinery and equipment, technology

infrastructure, text and library books, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of \$4,328,252 or approximately (3.5%) from last year.

*Long-term Debt* - At the end of the current fiscal year, the School District had total bonded outstanding debt of \$130,125,000. This debt is comprised of various bond issues, which were to provide renovation and additions to Allard and Brooks elementary schools (2015), the high school and middle school (1997-1998 and 2011-2012), as well as Bon Meade and McCormick elementary schools (2005-2007).

The School District's total debt obligations (including accrued compensated absences, net pension liability, and other post-employment benefits) decreased by the net of \$5,290,254 during the 2019-2020 fiscal year.

The School District's general obligation bond rating is Standard & Poor's A rating. The A rating is based upon a Standard & Poor's rating review that took place in July 2020 and the additional security for bonds provided by the Commonwealth Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to School District bond holders in the event of default. Additional information on the School District's long-term debt can be found in the notes to financial statements of this report.

### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration considered many factors when setting the School District's fiscal year 2019-2020 budget. The largest economic impact for future budgets will be the increases in salaries, health benefits, charter school tuition, and employer contributions to the Public-School Employees' Retirement System (PSERS).

The revenue budget for fiscal year 2019-2020 is \$1,638,410 *greater* than the revenue budget for the 2018-2019 fiscal year. This represents a 2 percent increase in budgeted revenues. The increase in budgeted revenues results from an increase in real estate tax revenues from increased assessments, an increase in the real estate millage rate, and an increase in the State Social Security and retirement income received. Allegheny County reassessed real estate values in 2013-2014. The School District continues to have appeal hearings on assessments from the reassessment just noted. New developments of both business and residential properties, which has produced new assessments, has offset some of the exonerations from re-assessment hearing outcomes.

The expenditure budget for fiscal year 2019-2020 is \$542,597 *lower* than the expenditure budget for 2018-2019 fiscal year. The School District anticipates lower personnel costs and stable personnel-related expenditures in part due to an increase in the Pennsylvania School Employee Retirement System rate, but stable health insurance premium rate, however, retirements and resignations factor into an overall lower budgeted amount.

The School District Board has committed to addressing the ongoing deficit results of the District. The board has raised the real estate millage, decreased salaries by attrition of employees, and continues to implement a spending freeze on all non-essential expenditures.

The 2019-2020 budget plans for higher retirement system costs. The PSERS trustees set the percentage of payroll that all school districts must pay in 2019-2020 to 34.29 percent, up from 33.43 percent in 2018-2019. It is anticipated that this contribution rate will continue to increase due to significant investment losses from prior years. The rate is projected to increase to 34.51 percent in fiscal year 2020-2021 to fund pension benefits.

### **Requests for Information**

This financial report is designed to provide a general overview of the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Fiscal and School Services, Moon Area School District, 8353 University Boulevard, Moon Township, PA 15108.

MOON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash Equivalents	\$ 18,223,273	\$ 765,565	\$ 18,988,838
Taxes Receivable, Net	4,160,174	-	4,160,174
Due from Other Governments	2,555,518	-	2,555,518
Due from Fiduciary Activities	6,340	-	6,340
Other Receivables	18,379	17,469	35,848
Inventory	-	17,740	17,740
Prepaid Assets	644,919	-	644,919
Bond Discount	11,245	-	11,245
Capital assets:			
Non-depreciable	1,504,786	-	1,504,786
Depreciable (net)	114,566,490	342,797	114,909,287
<b>Total Assets</b>	<b>\$ 141,691,124</b>	<b>\$ 1,143,571</b>	<b>\$ 142,834,695</b>
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	\$ 847,018	\$ -	\$ 847,018
Deferred outflows related to pensions	9,714,901	160,384	9,875,285
Deferred outflows related to OPEB	686,200	34,830	721,030
<b>Total deferred outflows of resources</b>	<b>\$ 11,248,119</b>	<b>\$ 195,214</b>	<b>\$ 11,443,333</b>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 926,459	\$ -	\$ 926,459
Internal Balances	(74,433)	74,433	-
Accrued Salaries and Benefits	8,473,288	53,666	8,526,954
Unearned revenue	-	17,740	17,740
Accrued Interest	749,666	-	749,666
Other Current Liabilities	218,864	65,998	284,862
Current portions of long- term liabilities:			
Bonds Payable, net	4,045,000	-	4,045,000
Capital Leases	122,362	-	122,362
Non-current portions of long-term liabilities:			
Bonds Payable	126,080,000	-	126,080,000
Bond Premium	8,617,242	-	8,617,242
Capital Leases	226,750	-	226,750
Compensated absences	1,782,700	25,240	1,807,940
Net OPEB Liability	26,408,722	402,163	26,810,885
Net Pension liability	106,493,275	1,621,725	108,115,000
<b>Total Liabilities</b>	<b>\$ 284,069,895</b>	<b>\$ 2,260,965</b>	<b>\$ 286,330,860</b>
<u>Deferred Inflows of Resources</u>			
Deferred inflows related to Pensions	\$ 5,439,857	\$ 85,285	\$ 5,525,142
Deferred inflows related to OPEBs	1,245,921	29,473	1,275,394
<b>Total deferred inflows of resources</b>	<b>\$ 6,685,778</b>	<b>\$ 114,758</b>	<b>\$ 6,800,536</b>
<u>Net Position</u>			
Net investment in Capital Assets	(22,161,815)	342,797	(21,819,018)
Restricted for Specific Use	2,311,387	-	2,311,387
Unrestricted	(117,966,002)	(1,379,735)	(119,345,737)
<b>Total Net Position</b>	<b>\$ (137,816,430)</b>	<b>\$ (1,036,938)</b>	<b>\$ (138,853,368)</b>

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

MOON AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
Instructional services	\$ 53,616,952	\$ -	8,707,256	\$ -	\$ (44,909,696)	\$ -	\$ (44,909,696)
Support Services	24,089,582	107,719	2,929,784	-	(21,052,079)	-	(21,052,079)
Noninstructional Services	1,906,109	40,666	2,855,677	-	990,234	-	990,234
Debt Service	6,816,243	-	-	-	(6,816,243)	-	(6,816,243)
<b>Total Governmental Activities</b>	<b>86,428,886</b>	<b>148,385</b>	<b>14,492,717</b>	<b>-</b>	<b>(71,787,784)</b>	<b>-</b>	<b>(71,787,784)</b>
<b>Business-Type Activities:</b>							
Food Service	1,660,910	635,363	756,004	-	-	(269,543)	(269,543)
<b>Total Business-Type Activities</b>	<b>1,660,910</b>	<b>635,363</b>	<b>756,004</b>	<b>-</b>	<b>-</b>	<b>(269,543)</b>	<b>(269,543)</b>
<b>Total Primary Government</b>	<b>\$ 88,089,796</b>	<b>\$ 783,748</b>	<b>\$ 15,248,721</b>	<b>\$ -</b>	<b>\$ (71,787,784)</b>	<b>\$ (269,543)</b>	<b>\$ (72,057,327)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Net					\$ 54,368,712	\$ -	\$ 54,368,712
Earned income tax					5,137,347	-	5,137,347
Real estate transfer tax					862,009	-	862,009
Other Taxes, Net					298,269	-	298,269
Grants, subsidies, and contributions not restricted					6,511,503	-	6,511,503
Investment earnings					388,794	9,376	398,170
Refund of Prior Year Expenditures					154,403	-	154,403
Miscellaneous Income					81,338	-	81,338
<b>Total General Revenues</b>					<b>67,802,375</b>	<b>9,376</b>	<b>67,811,751</b>
<b>Change in Net Position</b>					<b>(3,985,409)</b>	<b>(260,167)</b>	<b>(4,245,576)</b>
<b>Net Position - Beginning</b>					<b>(133,831,021)</b>	<b>(776,771)</b>	<b>(134,607,792)</b>
<b>Net Position - Ending</b>					<b>\$ (137,816,430)</b>	<b>\$ (1,036,938)</b>	<b>\$ (138,853,368)</b>

