

Moon Area School District

Single Audit

June 30, 2024

MaherDuessel

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MOON AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report

**Members of the Board
Moon Area School District**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matters

Change in Fund Presentation

As discussed in Note 2 to the financial statements, the School District has determined that the Private Purpose Trust Fund and Custodial Fund should be reported as fiduciary funds instead of

governmental funds as previously reported. Our opinion is not modified with respect to this matter.

Correction of an Error

As discussed in Note 2 to the financial statements, in the prior year, calculation errors resulted in an understatement of capital assets and deferred inflows, and an overstatement of deferred outflows. These errors have been corrected through a restatement of related beginning balances. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
January 29, 2025

Management's Discussion and Analysis

Moon Area School District (School District), is pleased to present its financial statements developed in conformance with Statement of Governmental Accounting Standard Statement No. 34, entitled "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*" (hereafter GASB Statement No. 34), and related standards. GASB Statement No. 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our management's discussion and analysis (MD&A) of the School District's financial performance during the year that ended on June 30, 2024. Please read this Management Discussion and Analysis in conjunction with the School District's financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Other supplementary information

The MD&A is a guide to reading the financial statements and provides related information to help the reader to better understand the School District's government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the School District's budget to actual figures for the General Fund, the School District's retirement plan, and the School District's postemployment benefits other than pensions.

The Basic financial statements present two different views of the School District.

- Government-wide financial statements, the first two statements, provide information about the School District's overall financial status.
- Fund financial statements, the remaining statements, focus on individual parts of the School District's government. They provide more detail than the government-wide financial statements.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required components of the School District's Financial Report

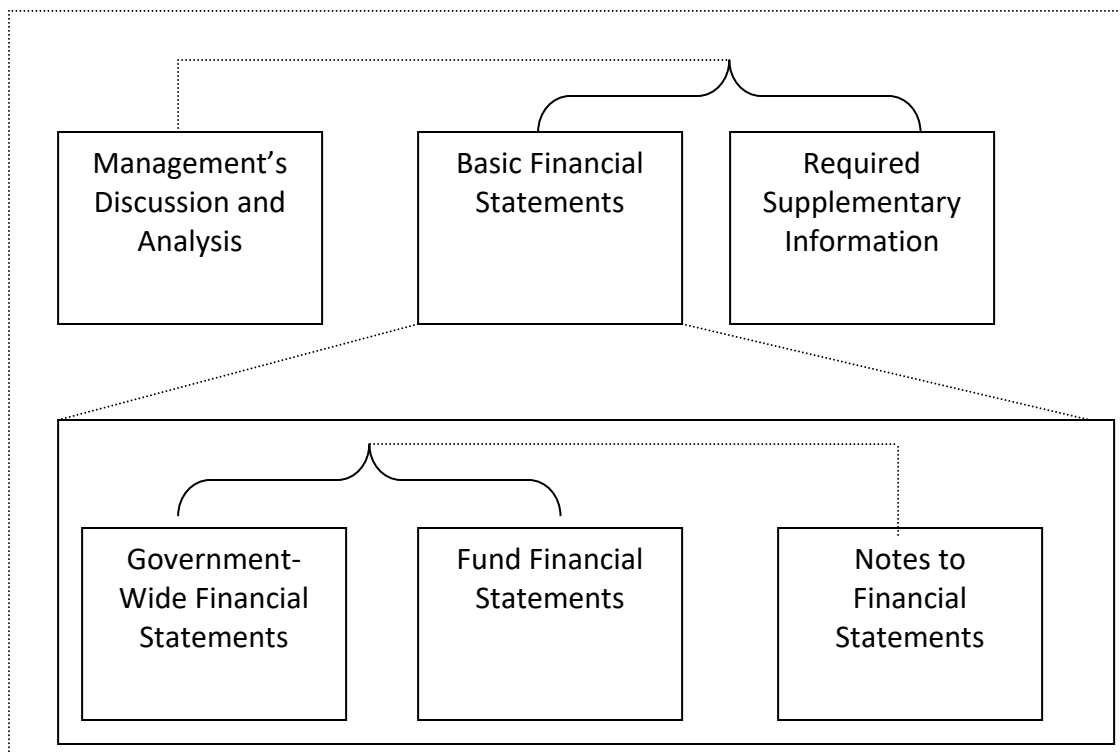


Figure A-2 summarizes the major features of the School District's financial statements, including the area of the School District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the School District's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	<u>Fund Statements</u>		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows	Statement of fiduciary net position; statement of changes in fiduciary net position

Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of the overview explains the structure and contents of the government-wide and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position includes all the School District's assets/deferred outflows of resources and liabilities/deferred inflows of resources with the difference between the two reported as Net Position. This statement serves a purpose similar to that of the balance sheet of a private sector business.

The Statement of Activities focuses on how the School District's Net Position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

Net Position is one way to measure the School District's financial position. Over time, increases or decreases in the School District's Net Position are one indicator of whether the School District's financial position is improving or deteriorating. However, other non-financial factors such as changes in the School District's property tax base and general economic conditions must be considered to assess the overall position of the School District.

There are two categories of activities for the primary government:

- Governmental activities include the School District's basic services such as instruction, support services, and non-instructional services.
- Business-type activities such as the Cafeteria Fund charge a fee to customers to help cover the costs of services.

Fund Financial Statements

Fund financial statements provide more detailed information on the School District's most significant funds, not the School District as a whole. Funds are accounting devices, i.e., a group of related accounts, the School District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using the modified accrual basis of accounting.

The School District has three kinds of funds:

- Governmental funds include most of the School District's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting.

The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that follow the governmental fund financial statements.

The School District adopts an annual budget for the general fund, as required by state law. A budgetary comparison of the School District's general fund is presented as required supplementary information.

- Proprietary funds report business-type programs and activities that charge fees designed to recover the cost of providing services. The proprietary fund financial statements provide separate information for the food service operation. The proprietary funds report using the accrual basis of accounting.
- 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The School District's total assets were \$132,093,400 at June 30, 2024. Of this amount, \$87,109,892 was capital assets. GASB Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allow infrastructure to be added over several years. The School District adopted the provisions of GASB Statement No. 34 related to infrastructure on the retroactive basis.

Fiscal Year Ended June 30, 2024
Net Position

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets	\$ 42,233,166	\$ 2,750,342	\$ 44,983,508
Capital assets	86,300,871	809,021	87,109,892
	128,534,037	3,559,363	132,093,400
Deferred Outflows of Resources			
Deferred charge on refunding	587,618	-	587,618
Deferred outflows of resources for pension	17,330,264	270,568	17,600,832
Deferred outflows of resources for OPEBs	4,337,922	66,189	4,404,111
	22,255,804	336,757	22,592,561
Liabilities			
Current and other liabilities	11,967,760	309,114	12,276,874
Long-term liabilities:			
Due within one year	5,710,000	-	5,710,000
Due in more than one year	268,233,652	2,104,234	270,337,886
	285,911,412	2,413,348	288,324,760
Deferred Inflows of Resources			
Deferred inflows of resources for pension	2,883,095	43,905	2,927,000
Deferred inflows of resources for OPEBs	2,301,109	35,043	2,336,152
	5,184,204	78,948	5,263,152
Net Position			
Net investment in capital assets	(37,158,292)	809,021	(36,349,271)
Restricted	-	-	-
Unrestricted	(103,147,483)	594,803	(102,552,680)
	\$ (140,305,775)	\$ 1,403,824	\$ (138,901,951)

Fiscal Year Ended June 30, 2023
Net Position

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets	\$ 38,945,273	\$ 3,419,771	\$ 42,365,044
Capital Assets	92,179,345	636,752	92,816,097
Total Assets	131,124,618	4,056,523	135,181,141
Deferred Outflows of Resources			
Deferred charge on refunding	652,468	-	652,468
Deferred outflows of resources for pension	17,039,347	259,482	17,298,829
Deferred outflows of resources for OPEBs	5,564,666	84,741	5,649,407
Total Deferred Outflows of Resources	23,256,481	344,223	23,600,704
Liabilities			
Current and other liabilities	9,883,972	1,209,826	11,093,798
Long-term liabilities:			
Due within one year	5,105,587	-	5,105,587
Due in more than one year	275,695,151	2,114,939	277,810,090
Total Liabilities	290,684,710	3,324,765	294,009,475
Deferred Inflows of Resources			
Deferred inflows of resources for pension	2,879,762	43,854	2,923,616
Deferred inflows of resources for OPEBs	2,897,562	44,126	2,941,688
Total Deferred Inflows of Resources	5,777,324	87,980	5,865,304
Net Position, as restated			
Net investment in capital assets	(48,533,386)	636,752	(47,896,634)
Restricted	6,328,463	-	6,328,463
Unrestricted	(99,876,012)	351,249	(99,524,763)
Total Net Position, as restated	\$ (142,080,935)	\$ 988,001	\$ (141,092,934)

