

West Perry School District

Year Ended June 30, 2021



West Perry School District

Financial Statements with Supplementary Information

Year Ended June 30, 2021

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West Perry School District

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INDEPENDENT AUDITORS' REPORT

To the Board of School Directors
West Perry School District
Elliottsburg, Pennsylvania

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 **West Perry School District** (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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.

Auditors' 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 auditors' 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 auditors consider 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 **West Perry 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.

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2021 the School District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the budgetary comparison information on pages 62 and 63, the other postemployment benefits (OPEB) health care benefits plan information on pages 64 through 65, and the pension information on pages 66 through 71, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **West Perry School District's** basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, on our consideration of **West Perry School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **West Perry School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **West Perry School District's** internal control over financial reporting and compliance.



December 17, 2021
Lancaster, Pennsylvania

West Perry School District
ELLIOTTSBURG, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of West Perry School District is pleased to present the following discussion and analysis of the District's financial position and financial activities. The purpose of this discussion is to provide a narrative summary in order to enhance the reader's understanding of the District's basic financial statements.

This format is in accordance with *Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Management's Discussion and Analysis (MD&A) includes comparisons of financial position at June 2021 and 2020. The MD&A also includes comparisons of current year financial activities to the previous year. The 2020 amounts are taken from our prior year MD&A, and are otherwise not a part of the June 2021 financial statements. Dollar amounts in this summary are presented in millions to make it easier to read.

FINANCIAL HIGHLIGHTS

- Real estate tax revenues increased from the previous year by approximately 4.1% mainly due to the Board authorizing the real estate tax millage to be increased to 13.22 for 2020-2021.
- The District is a member of the risk-sharing pool of the South-Central Trust (SCT) for purposes of health insurance. SCT is an insurance consortium that provides school districts and intermediate units the ability to use economies of scale and joint bargaining power to purchase health insurance while lowering overhead costs. The District experienced an increase in rates of approximately 11.27%. At June 30, 2021, the District's specific reserve amount is \$3,527,140 compared to \$2,883,289 from the previous year. This amount is shown as non-spendable fund balance and designated as an insurance deposit as it will be used specifically for future health insurance liabilities.
- Regarding food service operations, the District completed the fourteenth year with Metz & Associates managing the operation. Although the cafeteria fund again operated at a loss in 2020-2021, the District was able to keep the general fund contribution for operations at approximately \$307,000. This is an increase from the previous year. This increase was mainly due to COVID closures and higher food costs. The District was running the Seamless Summer Option (SSO) district wide. The SSO allowed the District to offer one free breakfast and one free lunch, daily to every student. The District received more federal funding due to being reimbursed for an increase in free meals served. The USDA approved waivers due to COVID-19 which allowed the District to offer the SSO program.
- In the area of physical plant maintenance, the District continues to budget \$557,000 annually for large expenses. In years when the entire amount is not spent, the balance is transferred to the Capital Reserve Fund. During 2020-2021, monies were spent on upgrades to several buildings. For the 2021-2022 fiscal year, the entire amount is to be spent on upgrades needed for several buildings.
- The District applied and was awarded Pre-K Counts money, which is a State grant for the 2020-2021 year. 51 slots were available for pre-school aged children that met certain poverty levels required by the State. There was one Pre-K class at each elementary building. Each class required one teacher and one aide position which was fully funded by this grant. The District hopes to continue this program moving forward.

See independent auditors' report.

West Perry School District
ELLIOTTSBURG, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The District applied and was awarded several COVID-19 federal stimulus grants for the 2020-2021 year. Approximately \$1,001,178 was used towards learning loss, summer and afterschool programs, cleaning supplies, technology equipment and software, and instructional materials throughout the entire district. The District will continue to use COVID-19 federal stimulus grants over the next two years to provide the above mentioned items as well as building ventilation upgrades.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 15) provide information about the activities of the District as a whole, and present a longer-term view of the District's finances than fund statements. Fund financial statements are on pages 16, 18 and 21 through 26. For governmental activities, these statements tell how District services have been financed in the short run, as well as show the amounts remaining for future spending. Proprietary funds statements provide information about non-governmental operations, in this case food services. Fiduciary funds statements report funds held in trustee capacity by the District for others and as agent for other student led activities and scholarship funds.

