

Wilkinsburg Borough School District

Single Audit

June 30, 2023

MaherDuessel

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WILKINSBURG BOROUGH SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2023

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Independent Auditor's Report

**Board of Directors
Wilkinsburg Borough School District**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Wilkinsburg Borough School District (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
February 16, 2024

WILKINSBURG BOROUGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information

June 30, 2023

This Management's Discussion and Analysis (MD&A) provides an overview of the Wilkesburg Borough School District's (School District) financial activities for the fiscal year ending June 30, 2023. It should be reviewed in conjunction with the School District's accompanying financial statements for this period.

FINANCIAL HIGHLIGHTS

- The School District's governmental fund financial statements reported an ending fund balance in the General Fund of \$7,586,810, of which \$396,968 is nonspendable fund balance and \$7,189,842 is unassigned fund balance. For the prior year ended June 30, 2022, the School District had a fund balance of \$8,790,943.
- The Capital Projects Fund had a fund balance of \$1,539,133 as of June 30, 2023, which is restricted for future capital projects.
- The Capital Reserve Fund had a fund balance of \$6,600,523 as of June 30, 2023, which is committed for the future capital needs of the School District.
- The change in net position on the government-wide financial statements was an increase of \$6,136,790.
- The net change in fund balance on the governmental fund financial statements for the General Fund was a decrease of \$1,204,133.
- As of June 30, 2023, the School District's portion of the Public School Employees' Retirement System (PSERS) unfunded pension liability is \$21,696,000.
- As of June 30, 2023, the School District's net OPEB liability is \$1,884,003, of which \$898,000 is related to PSERS and \$986,003 is the School District stand-alone plan.

USING THE BASIC FINANCIAL STATEMENT REPORT

This basic financial statement report consists of this MD&A as well as a series of financial statements and notes to those statements:

Statement of Net Position and Statement of Activities, on pages 1 and 2 of the audit provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances.

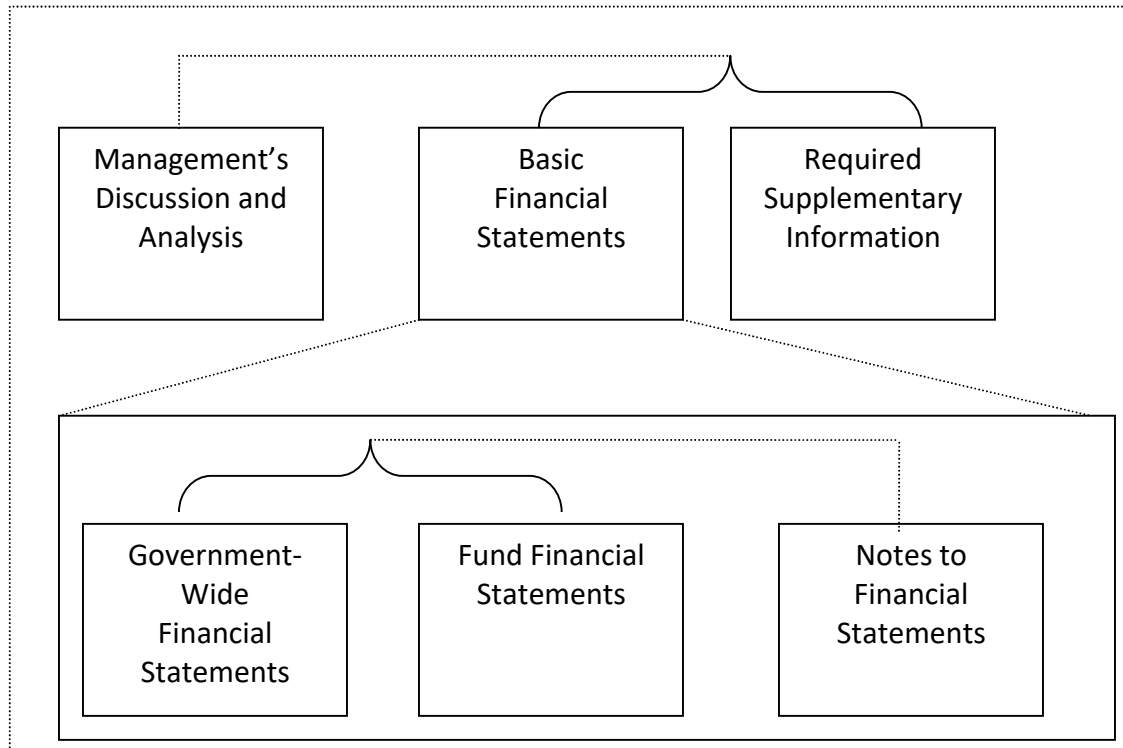
Fund Financial Statements, which start on page 3 of the audit, provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. These statements also look at the School District's most significant funds. For the School District, the General Fund is the most significant fund.

Notes to Financial Statements starting on page 10 of the audit explain some of the information in the statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

Figure A shows how the required parts of the financial report are arranged in relationship to each other.

Figure A
Required Components of the School District's Financial Report



This MD&A is intended to serve as an introduction to the School District's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

All of the School District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, facilities acquisition and construction, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here. The government-wide financial statements are designed

to provide readers a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, deferred outflows of resources, deferred inflows of resources and liabilities, and the difference is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School District's financial position is improving or deteriorating.

The statement of activities details 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. Therefore, 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

The School District uses fund accounting to monitor specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the School District's most significant *funds* – not the School District as a whole. All of the School District's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the School District's activities are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Reserve Fund, which are considered to be major funds and the Capital Projects Fund, a nonmajor fund.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long- and short-term financial information. The School District's Food Service Fund is the only proprietary fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's total net position was (\$8,209,508) on June 30, 2023, as shown in Table 1 (below), an increase of \$6,190,921 from the 2022 net position of (\$14,400,429).

Table 1
Fiscal Years Ended June 30, 2023 and 2022
Net Position

	Governmental Activities	Business-Type Activities	2023 Total	2022 Total
Current and other assets	\$ 24,722,600	\$ 126,959	\$ 24,849,559	\$ 21,262,048
Capital assets	13,432,997	-	13,432,997	14,271,836
Total Assets	\$ 38,155,597	\$ 126,959	\$ 38,282,556	\$ 35,533,884
Deferred charge on refunding	\$ 260,792	\$ -	\$ 260,792	\$ 279,122
Deferred outflows of resources for pension	3,721,064	-	3,721,064	4,211,195
Deferred outflows of resources for OPEBS	341,520	-	341,520	460,892
Total Deferred Outflows of Resources	\$ 4,323,376	\$ -	\$ 4,323,376	\$ 4,951,209
Current liabilities	\$ 6,450,239	\$ 1,986	\$ 6,452,225	\$ 7,705,487
Noncurrent liabilities	42,588,602	-	42,588,602	42,780,504
Total Liabilities	\$ 49,038,841	\$ 1,986	\$ 49,040,827	\$ 49,042,813
Deferred inflows of resources for pension	\$ 1,238,000	\$ -	\$ 1,238,000	\$ 4,148,000
Deferred inflows of resources for OPEBS	536,613	-	536,613	251,531
Total Deferred Inflows of Resources	\$ 1,774,613	\$ -	\$ 1,774,613	\$ 4,399,531
Net investment in capital assets	\$ (4,421,256)	\$ -	\$ (4,421,256)	\$ (3,713,201)
Unrestricted	(3,913,225)	124,973	(3,788,252)	(10,687,228)
Total Net Position	\$ (8,334,481)	\$ 124,973	\$ (8,209,508)	\$ (14,400,429)

The results of this year's operations as a whole are reported in the statement of activities on page 2 of the audit report. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are presented to determine the final amount of the School District's activities that are supported by other than general revenues. The three largest general revenues are listed in Table 2 (on the following page).

Table 2
Fiscal Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)	% Change
Real estate taxes	\$ 9,904,595	\$ 10,498,796	\$ (594,201)	-5.7%
Other taxes (mainly earned income taxes)	\$ 2,113,221	\$ 2,066,263	\$ 46,958	2.3%
Grants and subsidies	\$ 13,668,771	\$ 11,895,407	\$ 1,773,364	14.9%

The 2023 financial statements offer a view of the financial condition of the School District on a consolidated basis. For example, investment earnings (statement of activities) not only include interest earnings in the General Fund, but also interest earnings in the Capital Fund and all other governmental funds.

Table 3 (below) takes the information from the statement of activities (page 2 of the audit) and rearranges it to present total revenues for the year as compared to last year:

Table 3
Fiscal Years Ended June 30, 2023 and 2022
Changes in Net Position

	Governmental Activities	Business-Type Activities	2023 Total	2022 Total
Revenues:				
Program revenues:				
Charges for services	\$ 16,154	\$ 60,716	\$ 76,870	\$ 73,762
Operating grants and contributions	11,364,179	599,459	11,963,638	11,298,259
Capital grants	24,997	-	24,997	-
General revenues (expenses) and transfers:				
Property taxes	9,904,595	-	9,904,595	10,498,796
Other taxes	2,113,221	-	2,113,221	2,066,263
Grants, subsidies, and contributions	13,668,771	-	13,668,771	11,895,407
Investment earnings	441,619	-	441,619	14,482
Other	305,849	-	305,849	479,429
Total Revenues	37,839,385	660,175	38,499,560	36,326,398
Expenditures:				
Instruction services	21,849,293	-	21,849,293	22,541,721
Support services	9,106,683	-	9,106,683	9,101,014
Non-instructional services	127,788	-	127,788	92,353
Interest and amortization	618,831	-	618,831	642,045
Food services	-	606,044	606,044	534,402
Total Expenditures	31,702,595	606,044	32,308,639	32,911,535
Change in Net Position	\$ 6,136,790	\$ 54,131	\$ 6,190,921	\$ 6,245,052

Table 4 (below) shows the School District's functional areas as well as each program's net cost for governmental activities (i.e., total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions in order to indicate the remaining financial needs that are supported by local taxes and other miscellaneous revenues.