Fiscal Year Ended June 30, 2024
Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 160,059	\$ 901,689	\$ 1,061,748
Grants and contributions	14,507,739	1,466,748	15,974,487
General revenues (expenses) and transfers:			
Property taxes	56,434,458	-	56,434,458
Other taxes	8,359,708	-	8,359,708
Unrestricted grants	9,442,218	-	9,442,218
Investment earnings	2,902,081	164,793	3,066,874
Miscellaneous revenues	40,012	-	40,012
Total Revenues	<u>91,846,275</u>	<u>2,533,230</u>	<u>94,379,505</u>
Expenditures:			
Instruction	57,234,901	-	57,234,901
Student support	26,724,410	-	26,724,410
Noninstructional services	1,860,453	-	1,860,453
Debt service	4,251,351	-	4,251,351
Food services	-	2,117,407	2,117,407
Total Expenditures	<u>90,071,115</u>	<u>2,117,407</u>	<u>92,188,522</u>
Change in Net Position	<u><u>\$ 1,775,160</u></u>	<u><u>\$ 415,823</u></u>	<u><u>\$ 2,190,983</u></u>

Fiscal Year Ended June 30, 2023
Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 127,645	\$ 854,666	\$ 982,311
Grants and contributions	16,720,144	1,289,781	18,009,925
General revenues (expenses) and transfers:			
Property taxes	57,002,424	-	57,002,424
Other taxes	7,587,558	-	7,587,558
Unrestricted grants	7,420,960	-	7,420,960
Investment earnings	1,669,437	104,414	1,773,851
Miscellaneous revenues	355,372	-	355,372
Total Revenues	<u>90,883,540</u>	<u>2,248,861</u>	<u>93,132,401</u>
Expenditures:			
Instruction	47,822,594	-	47,822,594
Student support	21,829,111	-	21,829,111
Noninstructional services	2,471,389	-	2,471,389
Debt service	4,985,743	-	4,985,743
Food services	-	1,925,028	1,925,028
Total Expenditures	<u>77,108,837</u>	<u>1,925,028</u>	<u>79,033,865</u>
Change in Net Position	<u><u>\$ 13,774,703</u></u>	<u><u>\$ 323,833</u></u>	<u><u>\$ 14,098,536</u></u>

Net Cost of Services

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2024, taxes brought in \$64,794,166. The School District relied on property taxes and other general revenues to fund 79% of its governmental and business-type activities in 2024.

Fiscal Years Ended June 30, 2024 and 2023
Governmental Activities

	2024	2024	2023	2023
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Expenses:				
Instructional student support	\$ 57,234,901	\$ (46,463,170)	\$ 47,822,594	\$ (37,409,393)
Support services	26,724,410	(23,369,861)	21,829,111	(18,850,453)
Noninstructional services	1,860,453	(1,625,226)	2,471,389	984,531
Debt service	4,251,351	(3,532,883)	4,985,743	(4,985,743)
Food service	2,117,407	251,030	1,925,028	219,419
Total	<u>\$ 92,188,522</u>	<u>\$ (74,740,110)</u>	<u>\$ 79,033,865</u>	<u>\$ (60,041,639)</u>

Capital Assets

The School District's investment in capital assets in its Governmental Activities at June 30, 2024, net of accumulated depreciation, was \$86,300,871, a net decrease of \$5,878,474 from the prior year due to depreciation expense exceeding additions. Capital assets consist primarily of land, buildings, and equipment.

Detailed information about the School District's capital assets can be found in Note 5.

Debt Administration

At June 30, 2024, the School District had \$125,395,000 of General Obligation Bonds and Notes outstanding. This was a decrease of \$5,055,000 from the prior year due to principal payments and no new debt issuances.

Detailed information on the School District's debt can be found in Note 6.

GOVERNMENTAL FUNDS

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

The focus of governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the year.

The School District's governmental funds include the General Fund and the Capital Reserve Fund. The General Fund is the chief operating fund for the School District. Capital Reserve Fund funds are restricted to specific legislated use.

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Revenues:		
Local sources	\$ 69,405,989	\$ 67,942,908
State sources	22,287,847	21,223,208
Federal sources	<u>2,011,733</u>	<u>1,586,266</u>
	<u>\$ 93,705,569</u>	<u>\$ 90,752,382</u>

There are several factors relating to increases in revenues from 2023 to 2024. Local revenues increased due to real estate taxes. State revenues increased due to state revenue being funded at higher levels than in previous years. Federal revenues increased due to ESSER funding.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Expenditures:		
Instruction	\$ 53,652,665	\$ 51,129,779
Support services	24,483,430	23,187,294
Noninstructional	1,730,939	2,036,222
Capital outlay	585,785	568,785
Debt service	<u>10,394,016</u>	<u>10,668,432</u>
	<u>\$ 90,846,835</u>	<u>\$ 87,590,512</u>

There are several factors relating to increases and decreases in expenditures from 2023 to 2024. Instruction expenditures increased due to additional staff and higher contractual costs. Support services expenditures increased due to additional staff, higher contractual costs and an increase of outside tuition. Noninstructional expenditures decreased due to less athletic and activity expenditures needed than what was budgeted for. Debt service expenditures decreased due to total debt decreasing and lower debt payments.

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending fund balances for governmental funds and Net Position for proprietary funds at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>Governmental</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Fiduciary</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
Fund						
General Fund	\$ 21,272,235	\$ 21,035,760	\$ -	\$ -	\$ -	\$ -
Capital Reserve Fund	6,698,063	5,997,923	-	-	-	-
Food Service Fund	-	-	1,403,824	988,001	-	-
Private Purpose Trust Fund	-	-	-	-	94,598	99,042
Custodial Fund	-	-	-	-	280,718	231,498
Total	<u>\$ 27,970,298</u>	<u>\$ 27,033,683</u>	<u>\$ 1,403,824</u>	<u>\$ 988,001</u>	<u>\$ 375,316</u>	<u>\$ 330,540</u>

The reasons for the changes in governmental fund balances are explained above in the governmental funds revenues and expenditures sections.

BUDGETARY HIGHLIGHTS

The School District adopts an annual appropriated budget for its general fund. Detailed information about the School District's 2024 general fund budget can be found in Required Supplemental Information.

Overall, the School District had a positive variance of \$927,310 for actual results in comparison to budget. Numerous factors went into these results. Revenue had a positive variance of \$4,422,676 which largely resulted from more revenue being received than was budgeted in local revenue. Expenditures actual results were relatively consistent in comparison to budget. Other financing uses resulted in a negative variance of \$3,522,119 largely due to refunds of prior year receipts and transfers to other funds.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

Current difficult economic conditions have affected the School District's financial position due largely in part by increased pension and healthcare costs. School District management has worked on lowering expenses and increasing revenues other than taxes.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability. Questions concerning this financial information or requests for additional information should be directed to:

Moon Area School District
8353 University Boulevard
Moon Township, PA 15108
Phone: 412-264-9440

MOON AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 33,171,171	\$ 3,801,619	\$ 36,972,790
Taxes receivable, net	4,160,393	-	4,160,393
Internal balances	1,079,481	(1,079,481)	-
Due from other governments	2,865,082	-	2,865,082
Other receivables	86,705	2,375	89,080
Inventory	-	25,829	25,829
Prepaid assets	870,334	-	870,334
Capital assets, not being depreciated	1,472,638	-	1,472,638
Capital assets, net of accumulated depreciation	84,828,233	809,021	85,637,254
Total Assets	128,534,037	3,559,363	132,093,400
Deferred Outflows of Resources			
Deferred charge on refunding	587,618	-	587,618
Deferred outflows of resources for pension	17,330,264	270,568	17,600,832
Deferred outflows of resources for OPEB	4,337,922	66,189	4,404,111
Total Deferred Outflows of Resources	22,255,804	336,757	22,592,561
Liabilities			
Accounts payable	1,278,169	156,084	1,434,253
Accrued salaries and benefits	9,824,857	84,818	9,909,675
Unearned revenues	-	25,829	25,829
Accrued interest	630,449	-	630,449
Other current liabilities	234,285	42,383	276,668
Non-current liabilities:			
Due within one year	5,710,000	-	5,710,000
Due in more than one year:			
Bonds and notes payable, net	129,659,844	-	129,659,844
Compensated absences	1,919,247	23,200	1,942,447
Net OPEB liability	33,942,701	516,894	34,459,595
Net pension liability	102,711,860	1,564,140	104,276,000
Total Liabilities	285,911,412	2,413,348	288,324,760
Deferred Inflows of Resources			
Deferred inflows of resources for pension	2,883,095	43,905	2,927,000
Deferred inflows of resources for OPEB	2,301,109	35,043	2,336,152
Total Deferred Inflows of Resources	5,184,204	78,948	5,263,152
Net Position			
Net investment in capital assets	(37,158,292)	809,021	(36,349,271)
Unrestricted	(103,147,483)	594,803	(102,552,680)
Total Net Position	\$ (140,305,775)	\$ 1,403,824	\$ (138,901,951)

