

# **West Mifflin Area School District**

Single Audit

June 30, 2024

**MaherDuessel**

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# WEST MIFFLIN AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

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## **Independent Auditor's Report**

**Board of Directors  
West Mifflin Area School District**

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

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

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### Required Supplementary Information

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

### Supplementary Information

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on

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

*Maheer Duessel*

Pittsburgh, Pennsylvania  
March 24, 2025

**WEST MIFFLIN AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
2023-2024 FISCAL YEAR**

**Introduction**

The Management's Discussion and Analysis (MD&A) is an element of the Governmental Accounting Standards Board (GASB) Statement No. 34. Its purpose is to introduce the basic financial statements, providing an analytical overview of the West Mifflin Area School District's (School District) financial activities. This analysis, according to GASB Statement No. 34, is intended to provide an objective appraisal of the School District's financial activities based on currently known facts, decisions, and conditions.

The MD&A will address the financial performance of the School District for the fiscal year ending June 30, 2024. Included will be a comparison of current year results with the previous year, with the emphasis being on the current year.

**Financial Highlights**

As of the close of the current year, the School District's governmental funds reported a combined ending fund balance of \$6,774,157, which represents an decrease of \$449,365 in comparison to the prior year. Of this total amount, \$441,575 is restricted for future capital expenditures and \$72,236 is assigned for future capital expenditures.

The government-wide liabilities and deferred inflows of resources exceeded assets and deferred outflows at the close of the most recent fiscal year by \$54,185,193 (net position). The unrestricted portion of net position is a deficit of \$(54,941,639). This deficit is mainly a result of the School District's proportionate share of the PSERS net pension and OPEB liability, as well as its additional OPEB plan. These liabilities total \$67,096,828 as of June 30, 2024.

As of the close of the current year, the School District's General Fund reported an ending fund balance of \$6,260,346, which represents an decrease of \$478,576 in comparison to the prior year. Of this amount, \$6,260,346 is unassigned, which represents 9.17% of the School District's 2024-2025 budget.

**School District Overview**

A Pennsylvania Local Education Agency, the School District operates as a Third Class School District under the Public School Code of 1949, as amended and supplemented. The mission of the School District in partnership with families and community will be to establish a challenging and safe learning environment, where all students will attain the quality education and life experiences to become responsible lifelong learners. The School District is comprised of two Allegheny County (PA) municipalities, the Boroughs of West Mifflin and Whitaker. Total population of the communities, according to the 2020 census, is 19,589. The pupil population currently totals 2,700, Pre-Kindergarten through the Twelfth Grade, including out-of-district placements.

## Using the Basic Financial Statement Report

This basic financial statement report consists of a Financial Section. Within the Financial Section is the MD&A (this section), a series of financial statements, and notes to those statements:

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

Fund Financial Statements, which start on page 3 of the financial statements, provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. For the School District, the General Fund, Capital Projects Fund, Construction Fund, and the Food Service Fund are the most significant funds.

Notes to Financial Statements, starting on page 12 of the audit, explain some of the information in the financial statements and provide more detailed data. The notes are essential for a full understanding of the data provided in the government-wide and fund financial statements.

## Overview of Financial Statements

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

### ***Government-Wide Financial Statements***

The government-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

The government-wide financial statements of the School District are divided into two distinct kinds of activities:

- **Governmental activities** - All of the School District's basic services are included here, such as instruction, support services, operations and maintenance of plant services, student transportation services, administration, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** - The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

### ***Fund Financial Statements***

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required by state law and bond requirements. The fund financial statements provide more detailed information about the School District's most significant funds – not the School District as a whole. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds*** - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information on the subsequent pages that explains the relationship (or differences) between them. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School District maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Capital Projects Fund, and Construction Fund, which are considered to be major funds. There are no funds considered as non-major funds for the current year. The basic governmental fund financial statements can be found on pages 3-6.

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

accounting as the business-type activities we report in the government-wide financial statements, but provide more detail and additional information, such as cash flows. The basic proprietary fund financial statements can be found on pages 7-9.

**Fiduciary Funds** - The School District is the trustee, or fiduciary, for custodial funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on pages 10-11. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

### Financial Analysis of the School District as a Whole

The School District's total net position was (\$54,185,193) as of June 30, 2024, as shown in Table 1 below. Net position is categorized either as net investment in capital assets, which represents the School District's capital assets less related outstanding debt; restricted, which represents net position with constraints placed on the use by outside parties; or unrestricted.

**Table 1**  
**June 30, 2024 and 2023**  
**Net Position**

	Governmental Activities	Business-Type Activities	2024 Total	2023 Total
Current and other assets	\$ 20,544,376	\$ 1,166,304	\$ 21,710,680	\$ 17,177,686
Capital assets	74,788,341	97,720	74,886,061	79,778,347
<b>Total Assets</b>	<b>\$ 95,332,717</b>	<b>\$ 1,264,024</b>	<b>\$ 96,596,741</b>	<b>\$ 96,956,033</b>
Deferred outflows of resources for pension	\$ 11,653,661	\$ -	\$ 11,653,661	\$ 9,616,056
Deferred outflows of resources for OPEBS	473,766	-	473,766	525,034
Deferred outflows on refunding	1,605,446	-	1,605,446	1,834,795
<b>Total Deferred Outflows of Resources</b>	<b>\$ 13,732,873</b>	<b>\$ -</b>	<b>\$ 13,732,873</b>	<b>\$ 11,975,885</b>
Long-term liabilities	\$ 145,418,312	\$ -	\$ 145,418,312	\$ 149,389,662
Other liabilities	14,914,232	46,263	14,960,495	12,720,162
<b>Total Liabilities</b>	<b>\$ 160,332,544</b>	<b>\$ 46,263</b>	<b>\$ 160,378,807</b>	<b>\$ 162,109,824</b>
Deferred inflows of resources for pension	\$ 3,457,000	\$ -	\$ 3,457,000	\$ 5,478,000
Deferred inflows of resources for OPEBS	679,000	-	679,000	852,000
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,136,000</b>	<b>\$ -</b>	<b>\$ 4,136,000</b>	<b>\$ 6,330,000</b>
Net investment in capital assets	\$ 658,726	\$ 97,720	\$ 756,446	\$ (1,162,584)
Unrestricted	(56,061,680)	1,120,041	(54,941,639)	(58,345,322)
<b>Total Net Position</b>	<b>\$ (55,402,954)</b>	<b>\$ 1,217,761</b>	<b>\$ (54,185,193)</b>	<b>\$ (59,507,906)</b>

A portion of the School District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The three largest general revenues are the local taxes assessed to community taxpayers, other taxes, and the grants, subsidies, and contributions provided by the federal and state sources.

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

**Table 2**  
**Fiscal Years Ended June 30, 2024 and 2023**  
**Changes in Net Position**

	Governmental Activities	Business-Type Activities	2024 Total	2023 Total
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 3,608,724	\$ 196,257	\$ 3,804,981	\$ 3,773,692
Operating grants and contributions	22,247,678	1,719,330	23,967,008	20,607,001
General revenues (expenses) and transfers:				
Property taxes	26,007,385	-	26,007,385	25,730,598
Act 511 taxes	5,568,840	-	5,568,840	5,176,112
Other taxes	336,551	-	336,551	292,634
Basic education subsidy	11,411,960	-	11,411,960	9,583,886
Investment earnings	636,395	-	636,395	472,724
Other	145,892	-	145,892	290,502
Transfer to business-type activities	(320,000)	320,000	-	-
<b>Total Revenues</b>	<b>69,643,425</b>	<b>2,235,587</b>	<b>71,879,012</b>	<b>65,927,149</b>
<b>Expenditures:</b>				
Instruction services	40,224,861	-	40,224,861	35,197,824
Support services	19,485,932	-	19,485,932	15,984,661
Non-instructional services	1,909,650	-	1,909,650	2,871,501
Interest on long-term-debt	3,187,728	-	3,187,728	2,925,938
Food services	-	1,748,128	1,748,128	1,649,518
<b>Total Expenditures</b>	<b>64,808,171</b>	<b>1,748,128</b>	<b>66,556,299</b>	<b>58,629,442</b>
<b>Change in Net Position</b>	<b>\$ 4,835,254</b>	<b>\$ 487,459</b>	<b>\$ 5,322,713</b>	<b>\$ 7,297,707</b>

## Revenues

Total General Fund Revenues for the year totaled \$69,420,085, which was 9.5% higher than the \$63,407,028 received in 2022/2023. Local and State revenues increased from fiscal year 2023 to fiscal year 2024, with the largest increase coming from State sources due to increased basic education funding as well as Federal sources due to the increased Elementary and Secondary School Emergency Relief Fund (ESSER) subsidies.

**Table 3**  
**Fiscal Years Ended June 30, 2024 and 2023**  
**General Fund Revenue Comparison**

	<b>2024</b>	<b>2023</b>	<b>Difference \$</b>	<b>Difference %</b>
Local Sources	\$ 36,492,811	\$ 35,956,908	\$ 535,903	1%
State Sources	26,992,362	23,731,932	3,260,430	14%
Federal Sources	<u>5,934,912</u>	<u>3,718,188</u>	<u>2,216,724</u>	<u>60%</u>
Total	<u>\$ 69,420,085</u>	<u>\$ 63,407,028</u>	<u>\$ 6,013,057</u>	<u>75%</u>

The largest and most significant revenue category for the School District is Local Revenue. At \$36,492,811, local effort finances 52% of School District operations. Property Taxes, the greatest single revenue category, accounts for almost one-half of the total School District budget. Most local sources came in over budget for the 2023/2024 fiscal year, creating a positive \$1.5 million variance from the budget.

State Revenue rose to \$26,992,362 in 2023/2024, up approximately \$3.2 million from the previous year, which is largely due to the basic education subsidy.

The Commonwealth of Pennsylvania accounted for approximately 39% of total School District revenue for the year, which is consistent with the 2022/2023 fiscal year. The percentage of Commonwealth revenue as a percentage of total School District revenue for the prior ten years has ranged from 30% to 39% over the past ten years. Special Education funding, provided by the Commonwealth to help offset the School District's Special Education Program, totaled \$2,841,642. The amount financed 22.3% of the \$12,726,273 in direct Special Education costs. The remaining \$9.9 million is subsidized by local effort and various grants.

Federal Revenue totaled \$5,934,912 in 2023/2024, which was a significant increase with the prior year. At approximately 8% of total revenue, actual revenues were \$1.7 million more than the budget, primarily due to timing of spending of pandemic-related funding.

### **Expenditures**

The major General Fund expenditure categories, as compared to the previous year, are illustrated in the table below (Table 4). Total Expenditures increased by \$7,530,094 or 12% from the 2022/2023 school year. Increases occurred in all operational categories except facilities improvements, which decreased. Total expenditures came in over budget by \$4,530,097 or 6.7%.