The Reconciliation of the Governmental Funds Balance Sheet on page 17 connects the governmental funds balance to the total net position balance from the Statement of Net Position. The reconciliation on pages 19 and 20 does the same for the components of the changes in fund balances.

Reporting the District as a Whole

The government-wide statements present financial activities and the results of those activities in two categories, Governmental and Business-type. Capital assets (land, buildings, improvements, furniture and equipment) are presented with all other assets. Long-term debt is presented with all other liabilities. This is distinctly different from the fund statements in which assets and liabilities are separated into various funds such as General Fund, Capital Reserve, Capital Project and Debt Service. The approach to measurement of revenue and expense is similar to that used in the private sector and is referred to as following the accrual basis of accounting. This is discussed further in the notes to the financial statements.

Reporting the District's Most Significant Funds

The funds statements provide financial information about the District's significant funds rather than the District as a whole. There are three fund types: Governmental, Proprietary and Fiduciary. The use of each type of fund is described in the notes to the financial statements. Unlike government-wide financial statements that measure revenues on the accrual basis, the funds statements report revenues only to the extent cash has been received, or is expected to be received in the near future.

The District in Trustee Capacity

The District acts in a trustee capacity for two funds, a student-led activities fund and a private purpose trust (scholarship funds). In comparison to the governmental funds, the amounts held in these funds are small. A Statement of Fiduciary Net Position for the fiduciary funds is presented on page 25 and a Statement of Changes in Fiduciary Net Position - Fiduciary Funds for the private purpose trust and custodial funds are on page 26.

See independent auditors' report.

West Perry School District
ELLIOTTSBURG, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE DISTRICT AS A WHOLE

Table A-1 summarizes and compares the Statement of Net Position from pages 13 and 14 of the financial statements for each of the past two years. As noted in the table headers, we have presented the dollar figures in thousands to make them easier to read. This has resulted in rounding differences, and some columns may not add within a schedule.

Table A-1
Net Position
June 30, 2021
(Dollars in thousands)

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 24,465.0	\$ 21,533.3	\$ 34.8	\$ 28.4
Capital assets	51,451.3	53,709.3	216.7	231.5
Total assets	75,916.3	75,242.6	251.5	259.9
Deferred outflows for pensions	8,066.0	6,096.0	95.0	124.0
Deferred outflows for OPEB	728.0	371.0	9.0	8.0
Total deferred outflows of resources	8,794.0	6,467.0	104.0	132.0
Current and other liabilities	6,917.3	5,714.0	69.0	61.4
Long-term liabilities	76,578.7	74,197.4	717.6	1,104.8
Total liabilities	83,496.0	79,911.4	786.7	1,166.2
Deferred inflows for pensions	2,258.0	3,738.0	341.0	76.0
Deferred inflows for OPEB	416.0	491.0	5.0	10.0
Total deferred inflows of resources	2,674.0	4,229.0	346.0	86.0
Invested in capital assets (net of related debt)	31,224.0	28,363.6	216.7	231.5
Restricted	3,527.1	2,883.3	-	-
Unrestricted	(36,210.9)	(33,677.7)	(993.9)	(1,091.8)
Total net position	\$ (1,459.8)	\$ (2,430.8)	\$ (777.2)	\$ (860.3)

Total net position is the difference between total assets plus total deferred outflows of resources, less total liabilities less total deferred inflows of resources. Total net position represents resources that can be used to pay for future operations and capital improvements.

Table A-2 summarizes and compares activity presented in the Statement of Activities (page 15). It shows the revenue items, total direct expenses, and other items that resulted in a \$1,054,230 increase in our total primary government net position, including business-type activities.