Table 4
Fiscal Years Ended June 30, 2023 and 2022
Governmental Activities

	2023	2023	2022	2023
	Total Expense of Services	Net Expense of Services	Net Expense of Services	% Supported by Local Taxes
Expenses:				
Instruction and services	\$ 21,849,293	\$ 12,166,917	\$ 13,638,774	55.69%
Support services	9,106,683	7,562,233	7,967,971	83.04%
Non-instructional services	127,788	125,155	90,305	97.94%
Interest and amortization	618,831	442,960	(86,694)	71.58%
Total Governmental Activities	<u>\$ 31,702,595</u>	20,297,265	21,610,356	64.02%
Less:				
Unrestricted subsidies		13,668,771	11,895,407	
Total Needs from Local Taxes and Other Revenues		<u>\$ 6,628,494</u>	<u>\$ 9,714,949</u>	

The School District expended a total of \$31,702,595 for governmental activities in fiscal year 2023. When the charges for services, along with operating and capital grants and contributions are subtracted from that figure, a net of \$20,297,265 remains, as shown in Table 4. In addition, unrestricted grants, subsidies, and contributions provided \$13,668,771. The School District acquired the remaining \$6,628,494 from local taxes and other revenues in order to cover current year expenses.

Approximately 55.69% of instructional activities were supported through taxes and other general revenues. General revenue support needed for all governmental activities was 64.10%, as compared to 66.75% in the previous fiscal year. Therefore, the Wilkinsburg community continues to provide the primary financial support for School District students. The decrease can be attributed to charter school enrollment costs.

Business-Type Activities

The School District's only business-type activity is the Food Services operation. This program had operating revenues of \$60,716, non-operating revenues from state and federal sources of \$599,459, and expenses of \$606,044 for fiscal year 2023. The School District has been approved under the Community Eligibility Provision (CEP) that allows schools and local education agencies to provide free breakfast and lunch to all students.

THE SCHOOL DISTRICT'S FUNDS

The General Fund, which supports the general operations of the School District, represents the School District's most significant major fund. The statement of revenues, expenditures, and changes in fund balance - governmental funds is summarized below in Table 5.

Table 5
Fiscal Years Ended June 30, 2023 and 2022
Summary of Governmental Changes in Fund Balance

	General Fund	Capital Reserve Fund	Nonmajor Capital Projects Fund	2023 Total Governmental Funds	2022 Total Governmental Funds
Beginning fund balance	\$ 8,790,943	\$ -	\$ 2,040,841	\$ 10,831,784	\$ 8,978,961
Net change in fund balance	(1,204,133)	6,600,523	(501,708)	4,894,682	1,852,823
Ending fund balance	<u>\$ 7,586,810</u>	<u>\$ 6,600,523</u>	<u>\$ 1,539,133</u>	<u>\$ 15,726,466</u>	<u>\$ 10,831,784</u>

General Fund Highlights

The School District's budget is prepared according to the laws and regulations of the Commonwealth of Pennsylvania. The only fund for which a budget is legally required is the General Fund.

During the fiscal year, the Board of Directors (Board) authorizes revisions to the budget to accommodate differences between the original budget and the actual expenditure needs of the School District when necessary. Building administrators and department heads are responsible for monitoring the spending of their individual budgets. A schedule showing the School District's original and final budget amounts compared with actual expenditures and revenues is provided within the audit report on page 50.

In fiscal year 2023, total expenditures and other financing sources exceeded revenues for the General Fund by approximately \$1,200,000. As a result, the year ended with an overall fund balance of \$7,586,810 (see page 3 of the audit report). The School District will continue to monitor all revenues and expenditures in order to continue to maintain a positive fund balance in the future.

Capital Reserve Fund

In fiscal year 2023, the School District transferred \$6.6 million from General Fund to the Capital Reserve fund for the future capital needs of the School District. The Capital Reserve Fund experienced minimal other activity in fiscal year 2023.

Capital Projects Fund

In fiscal year 2023, the School District expended \$571,116 for Kelly Primary Equipment Purchases and Kelly Primary Renovation/Turner Intermediate architectural fees and owner representative services. The Capital Projects Fund restricted fund balance for future projects was \$1,539,133 at June 30, 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the School District's governmental activities had a net of \$13,432,997 (Table 6) in a broad range of capital assets, including land, site improvements, buildings, equipment, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of \$838,839 from the prior year due to depreciation and building changes, including the removal of some buildings.

Table 6
Fiscal Years Ended June 30, 2023 and 2022
Capital Assets - Net of Depreciation

	2023	2022
Land	\$ 299,100	\$ 299,100
Construction in progress	-	16,395
Buildings and improvements	12,033,083	12,745,276
Furniture and equipment	1,071,717	1,179,686
Vehicles	29,097	31,379
Total (Net)	<u>\$ 13,432,997</u>	<u>\$ 14,271,836</u>

For more detail of capital assets, please refer to the notes to financial statements.

Debt Administration

As of June 30, 2023, the School District had total outstanding bond debt principal of \$19,630,000 in addition to other long-term liabilities described below (Note 6 to the financial statements). A comparison of long-term debt obligations for 2023 and 2022 is shown in Table 7 on the following page.

Table 7
Fiscal Years Ended 2023 and 2022
Long-Term Obligations

	2023	2022
Series of 2017, General Obligation Bond	\$ 2,665,000	\$ 2,895,000
Series of 2019A, General Obligation Bond	7,620,000	7,785,000
Series of 2019B, General Obligation Bond	4,335,000	4,540,000
Series of 2020, General Obligation Bond	5,010,000	5,085,000
Net pension liability	21,696,000	20,775,000
Other postemployment benefits	1,884,003	2,296,558
Accrued compensated absences	83,599	78,946
Total	<u>\$ 43,293,602</u>	<u>\$ 43,455,504</u>

For more details on long-term debt, please refer to the notes to financial statements.

NEXT YEAR'S BUDGETS AND RATES

The School District's 2024 General Fund Budget of \$38,938,675 is higher compared to the original budget for fiscal year 2023, primarily due to additional state and federal funds.

The comparison of revenues and expenditures categories is as follows:

Table 8
Budgeted Revenues and Expenditures

	Budgeted Revenues			
	2024	2023		% Increase (Decrease)
Local	\$ 12,095,876	\$ 11,867,330		1.93%
State	19,518,232	17,542,795		11.26%
Federal/other	7,324,567	7,508,277		-2.45%
Total	<u>\$ 38,938,675</u>	<u>\$ 36,918,402</u>		5.47%

Budgeted Expenditures

	2024	2023	% Increase (Decrease)
Instruction	\$ 22,783,380	\$ 21,780,464	4.60%
Support services	9,902,187	8,916,873	11.05%
Non-instruction/community	61,000	61,000	0.00%
Facility acquisition and improvements	182,000	268,250	-32.15%
Fund transfers/debt/other	6,010,108	5,891,815	2.01%
Total	<u>\$ 38,938,675</u>	<u>\$ 36,918,402</u>	5.47%

There are increases in federal and state funding due to COVID-19 grants totaling just over \$1 million. State funding saw subsidy increases from the governor's education budget. The major factors for the increase in expenditures are to increase the budget for charter school costs. The School District also built in \$4.7 million as budgetary reserve.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to demonstrate the Board's accountability for the money received.

If you have questions about this report or wish to request additional financial information, please contact Bethann Eyth, Director of Finance, Wilkinsburg Borough School District, 718 Wallace Avenue, Wilkinsburg, PA 15221, 412-871-2104.