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional services	\$ 57,234,901	\$ -	\$ 10,771,731	\$ -	\$ (46,463,170)	\$ -	\$ (46,463,170)
Support services	26,724,410	80,339	3,274,210	-	(23,369,861)	-	(23,369,861)
Noninstructional services	1,860,453	79,720	155,507	-	(1,625,226)	-	(1,625,226)
Debt service	4,251,351	-	718,468	-	(3,532,883)	-	(3,532,883)
Total governmental activities	90,071,115	160,059	14,919,916	-	(74,991,140)	-	(74,991,140)
Business-Type Activities:							
Food services	2,117,407	901,689	1,466,748	-	-	251,030	251,030
Total	\$ 92,188,522	\$ 1,061,748	\$ 16,386,664	\$ -	(74,991,140)	251,030	(74,740,110)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					56,434,458	-	56,434,458
Earned income taxes					6,178,888	-	6,178,888
Real estate transfer taxes					857,896	-	857,896
Other taxes, levied for general purposes, net					1,322,924	-	1,322,924
Grants, subsidies, and contributions not restricted					9,030,041	-	9,030,041
Investment earnings					2,902,081	164,793	3,066,874
Miscellaneous income					40,012	-	40,012
Total general revenues and transfers					76,766,300	164,793	76,931,093
Change in Net Position					1,775,160	415,823	2,190,983
Net Position:							
Beginning of year, as previously reported					(140,562,446)	850,251	(139,712,195)
Correction of an error					(1,187,949)	137,750	(1,050,199)
Change within financial reporting entity (Other Governmental Funds to Fiduciary Funds)					(330,540)	-	(330,540)
Beginning of the year, as adjusted and restated					(142,080,935)	988,001	(141,092,934)
End of year					<u>\$ (140,305,775)</u>	<u>\$ 1,403,824</u>	<u>\$ (138,901,951)</u>

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Capital Reserve Fund	Total
Assets			
Cash and cash equivalents	\$ 27,897,248	\$ 5,273,923	\$ 33,171,171
Taxes receivable, net	4,160,393	-	4,160,393
Due from other funds	1,116,989	1,600,000	2,716,989
Due from other governments	2,865,082	-	2,865,082
Other receivables	49,197	-	49,197
Prepaid assets	870,334	-	870,334
Total Assets	\$ 36,959,243	\$ 6,873,923	\$ 43,833,166
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,132,309	\$ 145,860	\$ 1,278,169
Due to other funds	1,600,000	-	1,600,000
Accrued salaries and benefits	9,824,857	-	9,824,857
Other current liabilities	204,285	30,000	234,285
Total Liabilities	12,761,451	175,860	12,937,311
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	2,925,557	-	2,925,557
Fund Balances:			
Nonspendable	870,334	-	870,334
Committed	11,000,000	-	11,000,000
Assigned	4,000,000	6,698,063	10,698,063
Unassigned	5,401,901	-	5,401,901
Total Fund Balance	21,272,235	6,698,063	27,970,298
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,959,243	\$ 6,873,923	\$ 43,833,166

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

Total Fund Balance - Governmental Funds		\$	27,970,298
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.			86,300,871
Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are unavailable in the governmental funds.			2,925,557
Deferred outflows and inflows of resources for pension and OPEB are not recorded on the fund financial statements.			16,483,982
Premiums and discounts on bonds and notes issued and deferred charges on refundings are capitalized and amortized over the life of the bonds in the statement of net position.			(9,387,226)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
	Bonds and notes payable	\$	(125,395,000)
	Accrued interest		(630,449)
	Net OPEB liability		(33,942,701)
	Net pension liability		(102,711,860)
	Compensated absences		(1,919,247)
			<u>(264,599,257)</u>
Total Net Position - Governmental Activities		\$	<u><u>(140,305,775)</u></u>

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	General Fund	Capital Reserve Fund	Formerly Other Governmental Funds	Total
Revenues:				
Local sources	\$ 69,123,992	\$ 281,997	\$ -	\$ 69,405,989
State sources	22,287,847	-	-	22,287,847
Federal sources	2,011,733	-	-	2,011,733
Total revenues	93,423,572	281,997	-	93,705,569
Expenditures:				
Instruction	53,652,665	-	-	53,652,665
Support services	24,092,905	390,525	-	24,483,430
Noninstructional services	1,525,392	205,547	-	1,730,939
Capital outlay	-	585,785	-	585,785
Debt service	10,394,016	-	-	10,394,016
Total expenditures	89,664,978	1,181,857	-	90,846,835
Excess (Deficiency) of Revenues over Expenditures	3,758,594	(899,860)	-	2,858,734
Other Financing Sources (Uses):				
Refunds of prior year receipts	(1,965,367)	-	-	(1,965,367)
Insurance recoveries	43,248	-	-	43,248
Transfers in (out)	(1,600,000)	1,600,000	-	-
Total other financing sources (uses)	(3,522,119)	1,600,000	-	(1,922,119)
Net Change in Fund Balance	236,475	700,140	-	936,615
Fund Balance:				
Beginning of year, as previously reported	21,035,760	5,997,923	330,540	27,364,223
Change within financial reporting entity (Other Governmental Funds to Fiduciary Funds)	-	-	(330,540)	(330,540)
Beginning of the year, as adjusted	21,035,760	5,997,923	-	27,033,683
End of year	\$ 21,272,235	\$ 6,698,063	\$ -	\$ 27,970,298

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balance - Governmental Funds

\$ 936,615

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

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

Capital outlays	\$ 190,832	
Less: depreciation expense	(6,069,306)	(5,878,474)

Governmental funds do not report the changes in the net other post employment benefit liability and related deferred inflows and outflows of resources.

(1,376,564)

Governmental funds do not report the changes in the net pension liability and related deferred inflows and outflows of resources.

2,019,214

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.

Current year	2,925,557	
Prior year	(2,862,732)	62,825

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.

Debt principal repayment	5,055,000	
Payments capital leases	50,587	
Amortization of bond premiums	891,018	
Amortization of bond discounts	(1,250)	
Change in accrued interest	212,160	
Amortization of deferred refunding loss	(64,850)	
Change in compensated absences	(131,121)	6,011,544

Change in Net Position of Governmental Activities

\$ 1,775,160

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2024

	Enterprise Fund Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,801,619
Other receivables	2,375
Inventories	25,829
Total current assets	3,829,823
Non-current assets:	
Furniture and equipment, net	809,021
Total non-current assets	809,021
Total Assets	4,638,844
Deferred Outflows of Resources	
Deferred outflows of resources for pension	270,568
Deferred outflows of resources for OPEBs	66,189
Total Deferred Outflows of Resources	336,757
Liabilities	
Current liabilities:	
Due to other funds	1,079,481
Accounts payable	156,084
Accrued salaries and benefits	84,818
Unearned revenues	25,829
Other current liabilities	42,383
Total current liabilities	1,388,595
Non-current liabilities:	
Compensated absences	23,200
Net OPEB liability	516,894
Net pension liability	1,564,140
Total non-current liabilities	2,104,234
Total Liabilities	3,492,829
Deferred Inflows of Resources	
Deferred inflows of resources for pension	43,905
Deferred inflows of resources for OPEBs	35,043
Total Deferred Inflows of Resources	78,948
Net Position	
Net investment in capital assets	809,021
Unrestricted	594,803
Total Net Position	\$ 1,403,824

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service
Operating Revenue:	
Food service revenue	\$ 901,689
Operating Expenses:	
Salaries	602,535
Employee benefits	366,206
Purchased professional and technology services	19,524
Purchased property services	44,941
Supplies	958,512
Depreciation	95,463
Dues and fees	4,774
Other	25,452
Total operating expenses	2,117,407
Net Operating Loss	(1,215,718)
Non-operating Revenues:	
Earnings on investments	164,793
State sources	333,153
Federal sources	1,133,595
Total non-operating revenues	1,631,541
Change in Net Position	415,823
Net Position:	
Beginning of year, as previously reported	850,251
Correction of an error	137,750
Beginning of year, as restated	988,001
End of year	\$ 1,403,824

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Received from users	\$ 808,640
Payments to employees for services	(873,949)
Payments to suppliers for goods and services	(687,336)
Net cash provided by (used in) operating activities	(752,645)
Cash Flows From Investing Activities:	
Earnings on investments	164,793
Cash Flows From Non-Capital Financing Activities:	
State sources	333,153
Federal sources	912,551
Net cash provided by (used in) non-capital financing activities	1,245,704
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	(267,732)
Net Increase (Decrease) in Cash and Cash Equivalents	390,120
Cash and Cash Equivalents:	
Beginning of year	3,411,499
End of year	\$ 3,801,619

(Continued)

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024
(Continued)

	Enterprise Fund Food Service
Reconciliation of Net Operating Loss to Net Cash Provided by (Used in) Operating Activities:	
Net operating loss	\$ (1,215,718)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation expense	95,463
Donated commodities	221,044
Change in assets and liabilities:	
Other receivables	(582)
Inventory	(19,350)
Due to other funds	115,847
Accounts payable	156,084
Accrued salaries and benefits	(8,784)
Unearned revenue	8,089
Other current liabilities	(92,467)
Compensated absences	4,300
Net pension and OPEB liability and related deferred inflows and outflows	(16,571)
Total adjustments	463,073
Net cash provided by (used in) operating activities	\$ (752,645)
	(Concluded)

Non-Cash Financing Transactions:

The Food Service Fund received donated commodities from the Department of Agriculture in the amount of \$240,393 during the year.

