

**NEW BRIGHTON AREA
SCHOOL DISTRICT**
BEAVER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE

WITH REPORTS OF

CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED
JUNE 30, 2023**

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BEAVER COUNTY, PENNSYLVANIA
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BEAVER COUNTY, PENNSYLVANIA
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**To the Management and Board of Education
New Brighton Area School District
New Brighton, Pennsylvania**

Independent Auditor's Report

Opinions

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the New Brighton Area School District, Beaver County, Pennsylvania as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the New Brighton Area School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

My 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 my 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*, I:

- 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 New Brighton Area 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Brighton Area School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

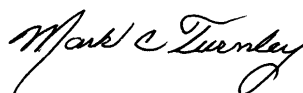
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xiii and the other required supplementary information on pages 47-54 be presented to supplement the basic financial statements. Such information is the responsibility 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Brighton Area School District's basic financial statements. The accompanying supplementary information – the schedule of expenditures of federal awards on page 60 is presented for purposes of additional analysis 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, and is also 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. Such 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 my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 25, 2024 on my consideration of the New Brighton Area School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the New Brighton Area School District's internal control over financial reporting and compliance.



Mark C. Turnley, CPA

March 25, 2024
New Brighton, Pennsylvania

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

The discussion and analysis of New Brighton Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year are as follows:

- The District's total governmental and business-type activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2023 by \$8,363,248 (net position – deficit). This significant deficit net position was mainly the result of the District's required implementation of GASB 75, '*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*' which started with the June 30, 2018 fiscal year, and GASB 68 '*Accounting and Financial Reporting for Pensions*' which was originally implemented at June 30, 2015. The District is now required to recognize a liability for their post-employment healthcare plan, to recognize a liability for their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net healthcare obligation, and to recognize their proportionate share of the PSERS overall net pension obligation. For the New Brighton Area School District, these liabilities stand at \$1,485,792, \$1,329,000, and \$32,144,000, respectively for governmental activities as of June 30, 2023.
- Total revenues and other financing sources, if any, were \$32,579,174 and total expenditures and other financing uses, if any, were \$30,643,468 for the General Fund.
- At the end of the current fiscal year, the fund balance of the General Fund was \$11,729,180, an increase of \$1,935,706 from the June 30, 2022 financial statements. Of this amount, \$1,500,000 was assigned for projected PSERS rate increases, \$136,000 was assigned for a 2022-2023 BCCT invoice, \$1,377,310 for ESSER funds toward the 2023-2024 fiscal year, \$1,321,608 for 2023-2024 capital projects, and \$500,000 for health consortium rate increases. The non-spendable amount of fund balance was \$2,110 for prepaid expenses. The committed fund balance was \$250,000 to be used for future capital projects. The remaining amount was unassigned fund balance totaling \$6,642,152 which represents approximately 23% of the 2023-2024 budgeted expenditures of the District.

USING THE FINANCIAL STATEMENTS

This Annual Financial Report consists of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand New Brighton Area School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

USING THE FINANCIAL STATEMENTS (Continued)

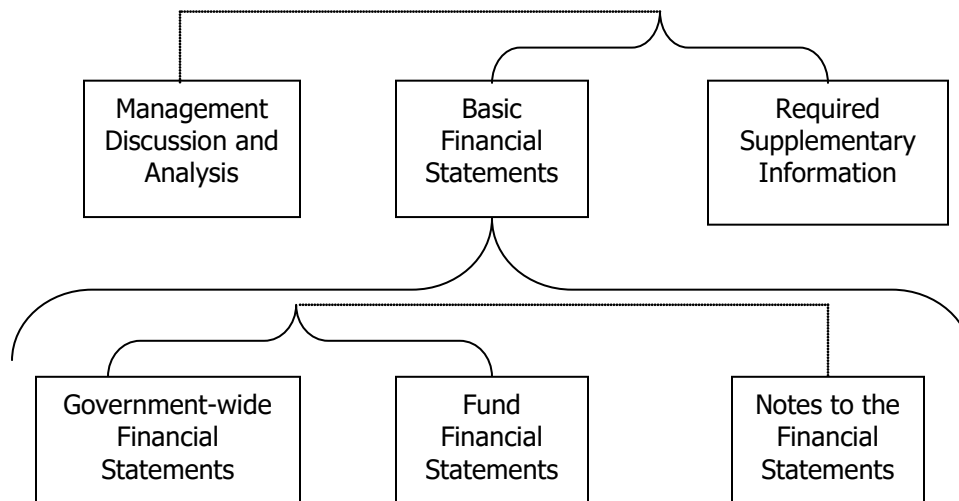
The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements (funds) focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For this District this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The Fiduciary funds for this District include the Activity and Scholarship Funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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

Figure A-1
Required components of
NEW BRIGHTON AREA SCHOOL DISTRICT's
Financial Report



**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

THE SCHOOL DISTRICT AS A WHOLE

Government-Wide Financial Statements

The Government-Wide Financial Statements consist of two statements; *The Statement of Net Position and the Statement of Activities*. These statements are provided to inform the reader of how the School District performed financially, during the 2022-2023 fiscal year. These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by most private-sector businesses. This method includes all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in net position. This change in net position tells the reader, for the District as a Whole, whether its financial position has improved or deteriorated. These changes can be caused by financial or non-financial factors. Non-financial factors include the School District's property tax base, student enrollment, facility conditions, required educational programs and other factors.

These statements divide the district's activities into two categories:

- **Governmental Activities** – Most of the School District's programs and services are reported here including, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The School District Food Service is reported as business-type activities.
- The Government-Wide Financial Statements can be found on pages 1 and 2 of this report.

Fund Financial Statements

The District's Fund Financial Statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental Funds – The majority of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using an accounting method called modified accrual accounting, which measures revenues and expenditures for which cash is received or paid during or soon after the year-end. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader to determine how much financial resources are available to finance future educational programs. The differences between the governmental activities statements and governmental fund statements are reconciled on page 4 and page 6, respectively.

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Fund Financial Statements (Continued)

Proprietary Funds – These funds are used to account for the District activities that are similar to business operations in the private sector: or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides-whether to outside customers or to other units in the District-these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary Funds- The District is the trustee, or fiduciary, for some scholarship and student activity custodial funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Net Position on pages 11 and 12. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

A comparative breakdown of assets, liabilities and net position of the District for the past two years is as follows:

**Table A-1
Fiscal Year Ended June 30, 2023 and 2022
Net Position**

	-----June 30, 2023-----			June 30, 2022
	Governmental Activities	Business-Type Activities	Total	Total
Current Assets	\$ 27,066,552	\$ 710,014	\$ 27,776,566	\$ 16,054,739
Noncurrent Assets	12,324,031	114,427	12,438,458	12,197,420
Deferred Outflows of Resources	6,074,846	-	6,074,846	6,388,366
Total Assets and Deferred Outflow of Resources	\$ 45,465,429	\$ 824,441	\$ 46,289,870	\$ 34,640,525
Current Liabilities	\$ 4,313,165	\$ 31,335	\$ 4,344,500	\$ 3,967,578
Noncurrent Liabilities	48,452,590	-	48,452,590	36,615,190
Deferred Inflows of Resources	1,856,028	-	1,856,028	5,890,058
Total Liabilities and Deferred Inflow of Resources	\$ 54,621,783	\$ 31,335	\$ 54,653,118	\$ 46,472,826
Net Investment in Capital Assets	\$ 8,520,884	\$ 114,427	\$ 8,635,311	\$ 8,578,013
Restricted	1,357,802	-	1,357,802	1,340,427
Unrestricted (Deficit)	(19,035,040)	678,679	(18,356,361)	(21,750,741)
Total Net Position (Deficit)	\$ (9,156,354)	\$ 793,106	\$ (8,363,248)	\$ (11,832,301)

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Financial Analysis of the District as a Whole (Continued)

The change in deferred outflows of resources, long-term liabilities, and deferred inflows of resources is attributed to the updated valuation received from the Pennsylvania School Employees Retirement System (PSERS), in accordance with GASB Statement No. 68, '*Accounting and Financial Reporting for Pensions*', and GASB Statement No. 75, '*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*' (OPEB), including the District's updated independent valuation of its' OPEB obligation as of June 30, 2023. The District's total net pension liability increased from \$29,479,000 at June 30, 2022 to \$32,144,000 at June 30, 2023. The District's total net OPEB liability decreased from \$3,354,266 at June 30, 2022 to \$2,814,792 at June 30, 2023.

The results of this year's operations as a whole are reported in the Statement of Activities on **Page 2**. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and changes to the net position for the past two fiscal years.

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Financial Analysis of the District as a Whole (Continued)

**Table A-2
Fiscal Year Ended June 30, 2023 and June 30, 2022
Change in Net Position**

	-----June 30, 2023-----			June 30, 2022
	Governmental Activities	Business-Type Activities	Total	Total
Revenues				
Program Revenues				
Charges for Services	\$ 81,872	\$ 173,852	\$ 255,724	\$ 208,900
Operating Grants and Contributions	11,325,022	1,032,366	12,357,388	9,281,998
Capital Grants and Contributions	-	-	-	247,512
General Revenues				
Property Taxes	5,960,552	-	5,960,552	6,214,668
Other Taxes	1,510,828	-	1,510,828	1,460,190
Unrestricted Subsidies	13,093,523	-	13,093,523	11,810,343
Other	873,359	-	873,359	132,279
Total Revenues	\$ 32,845,156	\$ 1,206,218	\$ 34,051,374	\$ 29,355,890
Expenses				
Instruction	\$ 16,399,983	\$ -	\$ 16,399,983	\$ 16,087,290
Instructional Student Support	1,713,395	-	1,713,395	1,658,217
Administrative and Financial Support	2,544,306	-	2,544,306	2,320,404
Operation and Maintenance of Plant	6,396,180	-	6,396,180	2,379,241
Pupil Transportation	1,176,094	-	1,176,094	1,135,581
Student Activities	516,988	-	516,988	488,158
Community Services	268,024	-	268,024	234,586
Interest on Long-Term Debt/Refunds	506,349	-	506,349	123,188
Food Services	-	1,061,002	1,061,002	921,751
Total Expenses	\$ 29,521,319	\$ 1,061,002	\$ 30,582,321	\$ 25,348,416
Change in Net Position	\$ 3,323,837	\$ 145,216	\$ 3,469,053	\$ 4,007,474