See independent auditors' report.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

THE DISTRICT AS A WHOLE (Continued)

Table A-2
 Changes in Net Position
 Fiscal Year ended June 30, 2021

(Dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 107.6	\$ 127.6	\$ 30.9	\$ 271.2	\$ 138.5	\$ 398.8
Oper. grants and contributions	11,824.1	10,171.2	707.2	621.5	12,531.3	10,792.7
Capital grants and contributions	554.3	712.7	-	-	554.3	712.7
<i>General Revenues</i>						
Taxes	22,248.3	21,493.8	-	-	22,248.3	21,493.8
State general subsidies	8,926.1	8,926.1	-	-	8,926.1	8,926.1
Other	73.6	261.9	-	-	73.6	261.9
Total Revenues	43,734.0	41,693.4	738.1	892.7	44,472.1	42,586.1
Direct Expenses	41,926.8	39,278.5	961.9	1,292.1	42,888.7	40,570.5
Excess (Deficiency) before Transfers	1,807.2	2,414.9	(223.8)	(399.4)	1,583.4	2,015.5
Gain on sale of fixed assets	(534.7)	-	-	-	(534.7)	-
Transfers	(301.4)	(270.4)	307.0	270.4	5.6	-
Change in net position	\$ 971.1	\$ 2,144.5	\$ 83.2	\$ (129.0)	\$ 1,054.3	\$ 2,015.5

Total revenues from governmental activities for 2021 were 4.9% higher than 2020. Direct expenses increased by 6.7%. Total revenue from business-type activities decreased by 17.3% and direct expenses decreased by 25.6%.

Due to the continuation of the COVID-19 pandemic, the District received several million dollars in ESSER grant funds which were used towards pandemic expenses. The District tried to have in-person instruction every day but was forced to close buildings multiple days throughout the year due to the rise in COVID-19 cases. Due to these closures, some revenue was lost due to not serving lunches to students. These days were not made up because they were considered remote learning days.

See independent auditors' report.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Table A-3 presents expense information from the Statement of Activities for governmental activities. The total cost of services represents the actual cost of providing the services while the net cost represents the amount of cost that is not recovered through program revenues, meaning user charges, grants and contributions. This amount must be recovered through general revenue, primarily taxes and state subsidies.

Table A-3
 Governmental Activities
 Year ended June 30, 2021
 (Dollars in thousands)

	Total Cost of Services		Less: Program Revenues		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
Classroom instruction	27,683.2	\$ 25,286.7	\$ 7,003.3	\$ 6,292.5	\$ 20,679.9	\$ 18,994.2
Instructional student support (Note 1)	2,997.1	2,969.4	795.5	474.0	2,201.6	2,495.4
Administrative and financial support	4,023.7	3,903.3	898.7	1,164.6	3,125.0	2,738.7
Operation and maintenance of buildings	3,025.6	2,897.8	274.7	217.9	2,750.9	2,679.9
Student transportation	2,855.8	2,946.6	2,913.2	2,085.0	(57.5)	861.7
Extra-curricular student activities	419.1	424.3	46.3	64.3	372.8	360.0
Community services	-	0.6	-	0.5	-	0.1
Interest on long-term debt	559.9	631.8	554.3	712.7	5.7	(80.8)
Refund of prior year receipts	-	-	-	-	-	-
Unallocated depreciation expense	362.4	217.8	-	-	362.4	217.8
Total governmental activities	\$ 41,926.8	\$ 39,278.4	\$ 12,486.0	\$ 11,011.4	\$ 29,440.8	\$ 28,266.9
Less state general subsidies					8,926.1	8,926.1
Total needs from taxes and other local sources					\$ 20,514.7	\$ 19,340.8

Note 1: This item represents such things as the library, school psychologist, etc.

The total cost of governmental services increased by \$2,648,408. Program revenues increased by \$1,474,574.

See independent auditors' report.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

Table A-4 is similar to the previous table, except it presents business-type service costs. Note that most of the cost of food services is paid by program revenues.

Table A-4
 Business-Type Activities
 Fiscal Year ended June 30, 2021
 (Dollars in thousands)

	Total Cost of Services		Less: Program Revenues		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
Food services	\$ 961.9	\$ 1,292.1	\$ 738.2	\$ 892.8	\$ 223.8	\$ 399.3
Less: Investment earnings					-	-
Total business-type activities - deficit					\$ 223.8	\$ 399.3

The total cost of the services was 25.6% lower from the previous year with revenues 17.3% lower.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT'S FUNDS

The information in Table A-5 summarizes and compares the Governmental Funds Balance Sheet for June 30, 2021 and 2020. The 2020 balances were brought forward from the prior year financial statements and are not part of the 2021 statements. The groupings are the same as those used in the Statement of Net Position.