WILKINSBURG BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 16,926,773	\$ 100	\$ 16,926,873
Restricted cash and cash equivalents	1,528,874	-	1,528,874
Receivables:			
Taxes receivable, net	3,873,661	-	3,873,661
Intergovernmental receivables	1,683,479	71,000	1,754,479
Other receivables, net	360,122	-	360,122
Internal balances	(49,435)	49,435	-
Due from student organizations	2,158	-	2,158
Inventories	396,968	6,424	403,392
Capital assets:			
Non-depreciable	299,100	-	299,100
Depreciable, net of accumulated depreciation	13,133,897	-	13,133,897
Total Assets	38,155,597	126,959	38,282,556
Deferred Outflows of Resources			
Deferred charge on refunding	260,792	-	260,792
Deferred outflows of resources for pension	3,721,064	-	3,721,064
Deferred outflows of resources for OPEBS	341,520	-	341,520
Total Deferred Outflows of Resources	4,323,376	-	4,323,376
Liabilities			
Accounts payable	3,936,780	-	3,936,780
Accrued salaries, benefits, payroll taxes, and withholdings	1,671,341	-	1,671,341
Accrued interest	72,509	-	72,509
Unearned revenues	64,609	1,986	66,595
Current portion of bonds payable	705,000	-	705,000
Noncurrent liabilities:			
Net pension liability	21,696,000	-	21,696,000
Net OPEB liability	1,884,003	-	1,884,003
Bonds payable	18,925,000	-	18,925,000
Long-term portion of compensated absences	83,599	-	83,599
Total Liabilities	49,038,841	1,986	49,040,827
Deferred Inflows of Resources			
Deferred inflows of resources for pension	1,238,000	-	1,238,000
Deferred inflows of resources for OPEBS	536,613	-	536,613
Total Deferred Inflows of Resources	1,774,613	-	1,774,613
Net Position			
Net investment in capital assets	(4,421,256)	-	(4,421,256)
Unrestricted	(3,913,225)	124,973	(3,788,252)
Total Net Position	\$ (8,334,481)	\$ 124,973	\$ (8,209,508)

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional services:							
Regular instruction	\$ 12,871,110	\$ 3,022	\$ 7,562,446	\$ -	\$ (5,305,642)	\$ -	\$ (5,305,642)
Special instruction	7,623,391	-	2,065,298	-	(5,558,093)	-	(5,558,093)
Vocational instruction	-	-	561	-	561	-	561
Alternative education programs	66,264	-	8,567	-	(57,697)	-	(57,697)
Nonpublic school programs	75,579	-	5,222	-	(70,357)	-	(70,357)
Pre-kindergarten	1,212,949	-	37,260	-	(1,175,689)	-	(1,175,689)
Total instructional services	21,849,293	3,022	9,679,354	-	(12,166,917)	-	(12,166,917)
Support services:							
Pupil personnel	792,875	-	596,644	-	(196,231)	-	(196,231)
Instructional staff	1,433,160	-	70,790	-	(1,362,370)	-	(1,362,370)
Administration	1,147,559	-	43,248	-	(1,104,311)	-	(1,104,311)
Pupil health	315,179	-	39,052	-	(276,127)	-	(276,127)
Business services	728,820	-	27,077	-	(701,743)	-	(701,743)
Operation of plant and maintenance services	2,362,702	13,132	96,574	24,997	(2,227,999)	-	(2,227,999)
Student transportation services	1,858,919	-	612,895	-	(1,246,024)	-	(1,246,024)
Central and other support services	445,845	-	19,501	-	(426,344)	-	(426,344)
Other support services	21,624	-	540	-	(21,084)	-	(21,084)
Total support services	9,106,683	13,132	1,506,321	24,997	(7,562,233)	-	(7,562,233)
Non-instructional services:							
Community services	127,788	-	2,633	-	(125,155)	-	(125,155)
Total non-instructional services	127,788	-	2,633	-	(125,155)	-	(125,155)
Interest and amortization on long-term debt	618,831	-	175,871	-	(442,960)	-	(442,960)
Total governmental activities	31,702,595	16,154	11,364,179	24,997	(20,297,265)	-	(20,297,265)
Business-Type Activities:							
Food services	606,044	60,716	599,459	-	-	54,131	54,131
Total Primary Government	\$ 32,308,639	\$ 76,870	\$ 11,963,638	\$ 24,997	(20,297,265)	54,131	(20,243,134)
General revenues and transfers:							
Taxes:							
Property taxes, net of refund of prior years revenue					9,904,595	-	9,904,595
Other taxes levied for general purposes					2,113,221	-	2,113,221
Grants, subsidies, and contributions not restricted					13,668,771	-	13,668,771
Investment earnings					441,619	-	441,619
Miscellaneous income (expense)					305,849	-	305,849
Total general revenues and transfers					26,434,055	-	26,434,055
Change in Net Position					6,136,790	54,131	6,190,921
Net Position:							
Beginning of year					(14,471,271)	70,842	(14,400,429)
End of year					<u>\$ (8,334,481)</u>	<u>\$ 124,973</u>	<u>\$ (8,209,508)</u>

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Capital Reserve	Nonmajor Fund Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 12,926,250	\$ 4,000,523	\$ -	\$ 16,926,773
Restricted cash and cash equivalents	-	-	1,528,874	1,528,874
Receivables:				
Taxes, net	3,873,661	-	-	3,873,661
Local	360,122	-	-	360,122
State	508,236	-	-	508,236
Federal	1,150,246	-	24,997	1,175,243
Due from other funds	-	2,600,000	88,019	2,688,019
Due from student organizations	2,158	-	-	2,158
Inventories	396,968	-	-	396,968
Total Assets	\$ 19,217,641	\$ 6,600,523	\$ 1,641,890	\$ 27,460,054
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 3,834,023	\$ -	\$ 102,757	\$ 3,936,780
Accrued salaries, benefits, payroll taxes, and withholdings	1,671,341	-	-	1,671,341
Due to other funds	2,737,454	-	-	2,737,454
Unearned revenues	64,609	-	-	64,609
Total Liabilities	8,307,427	-	102,757	8,410,184
Deferred Inflows of Resources				
Unavailable revenue - property taxes	3,323,404	-	-	3,323,404
Fund Balance				
Nonspendable	396,968	-	-	396,968
Restricted	-	-	1,539,133	1,539,133
Committed	-	6,600,523	-	6,600,523
Unassigned	7,189,842	-	-	7,189,842
Total Fund Balance	7,586,810	6,600,523	1,539,133	15,726,466
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 19,217,641	\$ 6,600,523	\$ 1,641,890	\$ 27,460,054

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ 15,726,466

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 13,432,997

Certain property taxes receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current year's expenditures and, therefore, are reported as unavailable in the governmental funds. 3,323,404

The net OPEB liability, net pension liability, and related deferred inflows and outflows of resources for OPEBS and pension for the School District's employees are not recorded on the fund financial statements. (21,292,032)

Long-term liabilities and deferred charges on refunding are not due and payable in the current year and, therefore, are not reported in the governmental funds.

Bonds payable	\$ (19,630,000)	
Deferred charge on refunding	260,792	
Compensated absences	(83,599)	
Accrued interest on bonds	(72,509)	(19,525,316)

Net Position - Governmental Activities \$ (8,334,481)

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2023

	General Fund	Capital Reserve	Nonmajor Fund Capital Projects	Total
Revenues:				
Local sources	\$ 13,079,850	\$ 523	\$ 44,411	\$ 13,124,784
State sources	19,283,594	-	-	19,283,594
Federal sources	5,486,968	-	24,997	5,511,965
Total revenues	37,850,412	523	69,408	37,920,343
Expenditures:				
Current:				
Instructional services	22,023,630	-	-	22,023,630
Support services	9,011,285	-	-	9,011,285
Operation of non-instructional services	85,778	-	-	85,778
Capital outlay	55,433	-	571,116	626,549
Debt service:				
Principal	675,000	-	-	675,000
Interest	603,419	-	-	603,419
Total expenditures	32,454,545	-	571,116	33,025,661
Excess (Deficiency) of Revenues over Expenditures	5,395,867	523	(501,708)	4,894,682
Other Financing Sources (Uses):				
Interfund transfers in (out)	(6,600,000)	6,600,000	-	-
Total other financing sources (uses)	(6,600,000)	6,600,000	-	-
Net Change in Fund Balance	(1,204,133)	6,600,523	(501,708)	4,894,682
Fund Balance:				
Beginning of year	8,790,943	-	2,040,841	10,831,784
End of year	\$ 7,586,810	\$ 6,600,523	\$ 1,539,133	\$ 15,726,466

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance - Governmental Funds

\$ 4,894,682

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount is the net effect of these items in the current period:

Capital outlays	\$ 421,461	
Less: depreciation expense	<u>(1,260,300)</u>	(838,839)

Some property taxes will not be collected soon enough after the Wilkinsburg Borough School District's (School District) year-end to be considered as "available" revenues in the governmental funds. Unavailable revenue changed by this amount during the year.

(80,958)

The issuance of long-term debt (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

656,670

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, interest expense is recognized as the interest accrues, regardless of when it is due. The change in the interest accrued in the statement of activities over the amount due is shown here.

2,918

In the statement of activities, certain operating expenses (compensated absences, other postemployment benefits, and pension benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

1,502,317

Change in Net Position of Governmental Activities

\$ 6,136,790

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2023

	Enterprise Fund Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 100
Intergovernmental receivables:	
State	2,156
Federal	68,844
Due from General Fund	49,435
Inventories	6,424
Total current assets	126,959
Noncurrent assets:	
Machinery and equipment	175,733
Less accumulated depreciation	(175,733)
Total noncurrent assets	-
Total Assets	126,959
Liabilities and Net Position	
Liabilities:	
Unearned revenue	1,986
Total Liabilities	1,986
Net Position:	
Unrestricted	124,973
Total Net Position	124,973
Total Liabilities and Net Position	\$ 126,959

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2023

	Enterprise Fund Food Service
Operating Revenues:	
Food service	\$ 792
Special functions	59,924
Total operating revenues	60,716
Operating Expenses:	
Other purchased services	566,998
Donated commodities consumed	39,046
Total operating expenses	606,044
Operating Income (Loss)	(545,328)
Non-Operating Revenues:	
State sources	15,167
Federal sources:	
Subsidies	545,246
Donated commodities	39,046
Total non-operating revenues	599,459
Change in Net Position	54,131
Net Position:	
Beginning of year	70,842
End of year	\$ 124,973

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2023

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Cash received from users	\$ 60,716
Cash payments to suppliers for goods and services	(623,600)
Net cash provided by (used in) operating activities	(562,884)
Cash Flows From Noncapital Financing Activities:	
State sources	15,123
Federal sources	547,761
Net cash provided by (used in) noncapital financing activities	562,884
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents:	
Beginning of year	100
End of year	\$ 100
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (545,328)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Donated commodities consumed	39,046
Change in assets and liabilities:	
Inventory	4,225
Due to (from) General fund	(60,827)
Net cash provided by (used in) operating activities	\$ (562,884)

Supplemental Information:

During the year ended June 30, 2023, the Wilkinsburg Borough School District received \$37,665 of donated food commodities from the U.S. Department of Agriculture.