**Table 4**  
**Fiscal Years Ended June 30, 2024 and 2023**  
**General Fund Expenditure Comparison**

	<b>2024</b>	<b>2023</b>	<b>Difference \$</b>	<b>Difference %</b>
Instruction	\$ 39,948,813	\$ 36,435,928	\$ 3,512,885	10%
Support Services	19,863,850	16,578,114	3,285,736	20%
Non-instructional Services	1,925,895	1,720,130	205,765	12%
Facilities Improvements	40,049	137,228	(97,179)	-71%
Debt Services	7,888,887	7,266,000	622,887	9%
Total	<u>\$ 69,667,494</u>	<u>\$ 62,137,400</u>	<u>\$ 7,530,094</u>	<u>-21%</u>

Instruction costs totaling \$39,948,813 showed a 10% increase over the previous year and came in over budget by \$4.5 million.

Support Services is comprised of a number of ancillary program services: libraries, guidance, pupil health, transportation, administrative services, school offices, Superintendent's office, business office, maintenance, and data processing. This category increased by 20% from 2022/2023, reflecting technology and building improvement expenditures made in the current year. Support Services expenditures came in under budget by \$768,692 for the year.

Non-Instructional Services include student activities, athletics, JROTC, and community services. As a category, Non-Instructional Services increased 12% from the previous year and was over budget by \$179,109.

Facilities Improvements, which is a capital projects category, had minimal expenditures as the School District continued to make needed investments in facilities through the Capital Projects and Construction Funds.

Debt Services reflects the required principal and interest payments for the School District's outstanding bonds and notes. No new debt was issued in 2024.

#### **Business-Type Activity**

The School District's only business-type activity is the Food Service operations. This program had operating revenues of \$196,257, non-operating revenues from state and federal sources of \$1,719,330 and expenses of \$1,748,128 for fiscal year 2024. The cafeteria operation is designed to be self-sustaining; however, funds are provided by the General Fund whenever revenue is lagging from the state/federal subsidies. There were transfers of \$320,000 during fiscal year 2024. Approximately, 90% of the revenue of the food service operation comes from the state and federal government. Subsidies received represent lunch and breakfasts served for free, reimbursed from the State.

#### **Capital Assets and Debt Administration**

The School District owns and operates two (2) Elementary centers, one (1) Middle School, one (1) High School, and an Athletic Complex. The buildings and land currently encompass 543,050 square feet on

137.3 acres. Capital Assets owned by the School District less accumulated depreciation through June 30, 2024 totaled \$74,788,341.

Principal payments of the School District's General Obligation Bonds due at the close of each fiscal year are as follows:

	<u>2024</u>	<u>2023</u>
Series 2016	\$ 34,895,000	\$ 38,860,000
Series 2018	10,170,000	10,370,000
Series 2019	19,950,000	19,955,000
Series 2021 (Note)	9,030,000	9,090,000
Series 2022 (Note)	<u>2,668,550</u>	<u>2,752,150</u>
Total	<u><u>\$ 76,713,550</u></u>	<u><u>\$ 81,027,150</u></u>

### Results of Operations/Overall Financial Position

The chart below illustrates changes in General Fund Balance over the past two years.

**Table 5**

	<u>Fiscal Year Ending June 30,</u> <u>2024</u>	<u>2023</u>
Beginning Fund Balance	\$ 6,738,922	\$ 5,469,294
Excess (Deficit) of Expenditures Over Revenue	<u>(478,576)</u>	<u>1,269,628</u>
Ending Fund Balance	<u><u>\$ 6,260,346</u></u>	<u><u>\$ 6,738,922</u></u>

### Budgetary Action Plan

The School District continues to follow a five-point plan that was developed in 2010 to address financial challenges caused by devalued properties, a major building project, and rising retirement costs. Since 2010, personnel and programmatic downsizing and debt financing have been used to combat revenue losses and increasing costs. All avenues to right size the School District have been explored and all options discussed and utilized to control costs and ensure a quality education for the students residing in the School District.

### Summary

The School District has strongly positioned itself for the future. Decisions made over the past few years give the School District more efficient use/cost of space, upgraded buildings, enhanced security measures, and better student-teacher ratios. The General Fund Balance stands at approximately \$6.26 million, and all labor agreements continue at least through the end of the 2024/2025 fiscal year. Budget variances showed differences close to budget projections: +8% for revenue and -11% for expenditures.

### **Contacting the School District Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Manager at West Mifflin Area School District, 1020 Lebanon Road, West Mifflin, PA 15122, 412-466-9131.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash	\$ 7,440,481	\$ 1,075,583	\$ 8,516,064
Investments	155,447	-	155,447
Internal balances	(49,487)	49,487	-
Accounts receivable - other	1,596,532	5,445	1,601,977
State and federal subsidies receivable	6,559,143	4,580	6,563,723
Inventories	-	31,209	31,209
Delinquent and lien real estate taxes receivable, net	2,173,710	-	2,173,710
Total current assets	17,875,826	1,166,304	19,042,130
Noncurrent assets:			
Investment in joint venture	2,668,550	-	2,668,550
Capital assets:			
Nondepreciable capital assets	2,120,596	-	2,120,596
Depreciable capital assets, net of accumulated depreciation	72,667,745	97,720	72,765,465
Total capital assets, net	74,788,341	97,720	74,886,061
Total noncurrent assets	77,456,891	97,720	77,554,611
<b>Total Assets</b>	95,332,717	1,264,024	96,596,741
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources for pension	11,653,661	-	11,653,661
Deferred outflows of resources for other post-employment benefits	473,766	-	473,766
Deferred charge on refunding	1,605,446	-	1,605,446
<b>Total Deferred Outflows of Resources</b>	13,732,873	-	13,732,873
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,170,904	-	2,170,904
Accrued salaries and wages	3,827,162	15,054	3,842,216
Accrued retirement and benefits	2,436,574	-	2,436,574
Unearned revenue	-	31,209	31,209
Current portion of retirement incentive	1,243,000	-	1,243,000
Accrued interest payable	708,717	-	708,717
Current portion of bonds and notes payable	4,527,875	-	4,527,875
Total current liabilities	14,914,232	46,263	14,960,495
Noncurrent liabilities:			
Net pension liability	63,927,000	-	63,927,000
Unamortized bond premium/(discount)	1,716,979	-	1,716,979
Compensated absences	1,549,727	-	1,549,727
Net OPEB liability	3,169,828	-	3,169,828
Long-term portion of retirement incentive	2,869,103	-	2,869,103
Long-term portion of bonds and notes payable	72,185,675	-	72,185,675
Total noncurrent liabilities	145,418,312	-	145,418,312
<b>Total Liabilities</b>	160,332,544	46,263	160,378,807
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources for pension	3,457,000	-	3,457,000
Deferred inflows of resources for other post-employment benefits	679,000	-	679,000
<b>Total Deferred Inflows of Resources</b>	4,136,000	-	4,136,000
<b>Net Position</b>			
Net investment in capital assets	658,726	97,720	756,446
Unrestricted	(56,061,680)	1,120,041	(54,941,639)
<b>Total Net Position</b>	\$ (55,402,954)	\$ 1,217,761	\$ (54,185,193)

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instructional services	\$ 40,224,861	\$ 3,560,492	\$ 19,030,780	\$ -	\$ (17,633,589)	\$ -	\$ (17,633,589)
Support services	19,485,932	-	2,321,797	-	(17,164,135)	-	(17,164,135)
Operation of non-instructional services	1,909,650	48,232	-	-	(1,861,418)	-	(1,861,418)
Interest on long-term debt	3,187,728	-	895,101	-	(2,292,627)	-	(2,292,627)
Total governmental activities	64,808,171	3,608,724	22,247,678	-	(38,951,769)	-	(38,951,769)
<b>Business-Type Activities:</b>							
Food services	1,748,128	196,257	1,719,330	-	-	167,459	167,459
<b>Total Primary Government</b>	<b>\$ 66,556,299</b>	<b>\$ 3,804,981</b>	<b>\$ 23,967,008</b>	<b>\$ -</b>	<b>(38,951,769)</b>	<b>167,459</b>	<b>(38,784,310)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes					26,007,385	-	26,007,385
Act 511 taxes					5,568,840	-	5,568,840
Other taxes					336,551	-	336,551
Basic education subsidy					11,411,960	-	11,411,960
Earnings from investments					636,395	-	636,395
Other					145,892	-	145,892
Transfers					(320,000)	320,000	-
Total general revenues					43,787,023	320,000	44,107,023
<b>Change in Net Position</b>					4,835,254	487,459	5,322,713
<b>Net Position:</b>							
Beginning of year					(60,238,208)	730,302	(59,507,906)
End of year					<u>\$ (55,402,954)</u>	<u>\$ 1,217,761</u>	<u>\$ (54,185,193)</u>

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Capital Projects	Construction Fund	Total
<b>Assets</b>				
Cash	\$ 6,953,588	\$ 486,893	\$ -	\$ 7,440,481
Investments	128,529	-	26,918	155,447
Accounts receivable - other	1,596,532	-	-	1,596,532
State and federal subsidies receivable	6,559,143	-	-	6,559,143
Delinquent and lien real estate taxes receivable, net	2,173,710	-	-	2,173,710
<b>Total Assets</b>	<b>\$ 17,411,502</b>	<b>\$ 486,893</b>	<b>\$ 26,918</b>	<b>\$ 17,925,313</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,170,904	\$ -	\$ -	\$ 2,170,904
Accrued salaries and wages	3,827,162	-	-	3,827,162
Accrued retirement and benefits	2,436,574	-	-	2,436,574
Due to other funds	49,487	-	-	49,487
<b>Total Liabilities</b>	<b>8,484,127</b>	<b>-</b>	<b>-</b>	<b>8,484,127</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - taxes	2,667,029	-	-	2,667,029
<b>Fund Balance:</b>				
Restricted	-	414,657	26,918	441,575
Assigned	-	72,236	-	72,236
Unassigned	6,260,346	-	-	6,260,346
<b>Total Fund Balance</b>	<b>6,260,346</b>	<b>486,893</b>	<b>26,918</b>	<b>6,774,157</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 17,411,502</b>	<b>\$ 486,893</b>	<b>\$ 26,918</b>	<b>\$ 17,925,313</b>

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

JUNE 30, 2024

**Total Fund Balance - Governmental Funds** \$ 6,774,157

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 the assets is \$140,758,729 and the accumulated depreciation is \$65,970,388. 74,788,341

Property and earned income taxes receivable will be collected next year, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 2,667,029

The investment in joint venture does not represent a financial asset that would be recorded as an asset in the governmental funds. 2,668,550

Employee benefits, including compensated absences, pension, and other post-employment benefits, are recorded on the fund financial statements when payment is due, whereas these amounts are recorded when the benefit is earned on the government-wide financial statements. These amounts at year-end consist of:

Net pension liability, net of related deferred inflows and outflows of resources	\$ (55,730,339)	
Net OPEB liability, net of related deferred inflows and outflows of resources	(3,375,062)	
Compensated absences	(1,549,727)	
Retirement incentive	(4,112,103)	
		(64,767,231)

Bonds and notes payable, including accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. In addition, governmental funds report the effect of discounts, premiums, issuance prepaid insurance, and deferred charges on refundings when debt is first issued; whereas, these amounts are deferred and amortized in the government-wide financial statements. These items at year-end consist of:

Bonds and notes payable	(76,713,550)	
Accrued interest payable	(708,717)	
Deferred charge on refunding	1,605,446	
Unamortized bond premium	(2,299,399)	
Unamortized bond discount	582,420	
		(77,533,800)