Table A-3 shows the District's largest functions - instruction, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, and community services, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Financial Analysis of the District as a Whole (Continued)

**Table A-3
Fiscal Year Ended June 30, 2023 and June 30, 2022
Governmental Activities**

<u>Functions/Programs</u>	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Total Cost of Service</u>	<u>Net Cost Service</u>	<u>Total Cost of Service</u>	<u>Net Cost Service</u>
Instruction	\$ 16,399,983	\$ 10,722,602	\$ 16,087,290	\$ 9,996,598
Instructional Student Support	1,713,395	(602,464)	1,658,217	1,331,925
Administrative	2,544,306	2,176,723	2,320,404	1,961,135
Operations and Maintenance	6,396,180	4,328,048	2,379,241	1,887,345
Pupil Transportation	1,176,094	455,950	1,135,581	306,395
Student Activities	516,988	428,767	488,158	363,488
Community Services	268,024	98,450	234,586	114,024
Interest on Long-Term Debt/Refunds	506,349	506,349	123,188	(124,324)
Total Governmental Activities	\$ 29,521,319	\$ 18,114,425	\$ 24,426,665	\$ 15,836,586
Less:				
Unrestricted Grants, Subsidies		12,247,307		11,810,343
Total Needs From Local Taxes and Other Revenues		\$ 5,867,118		\$ 4,026,243

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-4
Fiscal Year Ended June 30, 2023 and June 30, 2022
Business-Type Activities**

<u>Functions/Programs</u>	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Food Services	\$ 1,061,002	\$ 145,216	\$ 921,751	\$ 226,580
Less:				
Loss on Sale of Fixed Assets		-		-
Change in Net Position - Increase (Decrease)		\$ 145,216		\$ 226,580

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Local taxes (including Property Relief Tax subsidy), represent approximately 25.3% of the School District's total governmental revenues. Remaining revenues are comprised of the Basic Education Subsidy (37.3%) and charges for services, investment earnings, miscellaneous income, and other local, state and federal subsidies of approximately 37.4%. These percentages remained fairly constant from the fiscal year 2021-2022. The School District relies almost equally on state and federal grants as it does on local taxes and other local sources of income. A decrease in state and federal levels of support would have a direct impact on the local revenues needed to support the programs, as they exist.

Instructional costs represent the District's largest expense. During the 2022-2023, instruction costs were 55.6% of overall District expenses as compared to 65.9% in the prior fiscal year.

Business-Type Activities

The business-type activities of the District consist entirely of the Food Service program. This program had revenue of \$1,206,218, and expenses of \$1,061,002. The net position of the Food Service Program increased from \$647,890 in 2021-2022 to \$793,106 in 2022-2023. Without Federal and State funding, this program would require significant support from local sources.

School District's Funds

The fund financial statements of the School District funds begin on page 3. These funds use the modified accrual basis of accounting. The General Fund had total revenues and other financing sources, if any, of \$32,579,174 and expenditures and other financing uses, if any, of \$30,643,468. This created a net increase in fund balance of \$1,935,706, from \$9,793,474 in 2021-2022 to \$11,729,180 in 2022-2023, as a result of revenues exceeding expenditures.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the School District had \$12,438,458 (governmental and business-type activities), invested in land, buildings and equipment, net of accumulated depreciation. This represents a net increase of \$241,038 over the past fiscal year, mainly as a result of depreciation expense exceeding capital outlay for the current fiscal year.

Debt Administration

At July 1, 2022 the School District had total outstanding debt principal of \$3,717,510 on its General Obligation Bonds Series of 2018 and Equipment Financed Purchase Agreement. During 2022-2023, the District issued General Obligation Bonds, Series of 2022 in the amount of \$9,985,000. Total principal payments on existing debt totaled \$317,598 resulting in ending outstanding debt as of June 30, 2023 of \$13,384,912. The District is scheduled to make principal and interest payments on this debt totaling \$851,582 during the 2023-2024 fiscal year.

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

Capital Assets and Debt Administration (Continued)

Debt Administration (Continued)

Other long-term obligations include accrued vacation, personal and sick leave for specific employees of the District, as well as retirement incentive and retiree health insurance obligations. More detailed information about our long-term liabilities is included in Notes 9, 10, and 11 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The School District must rely on State support to continue funding educational programs. The local economy only provided 25.7% of total revenue for the fiscal year ending June 30, 2023. The School District is supported by an aging population and a depressed local economy. One mill of real estate taxes is approximately \$86,000 in revenue.

The Pennsylvania Public School Employees' Retirement System (PSERS) is projecting that the employer contribution rate will increase to 35.69% for the year 2023-2024. The rate for the 2022-2023 year was 35.26%.

Budget Comparison

The revenue budget for the 2022-2023 year (excluding other financing sources), was \$2,848,663 higher than budget for 2021-2022. This represents a 11.5% increase in budgeted revenues which is due, for the most part, to increases in School District's state and federal subsidies. The expenditure budget for the 2022-2023 year (excluding other financing uses), is \$812,754 more than the budget for 2021-2022, or a 3.1% increase.

Table A-5 shows the comparison of revenue and expenditure categories.

**Table A-5
BUDGETED REVENUE- PERCENTAGE OF TOTAL
2022-2023 FISCAL YEAR VS. 2021-2022 FISCAL YEAR**

	<u>2022-2023</u>	<u>2021-2022</u>
Local	26.13%	28.93%
State	71.67%	68.61%
Federal	2.20%	2.46%

**BUDGETED EXPENDITURES- PERCENTAGE OF TOTAL
2022-2023 FISCAL YEAR VS. 2021-2022 FISCAL YEAR**

	<u>2022-2023</u>	<u>2021-2022</u>
Instruction	61.56%	61.01%
Support Services	30.40%	30.29%
Noninstructional Services	2.73%	2.03%
Debt Service	5.31%	6.67%

**NEW BRIGHTON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2023**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marydenise Feroce, Business Manager at New Brighton Area School District, 3225 43rd Street New Brighton, PA 15066.

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 579,758	\$ 422,717	\$ 1,002,475
Investments	22,326,232	-	22,326,232
Taxes Receivable, net	1,038,943	-	1,038,943
Due From Other Governmental Units	3,358,846	4,403	3,363,249
Internal Balances	(276,761)	276,761	-
Other Receivables	37,424	581	38,005
Prepaid Expenses	2,110	-	2,110
Inventories	-	5,552	5,552
Total Current Assets	\$ 27,066,552	\$ 710,014	\$ 27,776,566
Noncurrent Assets:			
Land (non-depreciable)	\$ 9,500	\$ -	\$ 9,500
Site Improvements (net)	302,625	-	302,625
Building & Building Improvements (net)	11,801,194	-	11,801,194
Furniture & Equipment (net)	210,712	114,427	325,139
Total Noncurrent Assets	\$ 12,324,031	\$ 114,427	\$ 12,438,458
TOTAL ASSETS	\$ 39,390,583	\$ 824,441	\$ 40,215,024
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related Pensions	\$ 4,971,679	\$ -	\$ 4,971,679
Deferred Outflows Related OPEB	1,103,167	-	1,103,167
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 6,074,846	\$ -	\$ 6,074,846
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 45,465,429	\$ 824,441	\$ 46,289,870
LIABILITIES			
Current Liabilities:			
Due to Other Governmental Units	\$ 156,892	\$ -	\$ 156,892
Accounts Payable	411,612	26,998	438,610
Accrued Salaries and Benefits	2,950,095	-	2,950,095
Payroll Deductions and Withholdings	269,843	-	269,843
Bonds Payable - Current Portion	140,000	-	140,000
Financed Purchase Agreement Payable - Current Portion	180,844	-	180,844
Accrued Interest	183,991	-	183,991
Unearned Revenue	19,888	4,337	24,225
Total Current Liabilities	\$ 4,313,165	\$ 31,335	\$ 4,344,500
Noncurrent Liabilities:			
Bonds Payable - Long Term Portion (Net)	\$ 11,826,502	\$ -	\$ 11,826,502
Financed Purchase Agreement Payable - Long Term Portion	1,244,068	-	1,244,068
Net OPEB Liability	2,814,792	-	2,814,792
Net Pension Liability	32,144,000	-	32,144,000
Compensated Absences	218,778	-	218,778
Retiree Incentives	204,450	-	204,450
Total Noncurrent Liabilities	\$ 48,452,590	\$ -	\$ 48,452,590
TOTAL LIABILITIES	\$ 52,765,755	\$ 31,335	\$ 52,797,090
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	\$ 1,196,000	\$ -	\$ 1,196,000
Deferred Inflows Related to OPEB	660,028	-	660,028
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,856,028	\$ -	\$ 1,856,028
NET POSITION			
Net Investment in Capital Assets	\$ 8,520,884	\$ 114,427	\$ 8,635,311
Restricted	1,357,802	-	1,357,802
Unrestricted (Deficit)	(19,035,040)	678,679	(18,356,361)
TOTAL NET POSITION (Deficit)	\$ (9,156,354)	\$ 793,106	\$ (8,363,248)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 45,465,429	\$ 824,441	\$ 46,289,870

