

NORTHGATE SCHOOL DISTRICT
Financial Statements
June 30, 2024

NORTHGATE SCHOOL DISTRICT

Table of Contents

June 30, 2024

Independent Auditor's Report	1
Management's Discussion & Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Deficit)	13
Statement of Activities (Deficit)	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Net Position - Fiduciary Funds	24
Statement of Changes in Net Position - Fiduciary Funds	25
Notes to Financial Statements	26
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund - Budget and Actual	58
Schedule of School District's Proportionate Share of Net Pension Liability - Public School Employees' Retirement System	60

NORTHGATE SCHOOL DISTRICT

Table of Contents

June 30, 2024

Schedule of School District's Pension Contributions - Public School Employees' Retirement System	61
Schedule of Changes in School District's Total Pension Liability and Related Ratios - Retirement Incentives Pension	62
Schedule of School District's Proportionate Share of Net OPEB Liability - Public School Employees' Retirement System	63
Schedule of School District's OPEB Contributions – Public School Employees' Retirement System	64
Schedule of Changes in School District's Total OPEB Liability and Related Ratios - School Plan	65
Notes to Required Supplementary Information	66
Single Audit	
Schedule of Expenditures of Federal Awards	69
Notes to Schedule of Expenditures of Federal Awards	71
Summary Schedule of Prior Audit Findings	72
Independent Auditor's Report of Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	75
Schedule Findings and Questioned Costs	78
Corrective Action Plan	81

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northgate School District
Pittsburgh, Pennsylvania

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 Northgate School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Northgate 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 Northgate 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northgate 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.

Correction of an Error

As described in Note 2 to the financial statements, Northgate School District identified an error in the calculation of compensated absences previously reported. Our opinions are 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 Northgate 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 Northgate 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 Northgate School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of Northgate 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 Northgate 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 Northgate School District's internal control over financial reporting and compliance.



Carnegie, Pennsylvania
March 27, 2025

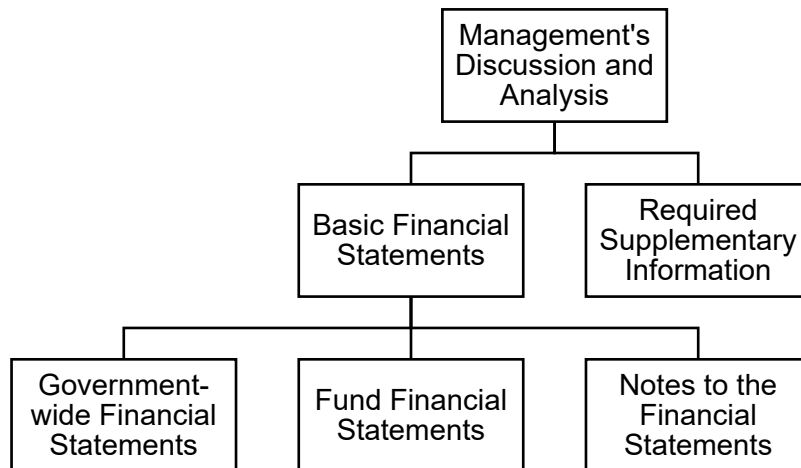
The Management's Discussion and Analysis (MD&A) of Northgate School District ("School District")'s financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

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

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The figure below shows how the required parts of the financial section are arranged and relate to one another:



The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds' statements tell how general school district services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For this school district, this is the food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

NORTHGATE SCHOOL DISTRICT
Management’s Discussion & Analysis
June 30, 2024

The table below summarizes the major features of the School District’s financial statements, including the portion of the School District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

	Government-wide	Fund Statements		
	Statements	Governmental	Proprietary	Fiduciary
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 businesses - food service	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 fund 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 and liabilities, 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 and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/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

Overview of Financial Statements

Government-wide Financial Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets, deferred outflows of resources, liabilities, and deferred inflows of

resources. The difference between the assets plus deferred outflows of resources less liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensation absences).

To assess the overall health of the School District, non-financial factors must be considered. These factors include changes in the School District's property tax base and the performance of students.

The government-wide financial statements of the School District are divided into two categories:

Governmental Activities

The School District's basic services include instruction, support services, administration, and community services. Property and earned income taxes, state and federal subsidies, and local grants finance most of these activities.

Business-type Activities

The School District operates a food service operation. Fees charged to staff as well as state and federal funding are used to cover the costs related to the food service operations.

Fund Financial Statements

The School District's fund financial statements provide more detailed information about the most significant funds, not the School District as a whole. Some funds are required by state law and bond requirements.

The School District has three kinds of funds:

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using a modified accrual accounting method. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services the School District provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the School District's instructional programs. The School District reports the following governmental funds:

- General Fund
- Capital Reserve Fund
- Student Activity Fund

Proprietary Funds

These funds are used to account for the School District activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, changes in financial position, and a portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide

NORTHGATE SCHOOL DISTRICT
Management's Discussion & Analysis
June 30, 2024

statements while providing more detail and additional information, such as cash flows. The School District reports one proprietary fund, the food service fund.

Fiduciary Funds

The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because the School District cannot use these assets to finance its operations. The School District reports one fiduciary fund, the scholarship fund.

Notes to the Financial Statements

The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information.

Financial Analysis of the School District as a Whole

The statement of net position provides the perspective of the School District as a whole. Much of the change in this statement is a result of changes in long-term debt and capital projects.

	2024			2023		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Current assets	\$ 18,021,107	\$ 154,947	\$ 18,176,054	\$ 18,922,023	\$ 330,528	\$ 19,252,551
Noncurrent assets	7,141,049	288,803	7,429,852	6,672,952	136,006	6,808,958
Total assets	<u>25,162,156</u>	<u>443,750</u>	<u>25,605,906</u>	<u>25,594,975</u>	<u>466,534</u>	<u>26,061,509</u>
Deferred outflows	8,496,188	-	8,496,188	7,583,487	-	7,583,487
Current liabilities	2,975,157	35,003	3,010,160	3,905,939	39,129	3,945,068
Noncurrent liabilities	46,464,551	-	46,464,551	45,128,613	-	45,128,613
Total liabilities	<u>49,439,708</u>	<u>35,003</u>	<u>49,474,711</u>	<u>49,034,552</u>	<u>39,129</u>	<u>49,073,681</u>
Deferred inflows	3,479,121	-	3,479,121	3,697,378	-	3,697,378
Net position (deficit)						
Net invest. in cap. assets	6,534,316	288,803	6,823,119	6,185,082	136,006	6,321,088
Restricted	22,663	-	22,663	19,544	-	19,544
Unrestricted	(25,817,464)	119,944	(25,697,520)	(25,758,094)	291,399	(25,466,695)
Total net position (deficit)	<u>\$ (19,260,485)</u>	<u>\$ 408,747</u>	<u>\$ (18,851,738)</u>	<u>\$ (19,553,468)</u>	<u>\$ 427,405</u>	<u>\$ (19,126,063)</u>

The School District's total net deficit was \$(18,851,738) at June 30, 2024, and a total net deficit of \$(19,126,063) at June 30, 2023.

Current assets include cash and cash equivalents (money in banks and liquid investments), net taxes receivable (fund accounting includes only property and earned income taxes anticipated to be received within 60 days of the close of the fiscal year, June 30), subsidies still to be received from the state and federal government, inventories, and prepaid expenses.

Capital assets include land values, site improvements, building and building improvements, furniture, and equipment (all net of amortization or depreciation). Current liabilities include accounts payable, the current portion of long-term debt, short-term payables, and accrued salaries and benefits (July and August costs for teachers who do not take "balance of contract" in June).

NORTHGATE SCHOOL DISTRICT
Management's Discussion & Analysis
June 30, 2024

Long-term liabilities include bonds payable and unamortized bond premiums, the long-term portion of other post-employment benefits (medical and dental insurances for retirees paid by the School District under the retirement incentive plans), and the long-term portion of compensated absences (value of sick days should employees use all their accumulated entitlements).

Buildings, land, and equipment make up most of the School District's net position in the net investment in capital assets. Capital assets of the School District are shown at cost less accumulated depreciation, which does not reflect market values. The remaining net position consists of restricted and unrestricted amounts. Restricted net position includes amounts set aside to fund future purchases or capital projects as planned by the School District.

The results of this year's operations as a whole are reported in the statement of activities as shown in the following table. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues.

	2024			2023		
	Governmental Activities	Business- type Activities	Totals	Governmental Activities	Business- type Activities	Totals
Revenues						
Program revenues						
Charges for services	\$ 108,340	\$ 99,564	\$ 207,904	\$ 108,472	\$ 85,188	\$ 193,660
Operating grants & contrib.	6,244,063	732,605	6,976,668	7,474,996	783,003	8,257,999
Capital grants & contrib.	71,338	-	71,338	63,111	-	63,111
General revenues						
Property taxes	13,544,131	-	13,544,131	12,903,073	-	12,903,073
Other taxes	2,339,602	-	2,339,602	2,359,569	-	2,359,569
Grants, subsidies & contrib.	5,624,180	-	5,624,180	5,396,655	-	5,396,655
Net investment earnings	616,788	7,011	623,799	345,468	-	345,468
Other	62,464	-	62,464	241,465	2,904	244,369
Total revenues	<u>28,610,906</u>	<u>839,180</u>	<u>29,450,086</u>	<u>28,892,809</u>	<u>871,095</u>	<u>29,763,904</u>
Expenses						
Instruction	17,681,891	-	17,681,891	16,714,583	-	16,714,583
Instructional support	2,848,530	-	2,848,530	3,757,722	-	3,757,722
Administration & financial	3,277,502	-	3,277,502	3,025,469	-	3,025,469
Operations & maintenance	2,624,320	-	2,624,320	2,694,571	-	2,694,571
Pupil transportation	964,096	-	964,096	785,079	-	785,079
Student activities	565,633	-	565,633	580,051	-	580,051
Community services	85,893	-	85,893	80,306	-	80,306
Interest on debt	40,161	-	40,161	90,782	-	90,782
Food service	-	857,838	857,838	-	879,447	879,447
Total expenses	<u>28,088,026</u>	<u>857,838</u>	<u>28,945,864</u>	<u>27,728,563</u>	<u>879,447</u>	<u>28,608,010</u>
Change in net position	522,880	(18,658)	504,222	1,164,246	(8,352)	1,155,894
Net position (deficit) - beginning	(19,783,365)	427,405	(19,355,960)	(20,717,714)	435,757	(20,281,957)
Net position (deficit) - ending	<u>\$ (19,260,485)</u>	<u>\$ 408,747</u>	<u>\$ (18,851,738)</u>	<u>\$ (19,553,468)</u>	<u>\$ 427,405</u>	<u>\$ (19,126,063)</u>

The School District's largest functions are instruction, instructional support, administration and financial support, and operations and maintenance. Those amounts are shown in the next table at net cost for governmental activities only. This table also shows the net costs offset by the other unrestricted grants, subsidies, and unrestricted contributions to show the remaining financial needs supported by local tax efforts and other miscellaneous revenues. Prior year information is again provided to allow for comparative analysis.

NORTHGATE SCHOOL DISTRICT
Management's Discussion & Analysis
June 30, 2024

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Instruction	\$ 17,681,891	\$ 13,252,232	\$ 16,714,583	\$ 11,790,583
Instructional support	2,848,530	1,947,506	3,757,722	2,804,612
Administrative & financial	3,277,502	3,025,868	3,025,469	2,532,867
Operations & maintenance	2,624,320	2,151,023	2,694,571	1,996,203
Pupil transportation	964,096	740,473	785,079	349,170
Student activities	565,633	458,183	580,051	465,535
Community services	85,893	60,477	80,306	63,984
Interest on long-term debt	40,161	28,523	90,782	79,030
Total governmental activities	<u>\$ 28,088,026</u>	21,664,285	<u>\$ 27,728,563</u>	20,081,984
Less: unrestricted grants, subsidies		<u>(5,624,180)</u>		<u>(5,396,655)</u>
Total needs from local taxes and other revenues		<u>\$ 16,040,105</u>		<u>\$ 14,685,329</u>

The rise in the net cost of services primarily stems from a notable surge in instructional support expenditures. This increase can largely be attributed to the School District's strategic choice to use grant funds to prepay several years' worth of the Allegheny Health Network Chill Project services. This initiative has been instrumental in tackling student mental health issues.