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

1. Organization

The Wilkinsburg Borough School District (School District) was formed by state law and began operations in 1845. The School District is located in Allegheny County, Pennsylvania, and provides public education to the residents of the Borough of Wilkinsburg from pre-kindergarten through grade twelve.

The School District is a political subdivision of the Commonwealth of Pennsylvania (Commonwealth) created to assist in the administration of the General Assembly's duties under the Constitution of the Commonwealth to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."

The School District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

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

The School District sends its secondary students (Grades 7 to 12) to Westinghouse Academy of the Pittsburgh Public Schools (PPS) system. The School District will pay a base tuition with annual increases adjusted by the Act 1 index or as agreed by the parties.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

In evaluating the School District as a primary government, management has addressed all potential component units. Consistent with applicable guidance, 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. In determining financial accountability in a given situation, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up the legal entity.
2. Legally separate organizations if the Board of Directors appoints a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District.
 - a. Impose its Will - If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden - Exists if the School District (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the School District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the School District.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

None of the potential component units evaluated meets the above criteria.

The School District participates in a joint venture as described in Note 8. Separate audited financial statements are available in the School District's business office.

Jointly Governed Organizations

The School District is a participating member of the Allegheny Intermediate Unit (AIU). Operations of the AIU are directed by a Board of Directors consisting of members from participating school districts. No participating school district appoints a majority of the AIU Board of Directors. The Board of Directors of each participating school district must approve the AIU's annual operating budget.

The AIU is a self-sustaining organization that provides services for fees to participating school districts. As such, the School District has no ongoing financial interest or responsibility in the AIU. The AIU contracts with participating school districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 pensions, OPEBS, compensated absences and claims and judgments, are recorded only when payment is due.

Real estate taxes, earned income taxes, rents, fees, State and federal grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Real estate tax revenue for interim assessments is recognized when collected. All other revenue items are considered to be measurable and available only when cash is received by the School District.

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Unearned revenues arise when resources are received by the School District before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the School District has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's Food Service Fund are charges to customers for the sale of food. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

The School District reports the following governmental funds:

General Fund - Major

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Reserve Fund - Major

The Capital Reserve Fund is used to account for financial resources reserved for future capital needs of the school district.

Capital Projects Fund - Nonmajor

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or repair of major capital facilities or equipment.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

The School District reports the following major proprietary fund:

Enterprise Fund

The Enterprise Fund is used to account for the School District's food service operations that are financed and operated in a manner similar to private business enterprises. The Enterprise Fund accounts for all revenues, food purchases, and costs and expenses for the Food Service Program.

Budgetary Data

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

1. Prior to May 31, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The budget of the School District is the approved spending plan of the School District for the year and the Board is prohibited from obligating funds in excess of these amounts. The Board may, during any fiscal year, amend the budget by making additional appropriations or increase existing appropriations to meet emergencies. The funds shall be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans. Legal budgetary control is maintained by the Board at the department level. Transfers between departments, whether between funds or within a fund or revisions that alters the total revenues and expenditures of any fund, must be approved by the Board. Budget information in the Budgetary Comparison Schedule is presented at or below the legal level of budgetary control.
5. Budgetary data is included in the School District's management information system and is employed as a management control device during the year.
6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
7. There were supplemental budgetary appropriations or amendments proposed or approved during the year.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Cash Equivalents

The School District's policy is to maintain a majority of its liquid assets in interest-bearing accounts such as money market funds (pooled investment funds subject to daily withdrawal). The market values of the funds approximate cost. For the purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments (including money market funds), with a maturity of three months or less when purchased, to be cash equivalents.

Interfund Receivables and Payables

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

Inventories

The costs of educational materials are recorded as inventory and amortized over a five-year period in the General Fund.

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

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or extend asset lives are not capitalized.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10-20
Equipment and furniture	5-20
Computer equipment/software	3-5
Vehicles	10-15

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over estimated useful lives (15 years).

Compensated Absences

The School District accrues for certain accumulated unused sick days. The amount of the accrual is based on the sick day payments which are expected to be paid to employees upon their termination or retirement from the School District. These amounts are reflected as long-term liabilities unless retirements are likely within the upcoming fiscal year. The entire accumulated employee benefits liability is reported on the government-wide financial statements, and the current portion of the liability is reported within accrued salaries and benefits in the fund statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the related bonds.

The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources.

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 9 through 11.

Refunding Transactions

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

Deferred Inflows and Outflows of Resources Related to Pensions and OPEBS

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or OPEBs on the government-wide financial statements. These amounts are determined based on the actuarial valuation performed for each plan. Notes 9 through 11 present additional information about the School District's pension and OPEB plans.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes inventory.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are legally restricted for capital improvements.

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- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a Board resolution. Fund balance was committed at June 30, 2023 within the Capital Reserve Fund for future capital needs of the School District.
- Assigned – This category represents intentions of the Board to use the funds for specific purposes. Such assignment is made by the Finance Director, but approval is obtained from the Board for all such assignments. The School District currently does not have any assigned funds.
- Unassigned – This category represents all other funds not otherwise defined.

The School District's policy is to use funds in the order of the most restrictive to the least restrictive.

Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow

WILKINSBURG BOROUGH SCHOOL DISTRICT

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that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Adopted Pronouncements

The following GASB Statements were adopted for the year ended June 30, 2023: Statement Nos. 91 (Conduit Debt Obligations), 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements), and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on the School District's financial statements for the year ended June 30, 2023.

Pending Pronouncements

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences) and 102 (Certain Risk Disclosures). Management has not yet determined the impact of these statements on the financial statements.

WILKINSBURG BOROUGH SCHOOL DISTRICT

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3. Cash and Cash Equivalents

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

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

Deposits in savings accounts or time deposits or share accounts of institutions insured by 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, is pledged by the depository.

In March 2016, Act 10 was passed which expanded the scope of investment options available to school districts including repurchase agreements, commercial paper, negotiable certificates of deposit, and banker's acceptances. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

The deposit and investment policy of the School District adheres to state statutes and prudent business practices. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the School District. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents held by a Trustee of the School District.

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The following is a description of the School District's deposit and investment risks:

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The School District does not have a formal deposit policy for credit risk. These include investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) (described below), which has received an AAAM rating from Standard & Poor's.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, \$4,176,890 of the School District's bank balance of \$4,426,890 was exposed to custodial credit risk. Deposits are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$4,122,236 as of June 30, 2023.

Interest Rate Risk – The School District's investment policy addresses interest rate risk through safety of principal being the highest priority and preservation of capital in the portfolio of investments. All of the School District's investments disclosed below have a maturity of less than one year.

Investments

PSDLAF was established as common law trusts organized under laws of the Commonwealth. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of this fund is to enable such governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. Investments in this fund cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth. Pooled investments are short-term in nature and are included in cash and cash equivalents on the statement of net position.

In accordance with GASB, investments in PSDLAF are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any

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discount or premium, regardless of the impact of fluctuation interest rates on the market value of the investment. The net asset value per share for the purpose of calculating the price at which shares are issued and redeemed is determined by the Administrator each banking day. Such determination is made by subtracting the liabilities from the value of the assets and dividing the remainder by the number of shares outstanding.

The School District can withdraw funds from the external investment pools without limitations or fees.

The School District's pooled investment funds consist of the above-noted PLSDAF accounts. The School District's PLSDAF investments have a maturity of less than 90 days, and a fair value and book value of \$14,333,511 as of June 30, 2023.

4. Real Estate Taxes

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the School District. Assessed values are established by the Allegheny County Board of Assessments. All taxable real property was assessed at \$430,201,286. The tax rate for the year was \$24.50 per \$1,000 of assessed valuation.

The property tax calendar is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 31	10% penalty period
All taxes unpaid become delinquent and are turned over to the delinquent tax collector for collection.	

In accordance with Act 1, the School District also provides an installment payment plan. All payments under this method are at face value. If due dates are not met, the 10% penalty will be initiated on the unpaid balance. The due dates under this method are September 30, November 30, and January 31.

The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by management.