**Total Net Position - Governmental Activities** \$ (55,402,954)

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects	Construction Fund	Total
<b>Revenues:</b>				
Local sources	\$ 36,492,811	\$ 22,767	\$ 6,444	\$ 36,522,022
State sources	26,992,362	-	-	26,992,362
Federal sources	5,934,912	-	-	5,934,912
Total revenues	<u>69,420,085</u>	<u>22,767</u>	<u>6,444</u>	<u>69,449,296</u>
<b>Expenditures:</b>				
Current:				
Instructional services	39,948,813	-	-	39,948,813
Support services	19,863,850	-	-	19,863,850
Operation of non-instructional services	1,925,895	-	-	1,925,895
Facilities acquisition, construction, and improvement services	40,049	-	-	40,049
Debt service:				
Bond and note principal	4,313,600	-	-	4,313,600
Bond and note interest	3,575,287	-	-	3,575,287
Total expenditures	<u>69,667,494</u>	<u>-</u>	<u>-</u>	<u>69,667,494</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>(247,409)</u>	<u>22,767</u>	<u>6,444</u>	<u>(218,198)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	414,657	-	414,657
Transfers out	(320,000)	-	(414,657)	(734,657)
Refunds of prior year expenditures	88,833	-	-	88,833
Total other financing sources (uses)	<u>(231,167)</u>	<u>414,657</u>	<u>(414,657)</u>	<u>(231,167)</u>
<b>Net Change in Fund Balance</b>	<u>(478,576)</u>	<u>437,424</u>	<u>(408,213)</u>	<u>(449,365)</u>
<b>Fund Balance:</b>				
Beginning of year	6,738,922	49,469	435,131	7,223,522
End of year	<u>\$ 6,260,346</u>	<u>\$ 486,893</u>	<u>\$ 26,918</u>	<u>\$ 6,774,157</u>

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

### Net Change in Fund Balance - Governmental Funds

\$ (449,365)

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

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

Assets capitalized	\$ 1,879,821	
Depreciation expense	<u>(4,070,080)</u>	(2,190,259)

Property and earned income taxes receivable will be collected next year, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.

425,296

Compensated absences, pension benefits, and postemployment benefits not payable from current year resources are not reported as expenditures of the current year. In the statement of activities, these costs represent expenses in the current year:

Compensated absences	138,338	
Retirement incentive	(243,553)	
Pension benefits	2,818,605	
Postemployment benefits	<u>(151,306)</u>	2,562,084

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

237,379

Principal paid on bonds and notes in the current year is reported as expenditures in the governmental funds. Bonds and notes payable are reported as current and long-term liabilities on the statement of net position, therefore, the current year principal payments are reclassified to offset the bond liability.

4,313,600

The change in the investment in joint venture in the current year is reported as an expenditure in the government funds. The investment in joint venture is reported as a long-term asset on the statement of net position, therefore, the current year change is reclassified to offset the investment in joint venture.

(83,600)

Interest payable on long-term liabilities is recorded when paid in the governmental funds; however, interest is accrued in the statement of net position.

20,119

### Change in Net Position of Governmental Activities

\$ 4,835,254

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2024

	Enterprise Fund Food Service
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,075,583
State and federal subsidies receivable	4,580
Accounts receivable - other	5,445
Inventories	31,209
Due from other funds	49,487
Total current assets	1,166,304
Noncurrent assets:	
Machinery and equipment	387,442
Less: accumulated depreciation	(289,722)
Total noncurrent assets	97,720
<b>Total Assets</b>	<b>1,264,024</b>
<b>Liabilities</b>	
Current liabilities:	
Accrued salaries and wages	15,054
Unearned revenue	31,209
Total current liabilities	46,263
<b>Total Liabilities</b>	<b>46,263</b>
<b>Net Position</b>	
Net investment in capital assets	97,720
Unrestricted	1,120,041
<b>Total Net Position</b>	<b>\$ 1,217,761</b>

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service
<b>Operating Revenues:</b>	
Food service revenue	\$ 196,257
<b>Operating Expenses:</b>	
Salaries	479,180
Payroll taxes and benefits	289,590
Repairs and maintenance	20,717
Food and supplies purchased - Nutrition, Inc.	784,982
Depreciation	11,591
Office supplies and expense	56,324
Value of donated food used	105,744
Total operating expenses	1,748,128
<b>Net Operating Income (Loss)</b>	<b>(1,551,871)</b>
<b>Non-Operating Revenues (Expenses):</b>	
Federal and state subsidies	1,613,586
Value of donated foods	105,744
Total non-operating revenues (expenses)	1,719,330
Income (loss) before interfund transfers	167,459
<b>Interfund Transfers:</b>	
Transfers from General Fund	320,000
Total interfund transfers	320,000
<b>Change in Net Position</b>	<b>487,459</b>
<b>Net Position:</b>	
Beginning of year	730,302
End of year	\$ 1,217,761

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	Enterprise Fund Food Service
<b>Cash Flows From Operating Activities:</b>	
Cash received from users	\$ 196,257
Cash paid to employees	(755,588)
Cash paid to suppliers	(887,073)
Net cash provided by (used in) operating activities	(1,446,404)
<b>Cash Flows From Noncapital Financing Activities:</b>	
Operating subsidies	1,603,583
Transfers from (to) other funds	264,949
Net cash provided by (used in) noncapital financing activities	1,868,532
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	(61,714)
Net cash provided by (used in) capital and related financing activities	(61,714)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	360,414
<b>Cash and Cash Equivalents:</b>	
Beginning of year	715,169
End of year	\$ 1,075,583
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Net operating income (loss)	\$ (1,551,871)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	11,591
Donated commodities	105,744
Change in assets and liabilities:	
Inventories	10,003
Accounts payable	(35,053)
Accrued salaries and benefits	13,182
Net cash provided by (used in) operating activities	\$ (1,446,404)
<b>Non-Cash, Non-Capital Financing Transactions:</b>	
West Mifflin Area School District received donated commodities of \$95,741 from the Department of Agriculture.	

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	Custodial Fund
<b>Assets</b>	
Cash	\$ 191,009
Investments	40,000
<b>Total Assets</b>	<b>231,009</b>
<b>Net Position</b>	
Restricted for:	
Student activities	\$ 231,009

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2024

### **Additions:**

Activities fees collected	\$ 299,805
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### **Deductions:**

Activities expenses	304,102
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<b>Change in Fiduciary Net Position</b>	<b>(4,297)</b>
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### **Net Position**

Beginning of year	235,306
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End of year	<u>\$ 231,009</u>
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The accompanying notes are an integral part of these financial statements.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### 1. Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the West Mifflin Area School District (School District) conform to the accounting basis prescribed by the Pennsylvania Department of Education, which is in accordance with accounting standards generally accepted in the United States of America. The following notes to the financial statements are an integral part of the School District's financial statements.

#### Reporting Entity

The School District operates the public school system for the Boroughs of West Mifflin and Whitaker in Pennsylvania. The School District is governed by the Pennsylvania School Code of 1949, as amended. The School District is classified as a third-class school district and is governed by an elected Board of Directors (Board).

In evaluating the School District as a primary government, management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the School District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up the legal entity.
2. Legally separate organizations if the Board of Directors appoints a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District.
  - a. Impose its Will - If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden - Exists if the School District (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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3. Organizations that are fiscally dependent on the School District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the School District.
4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

The financial statements include all funds, agencies and boards that are controlled by the School District or for which the School District is financially accountable. In evaluating the School District as a reporting entity, management has addressed all potential component units, which may or may not fall within the School District's financial statements, to determine if the School District is financially accountable. The School District presently has no component units that meet the above criterion.

### Government-Wide and Fund Financial Statements

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pensions, OPEBS, compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the School District’s Food Service Fund are charges to customers for the sale of food. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The School District reports the following major governmental funds:

General Fund – Used to account for all revenues and expenditures of the School District not encompassed within other funds.

Capital Projects Fund - Used to account for financial resources to be used for the ongoing maintenance and improvement of existing capital facilities funded by the General Fund.

Construction Fund - Used to account for financial resources to be used for the acquisition of or construction of major capital facilities, including capital outlays financed by general obligation bonds.

The School District reports the following major proprietary fund:

Food Service Fund - Used to account for the provision of food services to students and faculty, financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing the food services be financed or recovered primarily through user charges.

The School District reports the following fiduciary fund:

Custodial Fund - The *Student Activity Fund* is a custodial fund that represents the School District's student activity funds. These funds account for student activities in the high school and middle school.

### Estimates

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### Budgets and Budgetary Accounting

The Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the General Fund. This is the only fund for which a budget is required and for which taxes may be levied. The General Fund is the only fund that has an annual budget that has been legally adopted by the Board. The Public School Code allows the Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year.

The School District's expenditures may not legally exceed the revised budget amounts in total for the fund unless funds are received in excess of the budgeted State allocation levels. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval.

### Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assignments of fund balances since they do not constitute expenditures or liabilities. All appropriations lapse at year-end. There were no outstanding encumbrances at June 30, 2024.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the School District's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and pooled funds' investments subject to daily withdrawal.

### Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### Receivables

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are reported as “due to/from other funds” on the fund financial statements and “internal balances” on the government-wide financial statements. Most interfund balances are eliminated to arrive at the government-wide financial statement amounts and are expected to be repaid within one year.

Real estate tax receivables are shown net of an allowance of uncollectible amounts, where applicable.

Property taxes are levied as of July 1 on property values assessed as of the same date. The billings are considered past due on November 1, and penalties and interest are assessed.

### Prepaid Expenses

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

### Inventories

The Food Service Fund inventory consists of donated commodities from the U.S. Department of Agriculture (USDA). Donated commodities are stated at estimated value as provided by the USDA. Inventory is recorded as an expense in the Food Service Fund when it is consumed.

### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$2,500. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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Property, plant, and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20-40
Land improvements	20
Vehicles	8
Library and text books	7
Equipment, furniture, and fixtures	5-25
Food service equipment	3-12

### Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources or deferred inflows of resources. These separate financial statement elements represent a consumption (acquisition) of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) or an inflow of resources (revenue) until then. The School District has three items that qualify for reporting in these categories:

Unavailable revenue is reported only on the balance sheet and represents delinquent property taxes in the amount of \$2,173,710 and earned income taxes in the amount of \$493,319, which will not be collected within the available period.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is reported as a deferred outflow of resources on the statement of net position and amortized over the shorter of the life of the refunded or refunding debt.

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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actuarial valuation performed for each plan. Notes 9 through 11 present additional information about the School District's pension and OPEB plans.

### Long-term Obligations

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

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

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and the effects of refunding transactions during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

In both the fund and government-wide financial statements, issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Issuance prepaid insurance, reported as debt service expenditures in the fund financial statements, are deferred and amortized over the life of the bonds using the straight-line method in the government-wide financial statements.

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

### Compensated Absences

Compensated absences are a recognition of the obligation the School District has to pay when its staff retire or resign from employment for accrued sick leave. Postemployment benefits are a recognition of the obligation the School District has to pay for health insurance benefits and pension benefits provided to its staff after retirement. Costs are calculated based on employee groups and their entitlements through contractual obligations.