The following table reflects the food service program, the School District's only business-type activity.

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Food service	<u>\$ 857,838</u>	<u>\$ (25,669)</u>	<u>\$ 879,447</u>	<u>\$ (11,256)</u>

School District Funds

General Fund Budget

	Budget Revenues 2023-2024	Actual Revenues 2023-2024	Variance
Local	\$ 16,067,503	\$ 16,733,109	\$ 665,606
State	9,798,356	10,008,907	210,551
Federal	1,825,854	1,499,142	(326,712)

The favorable budget variance in local revenues can be primarily attributed to higher-than-anticipated interest earnings, resulting from interest rates remaining elevated longer than expected. Additionally, real estate tax collections exceeded projections, buoyed by a local housing market that experienced significant increases in property assessments. Regarding the positive variance in state revenues, the School District benefited from an unforeseen substantial influx of funds from the Commonwealth of Pennsylvania, allocated as tuition for children who are either orphans or have been placed in private homes by the court. The School District also received a slightly higher special education subsidy than anticipated. The increase in federal revenue was chiefly due to the expedited receipt of federal funds from pandemic-related grants.

NORTHGATE SCHOOL DISTRICT
Management's Discussion & Analysis
June 30, 2024

	Budget Expenditures 2023-2024	Actual Expenditures 2023-2024	Variance
Instruction	\$ 17,858,358	\$ 17,529,022	\$ 329,336
Support services	9,566,807	9,655,562	(88,755)
Noninstructional	647,848	663,787	(15,939)
Facilities	477,841	599,118	(121,277)
Debt service	354,797	346,740	8,057
Refunds	50,000	73,924	(23,924)

There were deficits across various sectors of the budget. Within instructional costs, expenditures for substitute teachers and charter school tuition exceeded expectations. Additionally, the financial impact of placing special education students in external schools was significant. The School District also allocated grant funds, acquired during the year, toward various instructional items and services.

In terms of support services, the School District incurred substantial expenses in response to an unexpected cyber attack, while spending on custodial repairs surpassed budgeted amounts as efforts to resolve building maintenance issues intensified. Transportation expenses rose beyond projections, primarily due to the requirement to arrange transport for newly identified special education students requiring this service. Another major factor affecting the budget variance in support services was the strategic decision to prepay for the Chill Project services.

On the facilities front, actual costs fell short of projections by a significant amount, almost exclusively due to the postponement of a significant capital project that was originally planned.

Capital Assets and Debt Administration

Capital Assets

	2024	2023
Governmental activities		
Land	\$ 821,234	\$ 821,234
Site improvements	298,682	373,021
Buildings and improvements	3,999,962	4,112,815
Furniture and equipment	1,638,746	1,365,882
Right-to-use assets	382,425	-
	<u>\$ 7,141,049</u>	<u>\$ 6,672,952</u>
Business-type activities		
Furniture and equipment	<u>\$ 288,803</u>	<u>\$ 136,006</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$680,243 and \$656,228 for the governmental activities, and \$11,943 and \$5,716 for the business-type activities, respectively.

Capital asset additions for the year ended June 30, 2024, included building improvements and equipment purchases in the amount of \$1,154,097 and \$164,740 for governmental activities and business-type activities, respectively.

Debt Administration

Total general long-term debt at June 30, 2024, was \$2,464,233. Principal payments on general obligation bonds and notes payable totaled \$282,889. The School District added new copiers and a postage machine that are reported with leases payable during the year ended June 30, 2024.

NORTHGATE SCHOOL DISTRICT
Management's Discussion & Analysis
June 30, 2024

	<u>Outstanding Debt</u>	
	2024	2023
General obligation bonds		
Series of 2016	\$ 209,760	\$ 247,520
Unamortized bond premium	13,916	16,945
Notes payable - direct borrowing	1,857,500	2,099,600
Leases payable	383,057	-
	\$ 2,464,233	\$ 2,364,065

Financial Highlights

The School District's general fund balance was \$10,350,378 at fiscal year-end June 30, 2024, and \$10,462,013 at fiscal year-end June 30, 2023, which is a decrease of \$111,635.

During the year ended June 30, 2024, revenues from federal sources decreased by \$1,313,447 and state subsidies increased by \$167,895. The School District received various federal awards under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. Funding under these Acts is made through the U.S. Department of Education and passed through the Commonwealth of Pennsylvania under the Education Stabilization Fund and the Elementary and Secondary School Emergency Relief Fund (ESSER). ESSER funds programs will carry forward to support associated costs into the 2024-2025 fiscal year. Increases in revenues from federal and state programs were offset by corresponding increases in expenditures for those programs.

A construction project at A.W. Beattie Career Center required the nine participating school districts to issue bonds during the 2009 fiscal year. The School District's share of the cost was \$668,480 over 20 years. During the 2017 fiscal year, the bond was refinanced with the School District's share of the cost at \$472,480. A principal payment of \$37,760 was paid during the current fiscal year, and the ending balance was \$209,760.

Total expenditures were 1% under the budgeted amount. A primary factor contributing to this was the postponement of the capital project that was originally planned.

The Northgate Board of School Directors has for many years approved a budget adequate to cover necessary expenditures, but which is not necessarily a commitment to spend. Administrators and staff are directed to continue careful evaluation of expenditures throughout the year. When revenues meet or exceed what is anticipated and budgeted, spending less than budgeted contributes even more to the fund balance and provides capital for improvements, which are the foundations of fiscal health.

Rebuilding the fund balance and preparing for major capital expenses is not a small thing for a school district with no industry, few commercial developments, or land for residential development. Maintaining the quality level of education and the wide variety of extra-curricular and athletic opportunities available to the students of Avalon and Bellevue are of paramount importance. Providing that in a safe and healthy environment with a secure future is a goal of the School District.

The School District's business-type activities net position decreased by \$18,658, including \$11,943 of depreciation expense. This increase was partly a result of the adoption of the USDA's National School Lunch Program Community Eligibility Provision (CEP), which provided free breakfast and lunch to all students.

Summary

With no expectation of future growth given the residential nature of the communities of Avalon and Bellevue and the fact that both have been fully developed for decades, the School District has

successfully executed its strategy to rebuild an unrestricted fund balance and set aside money for unexpected and foreseeable capital improvements.

The School District is actively preparing for unexpected and proposed capital projects each year. In order to fund these projects without the need for significant borrowing issues or tax increases, the School District has established a capital reserve fund and makes transfers from the available fund balance of the general fund when possible. In addition, the Board has budgeted additional monies in a capital projects line item in the general operating budget.

The School District continues to budget for significant health benefit costs, retirement contributions, and transportation and charter school tuition. Special education costs are dependent upon the types of students enrolled in the School District each year, and enrollment or withdrawal of a severely handicapped student would cause this expenditure to fluctuate. As previously reported, the School District budgets to meet anticipated expenditures but does not necessarily spend all budgeted revenue.

Additionally, the School District applies for federal, state, and local grants, which cannot always be anticipated in the budgeting process. When grant applications are funded, this revenue is above and beyond what was estimated to pay for budgeted expenses. While these grants frequently cannot be used to “supplant” existing programs and must be used to “supplement” them, the money can impact the fund balance.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Christopher J. Ursu, Director of Finance and Operations, at Northgate School District, 591 Union Avenue, Pittsburgh, PA 15202-2958, or via email at Chris.Ursu@northgatesd.net.

NORTHGATE SCHOOL DISTRICT**Statement of Net Position (Deficit)****June 30, 2024**

	Governmental Activities	Business-type Activities	Totals
Assets			
Current Assets			
Cash and cash equivalents	\$ 7,452,908	\$ 146,174	\$ 7,599,082
Investments	3,617,988	-	3,617,988
Taxes receivable, net	5,223,952	-	5,223,952
Internal balances	68,699	(68,699)	-
Due from other governments	1,426,802	12,608	1,439,410
Other receivables	22,086	41,313	63,399
Inventories	208,672	23,551	232,223
Total current assets	<u>18,021,107</u>	<u>154,947</u>	<u>18,176,054</u>
Noncurrent assets			
Land	821,234	-	821,234
Site improvements, net	298,682	-	298,682
Buildings and building improvements, net	3,999,962	-	3,999,962
Furniture and equipment, net	1,638,746	288,803	1,927,549
Right-to-use subscription assets, net	382,425	-	382,425
Total noncurrent assets	<u>7,141,049</u>	<u>288,803</u>	<u>7,429,852</u>
Total assets	<u>25,162,156</u>	<u>443,750</u>	<u>25,605,906</u>
Deferred outflows of resources			
Related to PSERS pension	5,836,183	-	5,836,183
Related to retirement incentives	40,089	-	40,089
Related to PSERS OPEB	255,224	-	255,224
Related to School District OPEB	2,364,692	-	2,364,692
Total deferred outflows of resources	<u>8,496,188</u>	<u>-</u>	<u>8,496,188</u>

(Continued)

NORTHGATE SCHOOL DISTRICT

Statement of Net Position (Deficit)

June 30, 2024

(Continued)

	Governmental Activities	Business-type Activities	Totals
Liabilities			
Current Liabilities			
Due to other governments	139,228	-	139,228
Accounts payable	265,559	31,982	297,541
Current portion of long-term debt	397,891	-	397,891
Accrued interest	12,864	-	12,864
Payroll accruals and withholdings	2,069,183	-	2,069,183
Unearned revenues	90,432	3,021	93,453
Total current liabilities	2,975,157	35,003	3,010,160
Noncurrent liabilities			
Bonds payable, net	183,996	-	183,996
Notes payable, net	1,612,800	-	1,612,800
Leases payable	307,620	-	307,620
Compensated absences	215,751	-	215,751
Net pension liabilities	33,454,000	-	33,454,000
Net pension liabilities - retirement incentive	385,239	-	385,239
Net OPEB liability	1,359,000	-	1,359,000
Total OPEB liability - School Plan	8,946,145	-	8,946,145
Total noncurrent liabilities	46,464,551	-	46,464,551
Total liabilities	49,439,708	35,003	49,474,711
Deferred inflows of resources			
Related to PSERS pension	956,000	-	956,000
Related to retirement incentives	120,108	-	120,108
Related to PSERS OPEB	315,000	-	315,000
Related to School District OPEB	2,088,013	-	2,088,013
Total deferred inflows of resources	3,479,121	-	3,479,121
Net position (deficit)			
Net investment in capital assets	6,534,316	288,803	6,823,119
Restricted	22,663	-	22,663
Unrestricted	(25,817,464)	119,944	(25,697,520)
Total net position (deficit)	\$ (19,260,485)	\$ 408,747	\$ (18,851,738)