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 16,399,983	\$ 7,345	\$ 5,670,036	\$ -	\$ (10,722,602)		\$ (10,722,602)
Instructional Student Support	1,713,395	-	2,315,859	-	602,464		602,464
Administrative and Financial Support Services	2,544,306	-	367,583	-	(2,176,723)		(2,176,723)
Operation and Maintenance of Plant Services	6,396,180	369	2,067,763	-	(4,328,048)		(4,328,048)
Pupil Transportation	1,176,094	-	720,144	-	(455,950)		(455,950)
Student Activities	516,988	22,329	65,892	-	(428,767)		(428,767)
Community Services	268,024	51,829	117,745	-	(98,450)		(98,450)
Interest on Long-Term Debt	506,349	-	-	-	(506,349)		(506,349)
Total Governmental Activities	\$ 29,521,319	\$ 81,872	\$ 11,325,022	\$ -	\$ (18,114,425)		\$ (18,114,425)
Business-Type activities:							
Food Service	\$ 1,061,002	\$ 173,852	\$ 1,032,366	\$ -	\$ -	\$ 145,216	\$ 145,216
Total Business-Type Activities	\$ 1,061,002	\$ 173,852	\$ 1,032,366	\$ -	\$ -	\$ 145,216	\$ 145,216
Total Primary Government	\$ 30,582,321	\$ 255,724	\$ 12,357,388	\$ -	\$ (18,114,425)	\$ 145,216	\$ (17,969,209)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes (net)					\$ 5,960,552	\$ -	\$ 5,960,552
Other Taxes, Levied for General Purposes					1,510,828	-	1,510,828
Property Tax Relief Payment					846,216	-	846,216
Grants and Contributions - Unrestricted					12,247,307	-	12,247,307
Investment Earnings					793,562	-	793,562
Miscellaneous Income					79,797	-	79,797
Total General Revenues					\$ 21,438,262	\$ -	\$ 21,438,262
Change in Net Position					\$ 3,323,837	\$ 145,216	\$ 3,469,053
Net Position - July 1, 2022 (Deficit)					(12,480,191)	647,890	(11,832,301)
Net Position — June 30, 2023 (Deficit)					\$ (9,156,354)	\$ 793,106	\$ (8,363,248)

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

EXHIBIT C

	GENERAL FUND	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and Cash Equivalents	\$ 579,758	\$ -	\$ -	\$ 579,758
Investments	12,398,069	495,406	9,432,757	22,326,232
Taxes Receivable, net	1,038,943	-	-	1,038,943
Due from Other Funds	-	862,396	155,510	1,017,906
Due from Other Governmental Units	3,358,846	-	-	3,358,846
Other Receivables	37,424	-	-	37,424
Prepaid Expenses	2,110	-	-	2,110
TOTAL ASSETS	\$ 17,415,150	\$ 1,357,802	\$ 9,588,267	\$ 28,361,219
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Due To Other Funds	\$ 1,294,667	\$ -	\$ -	\$ 1,294,667
Due to Other Governmental Units	156,892	-	-	156,892
Accounts Payable	411,612	-	-	411,612
Accrued Salaries and Benefits	2,950,095	-	-	2,950,095
Payroll Deductions and Withholdings	269,843	-	-	269,843
Unearned Revenue	19,888	-	-	19,888
TOTAL LIABILITIES	\$ 5,102,997	\$ -	\$ -	\$ 5,102,997
DEFERRED INFLOWS OF RESOURCES:				
Delinquent Real Estate Taxes	\$ 582,973	\$ -	\$ -	\$ 582,973
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 582,973	\$ -	\$ -	\$ 582,973
FUND BALANCES:				
Nonspendable	\$ 2,110	\$ -	\$ -	\$ 2,110
Restricted	-	1,357,802	9,588,267	10,946,069
Committed	250,000	-	-	250,000
Assigned	4,834,918	-	-	4,834,918
Unassigned	6,642,152	-	-	6,642,152
TOTAL FUND BALANCES	\$ 11,729,180	\$ 1,357,802	\$ 9,588,267	\$ 22,675,249
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 17,415,150	\$ 1,357,802	\$ 9,588,267	\$ 28,361,219

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds **\$ 22,675,249**

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$37,217,106, and the accumulated depreciation is \$24,893,075. 12,324,031

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 582,973

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions		4,971,679
Deferred outflows of resources related to OPEB		1,103,167
Deferred inflows of resources related to pensions		(1,196,000)
Deferred inflows of resources related to OPEB		(660,028)

Long term liabilities, including notes payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Bonds Payable (Net)	\$ 11,966,502	
Financed Purchase Agreement Payable	1,424,912	
Accrued Interest	183,991	
Net OPEB Liability	2,814,792	
Net Pension Liability	32,144,000	
Compensated Absences	218,778	
Retiree Incentives	204,450	
		(48,957,425)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (Deficit) **\$ (9,156,354)**

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL FUND	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 8,383,989	\$ 17,375	\$ 337,948	\$ 8,739,312
State Sources	19,290,750	-	-	19,290,750
Federal Sources	4,904,435	-	-	4,904,435
Total Revenue	\$ 32,579,174	\$ 17,375	\$ 337,948	\$ 32,934,497
<u>EXPENDITURES</u>				
Instruction	\$ 17,059,102	\$ -	\$ -	\$ 17,059,102
Support Services	11,971,208	-	171,575	12,142,783
Noninstructional Services	815,243	-	-	815,243
Capital Outlay	130,849	-	666,841	797,690
Debt Service	667,066	-	-	667,066
Total Expenditures	\$ 30,643,468	\$ -	\$ 838,416	\$ 31,481,884
Excess (Deficiency) of Revenue over Expenditures	\$ 1,935,706	\$ 17,375	\$ (500,468)	\$ 1,452,613
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	\$ -	\$ -	\$ 9,985,000	\$ 9,985,000
Original Issue Premium	-	-	13,881	13,881
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 9,998,881	\$ 9,998,881
NET CHANGE IN FUND BALANCES	\$ 1,935,706	\$ 17,375	\$ 9,498,413	\$ 11,451,494
FUND BALANCE - JULY 1, 2022	9,793,474	1,340,427	89,854	11,223,755
FUND BALANCE - JUNE 30, 2023	\$ 11,729,180	\$ 1,357,802	\$ 9,588,267	\$ 22,675,249

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 11,451,494**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$846,329) exceeded depreciation expense (\$592,998) during the fiscal year.	253,331
Proceeds from long-term debt obligations are recorded as revenues in the governmental funds. However, in the statement of net position, these proceeds and related bond issue costs are recognized as long-term liabilities and contra-liabilities.	(9,985,000)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	1,622,934
Repayment of bond, note, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	317,597
Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense.	(13,329)
Bond discount costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the note as interest expense.	(612)
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.	(156,820)
In the statement of activities, certain operating expenses - compensated absences and retiree 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 (paid). This is the amount by which compensated absences and retiree benefits earned exceeded the amount paid.	(76,415)
Because certain property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.	(89,343)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,323,837**

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL
GOVERNMENTAL FUNDS-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	(Negative)
REVENUES				
Local Sources	\$ 7,240,511	\$ 7,240,511	\$ 8,383,989	\$ 1,143,478
State Sources	19,856,448	19,856,448	19,290,750	(565,698)
Federal Sources	610,125	610,125	4,904,435	4,294,310
Total Revenues	\$ 27,707,084	\$ 27,707,084	\$ 32,579,174	\$ 4,872,090
EXPENDITURES				
Regular Programs	\$ 11,682,636	\$ 11,682,636	\$ 11,731,483	\$ (48,847)
Special Programs	3,706,128	3,706,128	3,961,550	(255,422)
Vocational Programs	1,101,452	1,101,452	1,143,566	(42,114)
Other Instructional Programs	186,275	186,275	221,462	(35,187)
Non-Public School Programs	-	-	1,041	(1,041)
Pupil Personnel Services	990,125	990,125	992,447	(2,322)
Instructional Staff Services	522,831	522,831	542,862	(20,031)
Administrative Services	1,824,807	1,824,807	1,702,385	122,422
Pupil Health	274,700	274,700	259,217	15,483
Business Services	360,847	360,847	334,110	26,737
Operation & Maintenance of Plant Services	2,555,630	2,555,630	6,497,295	(3,941,665)
Student Transportation Services	1,281,201	1,281,201	1,176,094	105,107
Support Services Central	421,121	421,121	460,022	(38,901)
Other Support Services	6,300	6,300	6,776	(476)
Student Activities	560,225	560,225	536,782	23,443
Community Services	180,732	180,732	278,461	(97,729)
Capital Outlay	-	-	130,849	(130,849)
Debt Service	1,438,902	1,438,902	667,066	771,836
Total Expenditures	\$ 27,093,912	\$ 27,093,912	\$ 30,643,468	\$ (3,549,556)
Excess (Deficiency) of Revenues over Expenditures	\$ 613,172	\$ 613,172	\$ 1,935,706	\$ 1,322,534
OTHER FINANCING SOURCES (USES)				
Budgetary Reserve	\$ (420,000)	\$ (420,000)	\$ -	\$ 420,000
Total Other Financing Sources (Uses)	\$ (420,000)	\$ (420,000)	\$ -	\$ 420,000
NET CHANGE IN FUND BALANCES	\$ 193,172	\$ 193,172	\$ 1,935,706	\$ 1,742,534
FUND BALANCE - JULY 1, 2022	7,313,866	7,313,866	9,793,474	2,479,608
FUND BALANCE - JUNE 30, 2023	\$ 7,507,038	\$ 7,507,038	\$ 11,729,180	\$ 4,222,142

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	<u>FOOD SERVICES</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 422,717
Due from Other Governmental Units	4,403
Due from Other Funds	276,761
Other Receivables	581
Inventories	5,552
TOTAL CURRENT ASSETS	<u>\$ 710,014</u>
Noncurrent Assets:	
Furniture and Equipment (Net)	\$ 114,427
TOTAL NONCURRENT ASSETS	<u>\$ 114,427</u>
TOTAL ASSETS	<u>\$ 824,441</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 26,998
Unearned Revenue	4,337
TOTAL CURRENT LIABILITIES	<u>\$ 31,335</u>
TOTAL LIABILITIES	<u>\$ 31,335</u>
NET POSITION	
Net Investment in Capital Assets	\$ 114,427
Unrestricted	678,679
TOTAL NET POSITION	<u>\$ 793,106</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 824,441</u>

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FOOD SERVICES</u>
<u>OPERATING REVENUES</u>	
Food Services Revenue	\$ 173,852
Total Operating Revenues	<u>\$ 173,852</u>
<u>OPERATING EXPENSES</u>	
Other Purchased Service	\$ 905,861
Supplies	142,848
Depreciation	12,293
Total Operating Expenses	<u>\$ 1,061,002</u>
OPERATING INCOME/(LOSS)	<u>\$ (887,150)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
State Sources	\$ 33,944
Federal Sources	998,422
Total Nonoperating Revenues (Expenses)	<u>\$ 1,032,366</u>
CHANGE IN NET POSITION	<u>\$ 145,216</u>
NET POSITION - JULY 1, 2022	<u>647,890</u>
NET POSITION - JUNE 30, 2023	<u>\$ 793,106</u>

