

**GATEWAY SCHOOL DISTRICT**

**MONROEVILLE, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

GATEWAY SCHOOL DISTRICT  
YEAR ENDED JUNE 30, 2021

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## Independent Auditor's Report

Board of Directors  
Gateway School District  
9000 Gateway Campus Boulevard  
Monroeville, Pennsylvania 15146

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of GATEWAY SCHOOL DISTRICT, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise GATEWAY SCHOOL DISTRICT'S basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of GATEWAY SCHOOL DISTRICT as of June 30, 2021, 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.



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## **Adoption of GASB Statements**

As described in Note 1 to the financial statements, in 2021, the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 84 "Fiduciary Activities" and Statement No. 90 "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)", and certain provisions of Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". Our opinion is not modified in respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance-general fund-budget and actual, and schedule of changes in the district's total OPEB liability and related ratios, schedule of district's proportionate share of the net OPEB Liability-PSERS plan, schedule of the district's OPEB contributions-PSERS plan, schedule of district's proportionate share of the net pension liability-last 10 years, schedule of the district's contributions-last 10 years, and related ratios information on pages 4 through 12 and 52 through 57 be presented to supplement the basic financial statements. Such information, 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GATEWAY SCHOOL DISTRICT'S financial statements as a whole. The Schedule of Changes in Assets and Liabilities-Student Activity Fund on page 59 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Changes in Assets and Liabilities-Student Activity Fund is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of GATEWAY 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 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 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 GATEWAY SCHOOL DISTRICT'S internal control over financial reporting and compliance.

*Zelenkofske Axlerod LLC*

ZELENKOFSKE AXELROD LLC

December 23, 2021  
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

The discussion and analysis of the Gateway School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2021 and 2020. The intent of this discussion is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information for the fiscal years ended June 30, 2021 and 2020 has been included, for it is required to be presented as a part of the MD&A.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the District as a financial whole or an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities (on pages 12 through 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

### **Reporting the District as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

Our analysis of the District as a whole begins on page 5. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the current year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and the changes in them. The District's net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating, respectively. The causes of this change may be the result of many factors, some financial, some not. To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

**Governmental Activities**: Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of facilities, pupil transportation, debt service, and extracurricular activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

**Business-Type activities:** These services are provided on a charge for goods or services basis to attempt to recover all of the expenses of the goods or services provided. For the fiscal years ended June 30, 2021 and 2020 the District's food service operation is reported as a business-type activity.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the District's major funds begins on page 9. The fund financial statements begin on page 14 and provide detailed information about the most significant funds or major funds – not the District as a whole. The District's major governmental funds are the General Fund, the Construction Fund, and the Food Service Fund. The District's two kinds of funds (governmental and proprietary) use different accounting approaches.

**Governmental Funds:** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Government fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's educational programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds as a reconciliation in the financial statements.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

### THE DISTRICT AS A WHOLE

The District's total net position was (\$94,366,008) at June 30, 2021 or a decrease of (\$708,501) or (0.76%) under the prior fiscal year.

**Table 1**  
**Net Position**  
**For the Years Ended June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current assets	\$ 62,977,067	\$ 16,428,420	\$ 386,410	\$ 747,959	\$ 63,363,477	\$ 17,176,379
Noncurrent assets	54,205,511	54,950,608	239,764	151,537	54,445,275	55,102,145
Deferred outflows of resources	<u>20,843,973</u>	<u>14,075,998</u>	<u>353,476</u>	<u>245,829</u>	<u>21,197,449</u>	<u>14,321,827</u>
<b>Total assets</b>	<b><u>138,026,551</u></b>	<b><u>85,455,026</u></b>	<b><u>979,650</u></b>	<b><u>1,145,325</u></b>	<b><u>139,006,201</u></b>	<b><u>86,600,351</u></b>
<b>Liabilities:</b>						
Current liabilities	9,975,090	9,025,766	(398,598)	(188,857)	9,576,492	8,836,909
Noncurrent liabilities	214,330,219	163,467,470	2,297,022	2,174,290	216,627,241	165,641,760
Deferred inflows of resources	<u>6,280,681</u>	<u>5,663,605</u>	<u>74,877</u>	<u>115,584</u>	<u>6,355,558</u>	<u>5,779,189</u>
<b>Total liabilities</b>	<b><u>230,585,990</u></b>	<b><u>178,156,841</u></b>	<b><u>1,973,301</u></b>	<b><u>2,101,017</u></b>	<b><u>232,559,291</u></b>	<b><u>180,257,858</u></b>
<b>Net position:</b>						
Invested in capital assets	15,215,711	14,870,703	239,764	151,537	15,455,475	15,022,240
Restricted	124,907	-	-	-	124,907	-
Unrestricted	<u>(107,900,057)</u>	<u>(107,572,518)</u>	<u>(1,233,415)</u>	<u>(1,107,229)</u>	<u>(109,133,472)</u>	<u>(108,679,747)</u>
<b>Total net position</b>	<b><u>(92,559,439)</u></b>	<b><u>(92,701,815)</u></b>	<b><u>(993,651)</u></b>	<b><u>(955,692)</u></b>	<b><u>(93,553,090)</u></b>	<b><u>(93,657,507)</u></b>
<b>Total liabilities and deferred inflows of resources and net position</b>	<b><u>\$ 138,026,551</u></b>	<b><u>\$ 85,455,026</u></b>	<b><u>\$ 979,650</u></b>	<b><u>\$ 1,145,325</u></b>	<b><u>\$ 139,006,201</u></b>	<b><u>\$ 86,600,351</u></b>

Most of the District's net position is invested in capital assets (land, buildings, and equipment). The remaining unrestricted net position is a combination of committed and unassigned amounts. The restricted net position is a combination of two scholarship funds and two student sponsored activity funds.

The results of the operations as a whole for the years ended June 30, 2021 and 2020 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 District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to community taxpayers and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania (Commonwealth). Table 2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the fiscal years ended June 30, 2021 and 2020.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

**Table 2**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues	\$ 14,212,250	\$ 15,475,507	\$ -	\$ -	\$ 14,212,250	\$ 15,475,507
General revenues:						
Property taxes, net	45,510,944	44,431,153	-	-	45,510,944	44,431,153
Other taxes, net	7,093,967	7,602,116	-	-	7,093,967	7,602,116
Grants, subsidies, and contributions, unres.	9,191,452	7,042,937	1,789,952	1,518,970	10,981,404	8,561,907
Investment earnings	17,464	325,164	174	3,032	17,638	328,196
Charges for services	1,408	59,844	40,091	472,508	41,499	532,352
Capital grants and contributions	500,210	107,453	-	-	500,210	107,453
Community services	-	32,657	-	-	-	32,657
Miscellaneous income	367,343	568,985	-	-	367,343	568,985
<b>Total revenues</b>	<b><u>76,895,038</u></b>	<b><u>75,645,816</u></b>	<b><u>1,830,217</u></b>	<b><u>1,994,510</u></b>	<b><u>78,725,255</u></b>	<b><u>77,640,326</u></b>
<b>Expenses:</b>						
Instruction	51,724,719	49,343,933	-	-	51,724,719	49,343,933
Instruc. Student support	4,464,232	5,340,269	-	-	4,464,232	5,340,269
Admin. And financial support services	6,911,204	6,193,336	-	-	6,911,204	6,193,336
Operation and maint. of plant services	7,077,964	6,899,514	-	-	7,077,964	6,899,514
Pupil transportation	4,196,955	4,828,178	-	-	4,196,955	4,828,178
Student activities	1,314,406	1,189,310	-	-	1,314,406	1,189,310
Community services	35,801	70,282	-	-	35,801	70,282
Int. on long-term debt	1,160,324	761,965	-	-	1,160,324	761,965
Food services	-	-	1,868,176	1,927,896	1,868,176	1,927,896
<b>Total expenses</b>	<b><u>76,885,605</u></b>	<b><u>74,626,787</u></b>	<b><u>1,868,176</u></b>	<b><u>1,927,896</u></b>	<b><u>78,753,781</u></b>	<b><u>76,554,683</u></b>
Increase (decrease) in net position	9,433	1,019,029	(37,959)	66,614	(28,526)	1,085,643
<b>Net position July 1</b>	<b><u>(92,568,872)</u></b>	<b><u>(93,720,844)</u></b>	<b><u>(955,692)</u></b>	<b><u>(1,022,306)</u></b>	<b><u>(93,524,564)</u></b>	<b><u>(94,743,150)</u></b>
<b>Restated</b>						
<b>Net position June 30</b>	<b><u>\$ (92,559,439)</u></b>	<b><u>\$ (92,701,815)</u></b>	<b><u>\$ (993,651)</u></b>	<b><u>\$ (955,692)</u></b>	<b><u>\$ (93,553,090)</u></b>	<b><u>\$ (93,657,507)</u></b>

The tables above present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table 3 shows the District's largest functions: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, student activities, community services, bond issuance costs, interest on long-term debt, food service as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

needs supported by local taxes and other miscellaneous revenues.