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

NORTHGATE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
Instruction	\$ 17,681,891	\$ -	\$ 4,429,659	\$ -	\$ (13,252,232)	\$ -	\$ (13,252,232)
Instructional support	2,848,530	-	901,024	-	(1,947,506)	-	(1,947,506)
Administrative and financial	3,277,502	708	250,926	-	(3,025,868)	-	(3,025,868)
Operations and maintenance	2,624,320	38,977	374,620	59,700	(2,151,023)	-	(2,151,023)
Pupil transportation	964,096	-	223,623	-	(740,473)	-	(740,473)
Student activities	565,633	68,655	38,795	-	(458,183)	-	(458,183)
Community and scholarships	85,893	-	25,416	-	(60,477)	-	(60,477)
Interest on long-term debt	40,161	-	-	11,638	(28,523)	-	(28,523)
Total governmental activities	28,088,026	108,340	6,244,063	71,338	(21,664,285)	-	(21,664,285)
Business-type activities:							
Food service	857,838	99,564	732,605	-	-	(25,669)	(25,669)
Total primary government	\$ 28,945,864	\$ 207,904	\$ 6,976,668	\$ 71,338	(21,664,285)	(25,669)	(21,689,954)
General revenues:							
Taxes:							
Property taxes, net					13,544,131	-	13,544,131
Earned income tax					2,108,293	-	2,108,293
Other taxes levied for general purposes					231,309	-	231,309
Grants, subsidies, and contributions, unrestricted					5,624,180	-	5,624,180
Net investment earnings					616,788	7,011	623,799
Miscellaneous income					62,464	-	62,464
Total general revenues					22,187,165	7,011	22,194,176
Change in net position					522,880	(18,658)	504,222
Net position (deficit) - July 1, 2023 (restated)					(19,783,365)	427,405	(19,355,960)
Net position (deficit) - June 30, 2024					\$ (19,260,485)	\$ 408,747	\$ (18,851,738)

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

NORTHGATE SCHOOL DISTRICT**Balance Sheet****Governmental Funds****June 30, 2024**

	General Fund	Student Activity Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 7,430,245	\$ 22,663	\$ 7,452,908
Investments	3,617,988	-	3,617,988
Taxes receivable, net	5,223,952	-	5,223,952
Due from other funds	68,699	-	68,699
Due from other governments	1,426,802	-	1,426,802
Other receivables	22,086	-	22,086
Total assets	<u>\$ 17,789,772</u>	<u>\$ 22,663</u>	<u>\$ 17,812,435</u>
Liabilities, deferred inflows of resources, and fund balance			
Liabilities			
Due to other governments	\$ 139,228	\$ -	\$ 139,228
Accounts payable	265,559	-	265,559
Payroll accruals and withholdings	2,069,183	-	2,069,183
Unearned revenues	90,432	-	90,432
Total liabilities	<u>2,564,402</u>	<u>-</u>	<u>2,564,402</u>
Deferred inflows of resources			
Unavailable revenues - property taxes	4,874,992	-	4,874,992
Fund balance			
Restricted	-	22,663	22,663
Assigned	8,804,199	-	8,804,199
Unassigned	1,546,179	-	1,546,179
Total fund balance	<u>10,350,378</u>	<u>22,663</u>	<u>10,373,041</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 17,789,772</u>	<u>\$ 22,663</u>	<u>\$ 17,812,435</u>

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

NORTHGATE SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position (Deficit)
June 30, 2024

Total fund balances - governmental funds \$ 10,373,041

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$22,584,119, and the accumulated depreciation is \$15,443,070. 7,141,049

Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 4,874,992

The governmental funds follow the purchase method of inventory; therefore, no inventory is reflected on the balance sheet. However, the statement of net position (deficit) uses the consumption method of inventory. 208,672

Deferred outflows and inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds. 5,017,067

Long-term liabilities, including bonds, notes, and capital leases payable, 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	\$ (2,067,260)	
Unamortized bond premiums	(13,916)	
Accrued interest on the bonds	(12,864)	
Leases payable	(383,057)	
Net pension liabilities	(33,839,239)	
Net OPEB liabilities	(10,305,145)	
Compensated absences	<u>(253,825)</u>	<u>(46,875,306)</u>

Total net position (deficit) - governmental activities \$ (19,260,485)

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

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

	<u>General Fund</u>	<u>Student Activity Fund</u>	<u>Totals</u>
Revenues			
Local sources	\$ 16,733,109	\$ 40,133	\$ 16,773,242
State sources	10,008,907	-	10,008,907
Federal sources	1,499,142	-	1,499,142
Total revenues	<u>28,241,158</u>	<u>40,133</u>	<u>28,281,291</u>
Expenditures			
Instruction	17,529,022	-	17,529,022
Support services	9,655,562	-	9,655,562
Noninstructional services	663,787	37,014	700,801
Capital outlay	599,118	-	599,118
Debt service	346,740	-	346,740
Refunds of prior year's receipts	73,924	-	73,924
Total expenditures	<u>28,868,153</u>	<u>37,014</u>	<u>28,905,167</u>
Revenues over expenditures before other financing sources (uses)	<u>(626,995)</u>	<u>3,119</u>	<u>(623,876)</u>
Other financing sources			
Proceeds from lease arrangements	407,687	-	407,687
Insurance recoveries	107,673	-	107,673
Total other financing sources	<u>515,360</u>	<u>-</u>	<u>515,360</u>
Net change in fund balance	(111,635)	3,119	(108,516)
Fund balances - July 1, 2023	<u>10,462,013</u>	<u>19,544</u>	<u>10,481,557</u>
Fund balances - June 30, 2024	<u>\$ 10,350,378</u>	<u>\$ 22,663</u>	<u>\$ 10,373,041</u>

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

NORTHGATE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2024

Total net change in fund balances - governmental funds \$ (108,516)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	\$ (680,244)	
Capital outlays	746,410	
Net book value of capital asset disposals	(5,756)	60,410

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. 256,144

Governmental funds use the purchase method of inventory, where all items purchased are charged as expenditures. However, the governmental activities are reflected on the consumption method of recording inventory items; therefore, this adjustment reflects the inventory difference. (2,041)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds and notes payable	279,860	
Right-to-use lease assets	24,630	304,490

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net change in accrued interest on bonds	(940)	
Amortization of premiums on bonds	3,029	2,089

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, the liability for compensated absences decreased by this amount. (7,155)

(Continued)

NORTHGATE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2024

(Continued)

Governmental funds report School District pension and OPEB contributions as expenditures. However, in the governmental activities, the cost of benefits earned are reported as an expense.

Pension contributions	3,950,110	
Cost of pension benefits earned	(3,502,760)	
OPEB benefit payments	370,766	
Cost of OPEB benefits earned	<u>(800,657)</u>	<u>17,459</u>

Change in net position of governmental activities \$ 522,880

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

NORTHGATE SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2024

	Food Service Fund
Assets	
Cash and cash equivalents	\$ 146,174
Due from other governments	12,608
Other receivables	41,313
Inventories	23,551
Machinery and equipment, net	288,803
Total assets	\$ 512,449
Liabilities and net position	
Liabilities	
Due to other funds	\$ 68,699
Accounts payable	31,982
Unearned revenues	3,021
Total liabilities	103,702
Net position	
Net investment in capital assets	288,803
Unrestricted	119,944
Total net position	408,747
Total liabilities and net position	\$ 512,449

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

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

	Food Service Fund
Operating revenues	
Food service revenue	\$ 99,564
Operating expenses	
Purchased property service	13,414
Other purchased service	722,124
Supplies	110,357
Depreciation	11,943
Total operating expenses	857,838
Operating loss	(758,274)
Nonoperating revenues	
Earnings on investments	7,011
State sources	31,074
Federal sources	701,531
Total nonoperating revenues	739,616
Change in net position	(18,658)
Net position - July 1, 2023	427,405
Net position - June 30, 2024	\$ 408,747

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

NORTHGATE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Food Service Fund
Cash flows from operating activities	
Cash received from users	\$ 82,159
Cash payments to suppliers for goods and services	<u>(759,030)</u>
Net cash used for operating activities	<u>(676,871)</u>
Cash flows from noncapital financing activities	
State sources	31,074
Federal sources	<u>616,104</u>
Net cash provided by noncapital financing activities	<u>647,178</u>
Cash flows from capital and related financing activities	
Capital asset purchases	<u>(164,740)</u>
Cash flows from investing activities	
Earnings on investments	<u>7,011</u>
Net decrease in cash and cash equivalents	(187,422)
Cash and cash equivalents - July 1, 2023	<u>333,596</u>
Cash and cash equivalents - June 30, 2024	<u><u>\$ 146,174</u></u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (758,274)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	11,943
Noncash donated commodities expense	94,940
(Increase) Decrease in accounts receivable	(17,289)
(Increase) Decrease in inventories	(4,065)
Increase (Decrease) in accounts payable	(4,010)
Increase (Decrease) in unearned revenue	<u>(116)</u>
Total adjustments	<u>81,403</u>
Cash used for operating activities	<u><u>\$ (676,871)</u></u>
Schedule of noncash investing, capital, and financing activities	
During the year ended June 30, 2024, the School District received USDA donated commodities.	<u><u>\$ 94,940</u></u>

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

NORTHGATE SCHOOL DISTRICT
Statement of Net Position
Fiduciary Funds
June 30, 2024

	<u>Private Purpose Trust Fund</u>
Assets	
Investments	<u>\$ 168,620</u>
Net position	
Held in trust for scholarships	<u>\$ 168,620</u>

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

NORTHGATE SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Private Purpose Trust Fund
Additions	
Interest	\$ <u>9,198</u>
Deductions	
Scholarships awarded	<u>5,000</u>
Change in net position	4,198
Net position - July 1, 2023	<u>164,422</u>
Net position - June 30, 2024	<u><u>\$ 168,620</u></u>

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

Note 1 – Summary of Significant Accounting Policies

Northgate School District (School District) is located in Allegheny County, Pennsylvania, and provides public education to residents of the Boroughs of Avalon and Bellevue.

Reporting Entity

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

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

The School District is, however, a participant in a jointly governed organization: A. W. Beattie Career Center (Center). The Center is not considered part of the reporting entity, as the School District is not financially accountable for the Center.

Basis of Presentation

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

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present the financial information of the School District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds

Governmental 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due. Property taxes and interest associated with past and current fiscal periods are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are collected within 60 days of the end of the current fiscal period. All other property taxes associated with past and current fiscal periods are deferred in the governmental fund financial statements.

The School District reports the following major governmental funds:

General Fund

The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Student Activity Fund

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

Proprietary Funds

Proprietary funds may be used to account for any activity for which a fee is charged to external users for goods or services. Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included in the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Operating revenues, such as charges for services, result from exchange transactions

associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. All proprietary funds are shown on the government-wide statements as business-type activities.

Enterprise Fund

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

The School District reports the following major proprietary fund:

Food Service Fund

The food service fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds; investment trust funds; private purpose trust funds; and agency funds, of which the School District reports the following:

Private Purpose Trust Fund

Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's programs.

Scholarship Fund

This is a non-expendable trust fund established to provide income for a continuing scholarship. The basis of accounting for non-expendable trust funds is full accrual.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial

statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Revenues - Exchange and Nonexchange Transactions

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

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

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

Unearned Revenues

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

Expenses/Expenditures

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

Budgetary Process

The School District passed an appropriated budget for the fiscal year ending June 30, 2024, with revenues totaling \$27,692,713 and expenditures totaling \$28,556,825. The budget was balanced with the prior year's fund balance.

The School District is required by state law to adopt an annual budget for the general fund only. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The state does not require any other funds to have an annual budget adopted; therefore, no budgetary comparison schedules are shown except for the general fund.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Preliminary Budget

The preliminary budget for each year must be adopted (via Board vote) 90 days prior to the Primary Election unless the School District adopts a Resolution indicating that it will not raise the rate of any tax by more than its index. The Resolution must be adopted 110 days prior to the Primary Election and the School District must adopt a Resolution that follows traditional budget guidelines.

A proposed version must be prepared at least 20 days before adoption; this work-in-progress budget, defined as the proposed preliminary budget, must be made available for public inspection no later than 110 days prior to the Primary Election. Public notice of the intent to adopt the preliminary budget must be published no later than 10 days before the adoption of the preliminary budget (100 days before the Primary Election).

Final Budget

The final budget for each year must be adopted (via Board vote) by June 30 of the preceding school fiscal year.