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FOOD SERVICES</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Users	\$ 185,219
Cash Payments to Suppliers for Goods and Services	(977,673)
Net Cash Provided (Used) by Operating Activities	<u>\$ (792,454)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	
State Sources	\$ 37,305
Federal Sources	1,039,533
Net Advances to/from Other Funds	(408,462)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$ 668,376</u>
NET INCREASE <DECREASE> IN CASH AND CASH EQUIVALENTS	\$ (124,078)
CASH AND CASH EQUIVALENTS - JULY 1, 2022	<u>546,795</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	<u>\$ 422,717</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (887,150)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	\$ 12,293
Donated Commodities	68,515
(Increase) Decrease in Accounts Receivable	10,212
(Increase) Decrease in Inventory	1,438
Increase (Decrease) in Accounts Payable	308
Increase (Decrease) in Unearned Revenue	1,930
Total Adjustments	<u>\$ 94,696</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (792,454)</u>
NONCASH NONCAPITAL FINANCING ACTIVITIES:	
During the year, the District received \$68,515 of food commodities from the U.S. Department of Agriculture	

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	STUDENT ACTIVITY CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 84,050
TOTAL ASSETS	\$ 84,050
LIABILITIES AND NET POSITION	
LIABILITIES:	
Accounts Payable	\$ 6,027
TOTAL LIABILITIES	\$ 6,027
NET POSITION:	
Restricted	\$ 78,023
TOTAL NET POSITION	\$ 78,023
TOTAL LIABILITIES AND NET POSITION	\$ 84,050

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>STUDENT ACTIVITY CUSTODIAL FUNDS</u>
ADDITIONS	
Interest	\$ 612
Student Club Organization Receipts	85,765
TOTAL ADDITIONS	<u>\$ 86,377</u>
DEDUCTIONS	
Student Club Organization Disbursements	\$ 83,168
TOTAL DEDUCTIONS	<u>\$ 83,168</u>
 CHANGE IN NET POSITION	 \$ 3,209
 NET POSITION - JULY 1, 2022	 <u>74,814</u>
 NET POSITION - JUNE 30, 2023	 <u>\$ 78,023</u>

The accompanying notes are an integral part of these financial statements

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The New Brighton Area School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities that include the Borough of New Brighton and the Townships of Daugherty, Fallston, and Pulaski. The School District operates under a locally elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the school district's activities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the New Brighton Area School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles define component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the New Brighton Area School District has no component units.

The School District is associated with two jointly governed organizations (Note 12) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
 - Beaver County Career and Technology Center
 - Beaver Valley Intermediate Unit
- Public Entity Risk Pool:
 - Beaver County Health Care Insurance Consortium

The financial statements of the New Brighton Area School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

FUND FINANCIAL STATEMENTS – Fund financial statements report detailed information about the School District. Under generally accepted accounting standards, the focus of fund financial statements is on major funds rather than reporting funds by type. Major funds represent the District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For Pennsylvania school districts, the General Fund and Food Service Fund are always considered major funds. Each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column. Fiduciary funds are reported by fund type.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. The fair value of donated commodities used during the year is reported in the operating statements as an expense with a like amount reported as part of federal source revenue.

Fiduciary funds are reported using the economic resources measurement focus.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

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

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the New Brighton Area School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2023 under the modified accrual basis are **1)** delinquent property taxes held with the Beaver County Tax Claim Bureau, **2)** deed transfer taxes for the month of June, **3)** earned income taxes and other act 511 taxes collected by the district within 60 days following the close of the fiscal year, **4)** federal and state subsidies earned in the fiscal year 2022-2023, and **5)** other miscellaneous revenues earned in fiscal year 2022-2023 but received subsequent to June 30, 2023. On the governmental fund financial statements, delinquent real estate taxes receivable that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2023 are those for which the Board of Education's intention was to expense these items as budgeted for the 2022-2023 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2023.

Allocations of cost, such as depreciation and amortization expense, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

FUND ACCOUNTING

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major and non-major governmental funds:

MAJOR GOVERNMENTAL FUNDS:

GENERAL FUND - The general fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

CAPITAL RESERVE FUND - The capital reserve fund accounts for financial resources used for the acquisition of capital assets and capital improvements, as deemed necessary by the Board of Education. This fund was established as a capital reserve fund under Pennsylvania Municipal Code Section 1431.

NON-MAJOR GOVERNMENTAL FUND:

CAPITAL PROJECTS FUND - The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for students within the District.

Proprietary Funds - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund that accounts for the financial transactions related to the food service operations of the District.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds report fiduciary activities that are not held in a Trust or equivalent arrangement that meets specific criteria. The School District reports one student activity custodial fund to account for various student organization activity accounts administered by the District on behalf of the student organizations.

BUDGETS

On June 27, 2022, the New Brighton Area School District adopted its fiscal year June 30, 2023 annual budget for the General Fund totaling \$27,513,912 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual basis of accounting in accordance with generally accepted accounting principles. The original and final budgetary amounts are reflected in these financial statements (Exhibit G). Actual expenditures exceeded budgeted expenditures during the 2022-2023 fiscal year. All annual appropriations of the General Fund lapse at year-end.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

The School District uses the following procedures in establishing this budgetary data:

- a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
- b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
- c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
- d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
- e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.
- f. Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

CASH AND CASH EQUIVALENTS

For the purpose of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, and any other highly liquid, short-term investments, with original maturity terms of less than three months.

INVESTMENTS

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, New Brighton Area School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) 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.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investments of the New Brighton Area School District include deposits pooled for investment purposes with the Pennsylvania School District Liquid Asset Fund (PSDLAF), and the Pennsylvania Local Government Investment Trust (PLGIT). Investments are reported at fair value. There were no deposit and investment transactions during the year that were in violation of state statutes.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

INVENTORIES

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at fair value on a first-in first-out basis. This inventory consists of donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as an expenditure in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

CAPITAL ASSETS AND DEPRECIATION

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental-activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$1,500. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>CATEGORY</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Site Improvements	15-20 years	N/A
Buildings and Improvements	20-50 years	N/A
Furniture and Equipment	3-20 years	10-15 years

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM DEBT FINANCING COSTS

Bond issuance costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District incurred \$171,575 in bond issuance costs related to General Obligation Bonds, Series of 2022 during the 2022-2023 fiscal year.

COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of applicable GASB Statements. Participants of the New Brighton Area Education Association are entitled to accumulated unused sick and personal day reimbursement at the rate of \$100 for each year of service with the District. Participants of the New Brighton Area Educational Support Professionals are entitled to accumulated unused sick and personal day reimbursement at the rate of \$150 for each year of service with the District. The entire compensated absences liability of \$218,778 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

PENSIONS

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's 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. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

OTHER POSTEMPLOYMENT BENEFITS

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's 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. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 11.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations. The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

UNEARNED REVENUE

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent balance periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has two items that qualify for reporting in this category. They are deferred outflows related to the School District's pension and OPEB plans, reported on the statement of net position (Exhibit A).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The School District has three items that qualify for reporting in this category. They are delinquent real estate taxes reported on the governmental funds balance sheet (Exhibit C), and deferred inflows related to the School District's pension and OPEB plans, reported on the statement of net position (Exhibit A).

NET POSITION

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

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. The net position of the Capital Reserve Fund is restricted in accordance with Section 1431 of the Municipal Code.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'. On June 30, 2023, the District had a deficit unrestricted net position of \$18,356,361.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION (Continued)

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

FUND EQUITY

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The non-spendable fund balance of \$2,110 represents expenses applicable to 2023-2024 fiscal year paid in June of 2023.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The fund balance of the Capital Reserve Fund totaling \$1,357,802 is restricted in accordance with Section 1431 of the Municipal Code. The restricted fund balance totaling \$9,588,267 represents the balance of the School District's Capital Projects Fund from its General Obligation Bond issue, Series of 2022.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint. The Board of Education has committed \$250,000 of the fund balance for the General Fund to be used for future capital projects.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Board of Education has assigned \$4,834,918 of its General Fund balance for **1)** PSERS rate increases totaling \$1,500,000, **2)** BCCT invoice for 2022-2023 totaling \$136,000, **3)** ESSER funds toward 2023-2024 fiscal year totaling \$1,377,310, **4)** \$1,321,608 for 2023-2024 capital projects, and **5)** \$500,000 for health consortium rate increases.
- Unassigned fund balance – amounts that are available for any purpose.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has authority to assign fund balance.

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY (Continued)

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the New Brighton Area School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the New Brighton Area School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are comprised of state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expense during 2022-2023.

ADOPTION OF GASB PRONOUNCEMENTS

The requirements of the following GASB Statements were adopted for the School District's 2022-2023 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on New Brighton Area School District's financial statements.

- **GASB issued Statement No. 91, 'Conduit Debt Obligations'.**
- **GASB issued Statement No. 94, 'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'.**
- **GASB issued Statement No. 96, 'Subscription-Based Information Technology Arrangements'.**

PENDING GASB PRONOUNCEMENTS

- **GASB issued Statement No 99, 'Omnibus 2022.** The provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments are effective for the School's June 30, 2024 financial statements.
- **GASB issued Statement No 100, 'Accounting Changes and Error Correction'.** The provisions of this Statement are effective for the School's June 30, 2024 financial statements.
- **GASB issued Statement No 101, 'Compensated Absences'.** The provisions of this Statement are effective for the School's June 30, 2025 financial statements.