Employees with one year of service or more are entitled to ten days' sick leave each year. Any unused sick leave may be accumulated from year to year without limit. In the event of

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# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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termination, an employee is paid for any unused accumulated sick leave. The School District has established a liability for compensated absences in the amount of \$1,549,727. The liability is included in the long-term liabilities of the statement of net position.

### Postemployment Benefits

Certain employees are entitled to medical, dental, and vision coverage for various years after retirement as well as term-life insurance coverage and pension benefits. In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 9 through 11.

It is expected that the General Fund will continue to provide funds for these benefit payments.

### Fund Balance

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

- Nonspendable – Funds not in spendable form, such as inventories and prepaid expenditures.
- Restricted - Imposed by law or debt covenants, such as bond issue proceeds. The School District's restricted fund balance consists of funds legally restricted for future construction projects.
- Committed - Funds set aside for a specific purpose as a result of a formal action of the Board. Any commitment of these funds can only be reversed through a formal action of the Board. The School District did not have committed funds.
- Assigned - Funds set aside for a specified purpose by management without formal action of the Board. The School District's assigned fund balance consists of funds held in the Capital Projects Fund that are to be used for future capital projects.
- Unassigned - the residual classification of the General Fund balance that is not included in any of the above classifications. It can be a negative balance.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

### Net Position

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

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The School District does not currently have restricted net position.
- Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" components of net position.

### Adopted Pronouncements

The following GASB Statement was adopted for the year ended June 30, 2024: Statement No. 100 (Accounting Changes and Error Corrections). This statement had no significant impact on the School District's financial statements for the year ended June 30, 2024.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### Pending Pronouncements

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

## **2. Cash and Investments**

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

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

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

Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in the investments listed above, (b) the investment company is managed to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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The deposit and investment policy of the School District adheres to state statutes and prudent business practices. There were no deposits or investments made during the year which violated either the state statutes or the policy of the School District.

The School District invests its funds in either demand deposits or savings accounts, certificates of deposit, or cash equivalents held by First National Bank or the Pennsylvania School District Liquid Asset Fund (PSDLAF).

PSDLAF was established as a common law trust organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as investments on the balance sheet. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The School District can withdraw funds from the external investment pools without limitations.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

At June 30, 2024, the School District's deposits and investments were as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash held in banks:				
General Fund	\$ 6,953,588	\$ -	\$ -	\$ 6,953,588
Capital Projects Fund	486,893	-	-	486,893
Food Service Fund	-	1,075,583	-	1,075,583
Activities Fund	-	-	191,009	191,009
Total cash held in banks	7,440,481	1,075,583	191,009	8,707,073
Investments:				
Certificate of deposit	-	-	40,000	40,000
PSDLAF	155,447	-	-	155,447
Total investments	155,447	-	40,000	195,447
Total deposits and investments	\$ 7,595,928	\$ 1,075,583	\$ 231,009	\$ 8,902,520

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

*Credit Risk.* The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The School District's investment policy does not place specific limits on the credit ratings of its investments. As of June 30, 2024, the School District's investments with PSDLAF have received an AAAm rating by Standard & Poor's.

*Custodial Credit Risk.* The risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for custodial credit risk. As of June 30, 2024, \$9,019,119 of the School District's bank balance of \$9,269,119 was exposed to custodial credit risk. Deposits are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$8,707,008 as of June 30, 2024.

*Interest Rate Risk.* The School District does not have a formal policy for managing interest rate risk. All of the School District's investments in PSDLAF have a maturity of less than one year.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### 3. Real Estate Taxes

#### Current Real Estate Taxes

Assessed valuation of the School District is based upon 100% of market value, based upon assessed valuations provided by Allegheny County. The municipal tax collectors for the Borough of West Mifflin and the Borough of Whitaker collect property taxes on behalf of the School District. The schedule for property taxes levied for fiscal year 2024 is as follows:

Taxes levied	July 1
2% discount period	Through August 31
Face payment period	Through October 31
10% penalty period	November 1

The School District's tax rate for all purposes in fiscal year 2024 was 26.56910 mills (\$26.56910 per \$1,000 assessed valuation) on a total assessed valuation of approximately \$969 million.

#### Delinquent Real Estate Taxes

Delinquent real estate taxes are not shown as revenue until actually collected for governmental fund financial statement purposes. However, they are included as revenue in the government-wide statement of activities to the extent they are deemed collectible. Estimated delinquent real estate taxes at June 30, 2024, net of allowance for uncollectible amounts of approximately \$4.5 million, are \$2,173,710. See the schedule of real estate taxes in the supplementary information section of this report.

### 4. State and Federal Subsidies Receivable

The detail of state and federal subsidies receivable as shown on the statement of net position is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Federal subsidies	\$ 3,215,978	\$ 4,580
State subsidies	3,343,165	-
	<u>\$ 6,559,143</u>	<u>\$ 4,580</u>

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# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### 5. Accounts Receivable - Other

The detail of accounts receivable - other as shown on the statement of net position is as follows:

	Governmental Activities
Tuition reimbursement from the Duquesne City School District	\$ 653,687
Local tax revenue	497,833
Admission tax	30,467
Business privilege tax	118,296
Mercantile tax	180,178
Other	116,071
Total	<u>\$ 1,596,532</u>

### 6. Interfund Transactions

At June 30, 2024, \$49,487 is due to the Food Service Fund from the General Fund. These outstanding balances result from subsidies received by the General Fund and not yet remitted to the Food Service Fund. These amounts are expected to be repaid within one year.

During the year ended June 30, 2024, amounts were transferred between the Construction Fund and Capital Projects Fund to fund certain capital projects. Additionally, transfers from the General Fund to the Food Service were to reimburse the Food Service fund for prior costs.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

### 7. Capital Assets

A summary of changes in capital assets for governmental activities during fiscal year 2024 is as follows:

	Balance at July 1, 2023	Transfers/ Additions	Transfers/ Deletions	Balance at June 30, 2024
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,611,521	\$ -	\$ -	\$ 1,611,521
Construction in progress	394,299	1,120,844	(1,006,068)	509,075
Total capital assets, not being depreciated	2,005,820	1,120,844	(1,006,068)	2,120,596
Capital assets, being depreciated:				
Buildings and building improvements	103,196,004	1,411,979	-	104,607,983
Land improvements	9,693,677	-	-	9,693,677
Vehicles	238,556	-	-	238,556
Library and text books	3,093,396	-	-	3,093,396
Equipment, furniture, and fixtures	20,651,455	353,066	-	21,004,521
Total capital assets, being depreciated	136,873,088	1,765,045	-	138,638,133
Less: accumulated depreciation for:				
Buildings and building improvements	(38,708,600)	(2,784,524)	-	(41,493,124)
Land improvements	(5,734,372)	(420,712)	-	(6,155,084)
Vehicles	(216,539)	(6,127)	-	(222,666)
Library and text books	(3,093,396)	-	-	(3,093,396)
Equipment, furniture, and fixtures	(14,147,401)	(858,717)	-	(15,006,118)
Total accumulated depreciation	(61,900,308)	(4,070,080)	-	(65,970,388)
Capital assets being depreciated, net	74,972,780	(2,305,035)	-	72,667,745
Governmental activities capital assets, net	\$ 76,978,600	\$ (1,184,191)	\$ (1,006,068)	\$ 74,788,341

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

A summary of changes in capital assets for business-type activities during fiscal year 2024 is as follows:

	Balance at July 1, 2023	Additions	Transfers/ Deletions	Balance at June 30, 2024
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 325,728	\$ 61,714	\$ -	\$ 387,442
Less: accumulated depreciation for:				
Machinery and equipment	(278,131)	(11,591)	-	(289,722)
Business-type activities capital assets, net	\$ 47,597	\$ 50,123	\$ -	\$ 97,720

Depreciation expense was charged to the functions as follows:

Governmental activities:	
Instructional services	\$ 1,881,848
Support services	379,173
Operation of non-instructional services	1,809,059
	<u>\$ 4,070,080</u>
Business-type activities:	
Food services	<u>\$ 11,591</u>

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

### 8. Long-Term Liabilities

Changes to the School District's long-term liabilities were as follows:

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Due within one year
Government activities					
General obligation bonds payable:					
2016 Bonds	\$ 38,860,000	\$ -	\$ (3,965,000)	\$ 34,895,000	\$ 4,180,000
2018 Bonds	10,370,000	-	(200,000)	10,170,000	190,000
2019 Bonds	19,955,000	-	(5,000)	19,950,000	5,000
Direct borrowings:					
2021 Note	9,090,000	-	(60,000)	9,030,000	65,000
2022 Note	2,752,150	-	(83,600)	2,668,550	87,875
Compensated absences	1,688,065	-	(138,338)	1,549,727	-
Retirement incentive	3,868,550	243,553	-	4,112,103	1,243,000
Total long-term liabilities	<u>\$ 86,583,765</u>	<u>\$ 243,553</u>	<u>\$ (4,451,938)</u>	<u>82,375,380</u>	<u>\$ 5,770,875</u>
			Plus: unamortized premiums	2,299,399	
			Less: unamortized discounts	(582,420)	
			Plus: net OPEB Liability	3,169,828	
			Plus: net pension liability	63,927,000	
			Total long-term liabilities, net	<u>\$ 151,189,187</u>	

#### Bonds and Notes Payable

On October 19, 2016, the School District issued the General Obligation Bonds Series of 2016 (2016 Bonds) in the amount of \$38,890,000. The purpose of this issue was to refund, on an advance refunding basis, the 2009 Bonds and to pay all costs and expenses incurred by the School District in connection with the issuance of the 2016 Bonds. The 2016 Bonds bear interest at varied rates ranging from 1.85% to 5.00% and are scheduled to mature on or before April 1, 2031. The refunding was completed to reduce the School District's debt service payments over the next fifteen years by approximately \$4.022 million and to obtain an economic gain (difference between present values of old debt and new debt service payments) of approximately \$3.485 million.

On August 28, 2018, the School District issued the General Obligation Bond Series of 2018 (2018 Bonds) in the amount of \$10,590,000. The purpose of this issue was to provide funds

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

for a GESA project for the District's elementary schools. The 2018 Bonds bear interest at varied rates ranging from 3.00% to 3.85% and are scheduled to mature on or before April 1, 2036.

On August 20, 2019, the School District issued the General Obligation Bond Series of 2019 (2019 Bonds) in the amount of \$19,975,000. The purpose of this issue was to currently refund the 2013 Bonds and to provide funds for various capital improvement projects. The 2019 Bonds bear interest at varied interest rates ranging from 3.00% to 4.00% and are scheduled to mature on or before April 1, 2038.

On April 14, 2021, the School District issued the General Obligation Note Series of 2021 (2021 Note) in the amount of \$9,260,000. The proceeds were used by the School District to pay the costs of refunding the School District's 2011A and 2012 Bonds and issuing the note. The 2021 Note bears interest at varied interest rates ranging from 2.00% to 3.00% and is scheduled to mature on or before April 1, 2033. The refunding was completed to reduce the School District's debt service payments over the next fifteen years by approximately \$0.847 million and to obtain an economic gain (difference between present values of old debt and new debt service payments) of approximately \$0.763 million.

As discussed further in Note 13, the School District issued a general obligation note in the amount of \$2,752,150 to fund its proportionate share of the Steel Center Career and Technical Education Project debt issuance. In an event of default of payment, the Pennsylvania Department of Education would be notified, and any payment due would be paid and withheld from any state appropriation due to the School District.