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

MOON AREA SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

Assets	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 16,453,722	\$ 1,769,551	\$ 18,223,273
Taxes Receivable, net	4,160,174	-	4,160,174
Due from Other Governments	2,555,518	-	2,555,518
Due from other funds	134,439	198,791	333,230
Other receivables	18,379	-	18,379
Prepaid expenses	644,919	-	644,919
<b>Total assets</b>	<b>\$ 23,967,151</b>	<b>\$ 1,968,342</b>	<b>\$ 25,935,493</b>
<b>Liabilities</b>			
Accounts payable	\$ 910,114	\$ 16,345	\$ 926,459
Accrued Salaries and Benefits	8,473,288	-	8,473,288
Due to other funds	252,457	-	252,457
Other current liabilities	188,864	30,000	218,864
<b>Total liabilities</b>	<b>9,824,723</b>	<b>46,345</b>	<b>9,871,068</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	2,841,158	-	2,841,158
<b>Total Deferred Inflows of Resources</b>	<b>2,841,158</b>	<b>-</b>	<b>2,841,158</b>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid insurance	644,919	-	644,919
Restricted	-	1,921,997	1,921,997
Assigned	4,000,000	-	4,000,000
Unassigned	6,656,351	-	6,656,351
<b>Total fund balances</b>	<b>11,301,270</b>	<b>1,921,997</b>	<b>13,223,267</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,967,151</b>	<b>\$ 1,968,342</b>	<b>\$ 25,935,493</b>

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



MOON AREA SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds	\$	13,223,267
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$172,761,533 and the accumulated depreciation is \$56,690,257.		116,071,276
Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.		2,841,158
Long-term liabilities and related deferrals such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.		
Long-term Bonds and Notes Payable	\$ (130,125,000)	
Unamortized Loss on Debt Refundings	847,018	
Bond Discount	11,245	
Bond Premium	(8,617,242)	
Accrued interest	(749,666)	
Net OPEB Liability	(26,408,722)	
Deferred Outflows related to Pension and OPEB	10,401,101	
Deferred Inflows related to Pension and OPEB	(6,685,778)	
Net Pension Liability	(106,493,275)	
Capital Lease	(349,112)	
Compensated Absences	(1,782,700)	(269,952,131)
Total net position of governmental activities	\$	<u><u>(137,816,430)</u></u>

MOON AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 62,051,066	\$ 23,151	\$ 62,074,217
State sources	18,481,206	-	18,481,206
Federal sources	1,771,990	-	1,771,990
	<u>82,304,262</u>	<u>23,151</u>	<u>82,327,413</u>
Total Revenues			
Expenditures			
Instruction	44,769,371	-	44,769,371
Support Services	20,780,745	304,625	21,085,370
Noninstructional Services	1,668,117	16,346	1,684,463
Capital Outlay	193,564	-	193,564
Debt Service	11,730,571	-	11,730,571
	<u>79,142,368</u>	<u>320,971</u>	<u>79,463,339</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	<u>3,161,894</u>	<u>(297,820)</u>	<u>2,864,074</u>
Other financing sources (uses)			
Proceeds from the issuance of refunding bonds	20,520,000	-	20,520,000
Payment to refunded bond escrow agent	(19,900,000)	-	(19,900,000)
Premium on issuance of bonds	2,521,652	-	2,521,652
Proceeds from capital lease	193,564	-	193,564
Refund of Prior year expenditures	154,403	-	154,403
Transfers in	8,124	2,219,846	2,227,970
Transfers out	(2,219,846)	(8,124)	(2,227,970)
	<u>1,277,897</u>	<u>2,211,722</u>	<u>3,489,619</u>
Total other financing sources (uses)			
Net change in fund balance	<u>4,439,791</u>	<u>1,913,902</u>	<u>6,353,693</u>
Fund balance beginning of year	<u>6,861,479</u>	<u>8,095</u>	<u>6,869,574</u>
Fund balance, end of year	<u>\$ 11,301,270</u>	<u>\$ 1,921,997</u>	<u>\$ 13,223,267</u>

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

MOON AREA SCHOOL DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

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

Net Change in fund balances - total governmental funds		\$	6,353,693
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>			
Capital Outlays	1,289,492		
Depreciation Expense	<u>(5,552,837)</u>		(4,263,345)
<p>Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position.</p>			
Debt Principal Repayments	23,745,000		
Capital Lease Additions	(193,564)		
Payments on Capital Lease	45,615		
Proceeds from Bond Issuance	(20,520,000)		
Bond Premium Additions	(2,521,652)		
Amortization of Bond Premiums	693,901		
Amortization of Bond Discounts	(1,250)		
Change in Accrued Interest	87,026		
Deferred Refunding Loss Addition	354,501		
Amortization of Deferred Refunding loss	(64,850)		
Change in Compensated Absences	<u>(118,660)</u>		1,506,067
<p>Governmental funds do not report the changes in the Other Post Employment Benefit liability and related deferred inflows and outflows of resources:</p>			
			(916,013)
<p>Governmental funds do not report the changes in the Pension liability and related deferred inflows and outflows of resources:</p>			
			(6,627,472)
<p>Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.</p>			
Current year	2,841,158		
Prior year	<u>(2,879,497)</u>		<u>(38,339)</u>
Changes in net position of governmental activities		\$	<u>(3,985,409)</u>

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

MOON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2020

Assets	Business-Type Activities - Enterprise Fund Food Service
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 765,565
Other receivables	17,469
Inventories	17,740
Total current assets	800,774
<b>Non-current Assets:</b>	
Furniture and Equipment, net	342,797
Total Non-current Assets	342,797
Total Assets	\$ 1,143,571
<b>Deferred Outflows of Resources</b>	
Deferred Outflows of resources for pension	\$ 160,384
Deferred Outflows of resources for OPEBs	34,830
Total Deferred Outflows of resources	195,214
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Due to Other Funds	74,433
Accrued Salaries and Benefits	53,666
Unearned revenue	17,740
Other Current Liabilities	65,998
Total current liabilities	211,837
<b>Non-Current Liabilities</b>	
Long-term portion of compensated absences	25,240
Net OPEB Liability	402,163
Net Pension Liability	1,621,725
Total noncurrent liabilities	2,049,128
Total liabilities	2,260,965
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources for pension	85,285
Deferred inflows of resources for OPEBs	29,473
Total Deferred Inflows of resources	114,758
<b>Net Position</b>	
Net investment in capital assets	342,797
Unrestricted	(1,379,735)
Total net position	(1,036,938)
Total Liabilities and Net Position	\$ 1,224,027