A proposed version must be prepared and adopted (via Board vote) no later than May 30 of the preceding school fiscal year (at least 30 days before adoption); this work-in-progress budget, defined as the proposed final budget, must be made available for public inspection no later than June 10 of the preceding school fiscal year (20 days before adoption on June 30). Public notice of the intent to adopt the final budget must be published no later than June 20 of the preceding school fiscal year (10 days before adoption on June 30). For the adopted preliminary budget to become the proposed final budget, the Board must take action.

Once the budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Directors. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Directors. All budget appropriations lapse at year-end unless the School District chooses to utilize encumbrance accounting. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Encumbrances

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

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT).

The School District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is

significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists, which guarantees a higher value. The term “short-term” refers to investments that have a remaining term of one year or less at the time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes.

Fair Value Measurements

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

Level 1 Inputs

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.

Level 2 Inputs

The categorization of an asset or liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly but do not qualify as Level 1.

Level 3 Inputs

Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

Investment Risks

Custodial Credit Risk

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

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

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

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

Interest Rate Risk

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

Concentration of Credit Risk

Credit risk concentration is the risk of loss attributed to investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represented 5 percent or more of the plan's net position. The School District places no limit on the amount it may invest in any one issue.

Foreign Currency Risk

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

Interfund Balances

On fund financial statements, receivables, and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are offset against each other in the governmental and business-type activities columns of the statement of net position, except for amounts due to/from other funds, which are not presented in the statement of net position.

Inventories

On government-wide statements, inventories are stated at cost using the purchase method. The purchase method means that food products, materials, and supplies are charged as expenses when acquired. Inventory on hand at the end of the year is then recorded as an asset by offsetting the appropriate expense account. The inventory for governmental activities at June 30, 2024 is \$208,672, and the inventory for business-type activities at June 30, 2024 is \$23,551.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Description	Governmental Activities	Business-type Activities
Site Improvements	15-20 years	N/A
Buildings and Improvements	10-50 years	10-50 years
Furniture and Equipment	5-20 years	5-20 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences/Retirement Incentives

Compensated Absences

School District employees accrue sick leave and personal leave annually. The liability recorded in the government-wide statement of net position is based on the employees' contract rate and accumulated days as of June 30, 2024. Compensated absences for governmental activities at June 30, 2024 is \$253,825.

Retirement Incentives

The School District measured and recognized a pension liability in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*. The plan is accounted for on a pay-as-you-go basis. The guidance in this statement rests on the assumption that benefits should be accrued as service is provided by employees. More information on these liabilities is included later in these notes.

The liabilities for the above items are reported on the government-wide financial statements. For governmental funds, the current portion of the liabilities is the amount that is normally expected to be paid using expendable financial resources. In proprietary funds, if applicable, the entire amount of the liabilities is reported as a fund liability.

Bond Discount and Premium

Bond discounts and premiums are deferred and accreted over the term of the bonds. Bond discounts and premiums are presented as a reduction or addition to the face amount of the bonds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reported

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

\$8,496,188 in the governmental activities as deferred outflows of resources related to pension and OPEB for the year ended June 30, 2024.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District reported \$3,479,121 in governmental activities as deferred inflows of resources related to pension and OPEB. The School District also had \$4,874,992 of deferred inflows of resources from unavailable property tax revenue reported on the balance sheet as of June 30, 2024.

Equity Classifications

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

- **Net investment in capital assets** – consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies governmental fund balances as follows:

- **Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2024 by the School District are nonspendable in form.
- **Restricted** – includes amounts that are restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- **Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of School Directors, the School District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of School Directors.

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

- **Assigned** – includes amounts that the School District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the School District's established policy, amounts may be assigned by the Director of Finance and Operations of the School District.
- **Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the general fund.

Guidelines

The School District will strive to maintain an unassigned general fund balance of not less than six percent (6%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of several portions including restricted, committed, assigned, and unassigned, may exceed eight percent (8%).

If the unassigned portion of the fund balance falls below the threshold of six percent (6%) of budgeted expenditures, the Board will pursue options for increasing revenues and decreasing expenditures, or a combination of both until six percent (6%) is attained. If the unassigned portion of the fund balance exceeds eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal shall be to use any excess fund balance for nonrecurring expenditures, not for normal operating costs.

Use of Fund Balance

The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated.

If the School District experiences an excess of expenditures over revenues for a given fiscal year, the fund balance shall be consumed in the following order:

1. Restricted fund balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
2. Committed fund balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, the committed fund balance will not be reduced by more than the amount designated in the plan.
3. Assigned fund balance to the extent that expenditures related to the assignment contributed to the excess of expenditures and revenues.
4. Unassigned fund balance for any remaining excess of expenditures over revenues.

Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

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.

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Note 2 – Correction of an Error

Beginning fund balance in the general fund and beginning net position in the governmental activities were restated for a correction of an error. The schedule of compensated absences includes accumulated leave for sick days and the amount previously reported was based on a report that excluded certain employees. The effects of these corrections are presented below.

Net deficit-governmental activities, as previously reported	\$ (19,553,468)
Restatement of compensated absences	<u>(229,897)</u>
Beginning balance at July 1, 2024	<u>\$ (19,783,365)</u>

Note 3 – Cash and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School District is required by state statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania, or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. Of the bank balance, \$5,813,333 was covered by federal depository insurance, and \$1,784,052 was collateralized by the School District's depositories in accordance with Act 72.

Investments

As of June 30, 2024, the School District had the following investments:

	<u>Fair Value (Level 1)</u>	<u>Standard & Poor's Rating</u>
Pennsylvania Local Government Investment Trust	\$ 3,614,851	AAAm
Pennsylvania School District Liquid Asset Fund	<u>3,137</u>	AAAm
Total	<u>\$ 3,617,988</u>	

The Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF) are investment pools. The fair value of the investment pool is the same as the value of the pool shares owned. Although the pools seek to maintain the net position value of \$1 per share, there can be no guarantee that the net asset values will not vary from this price.

PLGIT's regulatory oversight resides with the Board of Trustees and Trust Administration. The participants of the trust annually select an independent auditing firm to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The trust is not registered with the Securities and Exchange Commission. Contacts with prospective investors relating to the shares of the pool are conducted through the Investment Adviser's wholly-owned subsidiary, PFMAM, Inc., member NASD.

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

PSDLAF’s internal oversight resides with a Board of Trustees consisting of local school board members, school business officials, and the Executive Directors of PASBO and PSBA. For outside oversight, the Fund is monitored weekly by Standard & Poor’s, which has rated PSDLAF AAAM, the highest rating available for a money market fund.

Note 4 – Property Taxes

Based upon assessed valuations provided by the County, the municipal tax collector bills and collects property taxes on behalf of the School District.

The schedule for property taxes levied for 2023-2024 is as follows:

- July 1, 2024 - tax levy date
- Through August 31, 2024 - 2% discount period
- Through October 31, 2024 - face payment period
- Beginning November 1, 2024 - 10% penalty period

The School District tax rate for all purposes in 2023-2024 was 27.87 mills (\$27.87 per \$1,000 assessed valuation).

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as unavailable revenue on the balance sheet until they are received. The amounts reported for this receivable are net of the estimated uncollectible amount of \$1,143,683 and are reported on the balance sheet in the amount of \$4,927,237 along with other taxes receivable of \$296,715.

Note 5 – Due from Other Governments

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

	Governmental Funds	Enterprise Fund	Totals
Federal (through State)	\$ 124,814	\$ 11,914	\$ 136,728
Federal (through local sources)	269,014	-	269,014
State	995,487	694	996,181
Local	37,487	-	37,487
Total	\$ 1,426,802	\$ 12,608	\$ 1,439,410

Note 6 – Interfund Balances and Transfers

Interfund Receivables and Payables

At June 30, 2024, the School District’s food service fund owed the general fund \$68,699. Balances resulted 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. All the balances above are expected to be collected in the subsequent year.

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Note 7 – Fund Balance

Fund balances in the School District’s general fund total \$10,350,378, consisting of \$8,804,199 assigned for future capital projects, and \$1,546,179 that is unassigned. In addition, \$22,663 is restricted for student clubs in the nonmajor fund.

Note 8 – Capital Assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Non-depreciable assets:				
Land	\$ 821,234	\$ -	\$ -	\$ 821,234
Depreciable assets:				
Site improvements	1,686,962	-	-	1,686,962
Buildings	13,225,089	237,398	-	13,462,487
Equipment	6,022,599	508,737	325,862	6,205,474
Right-to-use lease assets	-	407,962	-	407,962
Totals at historical cost	<u>21,755,884</u>	<u>1,154,097</u>	<u>325,862</u>	<u>22,584,119</u>
Less accumulated depreciation for:				
Site improvements	1,317,272	72,075	-	1,389,347
Buildings	9,108,943	352,515	-	9,461,458
Equipment	4,656,717	230,117	320,106	4,566,728
Right-to-use lease assets	-	25,537	-	25,537
Total accumulated depreciation	<u>15,082,932</u>	<u>680,244</u>	<u>320,106</u>	<u>15,443,070</u>
Governmental activities capital assets, net	<u>\$ 6,672,952</u>	<u>\$ 473,853</u>	<u>\$ 5,756</u>	<u>\$ 7,141,049</u>
 Business-type activities				
Depreciable assets:				
Buildings	\$ 376,509	\$ -	\$ -	\$ 376,509
Equipment	356,389	164,740	14,156	506,973
Totals at historical cost	<u>732,898</u>	<u>164,740</u>	<u>14,156</u>	<u>883,482</u>
Less accumulated depreciation for:				
Buildings	376,509	-	-	376,509
Equipment	220,383	11,943	14,156	218,170
Total accumulated depreciation	<u>596,892</u>	<u>11,943</u>	<u>14,156</u>	<u>594,679</u>
Business-type activities capital assets, net	<u>\$ 136,006</u>	<u>\$ 152,797</u>	<u>\$ -</u>	<u>\$ 288,803</u>

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Depreciation was charged to functions as follows:

Governmental activities	
Instruction	\$ 159,460
Instructional student support	83,527
Admin. & financial support	31,640
Operation & maintenance	373,098
Pupil transportation	688
Central services	20,754
Student activities	11,077
	<u>\$ 680,244</u>
Business-type activities	
Food service	<u>\$ 11,943</u>

Note 9 – General Long-Term Debt

Changes in the School District’s long-term obligations during the fiscal year ended June 30, 2024, were as follows:

	Beginning Balance (Restated)	Additions/ Accretion	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable	\$ 247,520	\$ -	\$ 37,760	\$ 209,760	\$ 39,680
Bond premiums, net	16,945	-	3,029	13,916	-
Bond payable, net	264,465	-	40,789	223,676	39,680
Notes payable - direct borrowings	2,099,600	-	242,100	1,857,500	244,700
Leases payable	-	407,687	24,630	383,057	75,437
Compensated absences	246,670	7,155	-	253,825	38,074
Net pension liability - PSERS	34,100,000	-	646,000	33,454,000	-
Pension liability - ret. incentives	405,603	-	20,364	385,239	-
Net OPEB liability - PSERS	1,410,000	-	51,000	1,359,000	-
OPEB liability - School plan	7,115,282	1,830,863	-	8,946,145	-
Total long-term liabilities	<u>\$ 45,641,620</u>	<u>\$ 2,245,705</u>	<u>\$ 1,024,883</u>	<u>\$ 46,862,442</u>	<u>\$ 397,891</u>

Note 10 – General Obligation Bonds and Notes

The School District had the following general obligation bonds and notes payable from direct borrowings outstanding at June 30, 2024:

General obligation bonds	
2016 general obligation refinancing bonds, due in annual installments of \$44,337 to \$44,432, beginning October 15, 2016 through April 15, 2029, interest from 3.00% to 4.60%.	<u>\$ 209,760</u>

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Notes from direct borrowings