The maturities of these bonds and notes for the next five years and thereafter are as follows:

	Principal	Interest	Total
2025	\$ 4,527,875	\$ 2,834,870	\$ 7,362,745
2026	4,917,150	2,613,282	7,530,432
2027	5,311,425	2,369,992	7,681,417
2028	5,591,175	2,106,082	7,697,257
2029	5,881,400	1,828,112	7,709,512
2030-2034	23,469,875	5,427,188	28,897,063
2035-2039	26,238,025	2,437,996	28,676,021
2040-2043	776,625	75,957	852,582
	<u>\$ 76,713,550</u>	<u>\$ 19,693,479</u>	<u>\$ 96,407,029</u>

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### 9. Public School Employees' Retirement System (PSERS)

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

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

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

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

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

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

#### Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including

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# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at [www.pfers.pa.gov](http://www.pfers.pa.gov).

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

### Benefits Provided – Pension Plan

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

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 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 Provided – Premium Assistance

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

### Member Contributions

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

- Active members who joined PSERS prior to July 22, 1983:
  - Membership Class T-C 5.25%
  - Membership Class T-D 6.50%
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
  - Membership Class T-C 6.25%
  - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
  - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
  - Membership Class T-E\* 8.00%
  - Membership Class T-F\* 10.80%

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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- Members who joined PSERS on or after July 1, 2019:
  - Membership Class T-G (hybrid)\*\* 9.00% (combined rate)
  - Membership Class T-H (hybrid)\*\* 8.25% (combined rate)
  - Defined Contribution only 7.50%

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

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

### Employee Contributions

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

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

The School District remits contributions to PSERS on a quarterly basis. Approximately \$2.3 million is owed to PSERS as of June 30, 2024, which represents the School District's required contribution for the end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2024 were as follows:

Pension Plan	\$ 7,691,661
Act 5 Defined Contribution	62,761
Premium Assistance	<u>148,766</u>
Total	<u><u>\$ 7,903,188</u></u>

In accordance with Act 29, the Commonwealth reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$5.2 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year-ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.1437%, which was an increase of 0.0027% from its proportion measured as of June 30, 2022.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.1431%, which was an increase of 0.0024% from its proportion measured as of June 30, 2022.

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

At June 30, 2024, the School District reported a liability of \$63,927,000 for its proportionate share of PSERS' net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2022 to June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$4,873,056.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,000	\$ 875,000
Changes in assumptions	954,000	-
Net difference between projected and actual earnings on pension plan investments	1,809,000	-
Changes in proportion	1,185,000	2,582,000
School District contributions subsequent to the measurement date	7,691,661	-
Total	<u>\$ 11,653,661</u>	<u>\$ 3,457,000</u>

\$7,691,661 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (69,000)
2026	(2,249,000)
2027	2,219,000
2028	604,000
Total	<u>\$ 505,000</u>

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### Actuarial Assumptions

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

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

### Changes in Assumptions

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

### Changes in Benefit Terms

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

### Pension Plan Investments

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

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

For PSERS' year ended June 30, 2024, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 3.54%.

### Discount Rate

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

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of PSERS' net pension liability	<u>\$ 82,867,000</u>	<u>\$ 63,927,000</u>	<u>\$ 47,947,000</u>

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

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 9 and the School District's retiree plan (retiree plan) described below. At June 30, 2024, the School District reported a net OPEB liability composed of the following:

School District's proportionate share of PSERS' net OPEB liability	\$ 2,589,000
School District's total OPEB liability for its retiree plan	<u>580,828</u>
Net OPEB liability	<u>\$ 3,169,828</u>

PSERS' net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The School District's retiree plan's total OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by rolling forward the retiree plan's total OPEB liability as of July 1, 2023 to June 30, 2024.

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

OPEB expense related to PSERS Premium Assistance	\$ 26,034
OPEB expense related to School District's retiree plan	<u>355,167</u>
Total OPEB expense	<u>\$ 381,201</u>

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

<u>Deferred Outflows of Resources:</u>	<u>PSERS Premium Assistance</u>	<u>School District's Retiree Plan</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 17,000	\$ -	\$ 17,000
Changes in assumptions	224,000	-	224,000
Net difference between projected and actual earnings on OPEB plan investments	6,000	-	6,000
Changes in proportion	78,000	-	78,000
School District contributions subsequent to the measurement date	<u>148,766</u>	<u>-</u>	<u>148,766</u>
Total	<u>\$ 473,766</u>	<u>\$ -</u>	<u>\$ 473,766</u>
<u>Deferred Inflows of Resources:</u>	<u>PSERS Premium Assistance</u>	<u>School District's Retiree Plan</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,000	\$ -	\$ 26,000
Changes in assumptions	490,000	-	490,000
Changes in proportion	<u>163,000</u>	<u>-</u>	<u>163,000</u>
Total	<u>\$ 679,000</u>	<u>\$ -</u>	<u>\$ 679,000</u>

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

\$148,766 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (72,000)
2026	(79,000)
2027	(97,000)
2028	(108,000)
2029	<u>2,000</u>
Total	<u>\$ (354,000)</u>

### Additional Required Disclosures for PSERS Premium Assistance

#### *Actuarial Assumptions*

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### *Changes in Assumptions*

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

### *Changes in Benefit Terms*

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

### *OPEB Plan Investments*

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

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

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

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

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 4.13%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

meet projected future benefit payments; therefore, the plan is considered a “pay-as-you-go” plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate used to measure the Total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

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

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

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 2,927,000</u>	<u>\$ 2,589,000</u>	<u>\$ 2,306,000</u>

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 2,589,000</u>	<u>\$ 2,589,000</u>	<u>\$ 2,589,000</u>

### Additional Required Disclosures for the School District's Retiree Plan

#### *Plan Description*

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

#### *Benefits Provided*

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

#### Teachers

**Eligibility:** Teachers retiring from PSERS on or before June 30, 2015 with at least 15 years of service with the School District who gave notice of retirement by March 31, 2015. Those subject to permanent disability retirement or withdrawal retirement are excluded.

**Coverage:** Eligible retired teachers and their spouses. Dependent children may be covered, but the retiree must reimburse the School District for the cost of such coverage.

**Benefits:** Covered individuals receive medical, dental, and vision coverage until the earliest of the end of the 7<sup>th</sup> year of coverage, the retiree's 65<sup>th</sup> birthday, the retiree's death, or the retiree's eligibility for equivalent coverage through any source. Medical coverage shall be provided up to the premium rate in effect during the first year of retirement for PPO husband/wife coverage.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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**Opt-Out Provision:** A retiree may opt out of all (medical, dental, vision, and prescription) coverage and receive \$21,000 (in three installments of \$7,000 over three years). If the retiree later loses coverage, he or she may elect to participate in COBRA or the School District's medical benefits plan at the retiree's expense. Retirees who are over age 65 at retirement, although ineligible for health benefits, are eligible to receive this opt-out benefit.

**Life Insurance Benefit:** Eligible retirees receive a \$39,000 term life insurance policy until age 65.

**Death of Retiree:** Upon death of the covered retiree, coverage for the retiree's spouse shall end.

**Monthly Retiree Contributions:** The \$100 stipend received from PSERS plus any medical insurance premium cost in excess of the husband/wife premium in effect during the retiree's first year of retirement must be reimbursed to the School District by the retiree.

### Administrators

**Eligibility:** Administrators retiring from PSERS between July 1, 2022 and June 30, 2027 and after completing 10 years of service with the School District.

**Coverage:** Eligible retired administrators.

**Benefits:** Covered individuals receive medical, dental, and vision coverage until the earliest of the end of the 10<sup>th</sup> year of coverage, the retiree's death, the retiree's Medicare eligibility, or the retiree's eligibility for equivalent coverage through any source.

**Opt-Out Provision:** A retiree may opt out of medical coverage and receive \$518 per month from the School District. If the retiree later loses coverage he or she may elect to participate in COBRA or the School District's medical benefits plan and receive up to \$1,099 per month (less the PSERS stipend) from the School District to apply this coverage. These retirees must submit the \$100 PSERS stipend plus the amount of monthly medical premium in excess of \$1,099 to the School District monthly.

**Life Insurance Benefit:** Eligible retirees receive a \$200,000 term life insurance policy until age 70.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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**Death of Retiree:** Upon death of the covered retiree, coverage for the retiree's spouse shall end.

**Monthly Retiree Contributions:** Any medical insurance premium cost in excess of the premium in effect during the retiree's first year of retirement must be reimbursed to the School District by the retiree.

### Non-Professional Staff/Classified Employees

**Eligibility:** Non-professional staff members retiring from PSERS before June 30, 2013 with at least 15 years of PSERS service. Those subject to permanent disability retirement are excluded. However, these benefits were only available for seven years of coverage; as such, the benefits for this group of employees has expired.

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>3</u>
	<u>7</u>

For the year ended June 30, 2024, the School District contributed approximately \$75,000 and retirees contributed approximately \$6,000 to the retiree plan.

### *Actuarial Assumptions*

The total OPEB liability was determined as of the July 1, 2023 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- actuarial cost method - entry age normal cost;
- discount rate – 4.0%;
- inflation – 2.75%;
- 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
- Health care cost trend rates – 5.00% per year
- Dental and vision cost trend rates – 3.00%-3.25% per year

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### *Changes in Assumptions*

The assumed discount rate increased from 2.75% to 4.00%. Mortality, withdrawal, and disablement assumptions updated to match those used in the June 30, 2023 PSERS valuation. Medical trend assumption was updated to 5% per year and dental and vision trend assumption was updated to 3.00%-3.25% per year.

### *Changes in Benefit Terms*

A retirement incentive was implemented that provides medical, dental, and vision coverage to Administrators with at least 10 years of service who retire between July 1, 2022 and June 30, 2027.

### *Changes in the Total OPEB Liability*

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

Total OPEB liability, July 1, 2023	\$	306,790
Changes for the year:		
Service cost		5,199
Interest on the total OPEB liability		23,915
Changes of benefit terms		304,045
Differences between expected and actual experience		28,590
Changes of assumptions		(6,582)
Benefit payments		(81,129)
Total OPEB liability, June 30, 2024	\$	<u>580,828</u>

### *Discount Rate*

The discount rate used to measure the June 30, 2024 total OPEB liability was 4.00%. The discount rate was based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

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

	<u>1% Decrease (3.00%)</u>	<u>Current Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
School District's total OPEB liability	<u>\$ 602,621</u>	<u>\$ 580,828</u>	<u>\$ 560,231</u>

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

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
School District's total OPEB liability	<u>\$ 562,861</u>	<u>\$ 580,828</u>	<u>\$ 599,830</u>

## **12. Retirement Incentive Program**

Beginning in fiscal year 2021, any eligible employee electing to retire and participate in the Retirement Incentive Program (Program) qualifies for a \$28,000 retirement incentive each year for five years beginning July 1, 2021. An eligible employee is defined as anyone who (1) has at least 16 years of credited service in the West Mifflin Area School District as of June 30, 2021 or who are eligible for normal retirement as defined by PSERS, (2) were eligible for retirement in PSERS as of June 30, 2021, or (3) were not eligible in Year 1 of this Incentive who becomes eligible in Year 2 through Year 4 will in the year they become eligible to be permitted to accept the incentive for the year of their retirement. Those employees who elect to participate in the Program were required to submit to the Superintendent by April 15, 2021 an irrevocable written notification that he/she will retire. As of June 30, 2024, 60 employees have elected to participate in the Program. The total obligation remaining at June 30, 2024 is approximately \$4.1 million (discounted present value) and is to be paid through fiscal year

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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2029. The School District's liability is measured at the discounted present value of expected future benefit payments, using a discount rate of 5%. Included in current liabilities at June 30, 2024 are amounts due within one year of \$1,243,000 and included in noncurrent liabilities are amounts due in more than one year of \$2,869,103, related to the Program.