The effects of implementing these Statements on the School's financial statements have not yet been determined.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

The following represents the bank balance and carrying value for the New Brighton Area School District's cash and cash equivalents at June 30, 2023:

	<u>Bank Balance</u>	<u>Carrying Value</u>
General Fund	\$ 701,045	\$ 579,758
Proprietary Fund	422,965	422,717
Fiduciary Fund	89,499	84,050
Totals	<u>\$ 1,213,509</u>	<u>\$ 1,086,525</u>

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to invest funds consistent with sound business practices evaluating each investment opportunity in terms of risk, yield, liquidity, and legal restrictions as allowable by law or regulations. As of June 30, 2023, \$761,970 of the District's overall bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

INVESTMENTS

The fair value and maturity term of the District's investments as of June 30, 2023 is as follows:

	<u>Fair Value</u>	<u>No Stated Maturity</u>	<u>Credit Rating</u>
PSDLAF	\$ 12,377,233	\$ 12,377,233	AAAm
PLGIT	9,948,999	9,948,999	AAAm
	<u>\$ 22,326,232</u>	<u>\$ 22,326,232</u>	

The purpose of the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a) 7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares. These funds are rated by a nationally recognized statistical rating organization (Standard & Poors). PSDLAF and PLGIT do not put any limitations or restrictions on withdrawals.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investments in PLGIT, PSDLAF and INVEST are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no formal investment policy that limits its investment choices based on credit ratings by nationally recognized rating organizations.

Interest Rate Risk:

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

Concentration of Credit Risk:

The School District places no limit on the amount it may invest in any one issuer.

Fair Value Measurements:

The New Brighton Area School District's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.
- Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.
- Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments held in external investment pools such as PSDLAF and PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost. In addition, certificates of deposit are not subject to the provisions of fair value measurements as they are recorded at cost.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - PROPERTY TAXES

The New Brighton Area School District levies property taxes July 1st of each fiscal year. The tax millage assessment for the 2022-2023 fiscal year was 71.9627 mills, which represents \$71.9627 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to August 31st. Collections beginning November 1st are assessed a 5% penalty. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15th of the year following levy.

Unpaid taxes are submitted to the Beaver County Tax Claim Bureau in April of the year following tax levy. The final tax collector reconciliations reflected \$424,387 in unpaid 2022 property taxes, which represents 7.0% of the total assessed property taxes (\$6,061,503) for the current fiscal year.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of \$582,974. For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off set as a credit to deferred inflows of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F). Taxes receivable is comprised of the following at June 30, 2023:

Delinquent Property Taxes	\$	582,974
Delinquent Property Taxes (60 Days)		213,857
Earned Income Tax		220,119
Business Privilege Tax		7,123
Deed Transfer Taxes		13,790
Per Capita/Local Service Tax		1,080
	\$	<u>1,038,943</u>

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

The amount of 'due from other governmental units', as reflected on the government-wide statement of net position, is comprised of the following:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Commonwealth of Pennsylvania:		
State Subsidies	\$ 1,281,372	\$ 73
Federal Pass-Through Grants	1,855,042	4,330
IDEA Funds Passed through IU	219,233	-
Due from Other Governmental Units	3,199	-
	<u>\$ 3,358,846</u>	<u>\$ 4,403</u>

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – OTHER RECEIVABLES

The amount of 'other receivables', as reflected on the government-wide statement of net position, represents reimbursements to the District's General Fund for costs incurred during the 2022-2023 fiscal year totaling \$37,424, as well as \$581 due the District's Food Service Fund for special function and other billings.

NOTE 6 – UNEARNED REVENUE

The amount of 'unearned revenue', as reflected on the government-wide statement of net position, is comprised of the following:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Federal Grants	\$ 19,888	\$ -
USDA Inventory	-	775
Student Account Balances	-	3,562
	<u>\$ 19,888</u>	<u>\$ 4,337</u>

NOTE 7 – INTER-FUND RECEIVABLES/PAYABLES

Inter-fund receivables and payables as reflected on the governmental and proprietary funds balance sheets (Exhibits C and H) are as follows:

	<u>RECEIVABLE</u>	<u>PAYABLE</u>
General Fund	\$ -	\$ 1,294,667
Capital Reserve Fund	862,396	-
Capital Projects Fund	155,510	-
Food Service Fund	276,761	-
	<u>\$ 1,294,667</u>	<u>\$ 1,294,667</u>

These inter-fund obligations represent reimbursements due for routine operating costs paid by each respective fund on behalf of the other funds. These obligations have been eliminated in the government-wide statement of net position.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS

A summary of the governmental fixed asset activity for the 2022-2023 fiscal year was as follows:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2023</u>
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 9,500	\$ -	\$ -	\$ 9,500
Total Capital Assets, not being depreciated	<u>\$ 9,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,500</u>
Capital Assets, being depreciated				
Site Improvements	\$ 2,171,471	\$ 95,637	\$ -	\$ 2,267,108
Building and Improvements	30,704,290	724,577	-	31,428,867
Furniture and Equipment	3,485,515	26,115	-	3,511,630
Total Capital Assets, being depreciated	<u>\$ 36,361,276</u>	<u>\$ 846,329</u>	<u>\$ -</u>	<u>\$ 37,207,606</u>
Less: Accumulated depreciation				
Site Improvements	\$ (1,920,900)	\$ (43,582)	\$ -	\$ (1,964,482)
Building and Improvements	(19,168,705)	(458,968)	-	(19,627,673)
Furniture and Equipment	(3,210,471)	(90,448)	-	(3,300,919)
Total Accumulated Depreciation	<u>\$ (24,300,076)</u>	<u>\$ (592,998)</u>	<u>\$ -</u>	<u>\$ (24,893,075)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 12,070,700</u></u>	<u><u>\$ 253,331</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,324,031</u></u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>7/1/2022</u>			<u>6/30/2023</u>
Business-Type Activities:				
Capital Assets, being depreciated				
Furniture and Equipment	\$ 594,608	\$ -	\$ -	\$ 594,608
Less: Accumulated Depreciation	(467,888)	(12,293)	-	(480,181)
Business-Type Activities Capital Assets, Net	<u><u>\$ 126,720</u></u>	<u><u>\$ (12,293)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,427</u></u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 418,765
Instructional Student Support	48,015
Administrative and Financial Support Services	65,351
Operation and Maintenance of Plant Services	42,975
Student Activities	11,715
Community Services	6,177
	<u><u>\$ 592,998</u></u>

NOTE 9 - LONG-TERM LIABILITIES

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

GENERAL OBLIGATION BONDS - SERIES OF 2018

On November 8, 2018, the New Brighton Area School District issued General Obligation Bonds, Series of 2018 in the amount of \$2,405,000 for the purpose of **1)** funding certain capital projects, including roof rehabilitations and replacements, heating ventilation and air conditioning rehabilitations, and other improvements and rehabilitations to District facilities under an Act 39 Guaranteed Energy Savings Program, and **2)** funding capitalized interest and paying the costs of the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on August 15 and February 15 each year through maturity. Interest rates range between 2.15% and 4.00% with the bonds maturing on August 15, 2034. The bonds provide for early redemption options for the School District as detailed in the official statement of issue.

GENERAL OBLIGATION BONDS - SERIES OF 2022

On August 2, 2022, the New Brighton Area School District issued General Obligation Bonds, Series of 2022 in the amount of \$9,985,000 for the purpose of **1)** upgrading and replacing various HVAC equipment, **2)** funding various capital projects throughout the District, and **3)** paying the costs of the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on August 15 and February 15 each year through maturity. Interest rates range between 3.00% and 5.00% with the bonds maturing on August 15, 2047. The bonds provide for early redemption options for the School District as detailed in the official statement of issue.

DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Local Government Unit Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of Beaver County. The Act provides any judgement shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies described.

A summary of the New Brighton Area School District's general obligation bonds outstanding at June 30, 2023 is as follows:

YEAR END JUNE 30,	PRINCIPAL SERIES OF 2018	PRINCIPAL SERIES OF 2022	TOTAL INTEREST	TOTAL
2024	\$ 135,000	\$ 5,000	\$ 490,644	\$ 630,644
2025	140,000	130,000	483,194	753,194
2026	145,000	135,000	472,022	752,022
2027	150,000	145,000	460,044	755,044
2028	155,000	150,000	447,522	752,522
2029-2033	860,000	855,000	2,049,153	3,764,153
2034-2038	390,000	1,875,000	1,664,298	3,929,298
2039-2043	-	2,995,000	1,110,163	4,105,163
2034-2048	-	3,695,000	405,981	4,100,981
	<u>\$ 1,975,000</u>	<u>\$ 9,985,000</u>	<u>\$ 7,583,021</u>	<u>\$ 19,543,021</u>

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Continued)

In connection with the School District's General Obligation Bonds – Series of 2018, the District paid approximately \$9,683 in bond discounts. These costs are being amortized on a straight-line basis over the life of the bond issue. The unamortized amount of bond discount totaling \$6,827 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)' in the governmental activities column on the government-wide statement of net position. Amortization expense for the year ended June 30, 2023 was \$612. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

The School District's General Obligation Bonds – Series of 2022, were issued at a premium totaling \$13,881. This premium is being amortized on a straight-line basis over the life of the bond issue. The unamortized amount of bond premium totaling \$13,329 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)' in the governmental activities column on the government-wide statement of net position. Amortization expense for the year ended June 30, 2023 was \$552. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

DIRECT BORROWING – FINANCED PURCHASE AGREEMENT

On March 6, 2014, the New Brighton Area School District entered into a Master Equipment Financed Purchase Agreement with PNC Equipment Finance, LLC, in the amount of \$2,604,372 to be used for various capital improvements which will help to reduce utility costs in future years. The terms of the lease call for 180 monthly principal and interest payments ranging from \$16,238 to \$24,032. The lease is scheduled to mature on December 6, 2029.