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

MOON AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Fund Food Service
Operating Revenues	
Food Service Revenue	\$ 635,363
Total Operating Revenues	635,363
Operating Expenses	
Salaries	531,743
Employee benefits	464,033
Purchased professional and technology services	16,279
Purchased property services	19,572
Other Purchased services	2,559
Supplies	548,331
Depreciation	73,526
Dues and Fees	4,867
Total Operating Expenses	1,660,910
Net Operating Loss	(1,025,547)
Nonoperating Revenues (Expenses)	
Earnings on investments	9,376
State sources	173,883
Federal Sources	582,121
Total Nonoperating Revenues (Expenses)	765,380
Changes in Net Position	(260,167)
Net Position - Beginning of Year	(776,771)
Net Position - End of Year	\$ (1,036,938)

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

MOON AREA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Fund Food Service</u>
Cash flows from operating activities	
Received from users	\$ 631,268
Payments to employees for services	(1,048,662)
Payments to suppliers for goods and services	<u>(447,598)</u>
Net cash used in operating activities	<u>(864,992)</u>
Cash flows from capital financing activities	
Purchase of Equipment	<u>(8,619)</u>
Net cash (Used for) Capital Financing Activities	<u>(8,619)</u>
Cash flows from non-capital financing activities	
Grants and subsidies received:	
State	173,883
Federal	<u>455,231</u>
Net cash provided by non-capital financing activities	<u>629,114</u>
Cash flows from capital and related financing activities	
Earnings on investments	<u>9,376</u>
Net cash provided by capital and related financing activities	<u>9,376</u>
Net decrease in cash and cash equivalents	(235,121)
Beginning cash and cash equivalents	<u>1,000,686</u>
Ending cash and cash equivalents	<u>\$ 765,565</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (1,025,547)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	73,526
Donated commodities	126,890
(Increase) decrease in assets	
Other receivables	(4,095)
Increase (decrease) in liabilities	
Due to Other Funds	(148,411)
Accrued Salaries and Benefits	(28,121)
Other current Liabilities	17,120
Long term portion of Compensated absences	1,460
Net OPEB Liability and Related deferred inflows and outflows	1,004
Net Pension Liability and Related deferred inflows and outflows	<u>121,182</u>
Net cash used in operating activities	<u>\$ (864,992)</u>

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

MOON AREA SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	Private Purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<u>Assets</u>		
Cash and cash equivalents	\$ 101,776	\$ 266,674
Other Assets	-	472
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 101,776</u>	<u>\$ 267,146</u>
<u>Liabilities</u>		
Accounts Payable	\$ -	\$ 440
Due to Other Funds	-	6,340
Other Current Liabilities	-	260,366
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>-</u>	<u>267,146</u>
<u>Net Position</u>		
Held in trust for scholarships	<u>101,776</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 101,776</u>	<u>\$ 267,146</u>

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

MOON AREA SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Private Purpose Trust Fund</u>
Additions:	
Gifts and Contributions	<u>\$ 2,858</u>
Total Additions	<u>2,858</u>
Deductions:	
Scholarships Awarded	<u>9,820</u>
Total Deletions	<u>9,820</u>
Change in Net Position	(6,962)
Net Position - Beginning of Year (As restated See Note 14)	<u>108,738</u>
Net Position - End of Year	<u>\$ 101,776</u>

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



MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Moon Area School District (the "School District") is located in Allegheny County, Pennsylvania. The School District's tax base consists of the Township of Moon and Crescent.

The School District is governed by an elected nine-member Board of Directors (the "Board") who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of Directors (the "Board") has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person residing in such district between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate and maintain any school herein provided, or to pay any school indebtedness, which the School District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the School District. The Board is vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

The financial statements of the School District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

A.) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B.) Reporting Entity:

The School District is the basic level of government, which has financial accountability and control over all activities related to the public school education in the School District. The School District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the School District, is not included in any other governmental "reporting entity" as defined by the GASB pronouncements, since Board members are elected from the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined as defined in GASB Statement No. 61, which are included in the School District's reporting entity.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C.) Joint Venture:

The School District is one of twelve member school districts of the Parkway West Career & Technology Center (Parkway). Parkway, which provides vocational-technical education and training for high school students, is controlled and governed by the Joint Board, which is composed of School Board members from all of the member school districts. Direct oversight of Parkway's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. The School District's share of annual operating and capital costs for Parkway fluctuated based on the percentage enrollment in the school and is reflected as expenditures in the General Fund. The amount paid by the School District in the June 30, 2020 was approximately \$665,440. The net current assets of Parkway at June 30, 2020 are to be used to fund future years' operations and are not significant to the School District. Separate audited financial statements are available in the School District's business office.

D.) Fund Accounting:

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund balance, revenues and expenditures or expenses as appropriate. Resources are allocated to and accounted for in the individual funds based on the purpose for which they are to be spent.

The School District uses the following funds:

GOVERNMENTAL FUNDS – These funds are used to account for most of the School District's finances. The measurement focus is on determination of the financial position and changes in financial position (current financial resources) rather than on income determination.

The School District reports the following major governmental funds:

1. General Fund – This is the general operating fund of the School District. All activities of the School District are accounted for through this major fund except for those required to be accounted for in another fund.

The School District reports the following other governmental funds:

1. Capital Reserve Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment, other than those financed by proprietary funds.
2. Capital Projects Fund – This fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities or equipment, other than those financed by proprietary funds.

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D.) Fund Accounting(Continued):

PROPRIETARY FUNDS – These funds account for School District activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position and changes in financial position (economic resources measurement focus).

1. Food Service Fund – This major fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues and expenses pertaining to cafeteria operations.

FIDUCIARY FUNDS – These funds are used to account for assets held by the School District as trustee or agent.

1. Private Purpose Trust Fund – This fund accounts for resources legally held in trust for use by the School District for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support organization's activities. There is no requirement that any portion of these resources be preserved as capital.
2. Agency Fund – This fund is used to account for assets held by the School District in a trustee capacity for student activities. These funds account for student activities in the high school and middle school. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

E.) Basis of Presentation:

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E.) Basis of Presentation (Continued):

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are food service charges. Operating expenses for the School District's Enterprise Fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

F.) Measurement Focus and Basis of Accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the Proprietary Fund and the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net Position (total assets and deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased Net Position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the Statement of Net Position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers tax revenue to be available if collected within sixty days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

G.) Budgetary Data:

In accordance with Act 1, the School District elected not to increase the real estate tax rate above the index established by the Pennsylvania Department of Education and, therefore, follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Prior to May 31, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G.) Budgetary Data (Continued)

4. The budget of the School District is the approved spending plan of the School District for the year and the Board is prohibited from obligating funds in excess of these amounts. The Board may, during any fiscal year, amend the budget by making additional appropriations or increase existing appropriations to meet emergencies. The funds shall be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans.
5. Budgetary data is included in the School District's management information system and is employed as a management control device during the year.
6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

Legal budgetary control is maintained by the School District Board at the functional object level. Transfer between functional objects, whether between funds or within a fund or revisions that alters the total revenues and expenditures of any fund, must be approved by the School District Board. Budget information in the Budgetary Comparison Schedule for the General Fund is presented at or below the legal level of budgetary control. Instruction expenditures exceeded the budgeted amount; however, these overages were absorbed by surpluses in other functions, revenues and fund balance.

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

H.) Cash and Cash Equivalents:

Cash and cash equivalents in the basic financial statements include all highly liquid investments with an original maturity of three months or less, and pooled funds investments subject to daily withdrawal. The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds.