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The net real estate tax balance included in taxes receivable at June 30, 2023 is as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimate to be Collected
Real Estate	<u>\$ 17,995,098</u>	<u>\$ 14,371,619</u>	<u>\$ 3,623,479</u>

5. Capital Assets

Capital asset activity during the year ended June 30, 2023 is as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 299,100	\$ -	\$ -	\$ 299,100
Construction in progress	16,395	-	(16,395)	-
Total capital assets, not being depreciated	<u>315,495</u>	<u>-</u>	<u>(16,395)</u>	<u>299,100</u>
Capital assets, being depreciated:				
Buildings	2,974,487	29,494	-	3,003,981
Building improvements	21,826,578	321,108	-	22,147,686
Equipment and furniture	2,054,297	68,362	-	2,122,659
Computer equipment/software	1,162,571	18,892	-	1,181,463
Vehicles	197,087	-	(58,968)	138,119
Total capital assets, being depreciated	<u>28,215,020</u>	<u>437,856</u>	<u>(58,968)</u>	<u>28,593,908</u>
Less: accumulated depreciation for:				
Buildings	(2,414,527)	(50,704)	-	(2,465,231)
Building improvements	(9,641,262)	(1,012,091)	-	(10,653,353)
Equipment and furniture	(1,159,278)	(111,052)	-	(1,270,330)
Computer equipment/software	(877,904)	(84,171)	-	(962,075)
Vehicles	(165,708)	(2,282)	58,968	(109,022)
Total accumulated depreciation	<u>(14,258,679)</u>	<u>(1,260,300)</u>	<u>58,968</u>	<u>(15,460,011)</u>
Capital assets being depreciated, net	<u>13,956,341</u>	<u>(822,444)</u>	<u>-</u>	<u>13,133,897</u>
Governmental activities capital assets, net	<u>\$ 14,271,836</u>	<u>\$ (822,444)</u>	<u>\$ (16,395)</u>	<u>\$ 13,432,997</u>

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	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 175,733	\$ -	\$ -	\$ 175,733
Less: accumulated depreciation for:				
Machinery and equipment	(175,733)	-	-	(175,733)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was allocated to the functions of the School District as follows:

Governmental activities:

Instructional services	\$ 709,969
Support services	508,321
Non-Instructional services	<u>42,010</u>
Total depreciation expense - governmental activities	<u>\$ 1,260,300</u>

6. Long-Term Debt

Bonded Debt

The following is a summary of the School District's bonded debt transactions for the year ended June 30, 2023:

Bonded debt, July 1, 2022	\$ 20,305,000
Additions	-
Principal repayments/refundings	<u>(675,000)</u>
Bonded debt, June 30, 2023	<u>\$ 19,630,000</u>
Amount due within one year	<u>\$ 705,000</u>

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Bonds outstanding as of June 30, 2023 are comprised of the following:

General Obligation Bonds	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2017 Bonds	2.5%-3.25%	May 15, 2026 *	\$ 3,975,000	\$ 2,665,000
2019A Bonds	3.0%-4.0%	May 15, 2029 *	8,275,000	7,620,000
2019B Bonds	3.0%-4.0%	May 15, 2029 *	5,080,000	4,335,000
2020 Bonds	2.0%-3.0%	May 15, 2029 *	5,310,000	5,010,000
			<u>\$ 22,640,000</u>	<u>\$ 19,630,000</u>

* Term bonds due beginning on this date

Presented below is a summarization of bonded debt requirements to maturity by year as of June 30:

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Annual Debt Service
2024	\$ 705,000	\$ 580,069	\$ 1,285,069
2025	725,000	554,419	1,279,419
2026	750,000	533,869	1,283,869
2027	765,000	513,519	1,278,519
2028	790,000	491,469	1,281,469
2029-2033	4,300,000	2,099,013	6,399,013
2034-2038	5,545,000	1,387,694	6,932,694
2039-2043	5,010,000	556,663	5,566,663
2044	1,040,000	26,000	1,066,000
Total	<u>\$ 19,630,000</u>	<u>\$ 6,742,715</u>	<u>\$ 26,372,715</u>

During fiscal year 2018, the School District issued General Obligation Bonds, Series of 2017 (2017 Bonds) in the principal amount of \$3,975,000 to currently refund the General Obligation Bonds, Series of 2011 Bonds; and for various capital projects. Principal payments are due annually on the 2017 bonds beginning May 2018 through May 2033. Interest is due semi-annually in May and November.

During fiscal year 2019, the School District issued General Obligation Bonds, Series A of 2019 (2019A Bonds) in the principal amount of \$8,275,000 to currently refund the General Obligation Bonds, Series of 2012 Bonds. Principal payments are due annually on the 2019A

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bonds beginning May 2020 through May 2042. Interest is due semi-annually in May and November.

During fiscal year 2020, the School District issued General Obligation Bonds, Series B of 2019 (2019B Bonds) in the principal amount of \$5,080,000 to fund various capital improvements. Principal payments are due annually on the 2019B Bonds beginning May 2020 through May 2039. Interest is due semi-annually in May and November.

During fiscal year 2020, the School District issued General Obligation Bonds, Series of 2020 (2020 Bonds) in the principal amount of \$5,310,000 to currently refund the General Obligation Bonds, Series of 2015 Bonds and various capital improvements to School District facilities. Principal payments are due annually on the 2020 Bonds beginning May 2020 through May 2044. Interest is due semi-annually in May and November.

Other Long-Term Liabilities

The following is a summary of the transactions in long-term compensated absences payable for the year ended June 30, 2023:

Liability outstanding, July 1, 2022	\$	78,946
Current year activity		4,653
Liability outstanding, June 30, 2023	\$	83,599
Amount due within one year	\$	-

7. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables, and transfers at June 30, 2023 are summarized below:

Fund	Receivables	Payable
Major Funds:		
General	\$ -	\$ 2,737,454
Capital Projects	88,019	-
Capital Reserve	2,600,000	-
Enterprise	49,435	-
	<u>\$ 2,737,454</u>	<u>\$ 2,737,454</u>

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<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ -	\$ 6,600,000
Capital Projects	-	-
Capital Reserve	6,600,000	-
Enterprise	-	-
	<u>\$ 6,600,000</u>	<u>\$ 6,600,000</u>

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

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

8. Joint Venture

The School District is one of nine (9) member school districts of the Forbes Road Career and Technology Center (Forbes Road), which provides the buildings, space, and all the vocational technical education and training services for high school students and is controlled and governed by a Joint Board composed of all of the school board members of all the member school districts. Direct oversight of Forbes Road's operations is the responsibility of a Joint Board, which consists of one representative from each participating school district. During the year ended June 30, 2023, amounts paid to Forbes Road for tuition approximated \$10,250. These amounts are reflected as expenditures of the General Fund. The net current assets of \$589,169 for Forbes Road, at June 30, 2022 (date of latest available audit report) are used to fund future operations.

The School District is one of eight (8) members of the Eastern Area Special Schools Joint Committee (Committee). The Committee was formed to provide and maintain a facility for the education and training of students with disabilities. The Committee is controlled and governed by the Joint School Committee, which is composed of one representative from each participating school district. The School District's share of annual operating and capital costs for the Committee is based on their proportionate assessed value. During the year ended June 30, 2023, amounts paid to the Committee were \$12,009 and were for regular

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contributions. This amount is reflected as an expenditure of the General Fund. The School District's remaining payments on the energy savings loan are approximately \$7,000. The current assets of the Committee are approximately \$1,528,000 as of June 30, 2022 (date of latest available accountant's review report) are used to fund future operations. The Committee does not have any outstanding bond issues or significant amounts of notes payable or capitalized leases as of June 30, 2022 (date of latest available accountant's review report).

Forbes Road and the Committee are considered non-equity joint ventures of the School District. Accordingly, the School District's net investment and share of operating results are not included in the School District's financial statements. Separate audited financial statements for Forbes Road and reviewed financial statements for the Committee are available in the School District's business office.

9. Public School Employees' Retirement System (PSERS)

Plan Description

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

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

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

- Have 24 ½ or more years of service, or

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

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

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

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS' Annual Comprehensive Financial Report, which can be found on the PSERS' website at www.psers.pa.gov.

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

Benefits Provided – Pension Plan

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

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service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

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

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

Benefits Provided – Premium Assistance

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

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Member Contributions

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

- Active members who joined PSERS prior to July 22, 1983:
 - Membership Class T-C 5.25%
 - Membership Class T-D 6.50%
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
 - Membership Class T-C 6.25%
 - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
 - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
 - Membership Class T-E* 8.00%
 - Membership Class T-F* 10.80%
- Members who joined PSERS on or after July 1, 2019:
 - Membership Class T-G (hybrid)** 9.00% (combined rate)
 - Membership Class T-H (hybrid)** 8.25% (combined rate)
 - Defined Contribution only 7.50%

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

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

Employer Contributions

The School District's contractually required PSERS contribution rate for fiscal year ended June 30, 2023 was 35.26% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 34.31% rate for the Pension Plan, a 0.75% rate for the Premium Assistance, and a 0.20% rate for Act 5 Defined Contribution.

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The combined rate for the fiscal year ended June 30, 2023 was an increase from the fiscal year ended June 30, 2022 combined rate of 34.94%. The combined contribution rate will decrease to 34.00% in fiscal year 2024 and is projected to grow to 38.35% by fiscal year 2031.