2021 Series A general obligation note, issuance amount of \$726,200, due in annual installments, beginning September 1, 2022 through September 1, 2024, interest at 1.07%.	\$ 244,700
2021 Series B general obligation note, issuance amount of \$754,600, due in annual installments, beginning September 1, 2025 through September 1, 2027, interest at 1.51%.	754,600
2021 Series C general obligation note, issuance amount of \$858,200, due in annual installments, beginning September 1, 2028 through September 1, 2030, interest at 1.89%.	<u>858,200</u>
Total notes from direct borrowings	<u>\$ 1,857,500</u>

Debt service payments on general obligation bonds and notes payable from direct borrowings are made by the general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2024, including interest payments, are as follows:

General Obligation Bonds, Series of 2016

Year ending June 30,	Principal	Interest	Totals
2025	\$ 39,680	\$ 4,557	\$ 44,237
2026	41,280	3,152	44,432
2027	42,080	2,318	44,398
2028	42,880	1,442	44,322
2029	43,840	493	44,333
	<u>\$ 209,760</u>	<u>\$ 11,962</u>	<u>\$ 221,722</u>

The annual requirements to amortize all general obligation notes payable from direct borrowings outstanding as of June 30, 2024, including interest payments, are as follows:

Notes Payable from Direct Borrowings, Series of 2021

Year ending June 30,	Principal	Interest	Total
2025	\$ 244,700	\$ 28,924	\$ 273,624
2026	247,700	25,744	273,444
2027	251,500	21,975	273,475
2028	255,400	18,148	273,548
2029	259,800	13,765	273,565
2030-2031	598,400	11,363	609,763
	<u>\$ 1,857,500</u>	<u>\$ 119,919</u>	<u>\$ 1,977,419</u>

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Note 11 – Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2023	Balance June 30, 2024
Copier lease	3/1/2024	60 months	\$ 6,738	4.26%	\$ 364,810	\$ -	\$ 341,615
Postage machine	5/1/2024	60 months	799	4.64%	42,877	-	41,442
						<u>\$ -</u>	<u>\$ 383,057</u>

Annual requirements to amortize lease obligations and related interest are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ 75,437	\$ 15,001	\$ 90,438
2026	78,745	11,693	90,438
2027	82,199	8,239	90,438
2028	85,803	4,635	90,438
2029	60,873	1,018	61,891
	<u>\$ 383,057</u>	<u>\$ 40,586</u>	<u>\$ 423,643</u>

Payments on lease obligations are made by the general fund.

Note 12 – PSERS Pension Plan

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees’ Retirement System (PSERS) and 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.

Plan Description

The School District contributes to a governmental cost-sharing multi-employer defined benefit pension plan administered by PSERS. PSERS provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 1.00 or 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

The contribution policy is set by the Code and requires contributions by active members, participating employers, and the Commonwealth of Pennsylvania. Plan members may belong to one of four membership classes. Class T-C, Class T-D, Class T-E, and Class T-F are available to plan members.

Member Contributions

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

Membership Contribution Rates

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

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$3,939,835 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$33,454,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2022 to June 30, 2023. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the School District's proportion was 0.0752 percent, which was a decrease of 0.0015 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$3,289,000. 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
Difference between expected and actual experience	\$ 8,000	\$ 458,000
Changes in assumptions	499,000	-
Net difference between projected and actual investment earnings	946,000	-
Changes in proportions	649,000	498,000
Contributions subsequent to the measurement date	3,734,183	-
	<u>\$ 5,836,183</u>	<u>\$ 956,000</u>

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ 527,000
2026	(536,000)
2027	839,000
2028	316,000
	\$ 1,146,000

Changes in Actuarial Assumptions

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

- Valuation Date – June 30, 2022.
- Actuarial cost method – Entry Age Normal - level % of pay.
- Investment return – 7.00%, including inflation at 2.75%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return	10.0%	5.4%
Infrastructure/MLPs	11.0%	5.7%
Real estate	4.0%	4.1%
Cash	3.0%	1.2%
Financing (LIBOR)	-10.5%	1.2%
	<u>100.0%</u>	

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 43,365,000	\$ 33,454,000	\$ 25,091,000

Pension Plan Fiduciary Net Position

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

Act 5 Defined Contribution Plan

The actuarially calculated employer contribution rate for Act 5 members was 0.27% of covered payroll for the year ended June 30, 2024. This is an average employer contribution rate, as the actual rate varies by employer based on Class T-G, Class T-H, and Class DC-only memberships.

For the year ending June 30, 2024, the School District did not have any Class T-H or Class DC members. All of the School District’s Act 5 members were in Class T-G. The covered payroll for these Act 5 members was \$385,239, and contributions from the School District were \$11,911 for the year ended June 30, 2024.

Note 13 – School District Retirement Incentive Plan

Plan Description

The School District provides retirement incentives for certain employees through a single-employer defined benefit pension plan. A biennial actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made on July 1, 2023. The post-retirement plan does not issue stand-alone financial reports.

Benefits Provided

Administrators

Upon retirement through PSERS, each administrator is eligible for two different benefits that are payable over three years. The first benefit is calculated based on the member’s years of service with the School District. The member will receive a total of \$1,000 for each year of service with the School District up to 30 years of service at which point the benefit is \$35,000. The total benefit is paid to the member in three equal annual installments starting at the time of retirement. The second benefit begins at the time that the retirement is announced. The member will receive payments over three years. The annual payment over each of those three years will be equal to 10% of the total benefit calculated above.

Teachers

Upon retirement through PSERS with at least ten years of service with the School District, each teacher will receive a one-time payment at the time of retirement based on the member’s years of service with the School District according to the following table:

Years of service	<u>Payment</u>
10-14 years	\$ 3,000
15-19 years	5,000
20-24 years	8,000
25+ years	12,000

Secretaries and Teacher Aides

Upon retirement through PSERS with at least ten years of service with the School District, each secretary and teacher aide will receive a one-time payment at the time of retirement based on the member’s years of service with the School District according to the following table:

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

	<u>Payment</u>
Years of service	
10-14 years	\$ 1,500
15-19 years	1,750
20+ years	2,000

Custodial

Upon retirement through PSERS, each custodian will receive a one-time payment of \$2,500.

Membership

Membership in the plan consisted of 139 active participants as of the valuation date of July 1, 2021.

Actuarial Assumptions

Cost Method	Entry age normal
Discount Rate	4.13% – Based on the S&P Municipal Bond 20-Year High-Grade Rate Index at July 1, 2023.
Mortality	Separate rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
Retirement	Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

Changes of Assumptions

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

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

The pension liability is calculated as follows:

	<u>Total Pension Liability</u>
Balance at July 1, 2023	\$ 405,603
Changes for the year	
Service cost	20,288
Interest	16,890
Changes of benefit terms	(428)
Changes for experience	(37,602)
Changes of assumptions	(1,264)
Benefit payments	(18,248)
Net change	(20,364)
Balance at July 1, 2024	\$ 385,239

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

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

The following is the total OPEB liability to the School District, as well as the total OPEB liability using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 403,160	\$ 385,239	\$ 367,138

For the year ended June 30, 2024, the School District recognized pension expense of \$28,029, comprised of the following:

Service cost	\$ 20,288
Interest on total pension liability	16,890
Changes of benefit terms	(428)
Amortization of deferred outflows	2,722
Amortization of deferred inflows	(11,443)
Total pension expense	\$ 28,029

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes for experience	\$ 1,934	\$ 48,571
Changes in assumptions	22,037	71,537
Contributions subsequent to the measurement date	16,118	-
	\$ 40,089	\$ 120,108

\$16,118 reported as deferred outflows of resources related to retirement incentives resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the School District's pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ (8,721)
2026	(8,721)
2027	(8,721)
2028	(8,721)
2029	(8,721)
Thereafter	(52,532)
	\$ (96,137)

Note 14 – Other Postemployment Benefits, PSERS Health Insurance Premium Share

Summary of Significant Accounting Policies

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retire after reaching superannuation age.

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

- Attain Medicare eligibility with 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Pension Plan Description

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

Benefits Provided

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

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$72,224 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$1,359,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.0751 percent, which was a decrease of 0.0015 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the School District recognized OPEB expense of \$58,000 related to this plan. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,000	\$ 13,000
Changes in assumptions	117,000	257,000
Net difference between projected and actual investment earnings	3,000	-
Changes in proportions	54,000	45,000
Contributions subsequent to the measurement date	72,224	-
	\$ 255,224	\$ 315,000

\$72,224 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2024	\$ (17,000)
2025	(36,000)
2026	(34,000)
2027	(38,000)
2028	(7,000)
	\$ (132,000)

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Actuarial Assumptions

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

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for the fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

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

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.2%

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

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Discount Rate

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

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

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

The following presents the School District’s proportionate share of the net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the School District’s proportionate share of the net OPEB liability would be if the health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend	1% Increase
System net OPEB liability	\$ 1,359,000	\$ 1,359,000	\$ 1,359,000

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 1,536,000	\$ 1,359,000	\$ 1,210,000

OPEB Plan Fiduciary Net Position

Detailed information about the PSERS OPEB plan’s fiduciary net position is available in the separately issued PSERS comprehensive annual financial report which is available on the System’s website at www.psers.pa.gov.

Note 15 – Other Postemployment Benefits – School District Plan

Plan Description

The School District provides other postemployment benefits for certain employees for current and future health, prescription drug, dental, and vision insurance benefit expenses through a single-employer defined benefit plan. A biennial actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made as of July 1, 2023. The post-retirement plan does not issue stand-alone financial reports.

Benefits Provided

Current Administrators & Teachers

Eligibility Subsidized: Must be at the maximum step of the salary schedule and either 30 years of PSERS service or attained age 55.

Unsubsidized: Act 110/43

Coverage The member pays the full premium for vision benefits. If the member is at the maximum step of the salary schedule and has either 30 or more years of PSERS service or attained age 55, the School District pays the full premiums for the member and spouse for up to 7 years after the date of retirement, less \$100 from the PSERS supplement. If the member has coverage for any other eligible dependents, he or she must pay any additional premium due to the coverage of dependents. If the member elects the PPO plan, the member must pay the difference from the EPO plan. After 7 years, if the member or spouse is under 65, the member or spouse can continue coverage by paying the full premium.

If the member does not meet the requirement for the School District subsidy but requirements are met for the Act 110/43 benefit, the member and dependents may continue coverage by paying the full premiums as determined for the purpose of COBRA.

Administrative Clerical, Secretaries, and Teacher Assistants

Eligibility Subsidized: Age 60 with 20 years of PSERS service.

Unsubsidized: Act 110/43

Coverage Medical, Prescription Drug, Dental, and Vision

The member pays the full premium for vision benefits. If the member reaches age 60 and 20 years of PSERS service, the School District pays the full premiums that the member is receiving at their retirement date, less the \$100 PSERS supplement (if applicable). If the member elects the PPO plan, the member must pay the difference from the EPO plan.

If the member does not meet the requirements for the School District subsidy but requirements are met for the Act 110/43 benefit, the member and dependents may continue coverage by paying the full premiums.

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Act 110/43 – Current Superintendent, Custodians, and Unsubsidized Administrators and Teachers

Eligibility	All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.
Coverage	Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

Membership in the plan consisted of the following at July 1, 2023, the date of the last actuarial valuation:

Active participants	139
Retired participants	<u>12</u>
	<u><u>151</u></u>

Actuarial Assumptions

Cost Method	Entry age normal
Discount Rate	4.13% - Based on the S&P Municipal Bond 20-Year High-Grade Rate Index at July 1, 2022.
Salary Growth	Salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
Mortality	Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected using Scale MP-2021 to reflect mortality improvement.
Retirement	Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.
Healthcare Trend	7% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates will gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Changes of Assumptions

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on the new PSERS experience study.