I.) Interfund Receivables/Payables:

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J.) Accounts Receivable:

Accounts receivable are recorded at the invoiced amount. The School District determines the allowance for doubtful accounts based on historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K.) Inventories and Prepaid Items:

An annual estimate of the year-end inventory cost value is made, approximating the first-in, first-out method of inventory valuation. The estimated cost is recorded as an inventory asset which an offsetting nonspendable fund balance.

Inventories of the Food Service Fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both government-wide and fund financial statements.

L.) Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 assets lives are not capitalized.

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

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-30
Land Improvements	20
Furniture	20
Vehicles	8
Equipment	5-15
Computer Software	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M.) Long-Term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of Net Position. Bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium.

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

In both the fund and government-wide financial statements, issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

It is expected that the General Fund will continue to provide funds for the debt service payments.

N.) PSERS Net OPEB Liability:

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

O.) Fund Balance:

*Fund Balance Classification:* The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

· *Non-spendable:* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District has \$644,919 in non-spendable fund balance in the General Fund as of June 30, 2020.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O.) Fund Balance (Continued) :

· *Restricted*: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School District had \$1,921,997 of restricted fund balance as of June 30, 2020. This classification includes funds that are legally restricted for construction costs.

· *Committed*: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District currently does not have any committed funds.

· *Assigned*: This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. The actual assignment is made by the School Board after the end of each year. The School District currently has \$4,000,000 assigned for future debt service.

· *Unassigned*: This classification represents all other funds not otherwise defined. The School District had \$6,656,351 of unassigned fund balance as of June 30, 2020.

If funds are available in more than one fund balance level, the School District's policy is to use funds in the order of the most restrictive to the least restrictive.

P.) Deferred Outflows /Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The School District has four items that qualify for reporting in these categories: deferred outflows on refunding bonds, deferred outflows and inflows related to pensions, taxes received in advance, and unavailable tax revenue.

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.



MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued) :

Deferred outflows and inflows of resources related to pensions are described further in Note 8. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits determined for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

Property taxes received in advance represent amounts for which there is a legal enforceable claim as of June 30, 2020 (as the 2020 tax levy was issued on June 1), but which were levied to the finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the statement of net position and the balance sheet.

In the governmental funds balance sheet, the School District has one additional type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Q.) Adoption of Governmental Accounting Standards Board Statements

The School District adopted the provisions of GASB Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance". The adoption of this statement had no effect on previously recorded amounts.

R.) Pending Changes in Accounting Principles

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities." The School District is required to adopt Statement No. 84 for its fiscal year 2021 financial statements

In June of 2017, the GASB issued Statement No. 87, "Leases". The School District is required to adopt Statement No. 87 for its fiscal year 2022 financial statements.

In June of 2018, The GASB issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The School District is required to adopt statement No. 89 for its fiscal year 2021 financial statements.

In August of 2018, The GASB issued Statement No. 90, "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)." The School District is required to adopt Statement No. 90 for its fiscal year 2021 financial statements.

In May of 2019, The GASB issued Statement No. 91, "Conduit Debt Obligations". The School District is required to adopt Statement No. 91 for its fiscal year 2022 financial statements.

In January of 2020, the GASB issued Statement No. 92, "Omnibus 2020". The School District is required to adopt the requirements related to Statement No. 92 immediate and the rest of the requirement for its fiscal year 2022 financial statements.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R.) Pending Changes in Accounting Principles (Continued)

In March of 2020, the GASB issued statement No. 93, "Replacement of Interbank Offered Rates". The School District is required to adopt Statement No. 93, except for paragraphs 13 and 14, for its fiscal year 2021 financial statements. The School District is required to adopt the requirements in paragraph 13 and 14 for its fiscal year 2022 financial statements.

In March of 2020, the GASB issued statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The School District is required to adopt Statement No. 94 for its 2023 financial statements.

In May of 2020, the GASB issued statement No. 96 "Subscription-Based Information Technology Arrangements". The School District is required to adopt Statement No. 96 for its fiscal year 2023 financial statements.

In June of 2020, the GASB issued statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The School District is required to adopt paragraphs 4 and 5 of this Statement immediately. The School District is required to adopt all other paragraphs for its fiscal year 2022 financial statements.

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and (d) shares of an investment company registered under the Investment Company Act of 1940, provided that the instruments are those types of investments listed above, and the investment company is managed so as to maintain its shares at a constant net asset value and the investment company is rated in the highest category by a nationally recognized rating agency. Pursuant to Act 72 of the Pennsylvania State Legislature, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian.

Act 10 of 2016 broadened the scope of investment options for the School District with safeguard measures to protect those investments. The Act added high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the authorized list of investments. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The deposit and investment policy of the School District adheres to State statutes and prudent business practice. There were no deposits or investment transactions during the year that were in violation of either the State statutes or the policy of the School District.

PSDLAF and PLGIT were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The School District can withdraw funds from most of its external investment pools without restriction. However, certain limitations can be placed on withdrawals from a few of its pooled accounts, including a provision that only permits withdrawals on a certain day of the week and restrictions related to the redemption of certificates of deposit.

*Interest Rate Risk* – The School District's investment policy does not place limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the School District's investments in PSDLAF and PLGIT have a maturity of one year or less.

*Credit Risk* – The School District's investment policy requires that investments be rated in the highest category by a nationally recognized rating agency. As of June 30, 2020, investments in PSDLAF and PLGIT have received an AAAm rating from Standard & Poor's.

*Custodial Credit Risk* – The School District's investment policy requires deposits exceeding FDIC limits be collateralized. At year-end, \$18,648,797 of the School District's \$19,152,483 bank balance for its deposits was not covered by the FDIC.

*Concentration of Credit Risk* – The School District's investment policy requires that investments are made with an investment company that is managed so as to maintain its shares at a constant net asset value in accordance with 17 CFR 270 2a-7 (relating to money market funds). This policy does not apply to the School District's investments in government securities and external investment pools. The School District's investments comply with this policy.

NOTE 3: REAL ESTATE TAXES RECEIVABLE

Assessed valuation of the School District is based upon 100% of market value, which is provided by Allegheny County. The municipal tax collector bills and collects property taxes on behalf of the School District. The School District tax rate for the year ended June 30, 2020 was 22.10 mills (\$22.10 per \$1,000 of assessed valuation) as levied by the Board of School Directors.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 3: REAL ESTATE TAXES RECEIVABLE (CONTINUED)

The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy Date
Through August 31	2% Discount period
Through October 31	Face payment period
Beginning November 1	10% Penalty period
January 15, 2020	Lien filing date

The School District, in accordance with U.S. generally accepted accounting principles, recognizes the delinquent and unpaid taxes receivable, reduced by an allowance for uncollectible taxes, as determined by management. A portion of the net amount estimated to be collectible, which was measurable and available within sixty days, was recognized as revenue and the balance deferred in the fund financial statements.

The School District's real estate taxes are based on assessed values established by the County of Allegheny's Bureau of Assessments. Assessed values of real property are generally 100% of the market value as determined by the Allegheny County Tax Assessment Office. The total 2019/2020 real estate taxes levied were \$55,206,039 based on a total School District assessed valuation of \$2,498,010,835.

## NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

<b>Governmental Activities</b>	<b>6/30/2019 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>6/30/2020 Balance</b>
Non Depreciable Assets:				
Land	\$ 1,504,786	\$ -	\$ -	\$ 1,504,786
Capital Assets Not Being Depreciated	<u>1,504,786</u>	<u>-</u>	<u>-</u>	<u>1,504,786</u>
Depreciable Assets:				
Land Improvements	17,456,549	-	-	17,456,549
Buildings and Building Improvements	146,048,429	281,005	-	146,329,434
Furniture and Equipment	6,462,277	1,008,487	-	7,470,764
Total Depreciable Assets	<u>169,967,255</u>	<u>1,289,492</u>	<u>-</u>	<u>171,256,747</u>
Accumulated Depreciation:				
Land Improvements	(7,825,979)	(828,949)	-	(8,654,928)
Buildings and Building Improvement	(38,806,936)	(4,186,839)	-	(42,993,775)
Furniture and Equipment	(4,504,505)	(537,049)	-	(5,041,554)
Total Accumulated Depreciation	<u>(51,137,420)</u>	<u>(5,552,837)</u>	<u>-</u>	<u>(56,690,257)</u>
Capital Assets Being Depreciated, Net	<u>118,829,835</u>	<u>(4,263,345)</u>	<u>-</u>	<u>114,566,490</u>
Total Capital Assets	<u>\$ 120,334,621</u>	<u>\$ (4,263,345)</u>	<u>\$ -</u>	<u>\$ 116,071,276</u>

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

## NOTE 4: CAPITAL ASSETS (CONTINUED)

<u>Business Type Activities</u>	<u>6/30/2019</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2020</u> <u>Balance</u>
Furniture and Equipment	\$ 1,085,819	\$ 8,619	\$(23,347)	\$ 1,071,091
Accumulated Depreciation	(678,115)	(73,526)	23,347	(728,294)
Business Type Activities Capital Assets, Net	<u>\$ 407,704</u>	<u>\$ (64,907)</u>	<u>\$ -</u>	<u>\$ 342,797</u>

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

**Governmental Activities**

Instruction	\$3,720,401
Support Services	1,721,379
Noninstructional Services	<u>111,057</u>

Total depreciation expense - Governmental Activities \$5,552,837

**Business Type Activities**

Food Service	<u>\$ 73,526</u>
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## NOTE 5: LEASES

The School District has entered into non-cancelable operating leases for computers. Lease payments made during the fiscal year ended June 30, 2020 were approximately \$125,769.

The future minimum lease rental payments are as follows for the fiscal years ending June 30:

<u>Year Ending June 30,</u>	
2021	\$ 122,362
2022	115,535
2023	60,628
2024	<u>50,587</u>
Total	<u>\$ 349,112</u>

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 6: LONG-TERM LIABILITIES OBLIGATIONS

Bonds Payable:

The government issues general obligation bonds/notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds/notes have been issued for government activities. General obligation bond/notes are direct general obligations of the School District. Principal and interest payments are backed by the full faith, credit, and taxing authority of the School District.

During fiscal year 2010, the School District issued \$20,000,000 of 2009 General Obligation Bonds (2009 Bonds) for the purpose of constructing a new high school, renovating the existing high school into a middle school, demolition of the existing middle school, and to pay all costs and expenses incurred in connection with the issuance and sale of the 2009 Bond. The 2009 Bond bears interest semi-annually at 6.42%. The 2009 Bond was refunded by the 2019 Bond in the 2020 fiscal year.

During fiscal year 2011, the School District issued \$27,140,000 of 2010 B General Obligation Bonds (2010 B Bonds) for the purpose of the completion of the renovations of the high school, various other capital improvements throughout the School District, and the payment of costs of issuing the bonds. The 2010 B Bonds bear interest semi-annually at rates ranging from 5.67% to 5.87% and mature in fiscal year 2036.

During fiscal year 2015, the School District issued \$24,735,000 of 2015 General Obligation Bonds (2015 Bonds) for the purpose of providing funds for various capital projects throughout the School District and paying all costs and expenses incurred by the School District in connection with the issuance of the 215 Bonds. The 2015 Bonds bear interest semi annually at rates ranging from 2.00%- 5.00% and mature in fiscal year 2041.

During fiscal year 2016, the School District issued \$63,940,000 of 2015 Series A General Obligation Bonds (2015 A Bonds) for the purpose of refunding, on a current refunding basis, the 2005 Bonds, providing funds for various capital projects throughout the School District, and paying all costs and expenses incurred by the School District in connection with the issuance of the 2015 A Bonds. The 2015 A Bonds bear interest semi-annually at rates ranging from 0.70% to 5.00% and mature in fiscal year 2030.

During fiscal year 2017, the School District issued \$8,170,000 of 2017 Series A General Obligation Bonds (2017 A Bonds) for the purpose providing funds for various capital projects throughout the School District and paying all costs associated with the issuance of the 2017 A Bonds. The 2017 A Bonds bear interest semi-annually at rates ranging from 1.28% to 4.38% and mature in fiscal year 2039.

During fiscal year 2017, the School District issued \$3,165,000 of 2017 Series B General Obligation Bonds (2017 B Bonds) for the purpose of refunding, on a current refunding basis, the 2010 Series A Bonds, providing funds for various capital projects throughout the School District, and paying all costs associated with the issuance of the 2017 B Bonds. The 2017 B Bonds bear interest semi-annually at rates ranging from 2.00% to 3.13% and mature in fiscal year 2030.

During fiscal year 2020, the School District issued \$20,520,000 of 2019 General Obligation Bonds (2019 Bonds) for the purpose of refunding, on a current refunding basis, the 2009 Bonds, providing funds for various capital projects throughout the School District, and paying all costs associated with the issuance of the 2019 Bonds. The 2019 Bonds bear interest semi-annually at rates 3.00% to 5.00% and mature in fiscal year 2035.

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

An analysis of debt service requirements to maturity for the governmental activities on these obligations follows (with the exception of the compensated absences, capital lease and postemployment benefit liability):

<u>Year Ended June 30:</u>	<u>Principal Requirements</u>	<u>Interest Requirements</u>	<u>Total Debt Service Requirements</u>
2021	\$ 4,045,000	\$ 5,997,325	\$ 10,042,325
2022	4,210,000	5,837,361	10,047,361
2023	4,375,000	5,658,007	10,033,007
2024	4,590,000	5,447,387	10,037,387
2025	5,225,000	5,214,637	10,439,637
2026-2035	72,450,000	36,551,497	109,001,497
2036-2041	<u>35,230,000</u>	<u>5,424,400</u>	<u>40,654,400</u>
Total	<u>\$ 130,125,000</u>	<u>\$ 70,130,614</u>	<u>\$ 200,255,614</u>

Compensated Absences:

Compensated absences are comprised of accumulated unused sick days. The aggregate liability is \$1,782,700 as of June 30, 2020.