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	Private Purpose Trust Fund	Custodial Fund
Assets:		
Cash and cash equivalents	\$ 94,598	\$ 318,564
Other receivables	-	548
Total Assets	94,598	319,112
Liabilities:		
Accounts payable	-	886
Due to other funds	-	37,508
Other current liabilities	-	-
Total Liabilities	-	38,394
Net Position:		
Restricted for scholarships	94,598	-
Restricted for student activities	-	280,718
Total Net Position	94,598	280,718
Total Liabilities and Net Position	\$ 94,598	\$ 319,112

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2024

	Private Purpose Trust Fund	Custodial Funds
Additions:		
Gifts and contributions	\$ 17,497	\$ -
Student contributions	-	783,038
Total additions	17,497	783,038
Deductions:		
Scholarships awarded	21,941	-
Student programs	-	733,818
Total deductions	21,941	733,818
Change in Net Position	(4,444)	49,220
Net Position:		
Beginning of year, as previously reported	-	-
Change within financial reporting entity (Other Governmental Funds to Fiduciary Funds)	99,042	231,498
Beginning of year, as adjusted	99,042	231,498
End of year	\$ 94,598	\$ 280,718

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

1. Reporting Entity

Moon Area School District (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 (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 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 any 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.

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 which are included in the School District's reporting entity.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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 fluctuates based on the percentage enrollment in the school and is reflected as expenditures in the General Fund. The amount paid by the School District for the year ended June 30, 2024 was approximately \$707,000. The net current assets of Parkway at June 30, 2024 are to be used to fund future years' operations and are not significant to the School District. The Parkway is considered a non-equity joint venture of the School District. Accordingly, the School District's net investment and share of operating results are not included in the School District's financial statements. Separate audited financial statements are available in the School District's business office.

2. Summary of Significant Accounting Policies

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.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Fund financial statements are also provided in the report for all of the governmental funds and proprietary 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, when applicable, are aggregated and presented in a single column. The School District has no other governmental funds.

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.

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 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 unearned revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

expenditures, as well as expenditures related to pensions, other post-employment benefits, compensated absences and claims and judgments, are recorded only when payment is due.

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.

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:

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.

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.

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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

income, financial position, and changes in financial position (economic resources measurement focus).

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 – The School District reports the following fiduciary funds:

Private Purpose Trust Fund – This fund was established to account for resources received for the purpose of issuing scholarships to students. All resources of the fund, including any earnings on invested resources, may be used for scholarships. There is no requirement that any portion of these resources be preserved as capital.

Custodial Fund - This fund is used to account for assets held by the School District in a trustee capacity for student activities.

Change in Fund Presentation and Restatement

The Private Purpose Trust Fund and Custodial Fund were previously reported as governmental funds in the Other Governmental Funds column of the fund financial statements. During the current year, it was determined that these funds should be reported as fiduciary funds because these funds are used to account for assets held on behalf of others.

In addition, in the prior year, calculation errors resulted in an understatement of capital assets and deferred inflows, and an overstatement of deferred outflows. These errors have been corrected by adjusting the beginning balance of capital assets, deferred inflows, and deferred outflows in the current year, resulting in a change in net position decrease of approximately \$1,050,000, which is reflected in the statement of activities and the government-wide statement of net position.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The effects of these changes to or within the financial reporting entity are shown in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances						
	Funds				Government-Wide		
	General Fund	Capital Reserve Fund	Other Governmental Funds	Proprietary Funds	Fiduciary Funds	Governmental Activities	Business-Type Activities
6/30/23, as previously reported	\$ 21,035,760	\$ 5,997,923	\$ 330,540	\$ 850,251	\$ -	\$ (140,562,446)	\$ 850,251
Restatement for correction of							
an error	-	-	-	137,750	-	(1,187,949)	137,750
Change from nonmajor fund							
to fiduciary fund	-	-	(330,540)	-	330,540	(330,540)	-
6/30/23, as adjusted and restated	<u>\$ 21,035,760</u>	<u>\$ 5,997,923</u>	<u>\$ -</u>	<u>\$ 988,001</u>	<u>\$ 330,540</u>	<u>\$ (142,080,935)</u>	<u>\$ 988,001</u>

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.
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.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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 alter 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.

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.

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.

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."

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.

Inventories and Prepaid Assets

An annual estimate of the year-end inventory at cost value is made, approximating the first in, first-out method of inventory valuation. The estimated cost is recorded as an inventory asset with 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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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 assets in both government-wide and fund financial statements.

Capital Assets

Capital assets 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.

All reported capital assets, except land are depreciated using the straight-line method over the following 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 15 years.

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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

liabilities. Bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the life of the bonds using the effective interest method.

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

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

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 8 through 10.

Fund Balance

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. Non-spendable fund balance includes such items as prepaid assets.
- 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. As of June 30, 2024, the School District does not have any restricted fund balance.
- 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

MOON AREA SCHOOL DISTRICT

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(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 has \$8,000,000 committed as of June 30, 2024 for future salaries, benefits and employee development, and \$3,000,000 committed for future assessment appeals.

- 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 approximately \$10,700,000 assigned for future debt service and capital expenditures.
- Unassigned - This classification represents all other funds not otherwise defined.

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.

Net Position

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy School District obligations. Net position is classified as follows:

Net Investment in Capital Assets – Consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted Net Position – Consists of net position with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2024, the School District does not have any restricted net position.

Unrestricted - Consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Deferred Outflows and 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 assets 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 charge on refunding bonds, deferred outflows and inflows related to pensions, deferred outflows and inflows related to OPEB, and unavailable revenue for 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.

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or OPEBs on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for each plan. Notes 8 through 10 present additional information about the School District's pension and OPEB plans.

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 revenue for property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Adopted Pronouncements

GASB Statement No. 100, *"Accounting Changes and Error Corrections,"* was adopted for the year ended June 30, 2024. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The impact of the adoption on the financial statements relates to reporting of accounting changes and error corrections and new/enhanced disclosures.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 101 (Compensated Absences), 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

3. 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

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YEAR ENDED JUNE 30, 2024

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 statement of net position and 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 PSDLAF without restriction. For PLGIT-Class/Reserve accounts, there is a one day holding period and redemptions are limited to two per calendar month. PLGIT/Prime limits redemptions or exchanges to two per calendar month. The carrying amount of PSDLAF and PLGIT accounts is \$34,889,726.

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, 2024, investments in PSDLAF and PLGIT have received an AAA rating from Standard & Poor's.

Custodial Credit Risk – The School District's investment policy requires deposits exceeding FDIC limits be collateralized in accordance with Act 72 of the Pennsylvania state legislature. At year-end, \$3,890,647 of the School District's \$4,140,647 bank balance for its deposits was not covered by the FDIC. These deposits have a carrying amount of \$2,496,226 as of June 30, 2024.

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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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.

4. 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, 2024 was 23.79 mills (\$23.79 per \$1,000 of assessed valuation) as levied by the Board of School Directors.

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	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. General Fund property taxes receivables have been reported net of an allowance for doubtful accounts of approximately \$770,000 at June 30, 2024.