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

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

The OPEB liability is calculated as follows:

	Total OPEB Liability
Balance at June 30, 2023	\$ 7,115,282
Changes for the year	
Service cost	350,170
Interest	300,062
Changes of benefit terms	115,977
Differences in expected and actual experience	1,064,575
Changes of assumptions	138,071
Benefit payments	(137,992)
Net change	1,830,863
Balance at June 30, 2024	\$ 8,946,145

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

The following is the total OPEB liability to the School District as well as the total OPEB liability using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current discount rate:

	Healthcare Cost		
	1% Decrease	Trend	1% Increase
Total OPEB Liability	\$ 8,095,057	\$ 8,946,145	\$ 9,928,468

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

The following is the total OPEB liability to the School District as well as the total OPEB liability using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 9,628,771	\$ 8,946,145	\$ 8,300,355

For the year ended June 30, 2024, the School District recognized OPEB expense of \$742,663, comprised of the following:

Service cost	\$ 350,170
Interest on total OPEB liability	300,062
Changes in benefit terms	115,977
Amortization of deferred outflows	215,134
Amortization of deferred inflows	(238,680)
Total OPEB expense	\$ 742,663

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,375,671	\$ 331,832
Changes in assumptions	690,479	1,756,181
Contributions subsequent to the measurement date	298,542	-
	\$ 2,364,692	\$ 2,088,013

\$298,542 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024.

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

Year Ended June 30,	Amount
2025	\$ (23,546)
2026	(23,546)
2027	(23,546)
2028	(23,546)
2029	(23,546)
Thereafter	95,867
	\$ (21,863)

Note 16 – Jointly Governed Organizations

The School District is one of nine member school districts of the A.W. Beattie Career Center (Center). The Center is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of the Center's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of The Center. The School District's share of annual operating and capital costs for the Center fluctuates based on the percentage enrollment in the school and is reflected as intergovernmental expenditures of the general fund. The audit report may be obtained by calling the business office of the School District.

The School District's financial obligation to the Center for the year ended June 30, 2024 is \$591,501, which has been reported in the School District's general fund.

Note 17 – Health Insurance Consortium

The School District is one of fifty-one members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium is a public entity risk pool, which provides health care coverage for members' employees on a pooled basis. The School District pays premiums to the

NORTHGATE SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

Consortium based on rates established by the trustees of the Consortium. These rates are established with the objection of satisfying current costs and claims of covered health care services, as well as providing a residual sufficient to satisfy work capital requirements and promote premium stabilization for periods when actual costs of coverage exceed premiums collected from members. In addition, the Consortium maintains a percentage of its fund balance to cover potential future catastrophic losses. The Consortium or the School District does not maintain independent insurance coverage for catastrophic losses.

At June 30, 2024, such net residual net assets were \$64,607,800 for the Consortium as a whole, of which a share of the residual net assets of \$437,175 was attributable to the School District. The agreement permits members to withdraw from the Consortium under specified terms. In such an event, the withdrawing member is entitled to or responsible for a proportionate share of the Consortium's net assets or deficit as determined on the date of withdrawal.

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

Note 18 – Risk Management

The School District is exposed to various risks of loss related to certain torts, thefts, damages, catastrophic loss of assets, errors and omissions, injury to employees, and natural disasters. The School District manages most of its risk through the general fund with the purchase of commercial insurance coverage.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 19 – Commitments and Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

**Required
Supplementary Information**

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources				
Current real estate taxes	\$ 12,408,260	\$ 12,408,260	\$ 12,343,881	\$ (64,379)
Public utility realty taxes	14,230	14,230	-	(14,230)
Local service taxes	11,417	11,417	12,385	968
Earned income taxes	1,910,000	1,910,000	2,108,293	198,293
Real estate transfer taxes	235,730	235,730	218,280	(17,450)
Delinquencies on taxes	882,000	882,000	1,018,674	136,674
Earnings on investments	215,000	215,000	622,544	407,544
Revenues from LEA activities	21,490	21,490	29,230	7,740
Revenues from intermediate sources	291,440	291,440	271,962	(19,478)
Other miscellaneous revenues	78,936	77,936	107,860	29,924
Total local sources	<u>16,068,503</u>	<u>16,067,503</u>	<u>16,733,109</u>	<u>665,606</u>
State sources				
Basic education - formula	4,585,250	4,585,250	4,744,151	158,901
Tuition for orphans subsidy	8,625	8,625	111,366	102,741
Special education	1,117,696	1,117,696	1,157,301	39,605
Pre-K counts	190,000	190,000	190,000	-
Pupil transportation	150,000	150,000	166,972	16,972
Rental and sinking fund payments	-	-	11,638	11,638
Health services	19,040	19,040	18,633	(407)
State property tax reduction allocation	880,029	880,029	880,029	-
Safe schools	111,613	111,613	59,700	(51,913)
Ready to learn block grant	201,103	201,103	201,103	-
State share of social securirty contrib.	435,000	435,000	423,681	(11,319)
State share of retirement contributions	2,100,000	2,100,000	2,044,333	(55,667)
Total state sources	<u>9,798,356</u>	<u>9,798,356</u>	<u>10,008,907</u>	<u>210,551</u>
Federal Sources				
Title I	372,903	372,903	362,735	(10,168)
Title II	44,465	44,465	44,730	265
Title IV	28,529	28,529	21,016	(7,513)
ESSER II	363,874	363,874	162,857	(201,017)
ARP ESSER	627,690	627,690	533,536	(94,154)
ARP ESSER Learning Loss	66,402	66,402	104,778	38,376
ARP ESSER Summer Programs	66,402	66,402	13,543	(52,859)
ARP ESSER Afterschool Programs	66,402	66,402	31,304	(35,098)
ARP ESSER Homeless C&Y	13,398	13,398	12,852	(546)
ARP ESSER Emergency Relief	29,763	29,763	32,097	2,334
School-Based Access Medicaid	134,595	134,595	177,171	42,576
Medical assistance	11,431	11,431	2,523	(8,908)
Total federal sources	<u>1,825,854</u>	<u>1,825,854</u>	<u>1,499,142</u>	<u>(326,712)</u>
Total revenues	<u>27,692,713</u>	<u>27,691,713</u>	<u>28,241,158</u>	<u>549,445</u>

(Continued)

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		<i>(Continued)</i>
Expenditures				
Instruction				
Regular programs	11,084,448	11,646,317	11,374,148	272,169
Special programs	3,837,635	4,239,562	4,234,176	5,386
Vocational education programs	713,627	933,627	889,255	44,372
Other instructional programs	731,462	835,151	796,610	38,541
Higher education programs	-	-	25,425	(25,425)
Pre-kindergarten	203,701	203,701	209,408	(5,707)
Total instruction	<u>16,570,873</u>	<u>17,858,358</u>	<u>17,529,022</u>	<u>329,336</u>
Support services				
Students	1,250,624	1,252,474	1,313,032	(60,558)
Instructional staff	1,153,089	1,250,495	1,221,160	29,335
Administration	1,769,011	2,267,183	1,973,957	293,226
Pupil health	316,350	299,538	304,933	(5,395)
Business	588,281	509,690	973,031	(463,341)
Operation and maintenance	2,813,290	2,813,395	2,524,103	289,292
Student transportation services	800,082	800,082	963,408	(163,326)
Central	359,336	360,101	368,087	(7,986)
Other	13,849	13,849	13,851	(2)
Total support services	<u>9,063,912</u>	<u>9,566,807</u>	<u>9,655,562</u>	<u>(88,755)</u>
Operation of non-instructional services				
Student activities	416,834	531,968	576,488	(44,520)
Community services	126,361	108,380	84,799	23,581
Scholarships and awards	7,500	7,500	2,500	5,000
Total non-instructional services	<u>550,695</u>	<u>647,848</u>	<u>663,787</u>	<u>(15,939)</u>
Facilities	2,047,841	477,841	599,118	(121,277)
Debt service	323,504	354,797	346,740	8,057
Refunds of prior year revenues	-	50,000	73,924	(23,924)
Total expenditures	<u>28,556,825</u>	<u>28,955,651</u>	<u>28,868,153</u>	<u>87,498</u>
Revenues over (under) expenditures	<u>(864,112)</u>	<u>(1,263,938)</u>	<u>(626,995)</u>	<u>461,947</u>
Other financing sources				
Budgetary reserve	-	(7,861)	-	7,861
Proceeds from extended term financing	-	407,687	407,687	-
Insurance recoveries	-	-	107,673	107,673
Total other financing sources	<u>-</u>	<u>399,826</u>	<u>515,360</u>	<u>115,534</u>
Change in fund balance	(864,112)	(864,112)	(111,635)	577,481
Fund balance - July 1, 2023	<u>10,109,429</u>	<u>10,109,429</u>	<u>10,462,013</u>	<u>352,584</u>
Fund balance - June 30, 2024	<u>\$ 9,245,317</u>	<u>\$ 9,245,317</u>	<u>\$ 10,350,378</u>	<u>\$ 1,105,061</u>

See accompanying notes to required supplementary information

NORTHGATE SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net Pension Liability
Public School Employees' Retirement System
Last 10 Fiscal Years

Year ending June 30 ¹	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability
2024	0.0752%	\$ 33,454,000	\$ 11,483,052	291.33%	61.85%
2023	0.0767%	\$ 34,100,000	\$ 11,241,730	303.33%	61.35%
2022	0.0742%	\$ 30,464,000	\$ 10,516,738	289.67%	63.67%
2021	0.0736%	\$ 36,240,000	\$ 10,186,121	355.78%	54.32%
2020	0.0739%	\$ 34,572,000	\$ 10,315,856	335.13%	55.66%
2019	0.0766%	\$ 36,772,000	\$ 9,642,680	381.35%	54.00%
2018	0.0724%	\$ 35,757,000	\$ 9,005,802	397.04%	51.84%
2017	0.0695%	\$ 34,442,000	\$ 8,773,224	392.58%	50.14%
2016	0.0682%	\$ 29,541,000	\$ 8,698,500	339.61%	54.36%
2015	0.0682%	\$ 26,994,000	\$ 8,698,500	310.33%	57.24%

See notes to required supplementary information.

Notes:

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.

NORTHGATE SCHOOL DISTRICT
Schedule of School District's Pension Contributions
Public School Employees' Retirement System
Last 10 Fiscal Years

Year ending June 30 ¹	(A) Contractually required contributions	(B) School District's contributions recognized by the pension plan	Difference (A - B)	School District's covered payroll	Contributions recognized by the pension plan as a percentage of covered payroll
2024	\$ 3,933,922	\$ 3,933,922	\$ -	\$ 11,483,052	34.26%
2023	\$ 3,821,064	\$ 3,821,064	\$ -	\$ 11,241,730	33.99%
2022	\$ 3,524,159	\$ 3,524,159	\$ -	\$ 10,516,738	33.51%
2021	\$ 3,439,654	\$ 3,439,654	\$ -	\$ 10,310,713	33.36%
2020	\$ 3,320,675	\$ 3,320,675	\$ -	\$ 10,186,121	32.64%
2019	\$ 3,274,253	\$ 3,274,253	\$ -	\$ 10,315,856	31.74%
2018	\$ 2,815,663	\$ 2,815,663	\$ -	\$ 9,642,680	29.20%
2017	\$ 2,251,451	\$ 2,251,451	\$ -	\$ 9,005,802	25.00%
2016	\$ 1,798,511	\$ 1,798,511	\$ -	\$ 8,773,224	20.50%
2015	\$ 1,391,760	\$ 1,391,760	\$ -	\$ 8,698,500	16.00%

See notes to required supplementary information.

Notes:

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.