**Table 3**  
**Governmental Activities**  
**For the Years Ended June 30,**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 51,724,719	\$ 49,343,933	\$ 40,716,568	\$ 40,182,232
Instruction student support	4,464,232	5,340,269	2,205,723	3,081,760
Administrative and financial support services	6,911,204	6,193,336	6,851,204	5,537,467
Operation and maintenance of plant services	7,077,964	6,899,514	7,077,964	6,484,540
Pupil transportation	4,196,955	4,828,178	3,309,957	1,783,880
Student activities	1,314,406	1,189,310	1,314,406	1,189,310
Community services	35,801	70,282	35,801	37,625
Interest on long-term debt	1,160,324	761,965	660,114	654,512
<b>Total governmental Activities</b>	<b>\$ 76,885,605</b>	<b>\$ 74,626,787</b>	<b>62,171,737</b>	<b>58,951,326</b>
Less: Unrestricted grants, subsidies			(9,191,452)	(6,983,093)
Total needs from local taxes and other revenues			<b>\$ 52,980,285</b>	<b>\$ 51,968,233</b>

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

**Table 4**  
**Business-Type Activities**  
**For the Years Ended June 30,**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Food Services	<u>\$ 1,868,176</u>	<u>\$ 1,927,896</u>	\$ 38,133	\$ (63,582)
Less: Investment Earnings			(174)	(3,032)
Total business-type activities			<b>\$ 37,959</b>	<b>\$ (66,614)</b>

The Statement of Revenues, Expenses, and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

### THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$55,563,303 which is a net increase of \$46,142,084 or 497% over the prior fiscal year. The primary reason for this net increase is specific to two funds:

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

**General Fund:**

The District's General Fund Balance increased by the net amount of \$2,774,590. The primary reason for the net increase was due to the receipt of revenues greater than originally anticipated as well as the expenditures incurred being less than originally anticipated due to the uncertainty associated with budgeting during the middle of the shutdown for the COVID-19 Pandemic. Specifically, the General Fund not paying various categories of actual expenditures (student transportation services, purchased property services, purchased professional and technical services, and employee salaries & wages) less than the budgeted expenditures. In addition, the effects of these under expenditures were further enhanced by the District receiving actual revenues (current real estate taxes, current mercantile taxes, current earned income taxes, and delinquent real estate taxes) far greater than the budgeted revenues.

**Construction Fund:**

The District's Construction Fund Balance increased by the net amount of \$43,372,051 due to the issuance of the Series of 2021 General Obligation Bonds to pay for the Gateway Middle School Building and Grounds Renovation Project as well as to pay for the Gateway High School Athletic Field Renovation Project.

**General Fund Budget**

On June 15, 2021, the Gateway Board of School Directors (Board) passed the 2021-2022 General Fund Budget. The real estate tax millage rate increased from 20.1655 mills by 0.7259 mills or 3.60% to 20.8914 mills for the 2021-2022 fiscal year. One net mill of real estate taxes is worth approximately \$2,273,433 for the District.

The District applies for various federal, state, and local grants, and the actual amount of these grants to be received cannot always be accurately anticipated and reflected in the budgeting process.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At June 30, 2021, the District had total capital assets of \$119,493,682 invested in a broad range of capital assets, including land, buildings, and furniture and fixtures with the majority of that total, \$88,808,953 invested in buildings and building improvements. The recognition of the current year depreciation and the prior fiscal year accumulated depreciation in the District's financial statements results in total net capital assets of \$54,445,274 or a decrease of (8.32%) under the prior fiscal year. \$1,822,223 of Construction in Progress was a new component of the total capital assets for the 2020-2021 fiscal year, and is primarily related to the current Gateway Middle School Building and Grounds Renovation Project.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

**Table 5**  
**All Activities**  
**Capital Assets-Net of Depreciation**  
**For the Years Ended June 30,**

<u>Capital Asset</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 4,281,588	\$ 4,281,588	\$ -	\$ -	\$ 4,281,588	\$ 4,281,588
Construction in Progress	1,822,223	-	-	-	1,822,223	-
Land Improvements	3,417,554	3,904,388	-	-	3,417,554	3,904,388
Buildings	7,225,743	7,554,936	-	-	7,225,743	7,554,936
Building Improvements	36,455,123	38,040,605	-	-	36,455,123	38,040,605
Furniture and Fixtures	1,003,280	1,169,091	239,763	151,537	1,243,043	1,320,628
<b>Total capital assets</b>	<b><u>\$ 54,205,511</u></b>	<b><u>\$ 54,950,608</u></b>	<b><u>\$ 239,763</u></b>	<b><u>\$ 151,537</u></b>	<b><u>\$ 54,445,274</u></b>	<b><u>\$ 55,102,145</u></b>

As of July 1, 2020, the District had total outstanding general obligation bonds of \$42,390,000. During the 2020-2021 fiscal year, the District issued \$41,260,000 in new general obligation bonds called the Series of 2021 General Obligation Bonds which will fund two major District capital renovation projects. In addition, the District made total payments (\$2,930,000) against the principal balance on the Refunding Series of 2012 General Obligation Bonds, the Refunding Series of 2016 General Obligation Bonds, and the Refunding Series of 2020 General Obligation Bonds during the 2020-2021 fiscal year. The resulting net ending outstanding general obligation bond balance at June 30, 2021 is \$80,720,000 as depicted in Table 6 below.

**Table 6**  
**Outstanding Debt**  
**For the Years Ended June 30,**

	<u>2021</u>	<u>2020</u>
General Obligation Bonds:		
Bonds, Refunding Series of 2012	\$1,730,000	\$2,540,000
Bonds, Refunding Series of 2016	14,565,000	16,485,000
Bonds, Refunding Series of 2020	23,165,000	23,365,000
Bonds, Series of 2021	<u>41,260,000</u>	<u>-</u>
Total General Obligation Bonds	<u>80,720,000</u>	<u>42,390,000</u>
<b>Total Outstanding Debt:</b>	<b><u>\$ 80,720,000</u></b>	<b><u>\$ 42,390,000</u></b>

Other obligations of the District include accrued vacation pay and sick leave for specific employees of the District. Additional detailed information about the District's long-term liabilities is included in Note 7 to the financial statements. Detailed information regarding the District's net OPEB Liability of \$17,537,701 at June 30, 2021 is included in Note 13 to the financial statements. Detailed information regarding the District's net pension liability of \$115,269,000 at June 30, 2021 is included in Note 8 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

**DEBT SERVICE, ECONOMIC FACTORS, NEXT YEAR'S BUDGET, AND REAL ESTATE TAX  
MILLAGE RATE**

On September 25, 2003, the District increased the amount of its debt or bonds payable by \$30,500,000. This additional General Obligation Bond debt was known as the Series of 2003 bond issue. The additional debt was incurred by the District to fund the construction renovations at the Gateway High School Stadium that began during the 2002-2003 school year and to fund the construction renovations and additions to the Gateway High School which were completed during the 2005-2006 fiscal year.

On January 9, 2007, the District advance refunded the Series of 1997 General Obligation Bonds and replaced them with the Refunding Series of 2007 General Obligation Bonds in the amount of \$29,490,000. The net proceeds from this transaction in the amount of \$2,135,544 have been fully utilized by the District for various capital improvements to the Dr. Cleveland Steward, Jr. Elementary School which were completed during the 2009-2010 fiscal year.

On May 1, 2012, the District advance refunded the Series of 2003 General Obligation Bonds and replaced them with the Refunding Series of 2012 General Obligation Bonds in the amount of \$29,490,000. The net proceeds from this transaction in the amount of \$1,612,064 were utilized by the District for various capital improvements to the school buildings and grounds throughout the District. The various capital improvements were completed during the 2014-2015 fiscal year.

The District previously borrowed \$2,772,000 from PNC Equipment Finance LLC during the 2013-2014 fiscal year for the acquisition and replacement of various types of computer and technological equipment throughout the District. This Technology Loan was paid in full by the District in June 2016.

On October 26, 2016, the District refunded a portion (except for \$1,340,000) of the outstanding Refunding Series of 2007 General Obligation Bonds and replaced them with the Series of 2016 (Federally Taxable) General Obligation Bonds in the amount of \$18,845,000. The District elected to realize the savings from this bond refinancing in the form of debt service reduction instead of solely utilizing the net proceeds option from the transaction for various capital improvements to the District's school buildings and grounds as was utilized during the District's two previous bond refinancings as explained above.

On January 30, 2020, the District refunded a portion (except for \$2,540,000) of the outstanding Refunding Series of 2012 General Obligation Bonds and replaced them with the Series of 2020 (Federally Taxable) General Obligation Bonds in the amount of \$23,570,000. The District elected to realize the savings from this bond refinancing in the form of debt service reduction over the entire remaining life of the outstanding bonds instead of merely utilizing the debt service reduction by reducing debt service payments over the first couple of years of applicable debt service payments or by utilizing the net proceeds cash-out option from the transaction to directly fund various capital improvements to the District's school buildings and grounds as was utilized during two of the District's previous bond refinancings as explained above.

On June 22, 2021, the District issued the Series of 2021 General Obligation Bonds in the amount of \$41,260,000. The additional debt was incurred by the District to fund the Gateway Middle School Building and Grounds Renovation Project as well as to fund the Gateway High School Athletic Field Renovation Project. After receipt of the net bond proceeds, the District's Construction Fund reimbursed the District's General Fund for the previously loaned amounts incurred by the District during the 2019-2020 fiscal year and during the 2020-2021 fiscal year for previously paid Architect design fees associated with the Gateway Middle School Building and Grounds Renovation Project.

The District has been experiencing some residential and commercial construction growth throughout the Municipality of Monroeville. However, it is very difficult to determine the exact dollar impact on the District's real estate tax base. Any increases in the District's real estate tax revenue have been further complicated by the District's refund of previously received real estate taxes through the Allegheny County property assessment appeal process. For the year ended June 30, 2021, the District refunded \$37,437 of prior years' real estate tax revenue. The District budgeted \$0 for the refund of prior years' real estate tax revenue

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2021

receipts due to the great difficulty in determining the exact dollar impact as well as the exact timing of any actual real estate taxpayer refunds related to successful real estate taxpayer assessment appeals. The District has also budgeted \$0 for the refund of prior years' real estate tax revenue receipts during the 2021-2022 fiscal year.