### 13. Joint Ventures

#### Southeastern Area Special School

The School District is one of ten members of the Southeastern Area Special School (Southeastern). Southeastern provides special education and vocational training programs for exceptional children from its participating districts. Southeastern is governed by the Joint School Committee, which is composed of representatives from each participating district.

The School District's share of annual operating and capital costs for Southeastern fluctuates based on the percentage enrollment and is reflected as expenditures of the General Fund. The School District's contributions to Southeastern in the current fiscal year were not significant.

The School District's portion of the net position of Southeastern at June 30, 2024 is to be used to fund future years' operations and the amounts are not material to the financial statements of the School District. Separate financial statements for Southeastern are available at the administrative office of the School District.

#### Steel Center for Career and Technical Education

The School District is a member of the joint operation of the Steel Center for Career and Technical Education (Steel Center). The operation, administration, and management of the School are directed by a joint operating committee, which is comprised of one member from each of the 11 participating school districts. Direct oversight of Steel Center's operations is the responsibility of the joint board.

During the 2023 fiscal year, Steel Center issued Revenue Bonds, Series of 2022, through the Steel Valley Area School Authority in the total principal amount of \$28,970,000. Proceeds from the issuance and sale of the bonds were used to 1) fund capital projects of Steel Center and 2) pay all costs and expenses incurred in connection with the issuance of the bonds. The interest rates on the refunding bonds vary from 4.25% to 5.00% and mature in 2042.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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The School District issued a general obligation note in the amount of \$2,752,150 to fund its proportionate share of Steel Center's debt issuance. An offsetting investment in joint venture is recorded at the current outstanding balance of \$2,668,550 on the government-wide financial statements of the School District.

The School District paid Steel Center \$213,661 related to debt service for the 2024 school year. Separate financial statements for Steel Center are prepared by Steel Center and are available at the administrative office of the School District.

### **14. Allegheny County Schools Health Insurance Consortium (ACSHIC)**

The School District is one of 70 members of the Allegheny County Schools Health Insurance Consortium (Consortium), which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. The School District paid approximately \$4.7 million to the Consortium during fiscal year 2024.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2024, the Consortium had net assets of approximately \$64.6 million, of which approximately \$730,000 is attributable to the School District.

### **15. Commitments and Contingencies**

#### Litigation

The School District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of the majority of these lawsuits will not have a material effect on the accompanying financial statements.

The School District is also involved in litigation regarding several real estate tax appeals filed from commercial and residential residents. The full effect of the outcome of these appeals cannot be predicted at this time.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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### Grant Programs

The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the School District, there are no significant, contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

### Insurance

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

## **16. Duquesne City School District**

In an agreement between the School District, the Duquesne City School District, and the Pennsylvania Department of Education, the School District has agreed to enroll 323 students in grades 7-12 from the Duquesne City School District in its programs. Beginning with the 2018-2019 school year, the per student tuition rate was increased annually in accordance with the formula in section 1607(b)(4) of the School Code. The total revenue recognized from the Duquesne City School District for the 2024 school year was approximately \$3.6 million and is included in revenues from local sources.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with
	Original	Final		Final Budget
Revenues and Other Financing Sources:				
Revenues:				
Local sources:				
Current real estate taxes	\$ 23,603,521	\$ 23,603,521	\$ 22,965,104	\$ (638,417)
Public utility realty tax	28,449	28,449	27,025	(1,424)
Wage and income taxes	2,200,000	2,200,000	2,723,753	523,753
Real estate transfer taxes	275,000	275,000	327,471	52,471
Local services tax	45,000	45,000	66,313	21,313
Amusement taxes	200,000	200,000	309,526	109,526
Business privilege taxes	750,000	750,000	812,571	62,571
Mercantile taxes	564,000	564,000	809,915	245,915
Payment in lieu of taxes	413,101	413,101	413,101	-
Delinquent taxes	2,120,000	2,120,000	3,032,701	912,701
Rent from school and other facilities	10,000	10,000	11,300	1,300
Investment income	500,000	500,000	611,191	111,191
Tuition from other districts	3,500,000	3,500,000	3,560,492	60,492
Community swim programs	5,000	5,000	10,310	5,310
AIU - Early Intervention	715,000	715,000	732,364	17,364
Other local sources	79,250	79,250	79,674	424
Total local sources	35,008,321	35,008,321	36,492,811	1,484,490
State sources:				
Basic instructional subsidy	11,414,916	11,414,916	11,411,960	(2,956)
Tuition - section 1305	-	-	180,652	180,652
Special education	2,998,100	2,998,100	2,841,642	(156,458)
Transportation	1,550,000	1,550,000	2,160,737	610,737
Rentals and sinking fund payments	752,774	752,774	895,101	142,327
Medical, dental, and nurses services	50,000	50,000	47,285	(2,715)
Social Security reimbursement	1,000,000	1,000,000	1,572,799	572,799
Retirement reimbursement	5,000,691	5,000,691	5,173,063	172,372
Ready to learn block grant	489,803	489,803	839,803	350,000
Property tax relief payments	1,845,857	1,845,857	1,845,857	-
Safe schools	-	-	23,463	23,463
Total state sources	25,102,141	25,102,141	26,992,362	1,890,221
Federal sources:				
ECIA, Title I Disadvantaged	987,090	987,090	1,306,350	319,260
ECIA, Title II Preparation, Training, and Recruitment	117,500	117,500	113,775	(3,725)
ECIA, Title III Language Instruction	-	-	1,250	1,250
IDEA Supplemental	-	-	175,000	175,000
Medical Assistance Reimbursement	50,000	50,000	166,929	116,929
JROTC	44,004	44,004	76,097	32,093
Safe Drug Free Schools	52,754	52,754	69,968	17,214
Education Stabilization Fund	3,000,000	3,000,000	4,025,543	1,025,543
Total federal sources	4,251,348	4,251,348	5,934,912	1,683,564
Other financing sources:				
Refunds of prior year receipts	-	-	88,833	88,833
Total other financing sources	-	-	88,833	88,833
Total revenues and other financing sources	64,361,810	64,361,810	69,508,918	5,147,108

(Continued)

See accompanying notes to required supplementary information.

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures and Other Financing Uses:</b>				
Instructional services:				
Regular programs	23,343,240	23,343,240	25,944,988	(2,601,748)
Special programs	10,822,084	10,822,084	12,726,273	(1,904,189)
Vocational education programs	1,302,402	1,302,402	1,239,347	63,055
Other instructional programs	-	-	38,205	(38,205)
Nonpublic school programs	15,000	15,000	-	15,000
Total instructional services	35,482,726	35,482,726	39,948,813	(4,466,087)
Support services:				
Pupil personnel	1,359,165	1,359,165	1,804,936	(445,771)
Instructional staff	680,152	680,152	744,806	(64,654)
Administration	3,651,553	3,651,553	3,570,662	80,891
Pupil health	595,526	595,526	861,469	(265,943)
Business	5,455,692	5,455,692	1,109,481	4,346,211
Operation and maintenance of plant services	4,746,556	4,746,556	6,874,353	(2,127,797)
Student transportation services	2,826,784	2,826,784	3,325,585	(498,801)
Data processing	1,289,530	1,289,530	1,544,978	(255,448)
Other	27,584	27,584	27,580	4
Total support services	20,632,542	20,632,542	19,863,850	768,692
Operation of non-instructional services:				
Student activities	1,587,478	1,587,478	1,599,434	(11,956)
Community services	159,308	159,308	326,461	(167,153)
Total operation of non-instructional services	1,746,786	1,746,786	1,925,895	(179,109)
Facilities acquisition, construction, and improvement services	-	-	40,049	(40,049)
Debt service:				
Bond and note principal	4,230,000	4,230,000	4,313,600	(83,600)
Bond and note interest	3,365,343	3,365,343	3,575,287	(209,944)
Total debt service	7,595,343	7,595,343	7,888,887	(293,544)
Other financing uses:				
Transfers out	-	-	320,000	(320,000)
Total other financing uses	-	-	320,000	(320,000)
Total expenditures and other financing uses	65,457,397	65,457,397	69,987,494	(4,530,097)
Net change in fund balance	(1,095,587)	(1,095,587)	(478,576)	617,011
<b>Fund balance - beginning</b>	6,738,922	6,738,922	6,738,922	-
<b>Fund balance - ending</b>	\$ 5,643,335	\$ 5,643,335	\$ 6,260,346	\$ 617,011

(Concluded)

See accompanying notes to required supplementary information.

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

Last 10 Fiscal Years<sup>1</sup>

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of PSERS' net pension liability	0.1437%	0.1410%	0.1522%	0.1498%	0.1498%	0.1477%	0.1491%	0.1554%	0.1614%	0.1544%
School District's proportionate share of PSERS' net pension liability	\$ 63,927,000	\$ 62,687,000	\$ 62,488,000	\$ 73,760,000	\$ 70,080,000	\$ 70,903,000	\$ 73,638,000	\$ 77,011,000	\$ 69,911,000	\$ 61,113,000
School District's covered payroll	\$ 21,916,837	\$ 20,689,883	\$ 21,529,698	\$ 21,057,642	\$ 20,657,071	\$ 19,893,222	\$ 19,856,017	\$ 20,129,565	\$ 20,771,564	\$ 19,705,795
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	291.68%	302.98%	290.24%	350.28%	339.25%	356.42%	370.86%	382.58%	336.57%	310.13%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years<sup>2</sup>

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contributions recognized by PSERS	\$ 7,691,661	\$ 7,138,056	\$ 6,917,673	\$ 7,018,853	\$ 6,938,266	\$ 6,660,366	\$ 6,473,476	\$ 5,769,423	\$ 5,046,119	\$ 4,152,825
School District's covered payroll	\$ 23,129,900	\$ 21,657,483	\$ 20,648,643	\$ 21,304,348	\$ 21,034,957	\$ 20,608,863	\$ 19,785,809	\$ 19,856,017	\$ 20,112,816	\$ 20,723,046
Contributions as a percentage of covered payroll	33.25%	32.96%	33.50%	32.95%	32.98%	32.32%	32.72%	29.06%	25.09%	20.04%

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

See accompanying notes to required supplementary information.