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 2023/2024 real estate taxes levied were \$60,954,121 based on a total School District assessed valuation of \$2,605,474,183.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

5. Capital Assets

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

Governmental Activities				
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 1,472,638	\$ -	\$ -	\$ 1,472,638
Total capital assets, not being depreciated	1,472,638	-	-	1,472,638
Capital assets, being depreciated:				
Site improvements	17,516,741	142,642	-	17,659,383
Building and improvements	145,863,909	-	-	145,863,909
Machinery and equipment	2,841,450	48,190	-	2,889,640
Licensed vehicles	886,773	-	-	886,773
Total capital assets, being depreciated	167,108,873	190,832	-	167,299,705
Less: accumulated depreciation:				
Site improvements	(11,061,859)	(838,933)	-	(11,900,792)
Building and improvements	(62,415,870)	(5,079,852)	-	(67,495,722)
Machinery and equipment	(2,308,590)	(91,059)	-	(2,399,649)
Licensed vehicles	(615,847)	(59,462)	-	(675,309)
Total accumulated depreciation	(76,402,166)	(6,069,306)	-	(82,471,472)
Governmental activities capital assets, net	\$ 92,179,345	\$ (5,878,474)	\$ -	\$ 86,300,871
Business-Type Activities				
	Balance July 1, 2023, restated	Additions	Deletions	Balance June 30, 2024
Capital assets, being depreciated:				
Furniture and equipment	\$ 2,445,019	\$ 267,732	\$ (20,000)	\$ 2,692,751
Less: accumulated depreciation:				
Furniture and equipment	(1,808,267)	(95,463)	20,000	(1,883,730)
Business-Type activities capital assets, net	\$ 636,752	\$ 172,269	\$ -	\$ 809,021

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instruction	\$ 4,079,416
Support services	1,858,636
Noninstructional services	<u>131,254</u>
Total depreciation expense - governmental activities	<u>\$ 6,069,306</u>
Business-type activities:	
Food service	<u>\$ 95,463</u>

6. Long-Term Liabilities

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 2015, the School District issued \$24,735,000 of General Obligation Bonds, Series of 2015 (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 2015 Bonds. The 2015 Bonds bear interest semi-annually at rates ranging from 2.00% to 5.00% and mature in fiscal year 2041.

During fiscal year 2016, the School District issued \$63,940,000 General Obligation Bonds, Series A of 2015 (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.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

During fiscal year 2017, the School District issued \$8,170,000 General Obligation Bonds, Series A of 2017 (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 General Obligation Bonds, Series B of 2017 (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 General Obligation Bonds, Series of 2019 (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.

During the fiscal year 2021, the School District issued \$35,860,000 General Obligation Notes, Series of 2020 (2020 Notes) for the purpose of refunding, on a current refunding basis, the 2010 B bonds and the fiscal year 2021 payment of the 2015 A bond, providing funds for various capital projects throughout the School District, and paying all costs associated with the issuance of the 2020 Notes. The 2020 Notes bear interest semi-annually at rates 1.00% to 4.00% and mature in fiscal year 2035.

During fiscal year 2021, the School District issued \$5,015,000 General Obligation Notes, Series of 2020 A (2020 A Notes) for various capital projects throughout the School District and paying all costs associated with the issuance of the 2020 A Notes. The 2020 A Notes bear interest semi-annually at rates of 1.00% to 3.00% and mature in fiscal year 2041.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal Requirements	Interest Requirements	Total
2025	\$ 5,710,000	\$ 4,910,564	\$ 10,620,564
2026	6,025,000	4,638,489	10,663,489
2027	6,720,000	4,396,783	11,116,783
2028	6,945,000	4,183,075	11,128,075
2029	7,225,000	3,900,703	11,125,703
2030-2034	41,940,000	14,373,057	56,313,057
2035-2039	37,345,000	6,723,186	44,068,186
2040-2041	13,485,000	865,745	14,350,745
	<u>\$ 125,395,000</u>	<u>\$ 43,991,602</u>	<u>\$ 169,386,602</u>

Compensated Absences

Compensated absences are comprised of accumulated unused sick days. The aggregate liability is \$1,942,447 as of June 30, 2024. 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 financial statements and the statement of net position - proprietary funds.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Governmental Activities	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Bonds and notes payable, net:					
Series 2015 A	\$ 36,945,000	\$ -	\$ (10,000)	\$ 36,935,000	\$ 10,000
Series 2015	24,655,000	-	(3,985,000)	20,670,000	4,605,000
Series 2017 A	6,525,000	-	(300,000)	6,225,000	310,000
Series 2017 B	1,865,000	-	(240,000)	1,625,000	245,000
Series 2019	20,365,000	-	(55,000)	20,310,000	55,000
Series 2020	35,480,000	-	(260,000)	35,220,000	270,000
Series 2020 A	4,615,000	-	(205,000)	4,410,000	215,000
Bond premiums	10,872,107	-	(891,018)	9,981,089	-
Bond discounts	(7,495)	-	1,250	(6,245)	-
Total bonds and notes payable, net	141,314,612	-	(5,944,768)	135,369,844	5,710,000
Other liabilities:					
Compensated absences	1,788,126	131,121	-	1,919,247	-
Net OPEB liability	33,196,427	746,274	-	33,942,701	-
Net pension liability	104,443,490	-	(1,731,630)	102,711,860	-
Capital lease	50,587	-	(50,587)	-	-
Total other liabilities	139,478,630	877,395	(1,782,217)	138,573,808	-
	<u>\$ 280,793,242</u>	<u>\$ 877,395</u>	<u>\$ (7,726,985)</u>	<u>\$ 273,943,652</u>	<u>\$ 5,710,000</u>

Business-Type Activities	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Compensated absences	\$ 18,900	\$ 4,300	\$ -	\$ 23,200	\$ -
Net OPEB liability	505,529	11,365	-	516,894	-
Net pension liability	1,590,510	-	(26,370)	1,564,140	-
	<u>\$ 2,114,939</u>	<u>\$ 15,665</u>	<u>\$ (26,370)</u>	<u>\$ 2,104,234</u>	<u>\$ -</u>

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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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.

8. Public School Employee's Retirement System (PSERS)

Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania (Commonwealth). In addition, PSERS administers the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in the HOP. The HOP is funded exclusively by the premiums paid by participants for the benefit coverage they elect. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Employees eligible for PSERS benefits include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

Retirees who participate in the HOP or a Commonwealth public school employer-sponsored health insurance program are eligible for Premium Assistance if they satisfy the following criteria:

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

For Class DC members (as defined below) to become eligible for Premium Assistance, they must satisfy the following criteria:

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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at www.psers.pa.gov.

The net pension liability and the net OPEB liability are recorded as governmental activities expected to be paid from the General Fund and the Food Service Fund.

Benefits Provided – Pension Plan

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011 through June 30, 2019. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

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greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

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

Benefits Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
 - Membership Class T-C 5.25%
 - Membership Class T-D 6.50%

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- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
 - Membership Class T-C 6.25%
 - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
 - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
 - Membership Class T-E* 8.00%
 - Membership Class T-F* 10.80%
- Members who joined PSERS on or after July 1, 2019:
 - Membership Class T-G (hybrid)** 9.00% (combined rate)
 - Membership Class T-H (hybrid)** 8.25% (combined rate)
 - Defined Contribution only 7.50%

* Includes shared risk provision of +0.50% as of July 1, 2021.

** Includes shared risk provision of +0.75% as of July 1, 2021.

Employer Contributions

The School District's contractually required PSERS contribution rate for fiscal year ended June 30, 2024 was 34.00% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 33.09% rate for the Pension Plan, a 0.64% rate for the Premium Assistance, and a 0.27% rate for Act 5 Defined Contribution.

The combined rate for the fiscal year ended June 30, 2024 was a decrease from the fiscal year ended June 30, 2023 combined rate of 35.26%. The combined contribution rate will decrease to 33.90% in fiscal year 2025 and is projected to grow to 38.26% by fiscal year 2032.

The School District remits contributions to PSERS on a quarterly basis. Approximately \$4.5 million is owed to PSERS as of June 30, 2024, which represents the School District's required contribution for the end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2024 were as follows:

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Pension Plan	\$ 12,263,832
Act 5 Defined Contribution	100,068
Premium Assistance	<u>237,197</u>
Total	<u>\$ 12,601,097</u>

In accordance with Act 29, the Commonwealth reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$6.3 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.2344%, which was a decrease of 0.0041% from its proportion measured as of June 30, 2022.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.2334%, which was a decrease of 0.0044% from its proportion measured as of June 30, 2022.

9. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2024, the School District reported a liability of \$104,276,000 for its proportionate share of PSERS' net pension liability. Of this amount, \$1,564,140 is recorded in the Food Service Fund, allocated based on the covered payroll of the Food Service Fund as a percentage of the School District's covered payroll. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net

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pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2022 to June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$10,207,213. \$10,054,105 was recorded as a governmental activity; \$153,108 was recorded in the Food Service Fund.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,000	\$ 1,428,000
Changes in assumptions	1,556,000	-
Net difference between projected and actual earnings on pension plan investments	2,951,000	-
Changes in proportion	806,000	1,499,000
School District contributions subsequent to the measurement date	12,263,832	-
Total	<u>\$ 17,600,832</u>	<u>\$ 2,927,000</u>

\$12,263,832 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2025	\$ 1,319,000
2026	(2,573,000)
2027	2,679,000
2028	985,000
Total	<u>\$ 2,410,000</u>

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Actuarial Assumptions

The actuarial valuation used for the June 30, 2023 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 measurement date.