The General Fund Revenue Budget for the 2021-2022 fiscal year is \$87,591,000 and represents a net increase of \$11,731,000 more than the 2020-2021 fiscal year revenue budget. This results in a net increase of 15.46% in budgeted revenues for the 2021-2022 fiscal year. The District did increase the real estate tax millage rate (limited to Act 1 Index of 3.60% or the equivalent of 0.7259 mills available for a maximum increase) by 0.7259 mills or 3.60% from 20.1655 mills to 20.8914 mills for the 2021-2022 fiscal year. In addition to the real estate tax increase, the majority of the remaining net increase in budgeted revenues is from the District's budgeted receipt of \$2,952,439 in Federal ESSER II funding and the budgeted receipt of \$5,967,682 in Federal ESSER III (ARP) funding. No Unassigned Fund Balance was utilized to assist in balancing the Budget with the real estate tax millage increase for the 2021-2022 fiscal year. Thus, the ending General Fund Balance (comprised of Unassigned, Committed, Restricted, and Nonspendable components) for the 2021-2022 fiscal year is projected to be \$12,087,209 at June 30, 2022.

The General Fund Expenditure Budget for the 2021-2022 fiscal year is \$87,591,000 and represents a net increase of \$11,731,000 more than the 2020-2021 fiscal year expenditure budget. This results in a net increase of 15.46% in budgeted expenditures for the 2021-2022 fiscal year. A significant portion of the net increase is for the increase in budgeted Federal funds expenditures for the \$2,952,439 in Federal ESSER II funding and the budgeted Federal funds expenditures of \$5,967,682 in Federal ESSER III (ARP) funding.

On November 25, 2014, the District completed and filed a Municipalities Continuing Disclosure Cooperation Initiative Questionnaire for Self-Reporting Entities with the U.S. Securities and Exchange Commission (SEC) in regards to bond continuing disclosure obligations. The District has retained Digital Assurance Certification (DAC) to assist the District in fulfilling its continuing disclosure obligations both in the future and with respect to any potentially delinquent filings. In addition, on January 28, 2015 the District adopted a Municipal Securities Post-Issuance Disclosure Policy for District compliance with the SEC's Rule 15c2-12 for outstanding bond issues. On March 3, 2017, the District received an e-mail response from the SEC to the Questionnaire stating, "We have concluded our review of the submission pursuant to the Municipalities Continuing Disclosure Cooperation Initiative from Gateway SD Allegheny County. Based on the information we have as of this date, we do not intend to recommend an enforcement action by the Commission against Gateway SD Allegheny County."

#### **CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our District financial report is designed to provide all of our internal and external stakeholders including but not limited to our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Paul A. Schott, MS.Ed., PCSBA, Business Manager/Board Treasurer at the Gateway School District, Administration Offices, 9000 Gateway Campus Boulevard, Monroeville, PA 15146-3377, Phone Number: (412) 373-5706, e-mail: pschott@gatewayk12.org

GATEWAY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

Assets	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Current assets:</b>			
Cash and Cash Equivalents	\$ 13,048,239	\$ 288,943	\$ 13,337,182
Restricted Cash and Cash Equivalents	43,483,633	-	43,483,633
Accounts Receivable			
Taxes Receivable	888,506	-	888,506
Due from Other Governments	4,183,976	-	4,183,976
Other Receivables	787,750	93	787,843
Discount on Bonds, Net	19,906	-	19,906
Prepaid Expenses	565,057	-	565,057
Inventories	-	97,374	97,374
<b>Capital assets:</b>			
Non-depreciable	6,103,811	-	6,103,811
Depreciable (net)	48,101,700	239,764	48,341,464
<b>Total Assets</b>	<b>117,182,578</b>	<b>626,174</b>	<b>117,808,752</b>
<b>Deferred Outflows of Resources</b>			
Deferred Loss on Refunding Debt	2,272,386	-	2,272,386
Deferred Outflows Related to Pensions	16,767,753	342,311	17,110,064
Deferred Outflows Related to OPEB	1,803,834	11,165	1,814,999
<b>Total Deferred Outflows of Resources</b>	<b>20,843,973</b>	<b>353,476</b>	<b>21,197,449</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 138,026,551</b>	<b>\$ 979,650</b>	<b>\$ 139,006,201</b>
<b>Current Liabilities:</b>			
Accounts Payable	\$ 1,259,827	\$ 45,469	\$ 1,305,296
Accrued Wages and Benefits	4,680,659	-	4,680,659
Accrued Interest on Debt	464,738	-	464,738
Unearned Revenue	40,105	30,577	70,682
Commodity Inventory	-	50,117	50,117
Internal Balances	524,761	(524,761)	-
<b>Current Portion of Long-Term Liabilities:</b>			
Bonds Payable	3,005,000	-	3,005,000
<b>Non-Current Portion of Long-Term Liabilities</b>			
Bonds Payable	77,715,000	-	77,715,000
Other Post Employment Benefits	17,497,267	40,434	17,537,701
Compensated Absences	2,121,667	49,730	2,171,397
Premiums on Bonds (net)	3,934,143	-	3,934,143
Net Pension Liability	113,062,142	2,206,858	115,269,000
<b>Total Liabilities</b>	<b>224,305,309</b>	<b>1,898,424</b>	<b>226,203,733</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	3,489,640	71,217	3,560,857
Deferred Inflows Related to OPEB	2,791,041	3,660	2,794,701
<b>Total Deferred Inflows of Resources</b>	<b>6,280,681</b>	<b>74,877</b>	<b>6,355,558</b>
<b>Net Investment in Capital Assets</b>			
Restricted	15,215,711	239,764	15,455,475
Unrestricted	124,907	-	124,907
	(107,900,057)	(1,233,415)	(109,133,472)
<b>Total Net Position (Deficit)</b>	<b>(92,559,439)</b>	<b>(993,651)</b>	<b>(93,553,090)</b>
<b>Total Liabilities, Deferred Inflows, and Net Position (Deficit)</b>	<b>\$ 138,026,551</b>	<b>\$ 979,650</b>	<b>\$ 139,006,201</b>

GATEWAY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 51,724,719	\$ 1,408	\$ 11,006,743	\$ -	\$ (40,716,568)	\$ -	\$ (40,716,568)
Instructional Student Support	4,464,232	-	2,258,509	-	(2,205,723)	-	(2,205,723)
Administrative and Financial Support Services	6,911,204	-	60,000	-	(6,851,204)	-	(6,851,204)
Operation and Maintenance of Plant Services	7,077,964	-	-	-	(7,077,964)	-	(7,077,964)
Pupil Transportation	4,196,955	-	886,998	-	(3,309,957)	-	(3,309,957)
Student Activities	1,314,406	-	-	-	(1,314,406)	-	(1,314,406)
Community Services	35,801	-	-	-	(35,801)	-	(35,801)
Interest on Long-Term Debt	1,160,324	-	-	500,210	(660,114)	-	(660,114)
<b>Total Government Activities</b>	<b>76,885,605</b>	<b>1,408</b>	<b>14,212,250</b>	<b>500,210</b>	<b>(62,171,737)</b>	<b>-</b>	<b>(62,171,737)</b>
<b>Business-Type Activities:</b>							
Food Services	1,868,176	40,091	1,789,952	-	-	(38,133)	(38,133)
<b>Total Primary Government</b>	<b>\$ 78,753,781</b>	<b>\$ 41,499</b>	<b>\$ 16,002,202</b>	<b>\$ 500,210</b>	<b>(62,171,737)</b>	<b>(38,133)</b>	<b>(62,209,870)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for General Purposes					45,510,944	-	45,510,944
Public Utility, Realty, Earned Income and Mercantile Taxes Levied for General Purposes					7,093,967	-	7,093,967
Grants, Subsidies, and Contributions Not Restricted					9,191,452	-	9,191,452
Investment Earnings					17,464	174	17,638
Miscellaneous Income					367,343	-	367,343
<b>Total General Revenues</b>					<b>62,181,170</b>	<b>174</b>	<b>62,181,344</b>
<b>Change in Net Position</b>					<b>9,433</b>	<b>(37,959)</b>	<b>(28,526)</b>
<b>Net Position (Deficit) - Beginning (As restated, Note 14)</b>					<b>(92,568,872)</b>	<b>(955,692)</b>	<b>(93,524,564)</b>
<b>Net Position (Deficit) - Ending</b>					<b>\$ (92,559,439)</b>	<b>\$ (993,651)</b>	<b>\$ (93,553,090)</b>

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



GATEWAY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Construction Fund	Student Sponsored Activity Fund	Total Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 12,944,197	\$ -	\$ 104,042	\$ 13,048,239
Restricted Cash	20,866	43,462,767	-	43,483,633
Taxes Receivable (Net)	888,506	-	-	888,506
Due From Other Funds	126,828	-	-	126,828
Due From Other Governments	4,183,976	-	-	4,183,976
Prepaid Expenditures	565,057	-	-	565,057
Other Receivables	787,750	-	-	787,750
 Total Assets	 19,517,180	 43,462,767	 104,042	 63,083,989
<u>Liabilities</u>				
Due to Other Funds	650,204	1,385	-	651,589
Accounts Payable	1,170,496	89,331	-	1,259,827
Accrued Salaries and Benefits	4,680,659	-	-	4,680,659
Unearned Revenue	40,105	-	-	40,105
 Total Liabilities	 6,541,464	 90,716	 -	 6,632,180
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue-Property Taxes	888,506	-	-	888,506
 Total Deferred Inflows of Resources	 888,506	 -	 -	 888,506
<u>Fund Balances</u>				
Nonspendable	565,057	-	-	565,057
Restricted	20,865	43,372,051	104,042	43,496,958
Committed	3,327,000	-	-	3,327,000
Unassigned	8,174,288	-	-	8,174,288
 Total Fund Balances	 12,087,210	 43,372,051	 104,042	 55,563,303
 Total Liabilities, Deferred Inflows, and Fund Balances	 \$ 19,517,180	 \$ 43,462,767	 \$ 104,042	 \$ 63,083,989