The School District's policy regarding sick time under various contracts provide for employees to accumulate sick days for which they are paid upon retirement or termination of service. The amount the employee is compensated, and the number of days varies based on their contract and their years of service. The liability for these compensated absences are recorded as a non-current liability in the government-wide statements.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

A summary of changes in long-term debt obligations for 2020 is as follows:

<b>Governmental Activities</b>	<b>Balance at 6/30/2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/2020</b>	<b>Amounts Due Within One Year</b>
Bonds Payable:					
GOB 2009	\$ 19,910,000	\$ -	\$(19,910,000)	\$ -	\$ -
GOB 2010 B	27,140,000	-	-	27,140,000	-
GOB 2015 A	51,175,000	-	(3,335,000)	47,840,000	3,480,000
GOB 2015	24,695,000	-	(10,000)	24,685,000	10,000
GOB 2017 A	7,645,000	-	(270,000)	7,375,000	275,000
GOB 2017 B	2,785,000	-	(220,000)	2,565,000	230,000
GOB 2019	-	20,520,000	-	20,520,000	50,000
Total Bonds Payable	<u>\$133,350,000</u>	<u>\$20,520,000</u>	<u>\$(23,745,000)</u>	<u>\$ 130,125,000</u>	<u>\$ 4,045,000</u>
Other Liabilities:					
Bond Premiums	6,789,491	2,521,652	(693,901)	8,617,242	525,791
Bond Discounts	(12,495)	-	1,250	(11,245)	(1,250)
Deferred Charges	(557,367)	(354,501)	64,850	(847,018)	(64,850)
Compensated Absences	1,664,040	118,660	-	1,782,700	-
Other Postemployment Benefits	25,417,275	991,447	-	26,408,722	-
Net Pension Liability	111,355,935	-	(4,862,660)	106,493,275	-
Capital Leases	201,163	193,564	(45,615)	349,112	122,362
Total Other Liabilities	<u>144,858,042</u>	<u>3,470,822</u>	<u>(5,536,076)</u>	<u>142,792,788</u>	<u>582,053</u>
Governmental Activities					
Long term Liabilities	<u>\$278,208,042</u>	<u>\$23,990,822</u>	<u>\$(29,281,076)</u>	<u>\$ 272,917,788</u>	<u>\$ 4,627,053</u>
Business Type Activities					
Compensated Absences	\$ 25,280	\$ -	\$ (40)	\$ 25,240	\$ -
Other Postemployment Benefits	387,253	14,910	-	402,163	-
Net Pension Liability	1,696,065	-	(74,340)	1,621,725	-
Total Business Type Activities	<u>\$ 2,108,598</u>	<u>\$ 14,910</u>	<u>\$ (74,380)</u>	<u>\$ 2,049,128</u>	<u>\$ -</u>



MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

NOTE 7: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School District maintains insurance through an independent insurance carrier for these types of business losses. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage since the prior fiscal year. Management believes the insurance coverage is sufficient to cover the School District against potential losses.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

The School District administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides healthcare, prescription drug, dental and/or vision insurance, at various costs to the member and the School District, for the life of the member or until the member is eligible for Medicare, depending on the terms of the contract when they retire, for eligible retirees and their spouses through the School District's health insurance plan. The Retiree Health Plan covers both active and retired members.

Benefit provisions are established and may be amended through negotiation with the School District and the unions representing the School District's employees. The Retiree Health Plan does not issue a publicly available financial report.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>432</u>
Total	<u><u>500</u></u>

*Funding Policy.* No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

*Total OPEB Liability.* The School District's total OPEB liability of \$21,895,885 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONT INUED)

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	3.50%
Healthcare cost trend rates	5.00% for medical 3.00% for dental/vision
Mortality	RP-2014 Mortality Table projected to improve with rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration Trustee Report

The discount rate was based on the S & P Municipal Bond 20 Year High Grade Rate Index at June 30, 2020.

Changes in the total OPEB Liability.

The School District's total OPEB liability has been measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, and by rolling forward the liabilities from the July 1, 2018 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$21,895,885, all of which is unfunded. As of June 30, 2020, the total OPEB liability of \$21,895,885 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The School District's change in its total OPEB liability for the year ended June 30, 2020 was as follows:

	Governmental Activities	Business-Type Activities	Total
Service Cost	\$ 742,497	\$ 11,307	\$ 753,804
Benefit payments	(705,603)	(10,745)	(716,348)
Interest	734,084	11,179	745,263
Change in benefit terms	215,358	3,280	218,638
Changes of assumptions or other inputs	-	-	-
difference between expected and actual experience	-	-	-
Net Change in total OPEB liability	<u>986,336</u>	<u>15,021</u>	<u>1,001,357</u>
Total OPEB liability - June 30, 2019	<u>20,581,110</u>	<u>313,418</u>	<u>20,894,528</u>
Total OPEB liability - June 30, 2020	<u>\$21,567,446</u>	<u>\$ 328,439</u>	<u>\$21,895,885</u>

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

## NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$1,568,257. At June 30, 2020, the School 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>
Differences between expected and actual experience:		
Governmental	\$ 291,905	\$ -
Business-Type	5,324	-
Changes of assumptions:		
Governmental	-	(1,018,460)
Business-Type	-	(26,009)
<b>Total</b>	<b><u>\$ 297,229</u></b>	<b><u>\$ (1,044,469)</u></b>

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

**Year ended June 30:**

2021	\$(149,448)
2022	(149,448)
2023	(149,448)
2024	(149,448)
2025	<u>(149,448)</u>
<b>Total</b>	<b><u>\$(747,240)</u></b>

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current discount rate:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
School's total OPEB liability	\$ 24,004,626	\$ 21,895,885	\$ 19,564,901

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following shows presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point higher or 1 percentage point lower than the current healthcare cost trend rates:

	1% Decrease <u>Between 2% to 2.5%</u>	Healthcare Cost Trend rate <u>Between 3% to 3.5%</u>	1% Increase <u>Between 4% to 4.5%</u>
School's total OPEB liability	\$ 1,869,418	\$ 21,895,885	\$ 25,237,267

Health Insurance Premium Assistance Plan

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, 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.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

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, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor 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, 2019 there were no assumed future benefit increases to participating eligible retirees.

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2019 was 0.84% 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 School District were \$171,465 for the year ended June 30, 2020.

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

## NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2020, the School District reported a liability of \$4,915,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2020, the School District's proportion was 0.2311 percent, which was an decrease of 0.0044 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$11,596,665. At June 30, 2020, the School 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>
Differences between expected and actual experience		
Governmental	\$ 27,220	\$ -
Business-Type	415	-
Net difference between projected and actual investment earnings		-
Governmental	8,153	
Business-Type	124	
Changes of assumptions		
Governmental	160,409	(143,877)
Business-Type	2,443	(2,191)
Changes in proportion		
Governmental	52,768	(83,584)
Business-Type	804	(1,273)
Contributions subsequent to the measurement date		
Governmental	145,745	
Business-Type	20,363	
Total	<u>\$ 418,444</u>	<u>\$ (230,925)</u>

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

\$171,465 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2020	\$ (2,717)
2021	(2,718)
2022	(3,964)
2023	(5,064)
2024	32,123
2025	<u>3,751</u>
Total	<u>\$ 21,411</u>

Actuarial Assumptions. The total OPEB liability as of June 30, was determined by rolling forward the System's total OPEB liability as of the June 30, 2018 actuarial valuation to June 30, 2019 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% 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 the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the RP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50%.
  - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- 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: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were 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.

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.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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. 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, 2019 were:

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non- US Developed Fixed	3.7%	0.0%
	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total OPEB liability was 2.79%. 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 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 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 School District's Proportionate Share of the net OPEB liability as well as what the School 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>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 4,914,000	\$ 4,915,000	\$ 4,916,000

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the School District's proportionate share of the net OPEB liability, as well as what the School 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 (1.79 percent) or higher (3.79 percent) than the current discount rate:

	<b>1% Decrease 1.79%</b>	<b>Current Discount Rate 2.79%</b>	<b>1% Increase 3.79%</b>
District's proportionate share of the net OPEB liability	\$ 5,599,000	\$ 4,915,000	\$4,348,000

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](http://www.psers.pa.gov).