NORTHGATE SCHOOL DISTRICT
Schedule of Changes in School District's Total Pension Liability and Related Ratios
Retirement Incentives Pension
Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
Total pension liability - beginning of year	\$ 405,603	\$ 461,223	\$ 477,221	\$ 424,472	\$ 276,756	\$ 272,707	\$ 217,639
Service cost	20,288	26,783	29,341	22,268	16,295	15,258	13,447
Interest	16,890	10,806	9,226	14,744	8,395	8,645	5,545
Changes of benefit terms	(428)	-	(9,318)	-	148,628	-	58,476
Differences between expected and actual experience	(37,602)	-	(18,481)	-	3,139	-	-
Changes of assumptions	(1,264)	(67,256)	(7,265)	30,383	(7,838)	1,866	(6,913)
Benefit payments	(18,248)	(25,953)	(19,501)	(14,646)	(20,903)	(21,720)	(15,487)
Net change in total pension liability	<u>(20,364)</u>	<u>(55,620)</u>	<u>(15,998)</u>	<u>52,749</u>	<u>147,716</u>	<u>4,049</u>	<u>55,068</u>
Total pension liability - end of year	<u>\$ 385,239</u>	<u>\$ 405,603</u>	<u>\$ 461,223</u>	<u>\$ 477,221</u>	<u>\$ 424,472</u>	<u>\$ 276,756</u>	<u>\$ 272,707</u>
Covered-employee payroll	<u>\$ 10,417,434</u>	<u>\$ 10,792,807</u>	<u>\$ 10,792,807</u>	<u>\$ 9,997,970</u>	<u>\$ 9,997,970</u>	<u>\$ 9,663,643</u>	<u>\$ 9,663,643</u>
Total pension liability as a percentage of covered payroll	<u>3.70%</u>	<u>3.76%</u>	<u>4.27%</u>	<u>4.77%</u>	<u>4.25%</u>	<u>2.86%</u>	<u>2.82%</u>

See notes to required supplementary information.

Notes:

1. This schedule is intended to illustrate the requirement to show 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.

NORTHGATE SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net OPEB Liability
Public School Employees' Retirement System
Last 10 Fiscal Years¹

Year ending June 30 ²	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	School District's covered payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability
2024	0.0751%	\$ 1,359,000	\$ 11,511,824	11.81%	7.21%
2023	0.0766%	\$ 1,410,000	\$ 11,262,720	12.52%	6.86%
2022	0.0741%	\$ 1,757,000	\$ 10,509,069	16.72%	5.30%
2021	0.0736%	\$ 1,590,000	\$ 10,335,574	15.38%	5.69%
2020	0.0739%	\$ 1,572,000	\$ 10,186,121	15.43%	5.56%
2019	0.0766%	\$ 1,597,000	\$ 10,315,856	15.48%	5.56%
2018	0.0724%	\$ 1,475,000	\$ 9,642,680	15.30%	5.73%

See notes to required supplementary information.

Notes:

1. This schedule is intended to illustrate the requirement to show 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.
2. The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year.

NORTHGATE SCHOOL DISTRICT
Schedule of School District's OPEB Contributions
Public School Employees' Retirement System
Last 10 Fiscal Years ¹

Year ending June 30 ²	(A) Contractually required contributions	(B) School District's contributions recognized by the OPEB plan	Difference (A - B)	School District's covered payroll	Contributions recognized by the OPEB plan as a percentage of covered payroll
2024	\$ 86,339	\$ 86,339	\$ -	\$ 11,511,824	0.75%
2023	\$ 90,102	\$ 90,102	\$ -	\$ 11,262,720	0.80%
2022	\$ 86,174	\$ 86,174	\$ -	\$ 10,509,069	0.82%
2021	\$ 86,819	\$ 86,819	\$ -	\$ 10,335,574	0.84%
2020	\$ 84,545	\$ 84,545	\$ -	\$ 10,186,121	0.83%
2019	\$ 85,622	\$ 85,622	\$ -	\$ 10,315,856	0.83%
2018	\$ 80,034	\$ 80,034	\$ -	\$ 9,642,680	0.83%

See notes to required supplementary information.

Notes:

1. This schedule is intended to illustrate the requirement to show 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.

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

NORTHGATE SCHOOL DISTRICT
Schedule of Changes in School District's Total OPEB Liability and Related Ratios
School Plan
Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning of year	\$ 7,115,282	\$ 8,142,489	\$ 7,313,639	\$ 5,990,217	\$ 5,609,727	\$ 5,337,378	\$ 1,841,735
Service cost	350,170	514,063	487,882	348,472	337,845	320,427	94,868
Interest	300,062	196,224	144,218	211,480	175,032	173,378	44,787
Changes of benefit terms	115,977	-	-	-	762,841	-	3,820,890
Differences between expected and actual experience	1,064,575	-	533,083	-	(568,852)	-	-
Changes of assumptions	138,071	(1,644,755)	(247,951)	845,870	(189,731)	(2,584)	(210,288)
Benefit payments	(137,992)	(92,739)	(88,382)	(82,400)	(136,645)	(218,872)	(254,614)
Net change in total OPEB liability	<u>1,830,863</u>	<u>(1,027,207)</u>	<u>828,850</u>	<u>1,323,422</u>	<u>380,490</u>	<u>272,349</u>	<u>3,495,643</u>
Total OPEB liability - end of year	<u>\$ 8,946,145</u>	<u>\$ 7,115,282</u>	<u>\$ 8,142,489</u>	<u>\$ 7,313,639</u>	<u>\$ 5,990,217</u>	<u>\$ 5,609,727</u>	<u>\$ 5,337,378</u>
Covered-employee payroll	<u>\$ 10,417,434</u>	<u>\$ 10,792,807</u>	<u>\$ 10,792,807</u>	<u>\$ 9,997,970</u>	<u>\$ 9,997,970</u>	<u>\$ 9,663,643</u>	<u>\$ 9,663,643</u>
Net OPEB liability as a percentage of covered payroll	<u>85.88%</u>	<u>65.93%</u>	<u>75.44%</u>	<u>73.15%</u>	<u>59.91%</u>	<u>58.05%</u>	<u>55.23%</u>

See notes to required supplementary information.

Notes:

1 This schedules is intended to illustrate the requirement to show 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.

Note 1 – Budgetary Information

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 budget 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's 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 subfunction and fund.

Note 2 – Pension Information: PSERS

Changes in benefit terms

With the passage of Act 5, Class T-E and T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes of assumptions

June 30, 2021	<p>The investment rate of return was adjusted from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%.</p> <p>Salary growth changed from an effective average of 5.00% (including inflation at 2.75%) to an effective average of 4.50% (including inflation at 2.50%).</p> <p>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.</p> <p>The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020, to 7.00% as of June 30, 2021.</p>
June 30, 2016	<p>The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.</p> <p>Salary growth changed from an effective average of 5.50% (including inflation at 3.00%) to an effective average of 5.00% (including inflation at 2.75%).</p> <p>Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (Male and Female) to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience, and projected using a modified version of the MP-2015 Mortality Improvement Scale.</p>

Note 3 – Pension Information: Retirement Incentives Plan

Plan assets

No assets are accumulated in a trust that meets all the following criteria of GASBS No. 73 to pay benefits.

Changes in benefit terms

June 30, 2021 Teacher benefit payments based on years of service were adjusted as follows:

	<u>Previous</u>	<u>Current</u>
Years of service		
10-14 years	\$ 3,000	\$ 3,000
15-19 years	4,000	5,000
20-24 years	5,000	8,000
25+ years	6,000	12,000

Changes of assumptions

- June 30, 2024 The discount rate increased to 4.13%
- June 30, 2023 The discount rate increased to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS experience study.
- June 30, 2022 The discount rate increased to 2.28%.
- June 30, 2021 The discount rate decreased to 1.86%.
- June 30, 2020 The discount rate increased to 3.36%.
- June 30, 2019 The discount rate decreased to 2.98% from 3.13%.

Note 4 – OPEB Information: PSERS Premium Assistance Plan

Changes in benefit terms

None.

Changes of Assumptions

- June 30, 2022 The discount rate increased from 2.18% to 4.09%.
- June 30, 2021 The discount rate decreased from 2.66% to 2.18%.

Salary growth changed from an effective average of 5.00% (including inflation at 2.75%) to an effective average of 4.50% (including inflation at 2.50%).

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.

NORTHGATE SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2024

June 30, 2020	The discount rate decreased from 2.79% to 2.66%.
June 30, 2019	The discount rate decreased from 2.98% to 2.79%.
June 30, 2018	The discount rate decreased from 3.13% to 2.98%.
June 30, 2017	The discount rate increased from 2.71% to 3.13%.
June 30, 2016	Salary growth changed from an effective average of 5.50% (including inflation at 3.00%) to an effective average of 5.00% (including inflation at 2.75%). Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (Male and Female) to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience, and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Note 5 – OPEB Information: School Plan

Plan assets

No assets are accumulated in a trust that meets all the following criteria of GASBS No. 75 to pay benefits.

Changes in benefit terms

June 30, 2024	Administrators and teachers have the option between 10 years paying increases or 7 years fully paid. Part-time teacher assistants receive individual coverage only and must pay active premium share.
June 30, 2020	Administrators and teachers must also reach the highest step of the salary schedule to receive subsidized coverage and either have attained age 55, or 30 years of PSERS service.

Changes of assumptions

June 20, 2024	The discount rate changed from 4.06% to 4.13%.
June 30, 2023	The discount rate increased to 4.06%. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS experience study.
June 30, 2022	The discount rate increased to 2.28%.
June 30, 2021	The discount rate decreased to 1.86%.
June 30, 2020	The discount rate increased to 3.36%.
June 30, 2019	The discount rate decreased to 2.98%.

Single Audit

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

Federal Grantor Pass-through Grantor Project Title	Source Code	Federal Assistance Listing (AL) Number	Pass-through Grantor Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/23	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 06/30/24	Pass Through to Sub- recipients
U.S. Department of Agriculture											
Child Nutrition Cluster											
Passed through the Pennsylvania Department of Education											
School Breakfast Program	I	10.553	365	07/01/22 - 06/30/23	N/A	\$ 4,407	\$ 4,407	\$ -	\$ -	\$ -	\$ -
School Breakfast Program	I	10.553	365	07/01/23 - 06/30/24	N/A	92,220	-	94,581	94,581	2,361	-
Total AL # 10.553						<u>96,627</u>	<u>4,407</u>	<u>94,581</u>	<u>94,581</u>	<u>2,361</u>	<u>-</u>
National School Lunch Program	I	10.555	362	07/01/22 - 06/30/23	N/A	16,431	16,431	-	-	-	-
National School Lunch Program	I	10.555	362	07/01/23 - 06/30/24	N/A	470,529	-	480,081	480,081	9,552	-
COVID-19 Supply Chain Assistance	I	10.555	356	07/01/23 - 06/30/24	28,672	28,672	-	28,672	28,672	-	-
Passed through the Pennsylvania Department of Agriculture											
Donated Commodities	I	10.555	2-04-02-687	07/01/23 - 06/30/24	N/A	94,940	-	94,940	94,940	-	-
Total AL # 10.555						<u>610,572</u>	<u>16,431</u>	<u>603,693</u>	<u>603,693</u>	<u>9,552</u>	<u>-</u>
Total Child Nutrition Cluster						<u>707,199</u>	<u>20,838</u>	<u>698,274</u>	<u>698,274</u>	<u>11,913</u>	<u>-</u>
COVID-19 P-EBT Local Admin Funds	I	10.649	356	07/01/23 - 06/30/24	3,256	3,256	-	3,256	3,256	-	-
Total U.S. Department of Agriculture						<u>710,455</u>	<u>20,838</u>	<u>701,530</u>	<u>701,530</u>	<u>11,913</u>	<u>-</u>
U.S. Department of Education											
Passed through the Pennsylvania Department of Education											
Title I Grants	I	84.010	013-240303	07/01/23 - 09/30/24	372,913	348,043	-	362,735	362,735	14,692	-
Supporting Effective Instruction	I	84.367	020-220303	07/01/21 - 09/30/22	51,812	866	866	-	-	-	-
Supporting Effective Instruction	I	85.367	020-230303	07/01/22 - 09/30/23	50,788	(99)	(99)	-	-	-	-
Supporting Effective Instruction	I	84.367	020-240303	07/01/23 - 09/30/24	44,730	44,465	-	44,730	44,730	265	-
Total AL # 84.367						<u>45,232</u>	<u>767</u>	<u>44,730</u>	<u>44,730</u>	<u>265</u>	<u>-</u>
Student Support and Acad. Enrich.	I	84.424	144-220303	07/01/21 - 09/30/22	28,965	15,456	15,456	-	-	-	-
Student Support and Acad. Enrich.	I	84.424	144-230303	07/01/22 - 09/30/23	29,907	-	20,410	-	-	20,410	-
Student Support and Acad. Enrich.	I	84.424	144-240303	07/01/23 - 09/30/24	29,434	9,811	-	21,016	21,016	11,205	-
Total AL # 84.424						<u>25,267</u>	<u>35,866</u>	<u>21,016</u>	<u>21,016</u>	<u>31,615</u>	<u>-</u>