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

GATEWAY SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds		\$ 55,563,303
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$118,284,859 and the accumulated depreciation is \$64,079,348.		54,205,511
Taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.		888,506
Long-term liabilities and related deferrals such as debt, accrued interest, and compensated absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.		
	\$ (80,720,000)	
Bonds Payable	19,906	
Bond Discount, Net	(3,934,143)	
Bond Premium	2,272,386	
Loss on Bond Refunding	(464,738)	
Accrued Interest	(17,497,267)	
Other Post Employment Benefits	16,767,753	
Deferred Outflows Related to Pensions	1,803,834	
Deferred Outflows Related to OPEB	(3,489,640)	
Deferred Inflows Related to Pensions	(2,791,041)	
Deferred Inflows Related to OPEB	(113,062,142)	
Net Pension Liability	(2,121,667)	(203,216,759)
Compensated Absences		
Total net position of governmental activities		<u>\$ (92,559,439)</u>

GATEWAY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Construction Fund	Student Sponsored Activity Fund	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 51,773,166	\$ -	\$ -	\$ 51,773,166
Other Taxes	1,299,331	-	-	1,299,331
Federal Revenue Received From				-
Other Public Schools	649,332	-	-	649,332
Fees and Charges	1,408	-	-	1,408
Earnings on Investments	17,350	114	-	17,464
Student Activities	-	-	62,436	62,436
Miscellaneous	304,907	-	-	304,907
State Sources	20,498,322	-	-	20,498,322
Federal Sources	<u>2,756,258</u>	<u>-</u>	<u>-</u>	<u>2,756,258</u>
Total Revenue	<u>77,300,074</u>	<u>114</u>	<u>62,436</u>	<u>77,362,624</u>
<b>Expenditures</b>				
Current Operating:				
Instruction	48,263,317	-	-	48,263,317
Support Services	21,222,759	1,822,223	-	23,044,982
Noninstructional Services	1,119,911	-	-	1,119,911
Student Activities	-	-	66,976	66,976
Debt Service:				
Principal	2,930,000	-	-	2,930,000
Interest	989,497	-	-	989,497
Total Expenditures	<u>74,525,484</u>	<u>1,822,223</u>	<u>66,976</u>	<u>76,414,683</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,774,590</u>	<u>(1,822,109)</u>	<u>(4,540)</u>	<u>947,941</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from bond issuance	-	41,260,000	-	41,260,000
Premium on bond issuance	<u>-</u>	<u>3,934,143</u>	<u>-</u>	<u>3,934,143</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>45,194,143</u>	<u>-</u>	<u>45,194,143</u>
Net Change in Fund Balance	2,774,590	43,372,034	(4,540)	46,142,084
Fund Balance, Beginning of Year (as restated, Note 14)	<u>9,312,620</u>	<u>17</u>	<u>108,582</u>	<u>9,421,219</u>
Fund Balance, End of Year	<u>\$ 12,087,210</u>	<u>\$ 43,372,051</u>	<u>\$ 104,042</u>	<u>\$ 55,563,303</u>

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

GATEWAY SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2021

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

Net change in fund balances-total governmental funds \$ 46,142,084

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital Outlays	\$ 1,993,462	
Depreciation Expense	<u>(2,738,559)</u>	(745,097)

Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long-term liabilities in the Statement of Net Position.

Proceeds from General Obligation Bonds	(41,260,000)	
Premium on Bond Issuance	(3,934,143)	
Debt principal repayments	2,930,000	
Change in deferred loss	(37,709)	
Change in compensated absences	(241,944)	
Change in bond discount	(11,059)	
Change in accrued interest	<u>(122,059)</u>	(42,676,914)

Governmental funds do not report the changes in other post employment benefits liability and related items.

Change in OPEB liability	(1,613,753)
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Governmental funds do not report the changes in pension liability and related items.

Change in net pension liability	(629,301)
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Taxes reported include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences:

(467,586)

Change in net position of governmental activities	<u>\$ 9,433</u>
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GATEWAY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2021

Assets	Business-Type Activities - Enterprise Fund <u>Cafeteria Fund</u>
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 288,943
Other Receivable	93
Due from Other Funds	650,204
Inventories	97,374
Total Current Assets	1,036,614
<b>Noncurrent Assets:</b>	
Machinery and Equipment	1,208,823
Accumulated Depreciation	(969,059)
Total Noncurrent Assets	239,764
Total Assets	1,276,378
<b>Deferred Outflows of Resources</b>	
<b>Pension:</b>	
Deferred Contributions Subsequent to the Measurement Date	219,197
Deferred Difference Between Actual and Experienced	6,031
Deferred Changes in Proportion	15,765
Difference between projected and actual investment earnings	101,318
<b>OPEB:</b>	
Deferred Outflows related to OPEB	11,165
Total Deferred Outflows of Resources	353,476
Total Assets and Deferred Outflows	1,629,854
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Unearned Revenues	30,577
Accounts Payable	45,469
Due to Other Funds	125,443
Commodity Inventory	50,117
Total Current Liabilities	251,606
<b>Noncurrent Liabilities:</b>	
Compensated Absences	49,730
OPEB Liability	40,434
Net Pension Liability	2,206,858
Total Noncurrent Assets	2,297,022
Total Liabilities	2,548,628
<b>Deferred Inflows of Resources</b>	
<b>Pension:</b>	
Deferred Changes in Proportion	15,963
Deferred Difference Between Actual and Experience	55,254
Deferred Inflows related to OPEB	3,660
Total Deferred Inflows of Resources	74,877
<b>Net Position</b>	
Net Investment in Capital Assets	239,764
Unrestricted	(1,233,415)
Total Net Position (Deficit)	(993,651)
Total Liabilities, Deferred Inflows and Net Position (Deficit)	\$ 1,629,854

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

GATEWAY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2021

	Business-Type Activities - Enterprise Fund <u>Cafeteria Fund</u>
Operating Revenues	
Food Service Sales:	
Lunch and Breakfast Sales	\$ 37,674
Special Function Revenue	2,417
Total Operating Revenue	<u>40,091</u>
 Operating Expenses	
General Supplies	26,569
Food	635,250
Salaries	714,813
Employee Benefits	428,933
Depreciation	34,691
Other Purchased Services	3,227
Repairs and Maintenance	9,339
Travel	285
Miscellaneous, Dues and Fees	15,069
Total Operating Expenses	<u>1,868,176</u>
 Operating Loss	 <u>(1,828,085)</u>
 Nonoperating Revenues	
Federal Sources	1,651,086
States Sources	138,866
Earnings on Investments	174
Total Nonoperating Revenues	<u>1,790,126</u>
 Change in Net Position	 (37,959)
 Net Position (Deficit), Beginning of Year	 <u>(955,692)</u>
 Net Position (Deficit), End of Year	 <u>\$ (993,651)</u>

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

GATEWAY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
JUNE 30, 2021

	<u>Enterprise Fund- Food Service</u>
Cash Flows from Operating Activities:	
Cash Received From Users	\$ 47,834
Cash Payments to Employees for Services	(1,169,368)
Cash Payments to Suppliers for Goods and Services	<u>(961,567)</u>
Net Cash Used for Operating Activities	<u>(2,083,101)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	138,866
Federal Sources	<u>1,672,065</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,810,931</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>174</u>
Net Cash Provided by Investing Activities	<u>174</u>
Cash Flows from Capital Activities:	
Acquisition and Construction of Capital Assets	<u>(122,918)</u>
Net Cash Used by Capital Assets	<u>(122,918)</u>
Net Increase in Cash and Cash Equivalents	(394,914)
Beginning Cash and Cash Equivalents	<u>683,857</u>
Ending Cash and Cash Equivalents	<u>\$ 288,943</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	\$ (1,828,085)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and Amortization	34,691
(Increase) decrease in Assets and Deferred Outflows	
Accounts Receivable	7,743
Inventories	(41,109)
Due from Other Funds	(326,905)
Deferred Outflows	(107,646)
Increase (decrease) in Liabilities and Deferred Inflows	
Accounts Payable and Deferred Revenue	16,850
Due to Other Funds	79,335
Net Pension Liability	117,998
Deferred Inflows	(40,707)
OPEB Liability	5,396
Compensated Absences	<u>(662)</u>
Net Cash Used In Operating Activities	<u>\$ (2,083,101)</u>

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

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Gateway School District (the District) operates four elementary schools, two middle schools and one high school in Allegheny County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School Laws of Pennsylvania. The District operates under a locally elected nine-member board form of government.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are discussed below:

A) Reporting Entity

The criteria set forth in GASB Statement No. 61, The Financial Reporting Entity Omnibus— an Amendment of GASB Statement No. 14 and No. 39, is followed by the District to determine which governmental organizations should be included or excluded from the reporting entity. Criteria for inclusion of any entity (component unit) into a primary governmental unit's financial statements includes but is not limited to legal standing, fiscal dependency, imposition of will, financial benefit or burden and appointment of a voting majority of the governing board.

B) Joint Ventures

The District is one of nine-member school districts participating in a joint venture for the operation of the Forbes Road Career & Technology Center ("Forbes"). Forbes was created for the operation of certain vocational-technical training and education programs for the benefit of the participating students of the member school districts. In the event of dissolution of Forbes, its net assets will be distributed to the member school districts in the same proportion as they were originally contributed. Forbes is governed by a board composed of appointees from each member school district. Each member school district remits a proportionate share of the operating budget to Forbes. The District's share of net funding expenditures incurred for the year ended June 30, 2021 was \$804,137, which has been reported as an expenditure in the District's General Fund. The District's proportionate share of general fixed assets of Forbes has not been determined. Complete financial statements of Forbes can be obtained from the Forbes administrative offices at 607 Beatty Road; Monroeville, PA 15146.