Pension Plan Investments

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 PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

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The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public entity	30.00%	5.20%
Private equity	12.00%	7.90%
Fixed income	33.00%	3.20%
Commodities	7.50%	2.70%
Absolute return	4.00%	4.10%
Infrastructure/MLPs	10.00%	5.40%
Real estate	11.00%	5.70%
Cash	3.00%	1.20%
Leverage	-10.50%	1.20%
	<u>100.00%</u>	

For PSERS' year ended June 30, 2023, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 3.54%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the 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 PSERS' Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of PSERS' net pension liability calculated using the discount rates described above, as well as what the School

MOON AREA SCHOOL DISTRICT

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District's proportionate share of PSERS' net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of PSERS' net pension liability	<u>\$ 135,170,000</u>	<u>\$ 104,276,000</u>	<u>\$ 78,210,000</u>

10. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 8 and the School District's retiree plan (retiree plan) described below.

At June 30, 2024, the School District reported a net OPEB liability composed of the following:

School District's proportionate share of PSERS' net OPEB liability	\$ 4,223,000
School District's total OPEB liability for its retiree plan	<u>30,236,595</u>
Net OPEB liability	<u>\$ 34,459,595</u>

Of this amount, \$516,894 is recorded in the Food Service Fund, allocated based on the covered payroll of the Food Service Fund as a percentage of the School District's covered payroll. PSERS' net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The School District's retiree plan's total OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by rolling forward the retiree plan's total OPEB liability as of July 1, 2022 to June 30, 2024.

MOON AREA SCHOOL DISTRICT

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For the year ended June 30, 2024, the School District recognized OPEB expense as follows:

OPEB expense related to PSERS	
Premium Assistance	\$ 198,047
OPEB expense related to School	
District's retiree plan	<u>2,423,797</u>
Total OPEB expense	<u>\$ 2,621,844</u>

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Outflows of Resources
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 28,000	\$ 2,356,777	\$ 2,384,777
Changes in assumptions	365,000	1,311,137	1,676,137
Net difference between projected and actual earnings on OPEB plan			
investments	10,000	-	10,000
Changes in proportion	96,000	-	96,000
School District contributions subsequent to the measurement date	<u>237,197</u>	<u>-</u>	<u>237,197</u>
Total	<u>\$ 736,197</u>	<u>\$ 3,667,914</u>	<u>\$ 4,404,111</u>

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Deferred Inflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,000	\$ -	\$ 42,000
Changes in assumptions	799,000	1,383,152	2,182,152
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion	112,000	-	112,000
Total	<u>\$ 953,000</u>	<u>\$ 1,383,152</u>	<u>\$ 2,336,152</u>

\$237,197 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	PSERS Premium Assistance	School District's Retiree Plan
2025	\$ (78,000)	\$ 524,908
2026	(107,000)	674,356
2027	(113,000)	674,356
2028	(133,000)	273,158
2029	(23,000)	137,984
2030	-	-
Total	<u>\$ (454,000)</u>	<u>\$ 2,284,762</u>

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Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The actuarial valuation used for the June 30, 2023 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.13% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020
- Participation rate –
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%.

Changes in Assumptions

The discount rate increased from 4.09% to 4.13% for the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 measurement date.

OPEB Plan Investments

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.

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The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.00%	1.20%
	<u>100.00%</u>	

For PSERS' year ended June 30, 2023, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 4.36%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the 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 the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate used to measure the Total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount

MOON AREA SCHOOL DISTRICT

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rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (3.13%)	Current Discount (4.13%)	1% Increase (5.13%)
School District's proportionate share of PSERS' net OPEB liability	\$ 4,774,000	\$ 4,223,000	\$ 3,761,000

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

Healthcare cost trend rates were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. 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 the healthcare cost trends as depicted below.

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
School District's proportionate share of PSERS' net OPEB liability	\$ 4,222,000	\$ 4,223,000	\$ 4,223,000

Additional Required Disclosures for the School District's Retiree Plan

Plan Description

The School District administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to eligible retirees (retiree plan). The School District has not accumulated assets for the retiree plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; benefits are paid on a pay-as-you-go basis.

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Benefits Provided

The benefit limits and employee and employer contributions are established through employee contracts and past practices. Details of the benefits provided are as follows:

Administrators

Eligibility: An administrator retiring from the School District (and retiring with a non-disability retirement through PSERS) who has at least 10 years of service with the School District and is a minimum of 55 years.

Coverage: Employee, spouse, and dependents until employee and spouse are each eligible for Medicare. If the retiree reaches Medicare age before his/her spouse, spousal coverage will continue to be provided by the School District for two additional years.

Benefits: A choice of Community Blue Flex EPO or PPO, including prescription drug, dental, and vision endorsed by the Allegheny County Schools Health Insurance Consortium (ACSHIC).

Retiree Contribution: The retiring administrator shall pay \$100 per month to the School District. If husband/wife coverage is elected, the retiring administrator must pay the full premium cost differential between the monthly premium rate established for husband/wife coverage following the first year of retirement and the monthly premium cost for any subsequent year. The retiree must pay the full additional premium cost attainable to coverage of his/her dependents, if elected.

For retirements after the 2011/2012 school year, retirees who elect the PPO plan must reimburse the School District the difference in cost between the PPO and EPO plans.

Life Insurance: None currently. Coverage was provided to employees who retired prior to July 1, 2005.

Teachers

Eligibility: A teacher retiring from the School District who has at least 15 years of service with the School District and is a minimum age of 45 years.

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Coverage: Employee, spouse, and dependents until employee and spouse are each eligible for Medicare. If the retiree reaches Medicare age before his/her spouse, spousal coverage will continue to be provided by the School District for two additional years.

Benefits: A choice of Community Blue EPO or PPO, including prescription drug endorsed by the ACSHIC.

Retiree Contribution: The retiring teacher shall pay \$100 per month to the School District. If husband/wife coverage is elected, the retiring teacher must pay the full premium cost differential between the monthly premium rate established for husband/wife coverage following the first year of retirement and the monthly premium cost for any subsequent year. The retiree must pay the full additional premiums cost attainable to coverage of his/her dependents, if elected.

For retirements after the 2011/2012 school year, retirees who elect the PPO plan must reimburse the School District the difference in cost between the PPO and EPO plans.

Life Insurance: None currently. Coverage was provided to employees who retired prior to July 1, 2005.

Support Professionals

Eligibility: Retire through PSERS at age 62 with at least 15 years of continuous service with the School District, or after age 60 with 30 years of PSERS service, or after 35 years of PSERS service.

Coverage: Retiree for three years.

Benefits: A choice of Community Blue Flex EPO or PPO, including prescription drug endorsed by the ACSHIC.

Retiree Contribution: \$100/month. In addition, for retirements after the 2011/2012 school year, retirees who elect the PPO plan must reimburse the School District the difference in cost between the PPO and EPO plans.

Life Insurance: None currently. Coverage was provided to employees who retired prior to July 1, 2006.

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At the July 1, 2022 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	54
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>395</u>
	<u>449</u>

These benefits are expensed when incurred and are financed on a pay-as-you-go basis. For the year ended June 30, 2024, the School District recognized \$987,251 for current premiums.

Actuarial Assumptions

The total OPEB liability was determined as of the July 1, 2022 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal
- Discount rate – 3.75% - based on the index rate for 20 years, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher
- Inflation –2.75%
- Assumed healthcare cost trends – 7.50% in 2022 and 2023; Rates gradually decrease from 7.00% in fiscal year ended June 30, 2024 to 4.75% in fiscal year ended June 30, 2029
- Mortality – Rates used in the PSERS actuarial valuation as of June 30, 2022

Changes in Assumptions

For the July 1, 2022 actuarial valuation, the following changes in assumptions were made:

- The assumed discount rate increased from 2.30% to 3.75%.
- The rates of mortality, disablement and withdrawal were updated to be based on those used in the July 1, 2022 valuation of the Public School Employees' Retirement System.