The School District remits contributions to PSERS on a quarterly basis. Approximately \$1,058,607 is owed to PSERS as of June 30, 2023, which represents the School District's required contribution for the second quarter of 2022 and end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2023 were as follows:

Pension Plan	\$ 2,606,064
Act 5 Defined Contribution	15,191
Premium Assistance	56,967
Total	<u>\$ 2,678,222</u>

In accordance with Act 29, the Commonwealth of Pennsylvania (Commonwealth) reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$1.4 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2022 (measurement date), the School District's proportion was .0488%, which was a decrease of -.0018% from its proportion measured as of June 30, 2021.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2022 (measurement date), the School

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

District's proportion was .0488%, which was a decrease of $-.0017\%$ from its proportion measured as of June 30, 2021.

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

At June 30, 2023, the School District reported a liability of \$21,696,000 for its proportionate share of PSERS' net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2021 to June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,107,195.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,000	\$ 188,000
Changes in assumptions	648,000	-
Net difference between projected and actual earnings on pension plan investments	-	368,000
Changes in proportion	457,000	682,000
School District contributions subsequent to the measurement date	2,606,064	-
Total	\$ 3,721,064	\$ 1,238,000

\$2,606,064 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

<u>Year Ending June 30,</u>	
2024	\$ 38,000
2025	98,000
2026	(773,000)
2027	514,000
Total	<u>\$ (123,000)</u>

Actuarial Assumptions

The actuarial valuation used for the June 30, 2022 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2022 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2022 measurement date.

Pension Plan Investments

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public entity	28.0%	5.30%
Private equity	12.0%	8.00%
Fixed income	33.0%	2.30%
Commodities	9.0%	2.30%
Absolute return	6.0%	3.50%
Infrastructure/MLPs	9.0%	5.40%
Real estate	11.0%	4.60%
Cash	3.0%	0.50%
Leverage	-11.0%	0.50%
	100.0%	

For PSERS' year ended June 30, 2022, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 2.40%.

Discount Rate

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of PSERS' net pension liability	\$ 28,062,000	\$ 21,696,000	\$ 16,328,000

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

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 9 and the School District's retiree plan (retiree plan) described below. At June 30, 2023, the School District reported a net OPEB liability composed of the following:

School District's proportionate share of PSERS' net OPEB liability	\$ 898,000
School District's total OPEB liability for its retiree plan	986,003
Net OPEB liability	\$ 1,884,003

PSERS' net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. The School District's retiree plan's total OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by an actuarial valuation performed as of July 1, 2022.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

For the year ended June 30, 2023, the School District recognized OPEB expense as follows:

OPEB expense related to PSERS	
Premium Assistance	\$ 56,967
OPEB expense related to School District's retiree plan	65,509
Total OPEB expense	<u>\$ 122,476</u>

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 8,000	\$ 56,987	\$ 64,987
Changes in assumptions	100,000	65,030	165,030
Net difference between projected and actual earnings on OPEB plan investments	2,000	-	2,000
Changes in proportion	34,000	-	34,000
School District contributions subsequent to the measurement date	56,967	18,536	75,503
Total	<u>\$ 200,967</u>	<u>\$ 140,553</u>	<u>\$ 341,520</u>

Deferred Inflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,000	\$ 59,872	\$ 64,872
Changes in assumptions	212,000	176,741	388,741
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion	83,000	-	83,000
Total	<u>\$ 300,000</u>	<u>\$ 236,613</u>	<u>\$ 536,613</u>

\$75,503 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (64,467)
2025	(37,470)
2026	(46,470)
2027	(38,470)
2028	(41,473)
2029	(42,246)
Total	<u>\$ (270,596)</u>

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The actuarial valuation used for the June 30, 2022 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.09% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020
- Participation rate –
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

Changes in Assumptions

The discount rate increased from 2.18% to 4.09% for the actuarial valuation used for the June 30, 2022 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuation used for the June 30, 2022 measurement date.

OPEB Plan Investments

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.50%
	<u>100.0%</u>	

For PSERS' year ended June 30, 2022, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 0.35%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the Premium Assistance through the third fiscal year after the actuarial

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate used to measure the Total OPEB liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

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

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

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 1,016,000</u>	<u>\$ 898,000</u>	<u>\$ 800,000</u>

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

Healthcare cost trend rates were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 898,000</u>	<u>\$ 898,000</u>	<u>\$ 898,000</u>

Additional Required Disclosures for the School District's Retiree Plan

Plan Description

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

Benefits Provided

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

The Act 110/43 benefit eligibility is retirement with 30 years of PSERS service or upon superannuation retirement. Retired employees under Act 110/43 are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. Retired employees must provide payment equal to the premium determined for the purpose of COBRA.

Medical

Employees who retire and elect to remain in the medical plan are enrolled in either a PPO program or an EPO program. The programs are provided through the Allegheny County Schools Health Insurance Consortium (ACSHIC) and is administered by Highmark. All groups are eligible to continue coverage through Act 110/43 only.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Dental

Retirees are also eligible for dental benefits. Retirees with dental coverage must contribute 100% of the premium rate.

Vision

Retirees are also eligible for vision benefits. Retirees with vision coverage must contribute 100% of the premium rate.

Life Insurance

There is a grandfathered group of retirees who retired prior to July 1, 2007 who are eligible for postretirement life insurance benefits. However, these retirees must contribute 100% of the premium rate.

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

Inactive employees currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	92
	94

These benefits are expensed when incurred and are financed on a pay-as-you-go basis. For the year ended June 30, 2023, the School District recognized \$18,536 for current premiums.

Actuarial Assumptions

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

- actuarial cost method – entry age normal as percentage level of pay;
- discount rate – 3.54% - Based on Bond Buyers 20-Bond Index
- inflation rate – 3.00%
- salary increases – 2.50%

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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- Health care cost trend rates – 7.00% in fiscal year 2024, decreasing per year to 4.5% in fiscal years 2033 and later.
- Mortality – Pri.H-2012 Total Dataset Mortality Table projected using scale MP-2021

Changes in Assumptions

- Changed the discount rate from 2.16% to 3.54%
- Updated the mortality improvement scale to MP-2021

Changes in Benefit Terms

There were no changes in benefit terms for the July 1, 2022 valuation.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the School District's retiree plan for the year ended June 30, 2023 were as follows:

Total OPEB liability, July 1, 2022	\$	1,099,558
Changes for the year:		
Service cost		59,224
Interest on the total OPEB liability		23,750
Changes of benefit terms		-
Differences between expected and actual experience		(3,730)
Changes of assumptions		(112,432)
Benefit payments		(80,367)
Total OPEB liability, June 30, 2023	\$	<u>986,003</u>

Discount Rate

The discount rate used to measure the June 30, 2023 total OPEB liability was 3.54%. The rate was based on the Bond Buyers 20-Bond index.

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

The following presents the School District's total OPEB liability calculated using the discount rate described above, as well as what the School District's total OPEB liability would be if it

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease 2.54%	Current Discount 3.54%	1% Increase 4.54%
School District's total OPEB liability	\$ 1,066,674	\$ 986,003	\$ 911,602

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

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

	1% Decrease	Current Trend	1% Increase
School District's total OPEB liability	\$ 900,232	\$ 986,003	\$ 1,082,864

12. Contingencies and Commitments

Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The School District monitors its insured programs and increases insurance coverage as needed. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The School District has no unfunded liability.

Grantor Awards

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Lawsuits

There are various lawsuits, claims pending, and real estate tax appeals against the School District, most of which are covered by insurance. It is management's opinion that the financial statements will not be materially affected by any settlements that may occur.

Health Insurance Coverage

The School District is one of 89 members of the Allegheny County School's Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts, community colleges, career centers and other school related entities. The School District is billed monthly based on its employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium by the School District totaled \$1,402,811 for the year ended June 30, 2023.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium's net assets as determined on the fiscal year-end date after withdrawal. As of June 30, 2023, the surplus of net assets of the Consortium was \$43,578,886. The School District's share of this amount is \$168,085.

13. Tax Abatements

The School District offers temporary exemption from real property taxation for business improvements on deteriorated business property that result in tax assessment increase. The School District has approved a joint committee to approve or disapprove applications for the exemption. The tax exemption is for 100% in year one, decreased by 10% each year for 10 years. After the tenth year, the exemption shall terminate.

During the fiscal year ended June 30, 2023, the School District's real estate tax abatements were \$1,755,000 of assessed value and \$42,998 of taxable revenues.

REQUIRED SUPPLEMENTARY INFORMATION

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

Last 10 Fiscal Years¹

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of PSERS' net pension liability	0.0488%	0.0506%	0.0487%	0.0500%	0.0530%	0.0514%	0.0563%	0.0647%	0.0727%
School District's proportionate share of PSERS' net pension liability	\$ 21,696,000	\$ 20,775,000	\$ 23,979,000	\$ 23,017,000	\$ 25,443,000	\$ 25,386,000	\$ 27,900,000	\$ 28,025,000	\$ 28,775,000
School District's covered payroll	\$ 7,179,517	\$ 7,156,636	\$ 6,866,160	\$ 6,781,659	\$ 7,134,852	\$ 6,845,850	\$ 7,292,476	\$ 8,321,529	\$ 9,275,949
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	302.19%	290.29%	349.23%	339.40%	356.60%	370.82%	382.59%	336.78%	310.21%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years²

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contributions recognized by PSERS	\$ 2,606,064	\$ 2,502,195	\$ 2,343,818	\$ 2,368,597	\$ 2,241,046	\$ 2,222,997	\$ 1,913,171	\$ 1,788,360	\$ 1,633,258
School District's covered payroll	\$ 7,666,266	\$ 7,298,995	\$ 7,121,046	\$ 6,872,387	\$ 6,796,479	\$ 6,982,854	\$ 6,818,339	\$ 7,606,210	\$ 8,122,158
Contributions as a percentage of covered payroll	33.99%	34.28%	32.91%	34.47%	32.97%	31.84%	28.06%	23.51%	20.11%

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

See accompanying notes to required supplementary information.