DEFAULT PROVISIONS – DIRECT BORROWING – FINANCED PURCHASE AGREEMENT

If any event of default occurs, PNC Equipment Finance, LLC (Lessor) may at its option, exercise any one or more of the following remedies: **1)** require New Brighton Area School District to pay all amounts due and all remaining payments due under the lease during the fiscal year in effect when default occurs together with accrued interest on such amounts at the respective rates provided in the lease, **2)** require the School District to return all equipment to the Lessor or Lessor may enter upon the premises where equipment is located and repossess equipment without demand or notice, without any court order or other process of law and without liability for any damage occasioned by such repossession, **3)** sell, lease, or otherwise dispose of equipment, in whole or in part, in one or more public or private transactions, **4)** terminate, cancel or rescind any lease as to any and all equipment, **5)** exercise any other right, remedy or privilege that may be available under applicable law or, by appropriate court action at law or in equity, enforce any of the School District's obligations under any lease or with respect to the Escrow Fund under the related Escrow Agreement, or **6)** require the School District to pay all out-of-pocket costs and expenses incurred by the Lessor as a result of the Event of Default and/or of Lessor's actions including, without limitation, any attorney fees and expenses and any costs related to the repossession, safekeeping, storage, repair, reconditioning, or disposition of any equipment.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - LONG-TERM LIABILITIES (Continued)

A summary of the New Brighton Area School District's financed purchase agreement outstanding at June 30, 2023 is as follows:

YEAR END			
JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2024	\$ 179,387	\$ 41,551	\$ 220,938
2025	186,049	35,975	222,024
2026	195,231	27,717	222,948
2027	218,501	23,959	242,460
2028	246,998	16,816	263,814
2029-2030	398,746	10,224	408,970
	\$ 1,424,912	\$ 156,242	\$ 1,581,154

The following represents the changes in the District's long-term liabilities during the 2022-2023 fiscal year:

	Balance			Balance	Due Within
	7/1/2022	Additions	Reductions	6/30/2023	One Year
General Obligation Bonds	\$ 2,105,000	\$ 9,985,000	\$ 130,000	\$ 11,960,000	\$ 140,000
Direct Borrowing:					
Lease Purchase Agreement	1,612,510	-	187,598	1,424,912	179,387
Compensated Absences	185,112	33,666	-	218,778	-
Retiree Incentives	189,650	14,800	-	204,450	-
Net Pension Liability	29,479,000	2,665,000	-	32,144,000	-
Net OPEB Liability	3,354,266	-	539,474	2,814,792	-
	\$ 36,925,538	\$ 12,698,466	\$ 857,072	\$ 48,766,932	\$ 319,387

NOTE 10 – PENSION PLAN

The New Brighton Area School District participates in the Public-School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

Plan Description

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age.

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

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

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

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% / 6.25%
T-C	On or After July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21-7.50% After 7/1/21-8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21-10.30% After 7/1/21-10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21-8.25% After 7/1/21-9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21-7.50% After 7/1/21-8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

Contributions (Continued)

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$3,823,679 for the year ended June 30, 2023.

*The defined contribution rate of 0.20% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

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

At June 30, 2023, the School District reported a liability of \$32,144,000 for its proportionate share of the 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 the System's total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023 the School District's proportion was .0723% which was an increase of .0005% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$2,167,898. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 15,000	\$ 278,000
Changes in assumptions	960,000	-
Net difference between projected and actual investment earnings	-	546,000
Changes in proportion	173,000	372,000
Contributions subsequent to the measurement date	3,823,679	-
	<u>\$ 4,971,679</u>	<u>\$ 1,196,000</u>

NOTE 10 – PENSION PLAN (Continued)

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

The \$3,823,679 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2023.

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

Measurement Date Year ended June 30,	Reporting Date Year ended June 30,	Amortization Amount
2023	2024	\$ (58,000)
2024	2025	28,000
2025	2026	(780,000)
2026	2027	762,000

Changes in Actuarial Assumptions

The Total Pension Liability as of June 30, 2022, was determined by rolling forward the System's Total Pension Liability as of the June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

Changes in Actuarial Assumptions (Continued)

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

The 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.30%
Private equity	12.0%	8.00%
Fixed Income	33.0%	2.30%
Commodities	9.0%	2.30%
Infrastructure/MLP's	9.0%	5.40%
Real estate	11.0%	4.60%
Absolute return	6.0%	3.50%
Cash	3.0%	0.50%
Leverage	-11.0%	0.50%
	<u>100%</u>	

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

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

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

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate (Continued)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	<u>\$ 41,576,000</u>	<u>\$ 32,144,000</u>	<u>\$ 24,191,000</u>

Pension plan fiduciary net position

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

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

General Information about the Health Insurance Premium Assistance Program

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

For Class DC members 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.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

Plan Description

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$83,100 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,329,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0722%, which is an increase of .0005% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, New Brighton Area School District recognized OPEB expense of \$35,592. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,000	\$ 7,000
Changes in assumptions	148,000	314,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportion	19,000	34,000
Contributions subsequent to the measurement date	83,100	-
	<u>\$ 266,100</u>	<u>\$ 355,000</u>

The \$83,100 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Date Year ended June 30,	Reporting Date Year ended June 30,	Amortization Amount
2023	2024	\$ (37,000)
2024	2025	(27,000)
2025	2026	(29,000)
2026	2027	(38,000)
2027	2028	(41,000)
Thereafter	Thereafter	-

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – level % of pay.
- Investment Return – 4.09% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

Actuarial Assumptions (Continued)

- Mortality rates were based a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%.
 - Eligible retirees will elect to participate Post age 65 at 70%.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
	<u>100.0%</u>	

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

Discount Rate

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

Sensitivity of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year and 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	<u>\$ 1,329,000</u>	<u>\$ 1,329,000</u>	<u>\$ 1,329,000</u>

Sensitivity of the proportionate share of the Net OPEB liability to changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Net OPEB Liability	<u>\$ 1,503,000</u>	<u>\$ 1,329,000</u>	<u>\$ 1,183,000</u>

OPEB plan fiduciary net position

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

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN

Plan Description

The New Brighton Area School District provides post-employment health care benefits to all eligible employees per the terms of the District's collective bargaining agreements. Teachers or Act 93 administrators must have completed at least 20 years of service. Support staff employees must have completed at least 15 years of service. Benefits must be taken on or before the year in which they become superannuated. Post-retirement benefits are provided until the retiree turns 65. Benefits for spouses terminate when the retiree or spouse turns 65, whichever occurs first. Should the medical benefit for a spouse terminate, the spouse can elect COBRA for an 18-month period, provided they pay the full premium rate.

Funding Policy

The contribution requirements of plan members and the School District are established and may be amended by the New Brighton Area Board of Education. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid to fund the health care benefits provided to eligible participants. All current retirees with medical coverage are required to contribute 100% of the premium rate in order to maintain coverage.

Participant Data

The July 1, 2022 valuation reflected the following participant data:

	<u>PARTICIPANT DATA</u>
Actives	144
Inactives	10
Total	<u>154</u>

Changes in the Total OPEB Liability

The District's total OPEB liability of \$1,485,792 was measured as of July 1, 2022, and was determined by an actuarial valuation performed as of July 1, 2022. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability.

Balance at July 1, 2022	\$ 1,656,266
Changes for the year:	
Service Cost	83,119
Interest on Total OPEB Liability	35,775
Differences between expected & actual experience	8,623
Changes of Assumptions or Other Inputs	(188,437)
Benefit payments	(109,554)
Net Changes	(170,474)
Balance at June 30, 2023	<u>\$ 1,485,792</u>

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

Actuarial Assumptions

- Cost Method – Entry Age Normal as a Level Percentage of Pay
- Mortality – Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021
- Discount Rate – 3.54% based on the Bond Buyers20-Bond Index
- Inflation Rate – 3.00%
- Salary Increases – 2.50%
- Healthcare Trend – 2023-2024 fiscal year 7.00% decreasing on a graduated basis to 4.50% for fiscal years 2032-2033 and later
- Percent Married - 25% of retirees will elect to cover a spouse at retirement – females are assumed to be three years younger than males.
- Disability – None assumed.
- Plan Participation - 70% of eligible retirees will participate in the retiree medical program
- Aging Factors – the per participant costs were spread over the various ages using the morbidity rates that are presented in “Health Care Costs – From Birth to Death” sponsored by the Society of Actuaries and prepared by Dale H. Yamamoto (June 2013)
- Withdrawal Rates – Rates varied by attained age.
- Retirement Rates – Age 57-64 – 10%; Age 65 – 100%

OPEB Expense

	<u>AMOUNT</u>
Service cost	\$ 83,119
Interest	35,775
Changes of benefit terms	-
Differences between expected & actual experience	58,180
Changes of assumptions or other inputs	(9,456)
Benefit payments	-
OPEB Expense	<u>\$ 167,618</u>

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

For the year ended June 30, 2023, New Brighton Area School District recognized OPEB expense of \$74,744. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 607,250	\$ 66,003
Changes of assumptions or other inputs	136,943	239,025
Benefits payments subsequent to the measurement date	92,874	-
	<u>\$ 837,067</u>	<u>\$ 305,028</u>

The \$92,874 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2024.

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

<u>Measurement Date Year ended June 30,</u>	<u>Reporting Date Year ended June 30,</u>	<u>Amortization Amount</u>
2023	2024	\$ 48,724
2024	2025	48,724
2025	2026	48,724
2026	2027	48,724
2027	2028	48,724
Thereafter	Thereafter	195,545

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

Sensitivity of the total OPEB liability to changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 3.54%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 1,619,724	\$ 1,485,792	\$ 1,362,237

Sensitivity of the total OPEB liability to changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,354,511	\$ 1,485,792	\$ 1,631,701

EARLY RETIREMENT INCENTIVE

In order for New Brighton Area School District faculty members to take advantage of the retirement incentive benefit, he/she must retire on or before the first year that they are qualified to retire under the guidelines of The Pennsylvania Employee Retirement System (superannuation) beginning July 1, 2007. This incentive includes a \$5,000 base buy-out provision in addition to each individual receiving \$110 for each unused sick day accumulated to their official retirement date. The retiree must have a minimum of twenty (20) years of service with the New Brighton Area School District. These payments will be made by the District into the retiree's 403(b) account. The employee's individual total will be paid in four (4) equal installments beginning on June 30th of the year of retirement and continuing for three (3) successive years. To receive this retirement incentive the professional employee must notify the District by March 1st of that school year as outlined in Section XII Sub Section C. The government-wide statement of net position includes an accrued liability of \$204,450 for the District's retiree incentive obligations.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS

BEAVER COUNTY CAREER AND TECHNOLOGY CENTER

The New Brighton Area School District, in conjunction with fourteen other School Districts, funds the operating and capital budget of the Beaver County Career and Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on its proportionate share of enrollment. The School District paid \$394,283 to the Career and Technology Center during the 2022-2023 fiscal year. One representative from each District's school board sit on the board of the Technology Center. Financial information can be obtained by contacting the Technology Center's administrative offices.