## NOTE 9: EMPLOYEE RETIREMENT PLAN

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension is primarily recorded as a governmental activity expected to be paid from the General Fund. The remaining portion is recorded in the Cafeteria Fund.

General Information about the Pension Plan:

*Plan Description.* The School District contributes to the Commonwealth of Pennsylvania School Employees Retirement System ("PSERS"), is a governmental cost-sharing multi-employer defined benefit pension plan. Benefit provisions of the plan are established under the provisions of the PSERS Code (Act No. 96 of October 2, 1975, as amended) (24 PA C. S. 8101-8535 and may be amended by law. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contributions upon termination of a member's employment in the public sector. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to, PSERS, P.O. Box 125, Harrisburg, PA 17108-0125. This publication is also available on the PSERS website [www.psers.state.pa.us](http://www.psers.state.pa.us).



MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

*Benefits provided.* PSERS provides retirement, disability, and death benefits. Retirement benefits are determined as 2.5 percent of the employee's final 3-year average compensation times the employee's years of service. Employees with 10 years of continuous service are eligible to retirement at age 60. Employees are for service-related disability benefits regardless of length of service. Five years of services is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal two times the employee's full-year salary.

*Contributions.* The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class TD). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with services rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership. Contribute 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-F contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3 and 12.3%.

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2020 was 33.45% of covered payroll, actuarially determined as an amount that, when combines 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. The 33.45% is comprised of a pension contribution rate of 33.36% for pension and a 0.09% act 5-employer contribution. Contributions to the pension plan from the School District were \$6,827,993 for the year ended June 30, 2020. The General Fund contributed \$6,725,573 and the Cafeteria Fund contributed \$102,420.

Act 5 of 2017

On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to Pensions:

At June 30, 2020, the School District reported a liability of \$108,115,000 for its proportionate share of the net pension liability. Of this amount, \$1,621,725 is recorded in the Cafeteria Fund, as that is the portion that relates to the cafeteria employees. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2018. The School 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, 2019, the School District's proportion was 0.2311 percent, which was a decrease of 0.0044 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized pension expense of \$11,596,665, of which \$11,452,715 was recorded as a governmental activity and \$143,950 was recorded in the Cafeteria Fund. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:		
Governmental activity	\$ 586,432	\$ (3,527,769)
Business-type activity/ proprietary fund	8,930	(56,167)
Changes of assumptions:		
Governmental activity	1,018,027	-
Business-type activity/ proprietary fund	15,503	-
Net difference between projected and actual investment earnings:		
Governmental activity	-	(305,257)
Business-type activity/ proprietary fund	-	(4,649)
Changes in proportion:		
Governmental activity	1,397,124	(1,606,831)
Business-type activity/ proprietary fund	21,276	(24,469)
Differences between district contributions and proportionate share of contribution:		
Governmental activity	-	-
Business-type activity/ proprietary fund	-	-
District contributions subsequent to the measurement date:		
Governmental activity	6,713,318	-
Business-type activity/ proprietary fund	114,675	-
Total	<u>\$ 9,875,285</u>	<u>\$ (5,525,142)</u>

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

\$6,827,993 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Governmental Activities	Business-type Activities
2020	\$ 957,323	\$ 14,579
2021	(2,003,081)	(30,504)
2022	(1,582,343)	(24,097)
2023	187,419	2,854
	<u>\$ (2,440,682)</u>	<u>\$ (37,168)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal – level % of pay
Salary increases	5.00 percent, average, including inflation of 2.75 percent, and real wage growth and merit or seniority increases of 2.25%
Investment rate of return	7.25 percent, net of pension plan investment expense, includes inflation of 2.75%

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 9: EMPLOYEE RETIREMENT PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	-20.0%	0.7%
	<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, 2019.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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 School District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District's proportionate share of the net pension liability	\$ 134,669,000	\$ 108,115,000	\$ 85,630,000

*Pension 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.state.pa.us](http://www.psers.state.pa.us).

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

## NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of Interfund Receivables, Payables, and Transfers at June 30, 2020:

	<u>Due from</u>	<u>Due to</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 134,439	\$ 252,457
Capital Reserve Fund	198,791	-
Total Governmental Fund Types	<u>333,230</u>	<u>252,457</u>
<u>Fiduciary Fund</u>		
Activity Fund	-	6,340
Total Fiduciary Fund	<u>-</u>	<u>6,340</u>
<u>Enterprise Fund</u>		
Food Service	-	74,433
Total Enterprise Fund	<u>-</u>	<u>74,433</u>
Total Internal Balances	<u>\$ 333,230</u>	<u>\$ 333,230</u>

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Fund Types</u>		
General Fund	\$ 8,124	\$ 2,219,846
Capital Project Fund	2,219,846	-
Capital Reserve Fund	-	8,124
Total Governmental Fund Types	<u>\$ 2,227,970</u>	<u>\$ 2,227,970</u>

Transactions between funds which are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the transactions are accounted for through the various due from and due to accounts.

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to provide funds from the General Fund to the Capital Projects Fund for capital improvements.

## NOTE 11: COMMITMENTS AND CONTINGENCIES

The School District is involved in claims and lawsuits incidental to its operations. In the opinion of the administration and counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the School District.

Various appeals are outstanding at June 30, 2020. The ultimate outcome of these appeals is uncertain.

MOON AREA SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 12: HEALTH INSURANCE CONSORTIUM

The School District is one of sixty members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. The School District paid approximately \$7.6 million to the Consortium during fiscal year 2020.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2020, the Consortium had net assets of approximately \$75.5 million, of which approximately \$1.75 million is attributable to the School District.

The School District purchases commercial insurance policies for risks of losses for casualty, workmen's compensation, and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for fiscal year 2020.

NOTE 13: SUBSEQUENT EVENT

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of the School District's operations. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State and Federal tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. In addition, the School District's own source revenue or derived revenues could be affected negatively. Overall, decreased funding could result in the School District having to curtail or eliminate some services.

In July of 2020, the School District issued General Obligation Bond, Series of 2020 in the principal amount of \$35,860,000 to refund, on a current basis, General Obligation Bond 2010 B and General Obligation Bond 2015 A. Principal payments are due annually on the bond beginning November 2021. Interest is due semi-annually in May and November.

In October of 2020, the School District issued General Obligation Bond, Series A of 2020 in the principal amount of \$5,015,000 to provide funds for acquiring and installing energy efficient improvements and other capital projects. Principal payments are due annually on the bond beginning November 2021. Interest payments are due semi-annually in May and November.

MOON AREA SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

NOTE 14: RESTATEMENT OF BEGINNING FUND BALANCE

The following restatement was necessary to correct an error in previously issued financial statements.

	<b>Private Purpose Trust Fund</b>
Net position, beginning balance of year as previously stated	\$ 107,418
Adjustment due to omission of revenue in previous period.	1,320
Net position, beginning balance of year as restated	\$ 108,738

NOTE 15: DEFERRED COMPENSATION PLAN

Employees of the School District may participate in a deferred compensation plan adopted under the provisions of internal Revenue Code Section 403(b), which is considered a defined contribution pension plan. As part of its fiduciary roles the School District has an obligation of due care in selecting the third-party administrator.