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

Last 10 Fiscal Years¹

	2023	2022	2021	2020	2019	2018
School District's proportion of PSERS' net OPEB liability	0.0488%	0.0505%	0.0489%	0.0500%	0.0530%	0.0514%
School District's proportionate share of PSERS' net OPEB liability	\$ 898,000	\$ 1,197,000	\$ 1,057,000	\$ 1,046,000	\$ 1,105,000	\$ 1,047,000
School District's covered payroll	\$ 7,179,517	\$ 7,156,636	\$ 6,866,160	\$ 6,781,659	\$ 7,134,852	\$ 6,845,850
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	12.51%	16.73%	15.39%	15.42%	15.49%	15.29%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years²

	2023	2022	2021	2020	2019	2018
Contributions recognized by PSERS	\$ 56,967	\$ 58,893	\$ 59,130	\$ 59,641	\$ 57,057	\$ 58,130
School District's covered payroll	\$ 7,666,266	\$ 7,298,995	\$ 7,121,046	\$ 6,872,387	\$ 6,796,479	\$ 6,822,588
Contributions as a percentage of covered payroll	0.74%	0.81%	0.83%	0.87%	0.84%	0.85%

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

See accompanying notes to required supplementary information.

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

Last 10 Fiscal Years¹

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 59,224	\$ 63,934	\$ 55,541	\$ 37,849	\$ 47,033	\$ 46,745
Interest	23,750	23,010	35,831	36,175	40,348	36,380
Changes of benefit terms	-	-	-	-	-	-
Differences between actual and expected experience	(3,730)	-	78,359	-	(112,903)	-
Changes of assumptions	(112,432)	29,625	(88,394)	67,983	(10,790)	(27,967)
Benefit payments	(80,367)	(58,180)	(63,918)	(53,007)	(155,984)	(204,596)
Net Changes in Total OPEB Liability	(113,555)	58,389	17,419	89,000	(192,296)	(149,438)
Total OPEB Liability - Beginning	1,099,558	1,041,169	1,023,750	934,750	1,127,046	1,276,484
Total OPEB Liability - Ending	<u>\$ 986,003</u>	<u>\$ 1,099,558</u>	<u>\$ 1,041,169</u>	<u>\$ 1,023,750</u>	<u>\$ 934,750</u>	<u>\$ 1,127,046</u>

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

See accompanying notes to required supplementary information.

WILKINSBURG BOROUGH SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Local sources:				
Current real estate tax and penalties	\$ 7,985,830	\$ 7,985,830	\$ 7,640,800	\$ (345,030)
Other current taxes	1,668,500	1,668,500	2,113,221	444,721
Delinquent taxes	1,680,000	1,680,000	2,344,753	664,753
Interest	15,000	15,000	396,685	381,685
Grants	312,000	312,000	262,388	(49,612)
Tuition	40,000	40,000	3,022	(36,978)
Other local sources	166,000	166,000	318,981	152,981
Total local sources	11,867,330	11,867,330	13,079,850	1,212,520
State sources	17,542,795	17,542,795	19,283,594	1,740,799
Federal sources	7,508,277	7,508,277	5,486,968	(2,021,309)
Total revenues	36,918,402	36,918,402	37,850,412	932,010
Expenditures:				
Instructional services:				
Regular instruction	13,829,568	13,821,868	13,008,133	813,735
Special instruction	6,762,998	6,762,998	7,632,916	(869,918)
Vocational instruction	13,000	13,000	-	13,000
Alternative education programs	198,467	198,467	119,259	79,208
Nonpublic school programs	120,969	120,969	75,579	45,390
Pre-kindergarten	863,162	863,162	1,187,743	(324,581)
Total instructional services	21,788,164	21,780,464	22,023,630	(243,166)
Support services:				
Pupil personnel	996,088	996,088	739,775	256,313
Instructional staff	1,639,931	1,639,931	1,523,527	116,404
Administration	995,981	1,001,881	1,169,220	(167,339)
Pupil health	275,001	275,001	315,630	(40,629)
Business	637,466	639,266	724,593	(85,327)
Operation and plant and maintenance services	2,054,912	2,054,912	2,158,877	(103,965)
Student transportation services	1,845,525	1,845,525	1,865,504	(19,979)
Central and other support services	451,769	451,769	492,535	(40,766)
Other support services	12,500	12,500	21,624	(9,124)
Total support services	8,909,173	8,916,873	9,011,285	(94,412)
Operation of non-instructional services:				
Community services	61,000	61,000	85,778	(24,778)
Total operation of non-instructional services	61,000	61,000	85,778	(24,778)
Capital outlay	268,250	268,250	55,433	212,817
Debt service	1,320,757	1,320,757	1,278,419	42,338
Total expenditures	32,347,344	32,347,344	32,454,545	(107,201)
Excess (Deficiency) of Revenues over Expenditures	4,571,058	4,571,058	5,395,867	824,809
Other Financing Sources (Uses):				
Interfund transfers in (out)	(20,000)	(20,000)	(6,600,000)	(6,580,000)
Total other financing sources (uses)	(20,000)	(20,000)	(6,600,000)	(6,580,000)
Net Change in Fund Balance (Note 1)	\$ 4,551,058	\$ 4,551,058	(1,204,133)	\$ (5,755,191)
Fund Balance:				
Beginning of year			8,790,943	
End of year			\$ 7,586,810	

See accompanying notes to required supplementary information.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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

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

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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

Actuarial Valuation Date/ Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%
Salary Increases	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%
Mortality	50% PubT-2010 and 50% PubG- 2010	50% PubT-2010 and 50% PubG- 2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015
Changes in Benefits	None	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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

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

Actuarial Valuation Date	7/1/2022	7/1/2020	7/1/2020	07/01/2018	07/01/2018	07/01/2016
School District Fiscal Year In Which NOL is Recorded	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%
Salary Increases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality	Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021	Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2020	Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2019	RPH-2014 Total Dataset Mortality Table projected using Scale MP-2018	RPH-2014 Total Dataset Mortality Table projected using Scale MP-2018	RPH-2014 Total Dataset Mortality Table projected using Scale MP-2016
Changes in Benefits	None	None	None	None	None	None

4. Budgetary Information

The accompanying statement of revenues, expenditures, and changes in fund balance - budget to actual - General Fund is presented using the modified accrual basis of accounting, which is the same basis used for the basic governmental fund financial statements.

The Public School Code allows the Board of Directors to authorize budget transfer amendments beginning 90 days after the start of each fiscal year. The budget data reflected in the statement of revenues, expenditures, and changes in fund balance – budget and actual includes the effect of such approved budget transfer amendments and, for comparative purposes, the actual results have also been presented. The budget transfer amendments made during the year were not significant.

The School District expenditures may not legally exceed the revised budget amounts by amounts in total for the fund unless funds are received in excess of the budgeted State allocation levels. Accordingly, the legal level of budgetary control is at the object level within each function and fund. During fiscal year 2023, expenditures were budgeted at \$32.3 million, while actual expenditures were \$32.5 million. Expenditures exceed budget

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

for instructional services, support services, and non-instructional services. Revenues in excess of budget and budgeted fund balance covered the excess.

Additionally, during fiscal year 2023, revenues were budgeted at \$36.9 million, while actual revenues were \$37.8 million. Local revenue exceeded budgeted amounts by approximately \$1.2 million, primarily due to an increase in collection of other taxes, interest, and delinquent real estate taxes; the School District's state and federal revenue sources fell short of budgeted amounts by approximately \$300,000.