BEAVER VALLEY INTERMEDIATE UNIT

The New Brighton Area School District participates with 14 other School Districts located in the County of Beaver in the Beaver Valley Intermediate Unit (BVIU). The BVIU was established in 1970 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 15 school districts, as well as nonpublic schools and other institutions, located within the aforementioned counties. The BVIU provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The Beaver Valley Intermediate Unit is governed by a fifteen (15) member board appointed by the 15 participating school districts on a rotating basis. The School District contributed \$7,727 for operating contributions and transportation recovery to the BVIU through state subsidy withholdings for the year-ended June 30, 2023. Beaver Valley Intermediate Unit issues separate financial statements annually which can be obtained by contacting the BVIU directly.

NOTE 13 – RISK AND UNCERTAINTIES

GENERAL INSURANCE

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

HEALTH INSURANCE

The New Brighton Area School District is a member of the Beaver County Health Care Insurance Consortium (BCHCIC), a cooperative joint venture of Beaver County School Districts formed for the purpose of purchasing health care for all participating members at favorable rates. The Consortium is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis. The Consortium elected to finance these health care benefits using a self-insured approach known as an Administrative Service Contract (ASC) arrangement. Under this arrangement, the consortium contracts for an insurer (Highmark Blue Cross/Blue Shield) to settle the payment for benefits at their provider discounted contract amounts plus a fee for administration rather than paying for benefits at non-discounted claims rates. On July 1, 2003, the District entered into a Consortium consisting of New Brighton Area School District and sixteen other area educational institutions.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 – RISK AND UNCERTAINTIES (Continued)

HEALTH INSURANCE (Continued)

As of June 30, 2023, the Consortium showed a net asset negative balance of \$2,270,156 which will be used to fund future benefits. However, member districts who withdraw from the Consortium in accordance with the provisions of the Articles of Agreement (Section 17) are entitled to their respective share of the Consortium's net position calculated by multiplying net position by the fraction of dividing the withdrawing member's total contributions over the last three years by the total of all member district contributions over that same time period. The distribution is required to be paid within one year of the date of withdrawal. The New Brighton Area School District's share of the net asset balance was a negative \$156,641 (6.90%) and the District contributed \$2,728,729 to the consortium in 2022-2023.

STATE AND FEDERAL SUBSIDIES

The New Brighton Area School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LEGAL MATTERS

The New Brighton Area School District, in the normal course of operations, is party to various legal matters normally associated with school district such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would adversely impact the financial position of the District as of the date of this report.

NOTE 14 – SUBSEQUENT EVENTS

Management has determined that there are no other events subsequent to June 30, 2023 through the March 25, 2024 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NEW BRIGHTON AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DEFINED BENEFIT PENSION PLAN
JUNE 30,

As of the measurement date of June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0723%	0.0718%	0.0730%	0.0737%	0.0727%	0.0737%	.0733%	.0725%	.0733%
District's proportionate share of the net pension liability	\$ 32,144,000	\$ 29,479,000	\$ 35,944,000	\$ 34,479,000	\$ 34,900,000	\$ 36,399,000	\$ 36,325,000	\$ 31,403,000	\$ 29,013,000
District's covered payroll	\$ 10,609,985	\$ 10,158,270	\$ 10,249,207	\$ 10,160,511	\$ 9,793,433	\$ 9,817,833	\$ 9,490,138	\$ 9,322,609	\$ 9,352,273
District's proportionate share of the net pension liability as a percentage of its covered payroll	302.96%	290.20%	350.70%	339.34%	356.36%	370.74%	382.77%	336.85%	310.22%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

NEW BRIGHTON AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 3,823,679	\$ 3,597,745	\$ 3,411,039	\$ 3,414,044	\$ 3,301,967	\$ 3,078,581	\$ 2,951,314	\$ 2,459,299	\$ 2,012,183
Contribution in relation to the contractually required contribution	<u>(3,823,679)</u>	<u>(3,597,745)</u>	<u>(3,411,039)</u>	<u>(3,414,044)</u>	<u>(3,301,967)</u>	<u>(3,078,581)</u>	<u>(2,951,314)</u>	<u>(2,459,299)</u>	<u>(2,012,183)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,952,267	\$ 10,609,985	\$ 10,158,270	\$ 10,249,207	\$ 10,160,511	\$ 9,793,433	\$ 9,817,833	\$ 9,490,138	\$ 9,322,609
Contributions as a percentage of covered payroll	34.91%	33.91%	33.58%	33.31%	32.50%	31.44%	30.06%	25.91%	21.58%

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

NEW BRIGHTON AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PSERS PLAN
JUNE 30,

As of the measurement date of June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0722%	0.0717%	0.0730%	0.0737%	0.0727%	0.0737%
District's proportionate share of the net OPEB liability	\$ 1,329,000	\$ 1,698,000	\$ 1,577,000	\$ 1,567,000	\$ 1,516,000	\$ 1,502,000
District's covered payroll	\$ 10,609,985	\$ 10,158,270	\$ 10,249,207	\$ 10,160,511	\$ 9,793,433	\$ 9,817,833
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.53%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

NEW BRIGHTON AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS
PSERS PLAN
JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 83,100	\$ 84,306	\$ 83,023	\$ 85,734	\$ 84,069	\$ 80,505	\$ 81,571
Contribution in relation to the contractually required contribution	<u>(83,100)</u>	<u>(84,306)</u>	<u>(83,023)</u>	<u>(85,734)</u>	<u>(84,069)</u>	<u>(80,505)</u>	<u>(81,571)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,952,267	\$ 10,609,985	\$ 10,158,270	\$ 10,249,207	\$ 10,160,511	\$ 9,793,433	\$ 9,817,833
Contributions as a percentage of covered payroll	0.76%	0.79%	0.82%	0.84%	0.83%	0.82%	0.83%

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

NEW BRIGHTON AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
DISTRICT POST-RETIREMENT HEALTHCARE PLAN
JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 83,119	\$ 85,771	\$ 37,854	\$ 34,155	\$ 65,505	\$ 65,515
Interest	35,775	35,332	41,317	44,468	43,687	35,162
Change of benefits terms	-	-	-	-	-	-
Differences between expected and actual experience	8,623	-	322,228	-	(99,003)	-
Changes of assumptions or other inputs	(188,437)	35,642	100,010	35,516	(15,663)	(40,661)
Benefit payments	(109,554)	(99,221)	(83,145)	(82,701)	(65,794)	(73,452)
Net Change in Total OPEB Liability	\$ (170,474)	\$ 57,524	\$ 418,264	\$ 31,438	\$ (71,268)	\$ (13,436)
Total OPEB Liability - Beginning of Year	<u>1,656,266</u>	<u>1,598,742</u>	<u>1,180,478</u>	<u>1,149,040</u>	<u>1,220,308</u>	<u>1,233,744</u>
Total OPEB Liability - End of Year	<u>\$ 1,485,792</u>	<u>\$ 1,656,266</u>	<u>\$ 1,598,742</u>	<u>\$ 1,180,478</u>	<u>\$ 1,149,040</u>	<u>\$ 1,220,308</u>
Covered payroll	\$ 9,072,560	\$ 8,872,868	\$ 8,656,457	\$ 8,901,246	\$ 8,684,142	\$ 8,641,231
Total OPEB liability as a percentage of covered payroll	16.38%	18.67%	18.47%	13.26%	13.23%	14.12%

This schedule is intended to illustrate information for a ten (10) year period. Information for the ten-year period will be presented as information becomes available.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS

Changes in Benefit Terms

None

Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2022

None

Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2021

- Investment return went from 7.25% including inflation at 2.75% to 7.00% including inflation at 2.50%
- Salary growth rate decreased from 5.00% to 4.50%
- Real growth rate and merit or seniority increases (components for salary growth), decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively
- Mortality rates previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

None

NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

Changes in Benefit Terms

None

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)
(Continued)

Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2022

- Investment return went from 2.18% S&P 20 Year Municipal Bond Rate to 4.09% S&P 20 Year Municipal Bond Rate
- The discount rate decreased from 2.18% to 4.09%

Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2021

- Investment return went from 2.66% S&P 20 Year Municipal Bond Rate to 2.18% S&P 20 Year Municipal Bond Rate
- Salary growth rate decreased from 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases to 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate decreased from 2.66% to 2.18%

Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

None

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation Method: Market value
- Participation Rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN

Changes in Benefit Terms

None

Changes in Assumptions

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

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

The actuarial plan does not disclose actuarial assumptions, if applicable, used in the calculations of Actuarially Determined Contributions.

NEW BRIGHTON AREA SCHOOL DISTRICT

INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE

Mark C. Turnley

Certified Public Accountant

**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**

**Management and Board of Education
New Brighton Area School District**

I 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 Standard* 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 New Brighton Area School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise New Brighton Area School District's basic financial statements, and have issued my report thereon dated March 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the New Brighton Area 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Brighton Area School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the New Brighton Area 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 New Brighton Area School District'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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

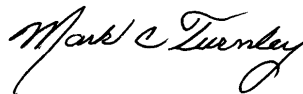
**Management and Board of Education
New Brighton Area School District**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Brighton Area School District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Mark C. Turnley
Certified Public Accountant

March 25, 2024
New Brighton, Pennsylvania

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

**To the Board of Education
New Brighton Area School District**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

I have audited New Brighton Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of New Brighton Area School District's major federal programs for the year ended June 30, 2023. New Brighton Area 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 my opinion, New Brighton Area School District complied, in all material aspects, 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

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of New Brighton Area School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of New Brighton Area 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 New Brighton Area School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 New Brighton Area School District's compliance based on my 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 judgement made by a reasonable user of the report on compliance about New Brighton Area School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 New Brighton Area School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of New Brighton Area 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 New Brighton Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

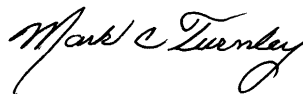
Report on Internal Control over Compliance

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 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive, flowing style.