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Changes in Benefit Terms

For the July 1, 2022 actuarial valuation, the following change in benefit terms was made:

- For Support Professionals, the eligibility for benefits was updated from age 62 with at least 20 years of School District service to age 62 with at least 15 years of School District service.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the School District's retiree plan for the year ended June 30, 2024 were as follows:

Total OPEB liability, July 1, 2023	\$	29,324,957
Changes for the year:		
Service cost		787,994
Interest on the total OPEB liability		1,110,895
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments		(987,251)
Total OPEB liability, June 30, 2024	\$	<u>30,236,595</u>

Discount Rate

The discount rate used to measure the June 30, 2024 total OPEB liability was 3.75%, which is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the School District's Total OPEB Liability to Changes in the Discount Rate

The following presents the School District's total OPEB liability calculated using the discount rate described above, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

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	1% Decrease (2.75%)	Current Discount (3.75%)	1% Increase (4.75%)
School District's total OPEB liability	<u>\$ 33,177,073</u>	<u>\$ 30,236,595</u>	<u>\$ 27,549,324</u>

Sensitivity of the School District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the School District's total OPEB liability calculated using current healthcare cost trend rates as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
School District's total OPEB liability	<u>\$ 26,585,503</u>	<u>\$ 30,236,595</u>	<u>\$ 34,516,652</u>

11. Interfund Receivables and Payables

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

	Due From	Due To
Governmental Fund Types:		
General Fund	\$ 1,116,989	\$ 1,600,000
Capital Reserve Fund	1,600,000	-
Total	<u>2,716,989</u>	<u>1,600,000</u>
Enterprise Fund:		
Food Service	-	1,079,481
Custodial Funds:		
Activity Fund	-	37,508
Total Internal Balances	<u>\$ 2,716,989</u>	<u>\$ 2,716,989</u>

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YEAR ENDED JUNE 30, 2024

The due to the general fund from the food service fund and custodial funds are for reimbursement of costs incurred. The due to capital reserve fund from general fund is for future capital improvements.

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Fund Types:		
General Fund	\$ -	\$ 1,600,000
Capital Reserve Fund	<u>1,600,000</u>	<u>-</u>
Total	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</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 Reserve Fund for future capital improvements.

12. 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 other outstanding matters will not have a material adverse effect on the financial position of the School District. Various appeals are outstanding at June 30, 2024. The ultimate outcome of these appeals is uncertain.

The School District receives a number of state and federal grants, The grants may be subject to audit by the granting agency to determine if activities undertaken by the School District comply with the conditions of the grant. Management believes no material liability would arise from any such audit.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

13. Health Insurance Consortium

The School District is one of ninety 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 \$9.83 million to the Consortium during fiscal year 2024.

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, 2024, the Consortium had net assets of approximately \$64.61 million, of which approximately \$1.51 million is attributable to the School District.

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. The School District does not make contributions to the plan on behalf of participating employees. 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.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

16. Subsequent Events

During September 2024, the School District issued General Obligation Bonds, Series A of 2024 in the amount of \$20,975,000, and General Obligation Bonds, Series B of 2024 in the amount of \$20,430,000. The proceeds of Series A will be used to currently refund the outstanding General Obligation Bonds, Series 2015A and the proceeds of Series B will be used for the acquisition, construction, renovation and capital improvement to and the acquisition and installation of equipment for various School District facilities.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MOON AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET PENSION LIABILITY

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of PSERS' net pension liability	0.2344%	0.2385%	0.2391%	0.2324%	0.2311%	0.2355%	0.2320%	0.2324%	0.2255%	0.2094%
School District's proportionate share of PSERS' net pension liability	\$ 104,276,000	\$ 106,034,000	\$ 98,167,000	\$ 114,431,000	\$ 108,115,000	\$ 113,052,000	\$ 114,581,000	\$ 115,170,000	\$ 97,676,000	\$ 82,882,000
School District's covered payroll	\$ 34,963,602	\$ 33,804,654	\$ 34,012,361	\$ 32,586,575	\$ 31,869,303	\$ 31,708,286	\$ 30,887,439	\$ 30,094,589	\$ 29,018,409	\$ 26,721,564
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	298.24%	313.67%	288.62%	351.16%	339.24%	356.54%	370.96%	382.69%	336.60%	310.17%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years²

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contributions recognized by PSERS	\$ 12,263,832	\$ 12,317,195	\$ 10,430,107	\$ 11,382,351	\$ 10,349,203	\$ 10,407,797	\$ 10,142,991	\$ 8,954,076	\$ 7,511,286	\$ 5,808,063
School District's covered payroll	\$ 37,031,981	\$ 34,963,602	\$ 33,804,654	\$ 34,012,361	\$ 32,586,575	\$ 31,869,303	\$ 31,708,286	\$ 30,887,439	\$ 30,094,589	\$ 29,018,409
Contributions as a percentage of covered payroll	33.12%	35.23%	30.85%	33.47%	31.76%	32.66%	31.99%	28.99%	24.96%	20.02%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date.

See accompanying notes to schedules of required supplementary information.

MOON AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
School District's proportion of PSERS' net OPEB liability	0.2334%	0.2378%	0.2385%	0.2322%	0.2311%	0.2355%	0.2320%
School District's proportionate share of PSERS' net OPEB liability	\$ 4,223,000	\$ 4,377,000	\$ 5,652,000	\$ 5,017,000	\$ 4,915,000	\$ 4,910,000	\$ 4,727,000
School District's covered payroll	\$ 34,963,602	\$ 33,804,654	\$ 34,012,361	\$ 32,586,575	\$ 31,869,303	\$ 31,708,286	\$ 30,887,439
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	12.08%	12.95%	16.62%	15.40%	15.42%	15.48%	15.30%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years²

	2024	2023	2022	2021	2020	2019	2018
Contributions recognized by PSERS	\$ 237,197	\$ 277,686	\$ 291,515	\$ 285,835	\$ 264,774	\$ 264,984	\$ 265,240
School District's covered payroll	\$ 37,031,981	\$ 34,963,602	\$ 33,804,654	\$ 34,012,361	\$ 32,586,575	\$ 31,869,303	\$ 31,708,286
Contributions as a percentage of covered payroll	0.64%	0.79%	0.86%	0.84%	0.81%	0.83%	0.84%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to schedules of required supplementary information.

MOON AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY FOR ITS RETIREE PLAN

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 787,994	\$ 766,904	\$ 1,006,652	\$ 979,710	\$ 753,804	\$ 733,629	\$ 877,912
Interest	1,110,895	1,075,987	623,558	603,809	745,263	721,187	633,446
Changes of benefit terms	-	(69,373)	-	-	218,638	85,197	-
Differences between expected and actual experience	-	2,711,457	-	832,245	-	416,121	-
Changes of assumptions	-	(1,653,546)	-	2,934,837	-	(1,462,257)	-
Benefit payments	(987,251)	(879,923)	(718,588)	(784,657)	(716,348)	(856,652)	(974,805)
Net Changes in Total OPEB Liability	911,638	1,951,506	911,622	4,565,944	1,001,357	(362,775)	536,553
Total OPEB Liability - Beginning	29,324,957	27,373,451	26,461,829	21,895,885	20,894,528	21,257,303	20,720,750
Total OPEB Liability - Ending	\$ 30,236,595	\$ 29,324,957	\$ 27,373,451	\$ 26,461,829	\$ 21,895,885	\$ 20,894,528	\$ 21,257,303

¹ The amounts presented for each fiscal year were determined as of the measurement date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to schedules of required supplementary information.

MOON AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources	\$ 65,439,614	\$ 65,439,614	\$ 69,123,992	\$ 3,684,378
State sources	22,279,279	22,279,279	22,287,847	8,568
Federal sources	1,282,003	1,282,003	2,011,733	729,730
Total revenues	89,000,896	89,000,896	93,423,572	4,422,676
Expenditures:				
Current:				
Regular instructional services	37,606,830	37,606,830	37,321,854	(284,976)
Special instructional services	12,196,910	12,196,910	13,033,526	836,616
Vocational instructional services	3,028,270	3,028,270	2,881,467	(146,803)
Other instructional services	968,582	968,582	395,818	(572,764)
Nonpublic school programs	10,000	10,000	20,000	10,000
Pupil personnel services	3,123,019	3,123,019	2,837,100	(285,919)
Instructional support services	3,105,357	3,105,357	2,906,323	(199,034)
Administration	4,678,468	4,678,468	4,755,073	76,605
Pupil health services	946,973	946,973	918,514	(28,459)
Business	713,450	713,450	644,455	(68,995)
Operation and maintenance of plant	7,715,078	7,715,078	8,088,786	373,708
Student transportation services	3,074,241	3,074,241	3,613,327	539,086
Central administration	267,552	267,552	256,977	(10,575)
Other support services	75,000	75,000	72,350	(2,650)
Student activities	1,626,253	1,626,253	1,517,692	(108,561)
Community Services	-	-	7,700	7,700
Debt Service	10,555,748	10,555,748	10,394,016	(161,732)
Total expenditures	89,691,731	89,691,731	89,664,978	(26,753)
Excess (Deficiency) of Revenues Over Expenditures	(690,835)	(690,835)	3,758,594	4,449,429
Other Financing Sources (Uses):				
Refunds of prior year receipts	-	-	(1,965,367)	(1,965,367)
Insurance recoveries	-	-	43,248	43,248
Transfers in (out)	-	-	(1,600,000)	(1,600,000)
Total other financing sources (uses)	-	-	(3,522,119)	(3,522,119)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (690,835)	\$ (690,835)	\$ 236,475	\$ 927,310

See accompanying notes to required supplementary information.