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

Last 10 Fiscal Years<sup>1</sup>

	2024	2023	2022	2021	2020	2019	2018
School District's proportion of PSERS' net OPEB liability	0.1431%	0.1410%	0.1519%	0.1500%	0.1498%	0.1477%	0.1491%
School District's proportionate share of PSERS' net OPEB liability	\$ 2,589,000	\$ 2,590,000	\$ 3,600,000	\$ 3,241,000	\$ 3,186,000	\$ 3,079,000	\$ 3,038,000
School District's covered payroll	\$ 21,916,837	\$ 20,689,883	\$ 21,529,698	\$ 21,057,642	\$ 20,657,071	\$ 19,893,222	\$ 19,856,017
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Fiscal Years<sup>2</sup>

	2024	2023	2022	2021	2020	2019	2018
Contributions recognized by PSERS	\$ 148,766	\$ 156,034	\$ 162,817	\$ 171,754	\$ 174,705	\$ 169,574	\$ 169,281
School District's covered payroll	\$ 23,129,900	\$ 21,657,483	\$ 20,648,643	\$ 21,304,348	\$ 21,034,957	\$ 20,608,863	\$ 19,785,809
Contributions as a percentage of covered payroll	0.64%	0.72%	0.79%	0.81%	0.83%	0.82%	0.86%

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

See accompanying notes to required supplementary information.

# WEST MIFFLIN AREA SCHOOL DISTRICT

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

Last 10 Fiscal Years<sup>1</sup>

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability:</b>							
Service cost	\$ 5,199	\$ -	\$ -	\$ 5,147	\$ 5,009	\$ 6,108	\$ 5,945
Interest	23,915	9,030	11,265	10,484	15,882	32,397	47,519
Changes of benefit terms	304,045	-	-	-	-	-	-
Differences between actual and expected experience	28,590	-	96,835	-	(17,318)	-	-
Changes of assumptions	(6,582)	-	85,325	-	(72,141)	-	-
Benefit payments	(81,129)	(60,790)	(123,865)	(204,041)	(230,487)	(360,039)	(609,172)
<b>Net Changes in Total OPEB Liability</b>	274,038	(51,760)	69,560	(188,410)	(299,055)	(321,534)	(555,708)
<b>Total OPEB Liability - Beginning</b>	306,790	358,550	288,990	477,400	776,455	1,097,989	1,653,697
<b>Total OPEB Liability - Ending</b>	<u>\$ 580,828</u>	<u>\$ 306,790</u>	<u>\$ 358,550</u>	<u>\$ 288,990</u>	<u>\$ 477,400</u>	<u>\$ 776,455</u>	<u>\$ 1,097,989</u>

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

See accompanying notes to required supplementary information.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

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### 1. Budgetary Data

The West Mifflin Area School District (School District) is required by state law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

### 2. Stewardship, Compliance, and Accountability

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

The School District expenditures may not legally exceed the revised budget amounts by amounts in total for the fund unless funds are received in excess of the budgeted State allocation levels. Accordingly, the legal level of budgetary control is at the object level within each function and fund. During fiscal year 2024, expenditures and other financing uses were budgeted at \$65.5 million, while actual expenditures and other financing uses were \$70 million. The excess in expenditures that exceeded budgeted amounts in certain functions were covered by excess in actual revenue over budgeted revenue amounts and savings in other functions.

Additionally, during fiscal year 2024, revenues and other financing sources were budgeted at \$64.3 million, while actual revenues and other financing sources were \$69.5 million. State revenue sources came over due to increased transportation and retirement subsidies as well as additional ready to learn block grant funding. Federal revenue sources came in over budget primarily due to spending of the Education Stabilization Fund. Additionally, the School District had higher earned income and delinquent taxes than budgeted.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

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

Actuarial Valuation Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%
Mortality	50% PubT- 2010 and 50% PubG- 2010	50% PubT- 2010 and 50% PubG- 2010	50% PubT- 2010 and 50% PubG- 2010	RP-2014, Scale MP- 2015	RP-2014, Scale MP- 2015	RP-2014, Scale MP- 2015	RP-2014, Scale MP- 2015
Changes in Benefits	None	None	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

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

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

Actuarial Valuation Date	7/1/2023	7/1/2021	7/1/2021	7/1/2019	7/1/2019	7/1/2018	7/1/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	4.00%	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%
Salary Increases	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Mortality	Updated to match those used by PSERS as of June 30, 2023	PubT-2010	PubT-2010	RP-2014 Scale MP-2015	RP-2014 Scale MP-2015	RP-2014 Scale MP-2015	RP-2014 Scale MP-2015
Changes in Benefits	Medical, dental, and vision coverage to Administrators with at least 10 years of service who retire between July 1, 2022 and June 30 2027	N/A	N/A	N/A	N/A	N/A	N/A

## **SUPPLEMENTARY INFORMATION**

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF REAL ESTATE TAXES

YEAR ENDED JUNE 30, 2024

	West Mifflin Borough	Whitaker Borough	Total
<b>Current Taxes</b>			
Real Estate Valuation	\$ 942,188,478	\$ 26,706,739	\$ 968,895,217
<b>Taxes Assessed:</b>			
Real estate (26.5691 mills)	\$ 25,033,100	\$ 709,574	\$ 25,742,674
Additions	110,836	-	110,836
Penalties	35,758	1,488	37,246
Exoneration refund	368,285	-	368,285
Total taxes assessed	25,547,979	711,062	26,259,041
<b>Deductions:</b>			
Tax collections	(22,961,317)	(637,866)	(23,599,183)
Exonerations and deferrals	(159,968)	-	(159,968)
Discounts allowed	(385,266)	(10,068)	(395,334)
Total deductions	(23,506,551)	(647,934)	(24,154,485)
Unpaid taxes at June 30, 2024	\$ 2,041,428	\$ 63,128	\$ 2,104,556
<b>Delinquent Taxes</b>			
Delinquent taxes at July 1, 2023			\$ 6,416,734
ADD: 2023 - 2024 unpaid taxes			2,104,556
Total taxes collectible			8,521,290
<b>Deductions:</b>			
Tax collections			(1,663,534)
Valuation adjustments			(179,402)
Total deductions			(1,842,936)
Delinquent taxes at June 30, 2024			6,678,354
Less: estimate for uncollectibles			(4,504,644)
Delinquent taxes estimated receivable at June 30, 2024			\$ 2,173,710

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF SCHOOL DISTRICT BONDS AND NOTES PAYABLE

AS OF JUNE 30, 2024

<b>Principal</b>						
School Year	Bond Series of 2016	Bond Series of 2018	Bond Series of 2019	Note Series of 2021	Note Series of 2022	Total Principal
2024/2025	\$ 4,180,000	\$ 190,000	\$ 5,000	\$ 65,000	\$ 87,875	\$ 4,527,875
2025/2026	4,700,000	55,000	5,000	65,000	92,150	4,917,150
2026/2027	5,140,000	5,000	5,000	65,000	96,425	5,311,425
2027/2028	5,390,000	5,000	25,000	70,000	101,175	5,591,175
2028/2029	5,660,000	5,000	40,000	70,000	106,400	5,881,400
2029/2030-2033/2034	9,825,000	20,000	4,310,000	8,695,000	619,875	23,469,875
2034/2035-2038/2039	-	9,890,000	15,560,000	-	788,025	26,238,025
2039/2040-2042/2043	-	-	-	-	776,625	776,625
Total	<u>\$ 34,895,000</u>	<u>\$ 10,170,000</u>	<u>\$ 19,950,000</u>	<u>\$ 9,030,000</u>	<u>\$ 2,668,550</u>	<u>\$ 76,713,550</u>
<b>Interest</b>						
School Year	Bond Series of 2016	Bond Series of 2018	Bond Series of 2019	Note Series of 2021	Note Series of 2022	Total Interest
2024/2025	\$ 1,533,300	\$ 379,246	\$ 599,300	\$ 197,250	\$ 125,774	\$ 2,834,870
2025/2026	1,324,300	373,309	599,100	195,300	121,273	2,613,282
2026/2027	1,089,300	371,521	598,900	193,350	116,921	2,369,992
2027/2028	832,300	371,340	598,700	191,400	112,342	2,106,082
2028/2029	562,800	371,159	597,700	189,300	107,153	1,828,112
2029/2030-2033/2034	552,600	1,482,823	2,377,650	566,000	448,115	5,427,188
2034/2035-2038/2039	-	662,668	1,496,700	-	278,628	2,437,996
2039/2040-2042/2043	-	-	-	-	75,957	75,957
Total	<u>\$ 5,894,600</u>	<u>\$ 4,012,066</u>	<u>\$ 6,868,050</u>	<u>\$ 1,532,600</u>	<u>1,386,163</u>	<u>\$ 19,693,479</u>

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number/ Grant Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued (Unearned) Revenue at July 01, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2024</u>	<u>Expenditures to Subrecipients</u>
<b>U.S. Department of Education:</b>										
Passed Through the Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	84.010	013-230474	9/8/22-9/30/23	\$ 1,185,365	\$ 364,728	\$ 1,185,365	\$ -	\$ -	\$ 820,637	\$ -
Title I Grants to Local Educational Agencies	84.010	013-240474	8/21/2023-9/30/2024	1,306,350	917,632	-	1,306,350	1,306,350	388,718	-
Subtotal 84.010				2,491,715	1,282,360	1,185,365	1,306,350	1,306,350	1,209,355	-
Supporting Effective Instruction State Grants	84.367	020-230474	9/8/22-9/30/23	117,234	36,047	117,234	-	-	81,187	-
Supporting Effective Instruction State Grants	84.367	020-240474	8/21/2023-9/30/2024	113,775	112,102	-	113,775	113,775	1,673	-
Subtotal 84.367				231,009	148,149	117,234	113,775	113,775	82,860	-
Student Support and Academic Enrichment Program	84.424	144-230474	9/3/22-9/30/23	63,843	19,644	63,843	-	-	44,199	-
Student Support and Academic Enrichment Program	84.424	144-240474	8/21/2023-9/30/2024	69,968	24,989	-	69,968	69,968	44,979	-
Subtotal 84.424				133,811	44,633	63,843	69,968	69,968	89,178	-
COVID-19 Education Stabilization Fund (ESSER)	84.425D	200-210474	3/13/20-9/30/23	2,944,638	657,087	578,732	173,573	173,573	95,218	-
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	223-210474	3/13/20-9/30/24	5,956,151	1,299,524	(361,441)	3,281,523	3,281,523	1,620,558	-
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	225-210474	3/13/20-9/30/24	462,926	345,090	-	389,611	389,611	44,521	-
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	224-210474	3/13/20-9/30/24	144,987	105,445	(10,545)	144,987	144,987	28,997	-
COVID-19 Education Stabilization Fund (ARP ESSER - Homeless Children and Youth)	84.425W	181-212476	7/1/21-9/30/24	26,838	-	(1,376)	-	-	(1,376)	-
COVID-19 Education Stabilization Fund (GEER)	84.425C	253-200474	3/13/20-9/30/22	68,750	-	(35,849)	35,849	35,849	-	-
Subtotal 84.425				9,604,290	2,407,146	169,521	4,025,543	4,025,543	1,787,918	-
Passed Through the Allegheny Intermediate Unit:										
Special Education Cluster:										
Special Education - Grants to States (IDEA, Part B)	84.027	062-24-0-003	7/1/23-6/30/24	732,364	732,364	-	732,364	732,364	-	-
Passed Through the Pennsylvania Department of Education:										
Special Education - Grants to States (IDEA, Part B)	84.027	062-220079	8/3/23-9/30/24	175,000	128,333	-	175,000	175,000	46,667	-
Subtotal 84.027				907,364	860,697	-	907,364	907,364	46,667	-
Total Special Education Cluster				907,364	860,697	-	907,364	907,364	46,667	-
Total U.S. Department of Education				13,368,189	4,742,985	1,535,963	6,423,000	6,423,000	3,215,978	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