The District is also one of eight-member school districts participating in a joint venture for the operation of the Eastern Area Special Schools ("Eastern"). Eastern provides special education to participating students of the member school districts. Eastern is controlled and governed by the Joint Board which is composed of all the school board members of all member school districts. Direct oversight of Eastern's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Eastern. The District's share of annual operating and capital costs for Eastern fluctuates, based on the percentage of enrollment of each member school district in the school. The District's financial obligation to Eastern for the year ended June 30, 2021 was \$20,815, which has been reported as an expenditure in the District's General Fund. Eastern's outstanding debt is secured by rental payments from the member school districts. The District's proportionate share of capital assets and outstanding debt of Eastern has not been determined.



GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Joint Ventures (Continued)

In the event of dissolution of Eastern, the assets shall be disposed of and distributed to the participating school districts net of any outstanding debt in the same proportion as their proportionate assessed value as reported for that year in the "Annual Certification of the Tax Equalization Board" as of the first day of July. Complete financial statements of Eastern can be obtained from the administrative offices at 550 Aura Drive; Monroeville, PA 15146.

C) Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

Fund financial statements are also provided in the report for all of the governmental funds and proprietary funds of the District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The construction fund is the District's fund for construction projects. It accounts for all financial resources required for construction projects.

The student activities fund accounts for students' activities in the District's high school and middle school. This is an agency fund.

The District operates one enterprise fund, the food service fund. This fund accounts for the activities of the District's food service program.

D) Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual: Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E) Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required. The District has also adopted separate budgets for the Cafeteria Fund and Athletic Fund (reported as part of the General Fund).

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Budgets and Budgetary Accounting (Continued)

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year. The District is required to publish notice by advertisement, at least once in one newspaper of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement, such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program basis by the federal and state funding agencies. The District estimates anticipated federal and state funding with the adoption of its general fund budget, before these respective program budgets are approved by the funding agencies.

F) Interfund Receivables

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are considered "available".

G) Investments

Investments are carried at market value based on quoted market prices.

H) Retirement Incentives

The District recognized certain contractual obligations arising from early retirements of professional employees as expenditures when earned.

I) Inventory

In the fund financial statements, textbooks, educational supplies and maintenance department, supplies are recorded as expenditures at the time of purchase within the General Fund.

A physical inventory of the Food Service Fund, food and supplies was taken as of June 30, 2021. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Inventory (Continued)

Purchased inventories of the Food Service Fund are carried and expended at average cost.

J) Prepaid Expenses

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

K) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes.

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 of business-type activities is expensed as incurred.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Land Improvements	15 to 20
Furniture	20
Vehicles	10
Equipment	5 to 15
Computer Software	5 to 10
Textbooks	5
Library/Workbooks	5 to 7

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

L) 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, (OPEB) other post-employment benefits are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position.

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L) Long-Term Obligations (Continued)

Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt and issue costs are expensed when incurred.

In the fund financial statements, governmental funds types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M) Use of Estimates

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

N) Post-Employment Benefits

The District provides health care and life insurance benefits for eligible retired employees. Substantially all of the District's employees may become eligible for those applicable benefits if they reach normal retirement age while working for the District. The District accounts for and funds the majority of costs of such benefits from continuing operations as they are incurred.

O) Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employee's Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

P) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Q) Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise of a hierarchy that is based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q) Fund Balance (Continued)

Nonspendable: The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid expenses at year end.

Restricted: The restricted fund balance are amounts limited by external parties, or legislation (e.g., debt covenants and grants). The District has restricted portions of fund balance to fund future capital projects.

Committed: The committed fund balance amounts are those that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Directors approved a portion of funds to be committed for stabilization amounts for expenditures exceeding revenues for the year. The Board of Directors approved the remaining funds to be committed for the future increase in PSERS rates and future healthcare cost increases.

Assigned: Assets intended to be used by the government for specific purposes. Intent can be expressed by the governing body authority.

Unassigned: Unassigned fund balance is the residual classifications for the general fund.

The District uses Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

R) Deferred Outflows/Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has four items that qualify for reporting in these categories: deferred loss on refunding of debt, deferred outflows and inflows related to pensions, deferred outflows and inflows related to OPEB contributions, and unavailable tax revenue.

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

Deferred outflows and inflows of resources related to pensions are described further in Note 8. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits determined for the

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R) Deferred Outflows/Inflows of Resources (Continued)

period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

In accordance with applicable guidance, OPEB contributions subsequent to the measurement date are recorded as a deferred outflow of resources.

Unavailable tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

S) Adoption of Governmental Accounting Standards Board Statements

The District adopted the requirements of GASB Statement No. 84, "Fiduciary Activities". The adoption of this statement resulted in the restatement of previously reported amounts and reclassification of fund types.

The District adopted the requirements of GASB Statement No. 90 "Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)". The adoption of this statement had no effect on the District's financial statements.

The District adopted certain requirements of GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The adoption of the certain requirements of this statement had no effect on previously reported amounts.

T) Pending Changes in Accounting Principles

In June of 2017, the GASB issued Statement No. 87, "Leases". The District is required to adopt Statement No. 87 for its fiscal year 2022 financial statements.

In April 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The District is required to adopt Statement No. 88 for its fiscal year 2022 financial statements.

In June of 2018, The GASB issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The District is required to adopt statement No. 89 for its fiscal year 2022 financial statements.

In May of 2019, The GASB issued Statement No. 91, "Conduit Debt Obligations". The District is required to adopt Statement No. 91 for its fiscal year 2023 financial statements.

In January of 2020, the GASB issued Statement No. 92, "Omnibus 2020". The District is required to adopt the requirements related to Statement 92 immediately and the rest of the requirement for its fiscal year 2022 financial statements.

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T) Pending Changes in Accounting Principles (Continued)

In March of 2020, the GASB issued statement No. 93, "Replacement of Interbank Offered Rates". The District is required to adopt Statement No. 93, except for paragraphs 13 and 14, for its fiscal year 2021 financial statements. The District is required to adopt the requirements in paragraph 13 and 14 for its fiscal year 2022 financial statements.

In March of 2020, the GASB issued statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The District is required to adopt Statement No. 94 for its 2023 financial statements.

In May of 2020, the GASB issued statement No. 96 "Subscription-Based Information Technology Arrangements". The District is required to adopt Statement No. 96 for its fiscal year 2023 financial statements.

In June of 2020, the GASB issued statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". The District is required to adopt paragraphs 4 and 5 of this Statement immediately. The District is required to adopt all other paragraphs for its fiscal year 2022 financial statements.

In October of 2021, the GASB issued statement No. 98 "The Annual Comprehensive Financial Report". The District is required to adopt Statement No. 98 for its fiscal year 2022 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The governmental fund statement of revenues, expenditures and changes in net position includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of government activities as reported in the governmental-wide Statement of Activities.

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and (d) shares of an investment company registered under the Investment Company Act of 1940, provided that the instruments are those types of investments listed



GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

above, and the investment company is managed so as to maintain its shares at a constant net asset value and the investment company is rated in the highest category by a nationally recognized rating agency. Pursuant to Act 72 of the Pennsylvania State Legislature, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian.

Act 10 of 2016 broadened the scope of investment options for the District with safeguard measures to protect those investments. The Act added high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptance to the authorized list of investments. The District did not utilize any Act 10 investments during the fiscal year.

The deposit and investment policy of the District adheres to State statutes and prudent business practice. There were no deposits or investment transactions during the year that were in violation of either the State statutes or the policy of the District.

A portion of the District's cash and investments are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), which is a fund very similar to mutual funds. PSDLAF operates in accordance with appropriate State laws and regulations and under State oversight. The reported value of the pool is the same as the fair value of the pool shares.

In accordance with the Government Accounting Standards Board, investments in PSDLAF are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity or any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investment. The net asset value per share for the purpose of calculating the price at which shares are issued and redeemed is determined by the Administrator each banking day. Such determination is made by subtracting the liabilities from the value of the assets and dividing the remainder by the number of shares outstanding.

As of June 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

*Interest Rate Risk* – The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – The School District has no formal investment policy for its operating and Fiduciary funds that addresses credit risk. As of June 30, 2021, the School District's operating investments were all maintained in Money Market funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF).

*Custodial Credit Risk* – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2021, the School District's cash balances for its governmental and business-type activities were \$56,799,949. These bank balances were collateralized with securities

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

*Custodial Credit Risk (Continued)*

held by the pledging financial institutions, or by their trust departments or agents, but not in the School District's name, and therefore was subject to custodial credit risk.

*Concentration of Credit Risk* – The School District has no formal investment policy for operating investments pertaining to the concentration of credit risk. All of the School District's investments were in the PSDLAF.