Mark C. Turnley
Certified Public Accountant

March 25, 2024
New Brighton, Pennsylvania

NEW BRIGHTON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR / PROJECT TITLE	FUNDING SOURCE	ASSISTANCE LISTING NUMBER	PASS- THROUGH GRANTOR NUMBER	GRANT PERIOD BEGINNING / ENDING DATE	PROGRAM AWARD AMOUNT	2022-2023 AMOUNTS PASSED TO SUB- RECIPIENTS	TOTAL RECEIVED THIS PERIOD	ACCRUED (UNEARNED) REVENUE JULY 1	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE JUNE 30
U.S. DEPARTMENT OF EDUCATION:											
Passed through Pa. Department of Education:											
Title I	Indirect	84.010	013-230279	7/1/22-9/30/23	\$ 541,638	\$ -	\$ 433,809	\$ -	\$ 535,314	\$ 535,314	\$ 101,505
Title I	Indirect	84.010	013-220279	7/1/21-9/30/22	561,270	-	36,994	36,069	925	925	-
Title IIA Improving Teacher Quality	Indirect	84.367	020-230279	7/1/22-9/30/23	57,026	-	56,779	-	57,026	57,026	247
Title IIA Improving Teacher Quality	Indirect	84.367	020-220279	7/1/21-9/30/22	70,562	-	155	155	-	-	-
Title IV	Indirect	84.424	114-230279	7/1/22-9/30/23	43,455	-	11,039	-	22,485	22,485	11,446
Title IV	Indirect	84.424	114-220279	7/1/21-9/30/22	38,125	-	27,965	6,199	21,766	21,766	-
COVID-19 ESSER I Fund Local	Indirect	84.425D	200-200279	3/13/20-9/30/21	386,718	-	-	(105)	105	105	(1)
COVID-19 ESSER II Fund Local	Indirect	84.425D	200-210279	3/13/20-9/30/23	1,872,055	-	1,697,910	(159,455)	1,837,477	1,837,477	(1)
COVID-19 ARP ESSER III Fund Local	Indirect	84.425U	223-210279	3/13/20-9/30/24	3,786,625	-	1,376,955	20,054	1,945,482	1,945,482	(1)
COVID-19 ARP ESSER 7% (Learning Loss)	Indirect	84.425U	225-210279	3/13/20-9/30/24	210,219	-	80,265	(13,222)	133,916	133,916	(1)
COVID-19 ARP ESSER 7% (Summer School)	Indirect	84.425U	225-210279	3/13/20-9/30/24	42,044	-	16,053	3,320	22,578	22,578	(1)
COVID-19 ARP ESSER 7% (After School)	Indirect	84.425U	225-210279	3/13/20-9/30/24	42,044	-	16,053	6,942	28,255	28,255	(1)
COVID-19 ARP ESSER (Homeless Children & Youth)	Indirect	84.425W	181-212278	3/13/20-9/30/24	22,148	-	14,765	12,809	8,203	8,203	(1)
Total passed through Pa. Department of Education						\$ -	\$ 3,768,742	\$ (87,234)	\$ 4,613,532	\$ 4,613,532	\$ 757,556
Passed through Beaver Valley Intermediate Unit: (Special Education Cluster)											
IDEA	Indirect	84.027	N/A	7/1/22-6/30/23	\$ 216,125	\$ -	\$ -	\$ -	\$ 216,125	\$ 216,125	\$ 216,125
IDEA	Indirect	84.027	N/A	7/1/21-6/30/22	232,935	-	232,935	232,935	-	-	-
IDEA ESY	Indirect	84.027	N/A	7/1/22-6/30/23	3,108	-	-	-	3,108	3,108	3,108
COVID-19 IDEA ARP	Indirect	84.027X	N/A	7/1/21-9/30/23	9,978	-	9,978	9,978	-	-	-
Total passed through Beaver Valley Intermediate Unit (Special Education Cluster)						\$ -	\$ 242,913	\$ 242,913	\$ 219,233	\$ 219,233	\$ 219,233
Total Special Education Cluster						\$ -	\$ 242,913	\$ 242,913	\$ 219,233	\$ 219,233	\$ 219,233
TOTAL U.S. DEPARTMENT OF EDUCATION						\$ -	\$ 4,011,655	\$ 155,679	\$ 4,832,765	\$ 4,832,765	\$ 976,789
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:											
Passed through Pa. Department of Human Services											
Title 19		93.778	N/A	7/1/22-6/30/23	N/A	\$ -	\$ 19,723	\$ -	\$ 30,005	\$ 30,005	\$ 10,282
Title 19		93.778	N/A	7/1/21-6/30/22	N/A	-	14,533	14,533	-	-	-
Total passed through Pa. Department of Human Services						\$ -	\$ 34,256	\$ 14,533	\$ 30,005	\$ 30,005	\$ 10,282
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						\$ -	\$ 34,256	\$ 14,533	\$ 30,005	\$ 30,005	\$ 10,282
U.S. DEPARTMENT OF AGRICULTURE:											
Passed through Pa. Department of Education: (Child Nutrition Cluster)											
National School											
Lunch Program	Indirect	10.555	N/A	7/1/22-6/30/23	N/A	\$ -	\$ 615,556	\$ -	\$ 615,556	\$ 615,556	\$ -
Lunch Program	Indirect	10.555	N/A	7/1/21-6/30/22	N/A	-	85,538	85,538	-	-	-
Breakfast Program	Indirect	10.553	N/A	7/1/22-6/30/23	N/A	-	197,247	-	198,185	198,185	938
Breakfast Program	Indirect	10.553	N/A	7/1/21-6/30/22	N/A	-	24,070	24,070	-	-	-
Supply Chain Assistance	Indirect	10.555	N/A	7/1/22-6/30/23	N/A	-	42,015	-	42,015	42,015	-
Fresh Fruit and Vegetable Program	Indirect	10.582	N/A	7/1/22-6/30/23	N/A	-	37,752	-	41,144	41,144	3,392
Fresh Fruit and Vegetable Program	Indirect	10.582	N/A	7/1/21-6/30/22	N/A	-	3,855	3,855	-	-	-
Total passed through Pa. Department of Education (Child Nutrition Cluster)						\$ -	\$ 1,006,033	\$ 113,463	\$ 896,900	\$ 896,900	\$ 4,330
Passed through Pa. Department of Agriculture: (Child Nutrition Cluster)											
National School Lunch Program	Indirect	10.555	N/A	7/1/22-6/30/23	N/A	\$ -	\$ 68,515	* \$ -	** \$ 67,740	\$ 67,740	\$ (775) ***
Total passed through Pa. Department of Agriculture (Child Nutrition Cluster)						\$ -	\$ 68,515	\$ -	\$ 67,740	\$ 67,740	\$ (775)
Total Child Nutrition Cluster						\$ -	\$ 1,074,548	\$ 113,463	\$ 964,640	\$ 964,640	\$ 3,555
Passed through Pa. Department of Education:											
Child and Adult Care Food Program	Indirect	10.558	N/A	7/1/22-6/30/23	N/A	\$ -	\$ 32,379	\$ -	\$ 32,379	\$ 32,379	\$ -
Child and Adult Care Food Program	Indirect	10.558	N/A	7/1/21-6/30/22	N/A	-	494	494	-	-	-
P-EBT Local Admin Funds	Indirect	10.649	N/A	7/1/22-6/30/23	N/A	-	628	-	628	628	-
Total passed through Pa. Department of Education						\$ -	\$ 33,501	\$ 494	\$ 33,007	\$ 33,007	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE						\$ -	\$ 1,108,049	\$ 113,957	\$ 997,647	\$ 997,647	\$ 3,555
TOTAL FEDERAL ASSISTANCE						\$ -	\$ 5,153,960	\$- 284,169	\$ 5,860,417	\$ 5,860,417	\$ 990,626

Reconciliation with federal subsidy confirmation:

Per above	\$ 5,153,960
IDEA monies	(242,913)
School Lunch/Breakfast matching subsidy	37,305
Title 19 - Admin	(34,256)
Donated commodities	(68,515)
Per confirmation	\$ 4,845,581

* **Total USDA Commodity Received**

** Represents beginning inventory - 7/1/22

*** Represents ending inventory - 6/30/23

(1) - Denotes Major Program

NEW BRIGHTON AREA SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the New Brighton Area School District 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 Grant Guidance – UGG)*. 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 or changes in net position of the New Brighton Area School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal financial award revenues are included in the financial statements as 'local source' and 'federal source' revenues.

NOTE 4 – RECEIVABLES AND UNEARNED REVENUE

Federal grant receivables are included as part of 'due from other governmental units' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements. Unearned federal grant revenue, if any, is included as part of 'unearned revenues' in Exhibit A and Exhibit C, and are referenced in Note 6 to the Financial Statements.

NOTE 5 - NON-CASH ASSISTANCE

The New Brighton Area School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2022-2023 fiscal year.

NOTE 6 – INDIRECT COST RATE

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

NEW BRIGHTON AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X no

Noncompliance material to financial statements noted?

___yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X no

Type of auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)?

___yes X no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 – ESSER II Fund Local
84.425U	COVID-19 – ARP ESSER III Fund Local
84.425U	COVID-19 – ARP ESSER 7% (Learning Loss)
84.425U	COVID-19 – ARP ESSER 7% (Summer School)
84.425U	COVID-19 – ARP ESSER 7% (After School)
84.425W	COVID-19 – ARP ESSER (Homeless Children and Youth)

The dollar threshold for distinguishing type A and type B programs:

Type A Program	\$750,000-\$25,000,000
Type B Program	Less than \$750,000

Auditee qualified as low-risk auditee?

___X___yes ___no

Section II – Financial Statement Findings

Findings related to the financial statements which are required to be report in accordance with Government Auditing Standards.

None

Section III – Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

NEW BRIGHTON AREA SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDING JUNE 30, 2023

The audit report of the New Brighton Area School District for the year ended June 30, 2022 dated March 27, 2023 contained no audit findings.