SUPPLEMENTARY INFORMATION

WILKINSBURG BOROUGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number/ Grant Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Accrued (Unearned) Revenue at June 30, 2023</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies - Basic	84.010	013-210483	8/11/20-9/30/21	1,214,178	\$ 172,424	\$ 172,424	\$ -	\$ -	\$ -	\$ -	\$ -
Title I Grants to Local Educational Agencies - Basic	84.010	013-220483	7/01/21-9/30/22	1,203,438	83,842	113,488	-	-	-	29,646	-
Title I Grants to Local Educational Agencies - Basic	84.010	013-230483	7/01/22-9/30/24	1,215,017	721,216	-	1,215,017	1,215,017	-	493,801	-
Total Title I Grants to Local Educational Agencies					977,482	285,912	1,215,017	1,215,017	-	523,447	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-210483	8/11/20-9/30/22	96,829	13,833	(30,046)	43,879	43,879	-	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-220483	7/01/21-9/30/22	91,586	30,541	(42,715)	50,686	50,686	-	(22,570)	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-230483	7/01/22-9/30/23	94,565	42,039	-	-	-	-	(42,039)	-
Total Title IV Student Support and Academic Enrichment Program					86,413	(72,761)	94,565	94,565	-	(64,609)	-
Title II Supporting Effective Instruction State Grants	84.367	020-210483	8/11/20-9/30/22	107,695	-	(78,492)	78,492	78,492	-	-	-
Title II Supporting Effective Instruction State Grants	84.367	020-220483	7/01/21-9/30/22	112,574	-	(38,536)	112,574	112,574	-	74,038	-
Title II Supporting Effective Instruction State Grants	84.367	020-230483	7/01/22-9/30/23	113,675	90,751	-	113,675	113,675	-	22,924	-
Total Title II Supporting Effective Instruction State Grants					90,751	(117,028)	304,741	304,741	-	96,962	-
COVID-19 - Education Stabilization Fund	84.425D	200-210483	3/13/20-9/30/23	4,497,269	1,568,613	657,585	911,028	911,028	-	-	-
Total COVID 19 - Education Stabilization Fund					1,568,613	657,585	911,028	911,028	-	-	-
ARP ESSER	84.425U	223-210483	3/13/20-9/30/24	9,096,673	1,819,335	(496,182)	2,836,164	2,836,164	-	520,647	-
ARP ESSER 7%	84.425U	225-210483	3/13/20-9/30/24	707,015	51,419	(5,089)	65,053	65,053	-	8,545	-
Total ARP ESSER					1,870,754	(501,271)	2,901,217	2,901,217	-	529,192	-
Total Education Stabilization Fund					3,439,367	156,314	3,812,245	3,812,245	-	529,192	-
Passed Through the Allegheny Intermediate Unit:											
Special Education - Preschool Grants	84.173	131-22-0-003	7/01/22-6/30/23	1,480	1,480	-	1,480	1,480	-	-	-
Special Education Grants to States - IDEA, Part B	84.027	062-22-0-003	7/01/21-9/30/22	237,365	237,365	237,365	-	-	-	-	-
Special Education Grants to States - IDEA, Part B	84.027	062-23-0-003	7/01/21-9/30/23	228,916	-	-	228,916	228,916	-	228,916	-
ARP Act - IDEA Supplemental Funding	84.027	062-22-0-003	7/01/21-9/30/22	59,970	59,970	59,970	-	-	-	-	-
Total Special Education Grants to States - IDEA, Part B					297,335	297,335	228,916	228,916	-	228,916	-
Total Special Education Cluster					298,815	297,335	230,396	230,396	-	228,916	-
Total U.S. Department of Education					4,892,828	549,772	5,656,964	5,656,964	-	1,313,908	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

WILKINSBURG BOROUGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023
(Continued)

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number/ Grant Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Adjustments</u>	<u>Accrued (Unearned) Revenue at June 30, 2023</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Agriculture											
Passed Through Pennsylvania Department of Education:											
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	n/a	7/01/22-6/30/23	n/a	628	-	628	628	-	-	-
School Breakfast Program	10.553	n/a	7/01/21-6/30/22	n/a	18,454	18,454	-	-	-	-	-
School Breakfast Program	10.553	n/a	7/01/22-6/30/23	n/a	113,723	-	132,182	132,182	-	18,459	-
Subtotal 10.553					132,177	18,454	132,182	132,182	-	18,459	-
National School Lunch Program	10.555	n/a	7/01/21-6/30/22	n/a	46,369	46,369	-	-	-	-	-
National School Lunch Program	10.555	n/a	7/01/22-6/30/23	n/a	277,224	-	323,580	323,580	-	46,356	-
Total National School Lunch Program					323,593	46,369	323,580	323,580	-	46,356	-
COVID-19 National School Lunch Program - Supply Chain Assistance	10.555	n/a	7/01/22-6/30/23	n/a	21,903	-	21,903	21,903	-	-	-
Passed Through the Pennsylvania Department of Agriculture:											
National School Lunch Program (Commodities)	10.555	2-04-02-980	7/01/22-6/30/23	43,567	37,665	a (3,367)	b 39,046	c 39,046	-	(1,986)	d -
Subtotal 10.555					383,161	43,002	384,529	384,529	-	44,370	-
Passed Through Pennsylvania Department of Education:											
Fresh Fruit and Vegetable Program	10.582	n/a	7/01/21-6/30/22	n/a	3,661	3,661	-	-	-	-	-
Fresh Fruit and Vegetable Program	10.582	n/a	7/01/22-6/30/23	n/a	34,663	-	34,663	34,663	-	-	-
Subtotal 10.582					38,324	3,661	34,663	34,663	-	-	-
Total Child Nutrition Cluster					553,662	65,117	551,374	551,374	-	62,829	-
Child and Adult Care Food Program	10.558	n/a	7/01/21-6/30/22	n/a	2,875	2,875	-	-	-	-	-
Child and Adult Care Food Program	10.558	n/a	7/01/22-6/30/23	n/a	28,262	-	32,290	32,290	-	4,028	-
Subtotal 10.558					31,137	2,875	32,290	32,290	-	4,028	-
Child Nutrition Discretionary Grants Limited Availability	10.579	USDA-FNS-NSLPEQ-MARO	7/08/22-9/30/2024	24,997	-	-	24,997	24,997	-	24,997	-
Total U.S. Department of Agriculture					585,427	67,992	609,289	609,289	-	91,854	-
Total Expenditures of Federal Awards					\$ 5,478,255	\$ 617,764	\$ 6,266,253	\$ 6,266,253	\$ -	\$ 1,405,762	\$ -

- a Total amount of commodities received from Department of Education
b Inventory at July 1, 2022
c Total amount of commodities used
d Inventory at July 1, 2023

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

WILKINSBURG BOROUGH SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Wilkinsburg Borough School District (School District) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies

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

**Wilkinsburg Borough
School District**

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2023

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

**Board of Directors
Wilkesburg Borough School District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Wilkesburg Borough School District (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 16, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Board of Directors
Wilkinsburg Borough School District
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

The School District's Response to Finding

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

Purpose of this Report

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

Maher Duessel

Pittsburgh, Pennsylvania
February 16, 2024

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

**Board of Directors
Wilkinsburg Borough School District**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wilkinsburg Borough School District (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 the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Board of Directors
Wilkesburg Borough School District
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

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

Report on Internal Control over Compliance

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

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

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

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

Maher Duessel

Pittsburgh, Pennsylvania
February 16, 2024

WILKINSBURG BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

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

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

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

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

7. Major Programs:

ALN(s)

Name of Federal Program or Cluster

84.425D/U

Education Stabilization Fund

84.010

Title I Grants to Local Educational Agencies - Basic

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

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

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

FINDING: 2023-001 Financial Reporting System

Statement of Condition: The School District's internal controls over financial reporting did not identify adjustments necessary to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Several material audit

WILKINSBURG BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

adjustments in the aggregate were made to the School District's records related to year-end accruals. Adjustments were required to: 1.) recognize deferred federal revenue; 2.) adjust accounts receivable and related revenues; 3.) balance interfunds and transfers; 4.) to record special functions revenue and expense; 5.) to adjust tuition payable.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Criteria: The School district should have procedures in place to identify any significant adjustments necessary to their external financial statements, including the posting of all adjustments necessary to present financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Effect: Audit adjustments were required to be recorded to ensure that the financial statements were prepared and presented in accordance with GAAP.

Cause: The School District's internal controls did not identify the necessity for these entries.

Recommendation: We recommend that the School District consider the most efficient and effective method to address the above issues.

Governmental accounting standards and the financial reporting process continue to become more complex each year. The School District should undertake an evaluation as to what measures can be taken by management to reduce the number of year-end closing adjustments made as part of the audit process. This decision should be made in conjunction with the evaluation of potential internal control improvements (both over day-to-day processes, and the year-end financial reporting process) within the School District.

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

III. Findings and questioned costs for federal awards.

None Noted

WILKINSBURG BOROUGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

NONE REPORTED



Wilkinsburg School District

718 WALLACE AVENUE
WILKINSBURG, PA 15221-2299
412-871-2104 FAX: 412-371-4058

Every Child Every Day Matters!

CORRECTIVE ACTION PLAN

February 16, 2024

The Wilkinsburg Borough School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Maher Duessel, CPA's
503 Martindale Street, Suite 600
Pittsburgh, PA 15212

Audit period: July 1, 2022 to June 30, 2023

The finding from the June 30, 2023, schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

FINDING: 2023-001 Financial Reporting System

Recommendation: We recommend that the School District consider the most efficient and effective method to address the finding.

Governmental accounting standards and the financial reporting process continue to become more complex each year. The School District should undertake an evaluation as to what measures can be taken by management to reduce the number of year-end closing adjustments made as part of the audit process. This decision should be made in conjunction with the evaluation of potential internal control improvements (both over day-to-day processes, and the year-end financial reporting process) within the School District.

Action taken: I will be correcting deficiencies left by previous financial staff, including correcting funding source account errors, more accurately recording expenses in our accounting software so the reporting



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module in our account software will display accurate budget and expenditure numbers. As well as utilize the Federal programs module in the system to better track and record grant spending.

FINDINGS— FEDERAL AWARD PROGRAMS AUDIT

None reported.

If the United States Department of Education has questions regarding this plan, please contact Bethann Eyth at 412-871-2104.

Sincerely yours,

Bethann Eyth

Business Manager

Wilkinsburg Borough School District