NOTE 4: TAXES RECEIVABLE

Based upon assessed valuations provided by the County, the District bills and collects its property taxes through tax collectors for each constituent municipality. The schedule for property taxes levied for the fiscal year ended June 31, 2021, is as follows:

July 1,	-	tax date
July 1 - August 31,	-	2% discount period
September 1 - October 31,	-	face payment period
November 1 - Collection	-	10% penalty period

The District's tax rate in the year ended June 30, 2021, was 20.1655 mills (\$2.1655 per \$100 assessed valuation). The District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements. Taxes receivable represent unpaid real estate taxes, real estate transfer taxes, mercantile taxes and earned income tax after providing an allowance for the estimated amount uncollectible.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2021, the following amounts are due from other governmental units:

	Governmental Activities
Federal (through state)	\$ 1,458,603
State	2,725,374
Total	\$ 4,183,976

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

## NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
CAPITAL ASSETS, NOT BEING DEPRECIATED:				
LAND	\$ 4,281,588	\$ -	\$ -	\$ 4,281,588
CONSTRUCTION IN PROGRESS	-	1,822,223	-	1,822,223
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>\$ 4,281,588</b>	<b>\$ 1,822,223</b>	<b>\$ -</b>	<b>\$ 6,103,811</b>
CAPITAL ASSETS, BEING DEPRECIATED:				
LAND IMPROVEMENTS	\$ 10,523,589	\$ 19,509	\$ -	\$ 10,543,098
BUILDINGS	23,849,285	-	-	23,849,285
BUILDING IMPROVEMENTS	64,814,568	145,100	-	64,959,668
FURNITURE AND FIXTURES	12,822,367	6,630	-	12,828,997
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>\$ 112,009,809</b>	<b>\$ 171,239</b>	<b>\$ -</b>	<b>\$ 112,181,048</b>
LESS ACCUMULATED DEPRECIATION FOR:				
LAND IMPROVEMENTS	\$ 6,619,201	\$ 506,343	\$ -	\$ 7,125,544
BUILDINGS	16,294,349	329,193	-	16,623,542
BUILDING IMPROVEMENTS	26,773,963	1,730,582	-	28,504,545
FURNITURE AND FIXTURES	11,653,276	172,441	-	11,825,717
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>\$ 61,340,789</b>	<b>\$ 2,738,559</b>	<b>\$ -</b>	<b>\$ 64,079,348</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>\$ 50,669,020</b>	<b>\$ (2,567,320)</b>	<b>\$ -</b>	<b>\$ 48,101,700</b>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<b>\$ 54,950,608</b>	<b>\$ (745,097)</b>	<b>\$ -</b>	<b>\$ 54,205,511</b>

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

## NOTE 6: CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
BUSINESS-TYPE ACTIVITIES:				
CAPITAL ASSETS, BEING DEPRECIATED:				
EQUIPMENT	\$ 1,085,905	\$ 122,918	\$ -	\$ 1,208,823
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	\$ 1,085,905	\$ 122,918	\$ -	\$ 1,208,823
LESS ACCUMULATED DEPRECIATION FOR:				
EQUIPMENT	\$ 934,368	\$ 34,691	\$ -	\$ 969,059
TOTAL ACCUMULATED DEPRECIATION	\$ 934,368	\$ 34,691	\$ -	\$ 969,059
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	\$ 151,537	\$ 88,227	\$ -	\$ 239,764
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	\$ 151,537	\$ 88,227	\$ -	\$ 239,764
GOVERNMENTAL ACTIVITIES:				
INSTRUCTION:				
REGULAR			\$ 1,835,443	
SUPPORT SERVICES:				
PUPIL TRANSPORTATION			173,429	
INSTRUCTIONAL STAFF			371,988	
ADMINISTRATION			40,776	
OPERATION AND MAINTENANCE OF PLANT			264,288	
SUBTOTAL			<u>\$ 850,481</u>	
OPERATION OF NONINSTRUCTIONAL SERVICES:				
STUDENT ACTIVITIES			50,903	
COMMUNITY SERVICES			1,732	
SUBTOTAL			<u>\$ 52,635</u>	
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES			<u>\$ 2,738,559</u>	
BUSINESS-TYPE ACTIVITIES:				
CAFETERIA			<u>\$ 34,691</u>	
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES			<u>\$ 34,691</u>	

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

## NOTE 7: LONG-TERM DEBT

A) Bonds and Notes Payable

General Obligation Bonds Refunding Series of 2012, dated May 1, 2012, originally issued at \$28,735,000 with various maturity dates through 2032, and interest at various rates from 4% to 5%. Annual principal requirements vary from \$810,000 to \$885,000. The bonds were partially refunded on an advance refunding basis by \$21,590,000 of the District's General Obligation Bonds Series of 2012. For the fiscal year ended June 30, 2021, the repayment of the principal on the bond amounted to \$810,000 and interest on the bond amounted to \$102,700. The outstanding principal balance at June 30, 2021 was \$1,730,000.

General Obligation Bonds Refunding Series of 2016 (Federally Taxable), dated October 26, 2016, issued at \$18,845,000 with various maturity dates through the year 2028, and interest of various rates from 1% to 3%. Annual principal requirements vary from \$460,000 to \$2,230,000. The refunding resulted in a difference between the cash flow required to service the old debt and that required to service the new debt of \$946,978. For the fiscal year ended June 30, 2021 repayment of the principal on the bond amounted to \$1,920,000 and interest on the bond amounted to \$342,611. The outstanding principal balance at June 30, 2021 was \$14,565,000.

General Obligation Bonds Refunding Series of 2020, dated January 30, 2020 (Federally Taxable), the bonds were issued at \$23,570,000 to partially refund, on an advanced refunding basis, \$21,590,000 of the outstanding General Obligation Refunding Series of 2012. The advance refunding resulted in a decrease in cash flow required for debt service in the amount of \$1,187,445, and an economic gain at \$1,023,957. The outstanding principal balance at June 30, 2021 was \$23,165,000.

During the 2020-2021 fiscal year, the District issued \$41,260,000 in new general obligation bonds called the Series of 2021 General Obligation Bonds which will fund two major District capital renovation projects. The bonds have various maturity dates through the year 2043 and interest rates ranging from 1.63% to 1.98%. For the fiscal year ended June 30, 2021 no repayment of principal or interest was made, or required.

## B) Future Scheduled Maturities

The future scheduled maturities of bonds payable are as follows:

	Principal	Interest	Total
2022	\$ 3,005,000	\$ 1,922,895	\$ 4,927,895
2023	4,005,000	2,050,281	6,055,281
2024	3,180,000	1,965,809	5,145,809
2025	3,255,000	1,897,141	5,152,141
2026	3,330,000	1,821,733	5,151,733
2027-2031	18,990,000	7,594,666	26,584,666
2032-2036	14,815,000	5,688,638	20,503,638
2037-2041	20,780,000	3,000,000	23,780,000
2042-2044	9,360,000	288,900	9,648,900
	<u>\$ 80,720,000</u>	<u>\$ 26,230,063</u>	<u>\$ 106,950,063</u>

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

## NOTE 7: LONG-TERM DEBT (Continued)

C) Changes in Long-Term Debt

During the year ended June 30, 2021, long-term debt changed as follows:

	General Obligation Bonds	Compensated Absences	
		Governmental Activities	Business-Type Activities
Balance at July 1, 2020	\$42,390,000	\$1,879,723	\$50,392
Principal Retirement	(2,930,000)	-	-
Principal Additions	41,260,000	-	-
Change in Compensated Absence Liability	-	241,944	(662)
Balance at June 30, 2021	\$80,720,000	\$2,121,667	\$49,730

## NOTE 8: EMPLOYEE RETIREMENT PLAN

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan:

*Plan Description.* The District contributes to the Commonwealth of Pennsylvania School Employees Retirement System ("PSERS"), a governmental cost-sharing multi-employer defined benefit plan. Benefit provisions of the plan are established under the provisions of the PSERS Code (Act No. 96 of October 2, 1975, as amended) (24 PA C. S. 8101-8535) and may be amended by an act of the Pennsylvania legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contributions upon termination of a member's employment in the public school sector. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to, PSERS, P.O. Box 125, Harrisburg, PA 17108-0125. This publication is also available on the PSERS website at [www.psers.state.pa.us/publications/cafr/index.htm](http://www.psers.state.pa.us/publications/cafr/index.htm).

*Benefits provided.* PSERS provides retirement, disability, and death benefits. Retirement benefits are determined as 2.5 percent of the employee's final 3-year average compensation times the employee's years of service. Employees with 10 years of continuous service are eligible to retirement at age 60. Employees are eligible for service-related disability benefits regardless of length of service. Five years of services is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal two times the employee's final full-year salary.

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

*Contributions.* The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of member's qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D.) For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member' qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-F contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.45% of covered payroll, actuarially determined as an amount that, when combines with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$10,954,369 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$115,269,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.2341%, which was an increase of .0022% from its proportion measured as of June 30, 2019.

	Governmental	Business-Type	
	Activities	Activities	Total
Net Pension Liability	<u>\$ 113,062,142</u>	<u>\$ 2,206,858</u>	<u>\$ 115,269,000</u>

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

For the fiscal year ended June 30, 2021, the Districts governmental activities recognized pension expense of \$11,563,584 and its business-type activities recognized pension expense of \$235,992. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 4,964,582	\$ -	\$ 101,318	\$ -
District contributions subsequent to the measurement date	10,735,172	-	219,197	-
Difference between actual and experience	295,514	2,707,438	6,030	55,254
Changes in proportions	<u>772,485</u>	<u>782,202</u>	<u>15,765</u>	<u>15,963</u>
Total	<u>\$ 16,767,753</u>	<u>\$ 3,489,640</u>	<u>\$ 342,310</u>	<u>\$ 71,217</u>

\$10,954,369 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$ (1,010,084)
2022	337,912
2023	1,762,042
2024	<u>1,504,967</u>
	<u>\$ 2,594,837</u>



GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

*Actuarial Assumptions.* The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal – level % of pay
Salary increases	5.00 percent, average, including inflation of 2.75 percent, and real wage growth and merit or seniority increases of 2.25 %
Investment rate of return	7.25 percent, net of pension plan investment expense, Including inflation of 2.75%

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disability Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

## NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.00%	5.20%
Private Equity	15.00%	7.20%
Fixed Income	36.00%	1.10%
Commodities	8.00%	1.80%
Absolute return	10.00%	2.50%
Risk parity	8.00%	3.30%
Infrastructure/MLP's	6.00%	5.70%
Real estate	10.00%	5.50%
Cash	6.00%	-1.00%
Financing (LIBOR)	<u>-14.00%</u>	-0.70%
	<u>100%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to change in the discount rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

1% Decrease	Amounts x \$1,000	1% Increase
6.25%	Current discount rate 7.25%	8.25%

District's share of			
the net pension	\$ 142,612	\$ 115,269	\$ 92,105

*Pension plan fiduciary net position.* Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 9: CONTINGENCIES

A) Litigation

The District is subject to various legal proceedings and claims which arise in the ordinary course of operations. In the opinion of management, the amount of ultimate uninsured liability, if any, with respect to these actions cannot be determined at this time.