(Continued)

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number/ Grant Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued (Unearned) Revenue at July 01, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2024</u>	<u>Expenditures to Subrecipients</u>
<b>U.S. Department of Agriculture:</b>										
Passed Through Pennsylvania Department of Education:										
Child Nutrition Cluster:										
Fresh Fruit and Vegetables Program	10.582	n/a	7/1/23-6/30/24	n/a	25,831	-	25,831	25,831	-	-
School Breakfast Program	10.553	n/a	7/1/23-6/30/24	n/a	366,462	-	366,462	366,462	-	-
National School Lunch Program	10.555	n/a	7/1/23-6/30/24	n/a	1,083,841	-	1,083,841	1,083,841	-	-
National School Lunch Program	10.555	n/a	7/1/23-6/30/24	n/a	59,141	-	59,141	59,141	-	-
Passed Through Pennsylvania Department of Agriculture:										
National School Lunch Program (Food Donation)	10.555	n/a	7/1/23-6/30/24	n/a	95,741	(41,212)	105,744	105,744	(31,209)	-
Subtotal 10.555					1,238,723	(41,212)	1,248,726	1,248,726	(31,209)	-
Total Child Nutrition Cluster					1,631,016	(41,212)	1,641,019	1,641,019	(31,209)	-
Passed Through Pennsylvania Department of Education:										
Pandemic EBT Administrative Costs	10.649	n/a	7/1/23-6/30/24	n/a	5,763	-	5,763	5,763	-	-
Total U.S. Department of Agriculture					1,636,779	(41,212)	1,646,782	1,646,782	(31,209)	-
Total Expenditures of Federal Awards					\$ 6,379,764	\$ 1,494,751	\$ 8,069,782	\$ 8,069,782	\$ 3,184,769	\$ -

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

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### 1. Basis of Presentation

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

### 2. Summary of Significant Accounting Policies

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

**West Mifflin Area  
School District**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended June 30, 2024

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

**Board of Directors  
West Mifflin Area School District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Mifflin Area School District (School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 24, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

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

### Report on Compliance and Other Matters

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

### The School District's Response to Findings

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
March 24, 2025

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

**Board of Directors  
West Mifflin Area School District**

### **Report on Compliance for Each Major Federal Program**

#### **Qualified and Unmodified Opinions**

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

#### **Qualified Opinion on COVID-19 Education Stabilization Fund (84.425)**

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Education Stabilization Fund (84.425) for the year ended June 30, 2024.

#### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

#### **Basis for Qualified and Unmodified Opinions**

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

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

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

[Matter Giving Rise to Qualified Opinion on Education Stabilization Fund ALN# 84.425D](#)

As described in the accompanying schedule of findings and questioned costs, the School District did not comply with requirements regarding the Assistance Listing Number 84.425, COVID-19 Education Stabilization Fund as described in finding number 2024-003 for Equipment Management and 2024-004 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

[Responsibilities of Management for Compliance](#)

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

[Auditor's Responsibilities for the Audit of Compliance](#)

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

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

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

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

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

#### Other Matters

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

#### Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

Board of Directors  
West Mifflin Area School District  
Independent Auditor's Report on Compliance for Each Major  
Program and 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2024-003 and 2024-004 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

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

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

*Maher Duessel*

Pittsburgh, Pennsylvania  
March 24, 2025

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

### I. Summary of Audit Results

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

2. Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

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

☐ yes ☒ none reported

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

4. Internal control over major programs:

Material weakness(es) identified? ☒ yes ☐ no

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

☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: COVID-19 Education Stabilization Fund - Qualified, Child Nutrition Cluster; Unmodified

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

7. Major Programs:

Assistance Listing Number(s)

10.582, 10.553, 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster – Fresh Fruit and Vegetables Program, School Breakfast Program, National Lunch Program

84.425C, 84.425D, 84.425U, and 84.425W COVID-19 Education Stabilization Fund

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

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

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

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

### **FINDING 2024-001 – General Ledger Maintenance and Reconciliation**

*Criteria:* Timely reconciliation of financial data is necessary to ensure accurate financial information is reported in order to make appropriate business decisions by management and those charged with governance.

*Condition:* The West Mifflin Area School District (School District) did not reconcile cash, subsidy and tax receivables and interfund balances throughout the year. Additionally, significant activity was not recorded within the Food Service Fund. As a result, the trial balances originally presented for the audit were not properly reconciled and balanced.

*Cause:* The School District did not consistently follow its procedures to ensure that all activity was recorded and reconciled to the general ledger and accurately reported in a timely manner.

*Effect:* The financial data was not fully reconciled and completed throughout the year. The audit was delayed to provide time for the trial balances to be updated and ready. Various adjustments were necessary to update the records for the audit and to prepare the financial statements. Management reviews and accepts the adjustments and financial statements.

*Recommendation:* We recommend that the School District reconcile all of its accounts in a timely manner. Reconciliations should be completed on a monthly basis to verify that the accounts are properly stated and that all activity is posted. The review should ensure that balances agree to supporting documentation, the reconciliations are completed accurately and that reconciled amounts agree to the general ledger. The review and approval of the reconciliations should be documented.

*View of Responsible Officials and Planned Corrective Action:* The School District agrees with the recommendation. See separate Corrective Action Plan.

### **FINDING 2024-002 –Procurement**

*Criteria:* The School District is required to ensure that procurement methods used for purchases are appropriate based on the dollar amount of the purchase relevant to government requirements. Adequate internal controls are necessary to ensure procurement practices are consistent and appropriate. Policies should dictate the method of procurement that should be used, who is authorized to approve purchases, and what

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

procurement documentation and information should be maintained. The policy should also explain which items are eligible for non-competitive procurement (i.e., available only from a single source, public emergency, expressly authorized by awarding or pass-through agency, or if competitive procurement results are deemed inadequate).

*Condition:* The School District did not adequately document its analysis to ensure that its purchases were properly procured.

*Cause:* The School District did not have formal procedures in place to ensure procurement procedures were adequately performed and documented.

*Effect:* Adequate procurement procedures required by government requirements were not documented by the School District.

*Recommendation:* We recommend that the School District ensure that their purchasing policy formally reflects governmental procurement requirements. We recommend that the School District establish procedures to ensure that their purchasing policy is followed, including the use of competitive bids or proposals, when appropriate.

*Views of Responsible Officials and Planned Corrective Action:* The School District agrees with the recommendation. See separate Corrective Action Plan.

### III. Findings and questioned costs for federal awards.

**Finding 2024-003 - COVID-19 Education Stabilization Fund (ESF) ALN 84.425 - Equipment and Real Property Management US Department of Education and PA Department of Education Grant Numbers: 200-210474, 223-210474, 225-210474, 224-210474, 181-212476, 253-200474**

*Criteria:* In accordance with Uniform Guidance requirements found in Part 3 Section F, "Equipment/Real Property Management" of the Compliance Supplement, the School District is required to receive prior approval from the Pennsylvania Department of Education (PDE) for capital expenditures for equipment acquisition or improvements to land, buildings, and equipment.

*Condition:* The School District did not adequately obtain approval from PDE prior to purchasing equipment and building improvements with ESF funds.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

*Cause:* The School District did not have a formal procedure in place to obtain prior approval of applicable expenditures.

*Effect:* The School District was not in compliance with the Equipment and Real Property Management requirements of the Uniform Guidance.

*Repeat Finding:* Yes

*Questioned Costs:* Unknown

*Recommendation:* We recommend that the School District revise its purchasing policy to formally reflect the requirements of Equipment/Real Property Management. We recommend that the School District establish procedures to ensure that Equipment/Real Property Management requirements are met for applicable purchases.

*Views of Responsible Officials and Planned Corrective Action:* The School District agrees with the recommendation. See separate Corrective Action Plan.

**Finding 2024-004 - COVID-19 Education Stabilization Fund (ESF) ALN 84.425 - Special Tests and Provisions - Wage Rate Requirements US Department of Education and PA Department of Education Grant Numbers: 200-210474, 223-210474, 225-210474, 224-210474, 181-212476, 253-200474**

*Criteria:* In accordance with Uniform Guidance requirements found in Part 3 Section N, "Special Tests and Provisions" of the Compliance Supplement, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than the prevailing wages rates established by the Department of Labor (DOL). Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance.

*Condition:* The School District did not have adequate internal control procedures in place to ensure that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds were paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor. As a result, the School District did not properly notify 1 of the 3 contractors tested of the requirements to comply with the wage rate requirements

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

via the including of a prevailing wage rate clause in the contract between the contractor and the School District, and therefore, the use prevailing wage rates were not determined.

*Cause:* The School District did not have formal procedures in place to ensure that prevailing wage rate requirements were met on all construction projects over \$2,000.

*Effect:* The School District was not in compliance with the Special Tests and Provisions – Wage Rate Requirements of the Uniform Guidance.

*Repeat Finding:* No

*Questioned Costs:* Unknown

*Recommendation:* We recommend that the School District revise its purchasing policy to formally reflect the requirements of Special Tests and Provisions – Wage Rate Requirements. Additionally, we recommend that the School District establish procedures to ensure that prevailing wage rate requirements are met for federally funded construction projects over \$2,000.

*Views of Responsible Officials and Planned Corrective Action:* The School District agrees with the recommendation. See separate Corrective Action Plan.

# WEST MIFFLIN AREA SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

### **FINDING 2023-001 – General Ledger Maintenance and Reconciliation**

*Statement of Condition:* The West Mifflin Area School District (School District) did not consistently perform internal control procedures designed to maintain and reconcile the general ledger throughout the year. As a result, the trial balances originally presented for the audit were not properly reconciled and balanced.

*Recommendation:* We recommend that the School District reconcile all of its accounts in a timely manner. Reconciliations should be completed on a monthly basis to support and ensure that the accounts are properly stated. The review should ensure that the reconciliations are completed accurately and that reconciled amounts agree to the general ledger. The review and approval should be documented.

*Current Status:* Corrective action has not yet been implemented.

### **FINDING 2023-002 – Procurement**

*Statement of Condition:* The School District did not adequately document its analysis that its purchases were properly procured.

*Recommendation:* We recommend that the School District ensure that their purchasing policy formally reflects the governmental procurement requirements. We recommend that the School District establish procedures to ensure that their purchasing policy is followed, including the use of competitive bids or proposals, when appropriate.

*Current Status:* Corrective action has not yet been implemented.

### **FINDING 2023-003 – US Department of Education and PA Department of Education – COVID-19 Education Stabilization Fund (ESF) – ALN #84.425 - Equipment and Real Property Management Procurement**

*Statement of Condition:* The School District did not adequately obtain approval from PDE prior to purchasing equipment and building improvements with ESF funds.

*Recommendation:* We recommend that the School District revise its purchasing policy to formally reflect the requirements of Equipment/Real Property Management. We recommend that the School District establish procedures to ensure that Equipment/Real Property Management requirements are met for applicable purchases.

*Current Status:* Corrective action has not yet been implemented.