MOON AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

1. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the PSERS Pension Plan

Actuarial Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
School District Fiscal Year	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	50% PubT- 2010 and 50% PubG- 2010	50% PubT- 2010 and 50% PubG- 2010	50% PubT- 2010 and 50% PubG- 2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	None	None	A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

MOON AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Valuation Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Discount Rate	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%
Mortality	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015
Changes in Benefits	None	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020

MOON AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the Retiree OPEB Plan

The retiree plan is not administered through a trust and assets are not accumulated in a trust to pay related benefits.

Actuarial Valuation Date/Measurement Date	07/01/2022	07/01/2022	07/01/2020	07/01/2020	07/01/2018	07/01/2018	07/01/2016
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	3.75%	3.75%	2.30%	2.30%	3.50%	3.50%	3.00%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Mortality	Based on those used in the July 1, 2022 valuation of the Public School Employees' Retirement System	Based on those used in the July 1, 2022 valuation of the Public School Employees' Retirement System	RP-2014 Mortality Table	RP-2014 Mortality Table	RP-2014 Mortality Table	RP-2014 Mortality Table	RP-2014 Mortality Table
Assumed Healthcare Trend Rates	7.50% for medical in 2022 and 2023, decreasing by 0.50% each year in 2024 and later, \$3.00% for dental, 2.00% for vision	7.50% for medical in 2022 and 2023, decreasing by 0.50% each year in 2024 and later, \$3.00% for dental, 2.00% for vision	5.00% for medical 3.00% for dental/vision	5.00% for medical 3.00% for dental/vision	1.90% in 2018; 5.00% for 2019 and later for medical, 3.0% for 2018 and later for dental/vision	1.90% in 2018; 5.00% for 2019 and later for medical, 3.0% for 2018 and later for dental/vision	5.00% in 2017 and later for medical, 3.00% for 2017 and later for dental/vision
Changes in Benefits	None	None	None	None	For teachers over 55, lowered service requirement to 9 years; for teachers 45-55; lowered service requirement to 10 years	For teachers over 55, lowered service requirement to 9 years; for teachers 45-55; lowered service requirement to 10 years	None

MOON AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

4. Budgetary Data

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year-end.

All budgets amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

The School District expenditures may not legally exceed the budget amounts by amounts in total for the fund unless funds are received in excess of the budgeted State allocation levels. Accordingly, the legal level of budgetary control is at the object level within each function and fund.

Additionally, during fiscal year 2024, revenues were budgeted at \$89.0 million, while actual revenues were \$93.4 million. Local and Federal revenue exceeded budgeted amounts by \$4.4 million.

SUPPLEMENTARY INFORMATION

MOON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2024</u>	<u>Passed through to Subrecipients</u>
<u>U.S. Department of Education</u>										
Passed through the Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	84.010	013-24-0266	7/10/23-9/30/25	\$ 374,573	\$ 275,056	\$ -	\$ 366,137	\$ 366,137	\$ 91,081	\$ -
Title I Grants to Local Educational Agencies	84.010	013-23-0266	8/12/22-9/30/24	317,811	46,531	46,531	-	-	-	-
Total ALN 84.010					321,587	46,531	366,137	366,137	91,081	-
Supporting Effective Instruction State Grants	84.367	020-24-0266	7/10/23-9/30/25	73,906	53,966	-	69,602	69,602	15,636	-
Supporting Effective Instruction State Grants	84.367	020-23-0266	8/12/22-9/30/24	68,229	33,974	14,561	19,413	19,413	-	-
Total ALN 84.367					87,940	14,561	89,015	89,015	15,636	-
Student Support and Academic Enrichment Program	84.424	14-24-0266	7/1/23-9/30/24	25,705	8,658	-	20,466	20,466	11,808	-
Student Support and Academic Enrichment Program	84.424	14-23-0266	8/12/22-9/30/24	23,744	10,658	5,330	5,328	5,328	-	-
Total ALN 84.424					19,316	5,330	25,794	25,794	11,808	-
COVID-19 - Education Stabilization Fund	84.425U	FA-223-21-0266	3/13/20-9/30/24	2,284,082	415,288	124,587	853,334	853,334	562,633	-
Passed through the Allegheny Intermediate Unit:										
English Language Acquisition State Grants	84.365	n/a	7/1/23-6/30/24	1,290	1,290	-	1,290	1,290	-	-
Special Education--Grants to States	84.027	062-24-0-003	7/1/23-6/30/24	824,510	824,510	-	824,510	824,510	-	-
Special Education--Preschool Grants	84.173	131-24-0-003	7/1/23-6/30/24	7,254	7,254	-	7,254	7,254	-	-
Total Special Education Cluster (IDEA)					831,764	-	831,764	831,764	-	-
Total U.S. Department of Education					1,677,185	191,009	2,167,334	2,167,334	681,158	-
<u>U.S. Department of Agriculture</u>										
Passed through the Pennsylvania Department of Education:										
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	N/A	652,286	-	652,286	652,286	-	-
COVID -19 National School Lunch Program	10.555	N/A	7/1/23-6/30/24	N/A	96,933	-	96,933	96,933	-	-
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	N/A	240,393	(6,479)	221,044	221,044	(25,828)	-
Total ALN 10.555					989,612	(6,479)	970,263	970,263	(25,828)	-
Passed through the Pennsylvania Department of Education:										
School Breakfast Program	10.553	N/A	7/1/23-6/30/24	N/A	160,075	-	160,075	160,075	-	-
Total Child Nutrition Cluster					1,149,687	(6,479)	1,130,338	1,130,338	(25,828)	-
Pandemic EBT Administrative Costs	10.649	N/A	7/1/23-6/30/24	N/A	3,256	-	3,256	3,256	-	-
Total U.S. Department of Agriculture					1,152,943	(6,479)	1,133,594	1,133,594	(25,828)	-
<u>U.S. Department of Health and Human Services</u>										
Passed Through Pennsylvania Department of Human Services:										
Medicaid Cluster - Medical Assistance Program	93.778	N/A	N/A	N/A	10,390	7,179	3,211	3,211	-	-
Total U.S. Department of Health and Human Services					10,390	7,179	3,211	3,211	-	-
Total Expenditures of Federal Awards					\$ 2,840,518	\$ 191,709	\$ 3,304,139	\$ 3,304,139	\$ 655,330	\$ -

See accompanying notes to schedule of expenditures of federal awards.

MOON AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the modified accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Moon Area School District

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2024

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

**Members of the Board
Moon Area School District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moon Area School District (School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 29, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The School District's Response to Findings

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

Purpose of this Report

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

Maher Duessel

Pittsburgh, Pennsylvania
January 29, 2025

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

**Members of the Board
Moon Area School District**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Members of the Board
Moon Area School District
Independent Auditor's Report on Compliance
for Each Major Program

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

Report on Internal Control over Compliance

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

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

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

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

Maher Duessel
Pittsburgh, Pennsylvania
January 29, 2025

MOON AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

ALN(s)

84.027, 84.173

Name of Federal Program or Cluster

Special Education Cluster (IDEA)

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

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

FINDING: 2024-001 Financial Reporting System – Nonattest Services

Statement of Condition: The Moon Area School District (School District) engages a CPA firm to perform nonattest services and assist with the recording of certain full accrual adjustments for which related information is not available to the School District prior to the commencement of the audit. These adjustments include the recording of the following:

MOON AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

- The School District's net pension liability and related deferred outflows and inflows of resources.
- The School District's other postemployment benefits liability and related deferred outflows and inflows of resources.
- The School District's capital asset additions, deletions, and related depreciation expense.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements. For the year ended June 30, 2023, amounts related to the above adjustments were materially misstated and had to be corrected as part of the current year audit through a restatement of net position.

Criteria: The School District is responsible for establishing internal controls to ensure adjustments made as part of the nonattest services are materially accurate, as they are subject to the School District's oversight, review, and approval.

Effect: A restatement of net position was required to be recorded to ensure that the financial statements were fairly stated in accordance with accounting principles generally accepted in the United States of America in all material respects.

Cause: The School District did not follow their established internal controls in place to identify the errors in these entries.

Recommendation: The School District should follow internal control procedures in place which include a formal review and approval process for adjustments made as part of nonattest assistance services to ensure they are accurate prior to the issuance of the financial statements.

Views of responsible officials and planned corrective action: Management agrees with the finding. See attached corrective action plan.

III. Findings and questioned costs for federal awards

No matters were reported.

MOON AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

NONE