B) Public Entity Risk Pool

The District is a participant in the Allegheny County School Health Insurance Consortium (ACHIC). The ACHIC invests excess funds for the stabilization of insurance premiums paid by the school participants. After each year the insurance carrier compares actual claims experience with premiums paid. The difference will result in either a retroactive premium adjustment due to or from the ACHIC. The determination of the effect to the District, if any, cannot presently be determined. Accordingly, no provision has been recognized in these financial statements.

C) Federal Grants

The District receives federal grants which require the fulfillment of conditions and compliance with applicable laws and regulations. The determination of whether instances of noncompliance will ultimately result in a disallowance of costs cannot presently be determined. Accordingly, no provisions that may result in the return of grant funds have been recognized in these financial statements.

D) Real Estate Taxes

The District has various real estate tax appeal cases which arise in the ordinary course of business. The acceptance and settlement of these cases could affect future real estate revenue and refund expenditures. No provision has been made for the ultimate effect on revenue and expenditures, if any, in these financial statements.

NOTE 10: FUND BALANCE ALLOCATIONS

Nonspendable Fund Balance

The General Fund has \$565,057 in nonspendable fund balance at June 30, 2021, comprised of prepaid expenditures.

Committed Fund Balance

The Board has committed \$3,327,000 for future pension rate increases, future healthcare cost increases, and future capital repair projects as of June 30, 2021.

Restricted Fund Balance

The General Fund has \$20,865 and the Student Sponsored Activity Fund has \$104,042 in restricted fund balances at June 30, 2021, comprised of funds reserved for scholarships and student activities, respectively. The Construction Fund has \$43,372,051 in restricted fund balance as of June 30, 2021 for future capital projects.

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 10: FUND BALANCE ALLOCATIONS (Continued)

Unassigned Fund Balance

The General Fund has \$8,174,288 in unassigned fund balance as of June 30, 2021. This balance includes the residual fund balance for the General Fund.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District continues to carry commercial insurance for these types of risk of loss.

NOTE 12: NET POSITION ALLOCATIONS

The portion of net position for governmental activities, shown on the government-wide statement of net position as net investment in capital assets, \$15,215,711. The residual amount of net assets remaining is a deficit of (\$107,900,057), the majority of which is attributable to the governmental portion of the District's share of the net pension liability, and is classified as unrestricted.

The portion of net assets for business-type activities, shown on the government-wide statement of net position as net investment in capital assets is \$239,764. The residual amount of net position remaining is a deficit of (\$1,233,415) of which \$2,206,858 is attributable to the business-type activities portion of the District's share of the net pension liability and is classified as unrestricted.

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

The District administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides healthcare, prescription drug, dental and/or vision insurance, at various costs to the member and the District, for the life of the member or until the member is eligible for Medicare, depending on the terms of the contract when they retire, for eligible retirees and their spouses through the District's health insurance plan. The Retiree Health Plan covers both active and retired members. Benefit provisions are established and may be amended through negotiation with the District and the unions representing the District's employees. The Retiree Health Plan does not issue a publicly available financial report.

*Employees covered by benefit terms.* At June 30, 2021, the following employees were covered by the benefit terms:

	<u>Administrators</u>	<u>Professionals</u>	<u>Teamsters</u>	<u>Total</u>
Active Participants	28	244	70	342
Retirees & Surviving Spouses				
Receiving OPEB Benefits	38	17	104	<u>159</u>
				<u>501</u>

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*Funding Policy.* No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

*Total OPEB Liability.* The District's total OPEB liability of \$12,498,701 was measured as of July 1, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the July 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Discount Rate	2.30%
Healthcare cost trend rates	5.0% from 2020 and later
Mortality	RP- 2014 Mortality Table projected to improve with rates derived from the Long- Range Demographic Assumptions for the 2015 Social Security Administration <sup>1</sup> Trustee Report

The discount rate was based on the index rate for 20 year, tax exempt general obligation bonds with an average rating of AA/Aa or higher.

Changes in the total OPEB Liability

The District's total OPEB liability has been measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, and by rolling forward the liabilities from the July 1, 2020 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$12,498,700, all of which is unfunded. As of June 30, 2021, the total OPEB liability of \$12,498,700 is split between governmental and business type activities, as shown below.

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

## NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District's change in its total OPEB liability for the year ended June 30, 2021 was as follows:

	Governmental Activities	Business-Type Activities	Total
Service Cost	\$ 487,913	\$ 16,129	\$ 504,042
Interest	275,697	9,114	284,811
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(219,371)	(9,080)	(228,451)
Changes of assumptions or other inputs	1,444,117	-	1,444,117
Benefit payments	<u>(325,697)</u>	<u>(10,767)</u>	<u>(336,464)</u>
Net change in total OPEB liability	1,662,659	5,396	1,668,055
Net OPEB obligation - July 1, 2020	<u>10,795,607</u>	<u>35,038</u>	<u>10,830,645</u>
Net OPEB obligation - June 30, 2021	<u>\$ 12,458,266</u>	<u>\$ 40,434</u>	<u>\$ 12,498,700</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.*

For the year ended June 30, 2021, the District recognized OPEB expense of \$239,015. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,368	\$ 195,342
Changes of assumptions or other inputs	<u>1,234,825</u>	<u>2,417,241</u>
	<u>\$ 1,256,193</u>	<u>\$ 2,612,583</u>

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

**Year ended June 30:**

2022	\$ (549,838)
2023	(549,838)
2024	(549,838)
2025	(41,627)
2026	176,183
Thereafter	<u>158,568</u>
Total	<u>\$ (1,356,390)</u>

GATEWAY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2 percent) or 1 percentage point higher (4 percent) than the current discount rate:

	<b>1% Decrease</b> <b>1.30%</b>	<b>Current</b> <b>Discount Rate</b> <b>2.30%</b>	<b>1% Increase</b> <b>3.30%</b>
School's total OPEB liability	\$ 13,841,010	\$ 12,498,700	\$ 11,267,751

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

	<b>1% Decrease</b> <b>Between 1.4% to 4%</b>	<b>Healthcare Cost</b> <b>Trend Rate</b> <b>Between 2.4% to 5%</b>	<b>1% Increase</b> <b>Between 3.4% to 6%</b>
School's total OPEB liability	\$ 10,997,278	\$ 12,498,700	\$ 14,246,286

Health Insurance Premium Assistance Plan

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15-member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan 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 services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2020 was 0.84% of covered payroll, an actuarially determined amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS Plan from the District were \$274,530 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$5,039,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan.

At June 30, 2021, the District's proportion was 0.2332% percent, which was an increase of 0.000013 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$257,000. At June 30, 2021, the 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>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,346	\$ -
Net difference between projected and actual investment earnings	8,720	-
Changes of assumptions	205,371	110,547
Changes in proportion	23,143	71,571
Contributions subsequent to the measurement date	<u>275,226</u>	<u>-</u>
Total	<u>\$ 558,806</u>	<u>\$ 182,118</u>



GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

\$275,226 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2021	\$ 734
2022	(506)
2023	(1,626)
2024	49,732
2025	33,514
2026	<u>19,614</u>
 Total	 <u>\$ 101,462</u>

*Actuarial Assumptions.* The total OPEB liability as of June 30, 2020 was determined by rolling forward the System's total OPEB liability as of the June 30, 2019 actuarial valuation to June 30, 2020 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement 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 the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50%.
  - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

*Actuarial Assumptions (Continued)*

- Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits). A recent actuarial experience study was not performed. Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. The Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 were:

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.30%	1.0%
US Core Fixed Income	46.50%	0.1%
Non - US Developed Fixed	3.20%	0.1%
	<u>100.0%</u>	

*Discount rate.* The discount rate used to measure the total OPEB liability was 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following presents the District's Proportionate Share of the net OPEB liability as well as what the District's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	<b>Current</b>	
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<u>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>

School's proportionate share of the net OPEB liability	\$ 5,745,000	\$ 5,039,000	\$ 4,454,000
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Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or higher (3.66 percent) than the current discount rate:

	<b>Current</b>	
<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>

System net OPEB liability	\$ 5,038,000	\$ 5,039,000	\$ 5,039,000
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OPEB plan fiduciary net position

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

GATEWAY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

## NOTE 14: RESTATEMENT

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No. 84, "Fiduciary Activities." The District has changed its manner of accounting for its fiduciary funds. The School System's student activity funds and the private purpose trust funds no longer met the criteria to be classified as a fiduciary activity and accordingly, the District accounts for the activity in the governmental funds. This change for governmental and fiduciary activities is reported as a change in accounting principle and is reflected as a restatement of beginning fund balance/Net Position in the governmental and fiduciary fund financial statements.

	<u>General Fund</u>	<u>Other Nonmajor Fund</u>	<u>Governmental Activities</u>
Net position/ Fund balance, beginning balance of year as previously stated \$	9,288,259	\$ -	\$ (92,701,815)
Change in Accounting Principle - adoption of GASB 84	24,361	108,582	132,943
	<hr/>	<hr/>	<hr/>
Net position/ Fund balance, beginning balance of year as restated	<u>\$ 9,312,620</u>	<u>\$ 108,582</u>	<u>\$ (92,568,872)</u>

## NOTE 15: ALLEGHENY COUNTY SCHOOLS HEALTH INSURANCE CONSORTIUM

The District is one of seventy members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The 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 District paid approximately \$5,501,000 to the Consortium during the fiscal year ending June 30, 2021. The District receives reimbursements from employees and retirees for health care premiums.