(Continued)

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

<i>(Continued)</i>											
Federal Grantor Pass-through Grantor Project Title	Source Code	Federal Assistance Listing (AL) Number	Pass-through Grantor Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/23	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 06/30/24	Pass Through to Sub- recipients
COVID-19 CARES Act ESSER	I	84.425D	200-210303	03/13/20 - 09/30/23	1,422,306	330,795	167,938	162,857	162,857	-	-
COVID-19 ARP - ESSER	I	84.425U	223-210303	03/13/20 - 09/30/24	2,876,914	993,843	370,851	533,536	533,536	(89,456)	-
COVID-19 ARP ESSER 2.5%	I	84.425U	224-210303	03/13/20 - 09/30/24	32,097	16,340	(2,334)	32,097	32,097	13,423	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210303	03/13/20 - 09/30/24	223,600	77,245	(24,392)	149,626	149,626	47,989	-
COVID-19 ARP ESSER Homeless Children and Youth	I	84.425W	181-212300	07/01/21 - 09/30/24	15,368	6,699	4,411	12,852	12,852	10,564	-
Total AL # 84.425						<u>1,424,922</u>	<u>516,474</u>	<u>890,968</u>	<u>890,968</u>	<u>(17,480)</u>	<u>-</u>
Passed through Allegheny Intermediate Unit 3											
English Language Acquisition	I	84.365	010-230603	07/01/22 - 09/30/23	1,539	1,539	1,539	-	-	-	-
English Language Acquisition	I	84.365	010-240603	07/01/23 - 09/30/24	1,832	-	-	1,832	1,832	1,832	-
Total AL # 84.365						<u>1,539</u>	<u>1,539</u>	<u>1,832</u>	<u>1,832</u>	<u>1,832</u>	<u>-</u>
Special Education Cluster											
Special Education-Preschool	I	84.173	131-210003	07/01/23 - 06/30/24	1,116	1,116	-	1,116	1,116	-	-
Special Education	I	84.027	062-230003	07/01/22 - 09/30/23	287,812	287,812	287,812	-	-	-	-
Special Education	I	84.027	062-240003	07/01/22 - 09/30/23	269,014	-	-	269,014	269,014	269,014	-
Passed through Lancaster-Lebanon IU 13											
Special Education-PaTTAN	I	84.027	062-23-0033	07/01/22 - 09/30/23	N/A	12,386	12,386	-	-	-	-
Total AL # 84.027						<u>300,198</u>	<u>300,198</u>	<u>269,014</u>	<u>269,014</u>	<u>269,014</u>	<u>-</u>
Total Special Education Cluster						<u>301,314</u>	<u>300,198</u>	<u>270,130</u>	<u>270,130</u>	<u>269,014</u>	<u>-</u>
Total U.S. Department of Education						<u>2,146,317</u>	<u>854,844</u>	<u>1,591,411</u>	<u>1,591,411</u>	<u>299,938</u>	<u>-</u>
U.S. Department of Health and Human Services											
Passed through the Pennsylvania Department of Human Services Medicaid Cluster											
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	3,942	4,877	2,523	2,523	3,458	-
Total Federal Financial Assistance						<u>\$ 2,860,714</u>	<u>\$ 880,559</u>	<u>\$ 2,295,464</u>	<u>\$ 2,295,464</u>	<u>\$ 315,309</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NORTHGATE SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of 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.

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 2 – De Minimis Cost Rate

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

Note 3 – Source Code

The source code “I” indicates funds received indirectly.

Note 4 – Reconciliation with PDE Subsidy Confirmation

Amount Received Per Schedule	\$ 2,860,714
Add: State Funding on Confirmation	224,490
Add: Access	177,170
Less: Title I funds refunded to State PY	(9)
Less: Passed through IUs	(302,853)
Less: Donated Commodities	(94,940)
Less: Medical Assistance	<u>(3,942)</u>
Per Subsidy Confirmation	<u>\$ 2,860,630</u>

Note 5 – Budgetary Data

Northgate School District passed and had approved by the appropriate agencies, budgets for the fiscal year ending June 30, 2024, for all federal programs.

NORTHGATE SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
June 30, 2024

None Reported.



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

To the Board of Directors
Northgate School District
Pittsburgh, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northgate School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Northgate School District's basic financial statements and have issued our report thereon dated March 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northgate 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 Northgate School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northgate School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

Northgate School District
Independent Auditor's Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Northgate School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Northgate School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Northgate 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.



Carnegie, Pennsylvania
March 27, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Northgate School District
Pittsburgh, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northgate School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Northgate School District's major federal programs for the year ended June 30, 2024. Northgate 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, Northgate 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 Northgate 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 Northgate 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

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

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northgate 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 Northgate 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 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 Northgate 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 Northgate 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 Northgate 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 Northgate School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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.

Myers, Patey & Associates, LLC

Carnegie, Pennsylvania
March 27, 2025

NORTHGATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2024

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified, prepared in accordance with generally accepted accounting principles
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor’s report issued on compliance for major programs.	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Major Programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Education Stabilization Fund	84.425
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did the auditee qualify as a low-risk auditee?	Yes

NORTHGATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2024

Section 2 – Findings Related to Financial Statements Required to be Reported Under GAGAS

Finding 2024-001 Compensated Absence Data Validation, a Material Weakness in Internal Control over Financial Reporting

Criteria The School District reports a liability for accumulated leave as compensated absences for governmental activities in its financial statements. The value of the liability is based upon the accumulated sick and personal leave days of employees, eligibility, and other criteria outlined by collective bargaining agreements.

Condition Accumulated sick and personal leave days are tracked by the School District in its accounting system, CSIU Financial Information System. System data was extracted based on selected parameters that resulted in incomplete information.

Cause The person responsible for data extraction was not aware that the selected criteria excluded certain employees or days.

Effect The valuation of the liability for compensated absences was understated by \$229,897 at June 30, 2023.

Recommendation The School District should review and document the procedures used to extract sick and personal leave days used in the calculation of the liability for compensated absences.

Views of Responsible Official and Planned Corrective Action The School District agrees with the finding and will establish written procedures for extracting compensated absence data and calculating the liability.

Finding 2024-002 Reconciliation of Bank Accounts and Recording Internal Bank Transfers, a Significant Deficiency in Internal Control over Financial Reporting

Criteria Bank reconciliations should be completed each month for all accounts on a timely basis. All banking transactions should be posted to each related bank register.

Condition The general ledger included duplicate internal bank transfers.

NORTHGATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2024

Cause	<p>The School District reconciles each bank account within the accounting system, CSIU Financial Information System. The accounting system creates only one bank register entry for each check or deposit posted. General journal entries and distribution entries do not post automatically to the bank register.</p> <p>The School District recorded manual checks for bank transfers. The accounting system posted automatically to the disbursing account bank register, but not the receiving account. When the receiving account bank reconciliation was performed the transactions were identified as missing. A revenue entry (deposit) was then posted for the receiving bank account. This process duplicated the transactions in the general ledger.</p>
Effect	<p>Bank transfers were duplicated in the general ledger totaling \$4,025,000. The net effect on the financial statements was \$0.</p>
Recommendation	<p>The School District should review with the software vendor the recommended method to record bank transfers so that each bank's register accurately reflects the transaction without duplicating the transaction in the general ledger.</p> <p>The School District's revised procedures for executing and recording bank transactions should be documented and reviewed periodically to ensure all transactions are captured accurately.</p>
Views of Responsible Official and Planned Corrective Action	<p>The School District agrees with the finding and will revise its procedures for recording bank transfers.</p>

Section 3 – Findings and Questioned Costs for Federal Awards

None.



NORTHGATE SCHOOL DISTRICT

ADMINISTRATIVE CENTER • 591 UNION AVENUE • PITTSBURGH, PA 15202-2958
PHONE: (412) 732-3300 EXT 2126 • FAX: (412) 734-8008 • EMAIL: CURSU@NORTHGATE.K12.PA.US

CHRISTOPHER J. URSU, BSME, MBA
DIRECTOR OF FINANCE & OPERATIONS

March 25, 2025

To the U.S. Department of Education,
and the Pennsylvania Department of
Education:

Northgate School District respectfully submits the following corrective action plan for the year ending June 30, 2024. The audit period covered was July 1, 2023, through June 30, 2024. The School District's independent certified public accountant is Myers, Patsy & Associates, LLC, 150 East Main Street, Suite 201, Carnegie, Pennsylvania, 15106.

The findings for the year ending June 30, 2024, as presented in the Schedule of Findings and Questioned Costs, and Northgate School District's planned corrective actions are as follows:

Finding 2024-001 – Compensated Absence Data Validation

Type of Finding	Material Weakness in Internal Control over Financial Reporting
Description of the Finding	Accumulated sick and personal leave days are tracked by the School District in its accounting system, CSIU Financial Information System. System data was extracted based on selected parameters that resulted in incomplete information. As a result, the valuation of the liability for compensated absences was understated by \$229,897 on June 30, 2023.
Corrective Action Planned	The School District will define written procedures for data extraction related to compensated absences. The procedures will identify the report name and the definitions for parameters necessary to generate the data accurately. The School District will further test and validate the report for inclusion of all employees and related days.
Contact Person Responsible for Corrective Action	Christopher Ursu, Director of Finance
Anticipated Completion Date	The financial statements for the year ending June 30, 2024

were corrected on September 30, 2024.

Written procedures will be developed and implemented for reporting under GASB Statement No. 101 by June 30, 2025.

Finding 2024-002 – Reconciliation of Bank Accounts and Recording Internal Bank Transfers

Type of Finding	Significant Deficiency in Internal Control over Financial Reporting
Description of the Finding	Internal bank transfers were duplicated in the general ledger. The School District recorded bank transfers through manual entries. The accounting system posted automatically to the disbursing account bank register, but not the receiving account. When the receiving account bank reconciliation was performed, the transactions were identified as missing. A revenue entry (deposit) was then posted for the receiving bank account, which corrected the register balance but unintentionally duplicated the general ledger entry.
Corrective Action Planned	<p>The School District recently identified a functionality in its accounting system that allows journal entries to be recorded to bank registers as well as general ledger accounts. The district will first contact CSIU support to confirm this functionality as a best practice for recording bank transfers. If confirmed, the district will begin using this method to record bank transfers rather than manual entries, which should eliminate the duplicate entry issue.</p> <p>The School District will develop and implement a formal written procedure for recording bank transfers to the accounting system. All business office staff affected by these changes will be trained both on the procedural changes and the system functionality to ensure clarity.</p>
Contact Person Responsible for Corrective Action	Christopher Ursu, Director of Finance
Anticipated Completion Date	March 31, 2025

Respectfully submitted,


Dr. Caroline Johns
Superintendent