Effective March 2005, the School District established the Moon Area School District 403(b) Tax Sheltered Account Program (plan). All employees of the School District, including substitute teachers, part-time employees, and periodic employees, are eligible to participate in the plan. Employees may elect to contribute up to the maximum allowable, as regulated by the Internal Revenue Code, through employee elective deferrals. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Employees are 100% vested in their account balances.

NOTE 16: EXPENITURE IN EXCESS OF APPROPRIATIONS

The General fund expenditures were greater than budgeted resulting in a negative variance. This was due to a higher than anticipated debt service expenditure. The excess amount was covered by the bond refunding.

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**



MOON AREA SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 59,530,157	\$ 59,530,157	\$ 62,051,066	\$ 2,520,909
State sources	18,435,044	18,435,044	18,481,206	46,162
Federal sources	1,494,000	1,494,000	1,771,990	277,990
Total Revenues	79,459,201	79,459,201	82,304,262	2,845,061
Expenditures				
Instruction	46,496,185	46,496,185	44,769,371	1,726,814
Support Services	21,773,188	21,773,188	20,780,745	992,443
Noninstructional Services	1,584,141	1,584,141	1,668,117	(83,976)
Capital Outlay	-	-	193,564	(193,564)
Debt Service	605,000	605,000	11,730,571	(11,125,571)
Total Expenditures	70,458,514	70,458,514	79,142,368	(8,683,854)
Excess (deficiency) of revenues over expenditures	9,000,687	9,000,687	3,161,894	(5,838,793)
Other financing sources (uses)				
Proceeds from the issuance of refunding bonds	-	-	20,520,000	20,520,000
Payment to refunded bond escrow agent	-	-	(19,900,000)	(19,900,000)
Premium on issuance of bonds	-	-	2,521,652	2,521,652
Proceeds from capital lease	-	-	193,564	193,564
Refund of Prior year expenditures	-	-	154,403	154,403
Transfers in	-	-	8,124	8,124
Transfers out	(10,461,934)	(10,461,934)	(2,219,846)	8,242,088
Total other financing sources (uses)	(10,461,934)	(10,461,934)	1,277,897	11,739,831
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,461,247)	\$ (1,461,247)	\$ 4,439,791	\$ 5,901,038

MOON AREA SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – RETIREES  
 HEALTH PLAN  
 JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 753,804	\$ 733,629	\$ 877,912
Interest	745,263	721,187	633,446
Changes of benefit terms	218,638	85,197	-
Differences between expected and actual experience	-	416,121	-
Changes of assumptions or other inputs	-	(1,462,257)	-
Benefit payments	<u>(716,348)</u>	<u>(856,652)</u>	<u>(974,805)</u>
Net change in total OPEB liability	1,001,357	(362,775)	536,553
Total OPEB liability - beginning	<u>20,894,528</u>	<u>21,257,303</u>	<u>20,720,750</u>
Total OPEB liability - ending	<u><u>\$21,895,885</u></u>	<u><u>\$ 20,894,528</u></u>	<u><u>\$21,257,303</u></u>
<b>Covered payroll</b>	\$31,869,303	\$ 31,708,286	30,887,439
<b>School's total OPEB liability as a percentage of covered payroll</b>	68.71%	65.90%	68.82%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MOON AREA SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS  
 PLAN  
 JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School's proportion of the net OPEB liability	0.2311%	0.2355%	0.2320%
School's proportionate share of the net OPEB liability	\$ 4,915,000	\$ 4,910,000	\$ 4,727,000
School's covered payroll	\$31,869,303	\$31,708,286	\$30,887,439
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MOON AREA SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – PSERS PLAN  
 JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually determined contribution	\$ 264,774	\$ 264,984	\$ 265,240
Contributions in relation to the contractually determined contribution	<u>264,774</u>	<u>264,984</u>	<u>265,240</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 31,869,303	\$31,991,269	\$ 31,707,274
Contributions as a percentage of covered payroll	0.83%	0.83%	0.84%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MOON AREA SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY – LAST 10 YEARS  
 (Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.2311%	0.2355%	0.2320%	0.2324%	0.2255%	0.2094%
District's proportionate share of the net pension liability	\$ 108,115,000	\$ 113,052,000	\$ 114,581,000	\$ 115,170,000	\$ 97,676,000	\$ 82,882,000
District's covered-employee payroll	\$ 31,869,303	\$ 31,708,286	\$ 30,887,439	\$ 30,094,589	\$ 29,018,409	\$ 26,721,564
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	339.24%	356.54%	370.96%	382.69%	336.60%	310.17%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MOON AREA SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – LAST 10 YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,349,203	\$ 10,407,797	\$ 10,142,991	\$ 8,954,076	\$ 7,511,286	\$ 5,808,063
Contributions in relation to the contractually required contribution	10,349,203	10,407,797	10,142,991	8,954,076	7,511,286	5,808,063
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 31,869,303	\$ 31,991,269	\$ 31,707,274	\$ 30,911,150	\$ 29,957,449	\$ 28,943,232
Contributions as a percentage of covered-employee payroll	32.47%	32.53%	31.99%	28.97%	25.07%	20.07%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively.  
This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**SUPPLEMENTARY**  
**INFORMATION**

MOON AREA SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 JUNE 30, 2020

<u>Assets</u>	Capital Reserve Fund	Capital Projects Fund	Total Other Governmental Funds
Cash and cash equivalents	\$ 1,769,551	\$ -	\$ 1,769,551
Due from Other Funds	198,791	-	198,791
<b>Total assets</b>	<b>\$ 1,968,342</b>	<b>\$ -</b>	<b>\$ 1,968,342</b>
<u>Liabilities</u>			
Accounts payable	\$ 16,345	\$ -	\$ 16,345
Accrued Liabilities	30,000	-	30,000
<b>Total liabilities</b>	<b>46,345</b>	<b>-</b>	<b>46,345</b>
<u>Fund Balances</u>			
Restricted	1,921,997	-	1,921,997
<b>Total fund balances</b>	<b>1,921,997</b>	<b>-</b>	<b>1,921,997</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,968,342</b>	<b>\$ -</b>	<b>\$ 1,968,342</b>



MOON AREA SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Reserve Fund	Capital Projects Fund	Total Other Governmental Funds
<u>Revenues</u>			
Local sources	\$ 23,122	\$ 29	\$ 23,151
Total revenues	<u>23,122</u>	<u>29</u>	<u>23,151</u>
<u>Expenditures</u>			
Support Services	304,625	-	304,625
Noninstructional Services	<u>16,346</u>	<u>-</u>	<u>16,346</u>
Total expenditures	<u>320,971</u>	<u>-</u>	<u>320,971</u>
Excess (deficiency) of revenues over expenditures	<u>(297,849)</u>	<u>29</u>	<u>(297,820)</u>
Other financing sources (uses)			
Transfers In	2,219,846	-	2,219,846
Transfers out	<u>-</u>	<u>(8,124)</u>	<u>(8,124)</u>
Total other financing sources (uses)	<u>2,219,846</u>	<u>(8,124)</u>	<u>2,211,722</u>
Net change in fund balance	<u>1,921,997</u>	<u>(8,095)</u>	<u>1,913,902</u>
Fund balance beginning of year	<u>-</u>	<u>8,095</u>	<u>8,095</u>
Fund balance, end of year	<u>\$ 1,921,997</u>	<u>\$ -</u>	<u>\$ 1,921,997</u>