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, 2021, the Consortium had net assets of approximately \$63.7 million of which approximately \$1,323,000 is attributable to the District.

## NOTE 16: RISKS AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the District's operations and financial results are uncertain at this time.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

GATEWAY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND BUDGET AND ACTUAL  
JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources	\$ 52,339,906	\$ 52,339,906	\$ 53,396,162	\$ 1,056,256
State Sources	20,476,550	20,476,550	20,498,322	21,772
Federal Sources	2,627,544	2,627,544	3,405,590	778,046
<b>Total revenue from local sources</b>	<u>75,444,000</u>	<u>75,444,000</u>	<u>77,300,074</u>	<u>1,856,074</u>
<b>Expenditures</b>				
Regular Programs	29,348,869	29,348,869	29,949,275	(600,406)
Special Programs	15,614,891	15,614,891	15,740,343	(125,452)
Vocational Programs	2,347,349	2,347,349	2,327,852	19,497
Other Instructional Programs	266,410	266,410	204,119	62,291
Non Public School Programs	45,000	45,000	41,728	3,272
Pupil Personnel Services	2,911,263	2,911,263	2,887,069	24,194
Instructional Staff Services	1,325,790	1,325,790	1,104,798	220,992
Administrative Services	4,377,364	4,377,364	4,459,735	(82,371)
Pupil Health	622,323	622,323	535,871	86,452
Business Services	1,071,158	1,071,158	1,045,174	25,984
Operation Maintenance	7,506,143	7,506,143	6,690,808	815,335
Student Transportation	4,555,881	4,555,881	3,901,905	653,976
Central and Other Support Services	563,850	563,850	531,571	32,279
Student Activities	1,338,712	1,338,712	1,152,691	186,021
Community Services	45,500	45,500	33,048	12,452
Debt Service	3,919,497	3,919,497	3,919,497	-
<b>Total Current Expenditures</b>	<u>75,860,000</u>	<u>75,860,000</u>	<u>74,525,484</u>	<u>1,334,516</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(416,000)</u>	<u>(416,000)</u>	<u>2,774,590</u>	<u>3,190,590</u>
<b>Other Sources (Uses):</b>				
Transfers Out	<u>1,278,956</u>	<u>1,278,956</u>	-	<u>(1,278,956)</u>
<b>Total Other Sources (Uses)</b>	<u>1,278,956</u>	<u>1,278,956</u>	-	<u>(1,278,956)</u>
<b>Net Change in Fund Balances</b>	862,956	862,956	2,774,590	1,911,634
<b>Fund Balance - Beginning of Year</b>	<u>12,806,483</u>	<u>12,806,483</u>	<u>9,312,620</u>	<u>(3,493,863)</u>
<b>Fund Balance - End of Year</b>	<u>\$ 13,669,439</u>	<u>\$ 13,669,439</u>	<u>\$ 12,087,210</u>	<u>\$ (1,582,229)</u>

GATEWAY SCHOOL DISTRICT  
 Schedule of Changes in the District's  
 Total OPEB Liability and Related Ratios  
 JUNE 30, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Total OPEB liability</b>				
Service cost	\$ 625,015	\$ 384,704	\$ 394,322	\$ 504,042
Interest	437,332	360,510	372,929	284,811
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	40,796	-	(228,451)
Changes of assumptions or other inputs	-	(4,614,732)	-	1,444,117
Benefit payments	<u>(641,487)</u>	<u>(408,400)</u>	<u>(391,448)</u>	<u>(336,464)</u>
Net change in total OPEB liability	420,860	(4,237,122)	375,803	1,668,055
Total OPEB liability - beginning	<u>14,271,104</u>	<u>14,691,964</u>	<u>10,454,842</u>	<u>10,830,645</u>
Total OPEB liability - ending	<u>\$ 14,691,964</u>	<u>\$ 10,454,842</u>	<u>\$ 10,830,645</u>	<u>\$ 12,498,700</u>
<b>Covered-employee payroll</b>	\$ 31,126,104	\$ 31,374,482	\$ 31,981,735	\$ 32,858,290
<b>District's total OPEB liability as a percentage of covered-employee payroll</b>	47.2%	33.3%	33.9%	38.0%

This schedule is to illustrate the requirement to present information for 10 years.  
 However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

GATEWAY SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN  
 JUNE 30, 2021

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>
District's proportion of the net OPEB liability	0.2338%		0.2330%		0.2319%		0.2332%
District's proportionate share of the net OPEB liability	\$ 4,763,000	\$	4,858,000	\$	4,932,000	\$	5,039,000
District's covered payroll	31,126,104		31,374,482		31,981,735		32,858,290
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15%		15%		15%		15%
Plan fiduciary net position as a percentage of the total OPEB liability	6%		6%		6%		6%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



GATEWAY SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN  
 JUNE 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually determined contribution	\$ 256,542	\$ 256,531	\$ 260,209	\$ 279,778	\$ 275,226
Contributions in relation to the actuarially determined contribution	<u>256,542</u>	<u>256,531</u>	<u>260,209</u>	<u>279,778</u>	<u>275,226</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 31,126,104	\$ 31,374,482	\$ 31,981,735	\$ 32,858,290	\$ 32,457,233
Contributions as a percentage of covered payroll	0.82%	0.82%	0.81%	0.85%	0.85%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

GATEWAY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Teachers Pension Plan  
Last 10 Fiscal Years\*  
(Dollar amounts in thousands)  
JUNE 30, 2021

	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.2444%	0.2387%	0.2338%	0.2330%	0.2319%	0.2341%
District's proportionate share of the net pension liability	\$ 105,863	\$ 118,292	\$ 115,470	\$ 111,852	\$ 108,489	\$ 115,269
District's covered-employee payroll	\$ 31,452	\$ 31,129	\$ 31,126	\$ 31,374	\$ 31,982	\$ 32,858
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	336.59%	380.01%	370.98%	356.50%	339.22%	350.81%
Plan fiduciary net position as a percentage of the total pension liability	54.36%	50.14%	51.84%	54%	54%	54%

\* The amounts presented for each fiscal year were determined as of 6/30

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

GATEWAY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 Teachers Pension Plan  
 Last 10 Fiscal Years\*  
 JUNE 30, 2021

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 7,863,015	\$ 9,089,731	\$ 10,066,529	\$ 10,694,362	\$ 10,998,890	\$ 10,959,874
Contributions in relation to the contractually required contribution	8,011,833	9,383,330	10,066,529	10,694,362	10,998,890	10,959,874
Contribution deficiency (excess)	<u>\$ (148,818)</u>	<u>\$ (293,599)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 31,452,059	\$ 31,126,104	\$ 31,374,482	\$ 31,981,735	\$ 32,858,290	\$ 32,457,233
Contributions as a percentage of covered-employee payroll	<u>25.47%</u>	<u>30.14%</u>	<u>32.09%</u>	<u>33.44%</u>	<u>33.47%</u>	<u>33.77%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER  
SUPPLEMENTARY  
INFORMATION

GATEWAY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-STUDENT ACTIVITY FUND  
JUNE 30, 2021

	Student Activities Fund			
	Balance			Balance
	July 1, 2020	Additions	Reductions	June 30, 2021
High School:				
AIM	\$ 17	\$ -	\$ -	\$ 17
Art Club	66	-	-	66
Band	7,813	-	682	7,131
Black Student Union	1,068	-	-	1,068
Choir	1,478	-	-	1,478
Chick Fil A Leader Academy	312	-	-	312
Class of 2020	6,210	-	6,210	-
Class of 2021	1,379	9,362	3,515	7,226
Class of 2022	224	-	-	224
Class of 2023	472	-	-	472
Community Service	14	-	-	14
Computer Club	323	-	-	323
Cooking Club	700	-	-	700
Culture Club	53	-	-	53
Environmental Club	2,663	-	-	2,663
Expect Respect	622	-	-	622
FBLA	3,546	-	-	3,546
FCCLA	405	-	-	405
German Club	27	-	-	27
Gator Greenhouse	18	-	-	18
Interact	486	200	-	686
It's a Girl Thing	14	-	-	14
JCL	4	82	78	8
Key Club	501	-	-	501
Literacy Club	144	-	-	144
Musical	10,369	27,204	27,375	10,198
National Honor Society	76	3	-	79
Nursery	2,618	-	1,035	1,583
Orchestra	612	-	88	524
Year Book	576	1,465	-	2,041
Prom Committee	7,347	7,774	7,554	7,567
Robotics	6,813	13,507	8,840	11,480
SAGA	156	-	-	156
Science Club	379	-	-	379
SGA	9,514	547	5,368	4,693
Snowsports	1,456	-	-	1,456
Tapestry	264	-	-	264
Teen Institute	341	-	-	341
The Future is Mine	935	26	331	630
Video Club	2,757	-	-	2,757
Youth Alive	268	-	-	268
Student Coffe ShopCafé	12,339	696	2,616	10,419
Gator Pride	173	-	-	173
Void	(300)	-	-	(300)
	<u>85,252</u>	<u>60,866</u>	<u>63,692</u>	<u>82,426</u>
Total High School				
Middle School:				
Student Council	1,017	1,015	1,737	295
Teams 7A, 7B, 7C	9,151	273	545	8,879
Teams 8A, 8B, 8C	10,261	276	545	9,992
Autism Walk	(28)	-	-	(28)
Creek Connections	2,822	-	457	2,365
Interest	107	6	-	113
	<u>23,330</u>	<u>1,570</u>	<u>3,284</u>	<u>21,616</u>
Total Middle School				
Total District	<u>\$ 108,582</u>	<u>\$ 62,436</u>	<u>\$ 66,976</u>	<u>\$ 104,042</u>