Table A-5
 Comparative Fund Balances
 (Dollars in thousands)

	2021	2020	2020-2021 Change
General Fund			
Nonspendable	\$ 3,527.1	\$ 2,883.3	\$ 643.8
Restricted - capital projects	-	-	-
Committed:			
Capital outlays	2,029.7	1,846.1	183.6
Pension plan rate increases	4,507.2	4,507.2	-
Health care cost increases	2,037.8	2,037.8	-
Unassigned	5,373.5	5,223.2	150.3
Total - General Fund	\$ 17,475.3	\$ 16,497.6	\$ 977.7

As previously mentioned, the basis of measurement for fund assets and liabilities is different than that used in the Statement of Net Position. The differences between the total governmental fund balances of \$17,475,285 and the total net position (deficit) of \$(1,459,751) are itemized in the reconciliation presented within the financial statements on page 17. The most significant difference relates to the inclusion of the net pension obligation of \$52,243,000. Other differences relate to inclusion of capital assets and related debt in the Statement of Net Position, as well as our recognition of taxes levied, whether or not they are currently due. These items are not carried in the fund statements.

The capital reserve fund is maintained for amounts transferred from the General Fund and the expenditure of those funds for capital outlays.

The items that caused the change in fund balance during the year are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances within the financial statements on page 18. The total governmental funds balance increased by \$977,676 as a result of the total revenues exceeding the total fund expenses.

See independent auditors' report.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

Table A-6 has been summarized from the comparative budget information presented on page 62 of the other required supplemental information.

Table A-6
 Comparison of Final Budget to Actual
 For the Years Ended June 30, 2021 and 2020
 (Dollars in thousands)

	Final Budget		Actual		Variance	
	2021	2020	2021	2020	2021	2020
Total revenues	\$ 41,771.3	\$ 41,171.8	\$ 43,783.2	\$ 41,659.2	\$ 2,011.8	\$ 487.4
Total expenditures	40,304.3	38,142.7	39,693.8	37,228.0	610.5	914.7
Revenues over (under) expenditures	1,467.1	3,029.1	4,089.4	4,431.2	2,622.3	1,402.1
Other financing sources (uses)	(2,785.7)	(3,720.8)	(3,295.3)	(5,342.8)	(509.6)	(1,622.0)
Net change in fund balances	\$ (1,318.6)	\$ (691.7)	\$ 794.1	\$ (911.6)	\$ 2,112.7	\$ (219.9)

Actual results for 2021 compared favorably to budget. Actual revenues were \$2,011,823 above budgeted revenues, and actual expenses were \$610,487 below budgeted expenses. Other financing uses include transfers for debt service and were over budget by \$509,618.

CAPITAL ASSETS

Table A-7 summarizes and compares the changes in capital assets note to the financial statements on page 43.

Table A-7
 Governmental Activities Capital Assets Comparison (net of accumulated depreciation)
 (Dollars in thousands)

	June 30	
	2021	2020
Land	\$ 269.8	\$ 269.8
Construction in progress	-	-
Land improvements	1,605.6	1,791.8
Buildings and improvements	48,193.6	49,706.4
Furniture & Equipment	1,382.3	1,941.3
Total capital assets being depreciated, net	\$ 51,451.3	\$ 53,709.3

The original cost of the capital assets on the books at June 30, 2021 was \$91,671,703, a decrease of \$2,300,888 over the previous year. Each year, for capital assets other than land, the cost of capital assets is depreciated (reduced in value) to reflect usage. The net balance of \$51,451,258 is the amount remaining after this reduction.

See independent auditors' report.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

LONG-TERM LIABILITIES

Table A-8 summarizes the long-term liabilities note to the financial statements on pages 45 to 58 for 2021. Most of the debt relates to general obligation bonds sold by the District to pay for capital improvements. Our ability to raise future funds through the issuance of debt depends on how well our existing bonds are rated by the investment community. Currently, the District is again rated by Standard & Poor's investment rating service as A+.

Table A-8
 Governmental Activities Long-Term Liability Comparison
 (Dollars in thousands)

	June 30	
	2021	2020
General obligation bonds and note	\$ 19,845.0	\$ 22,014.0
Unamortized bond premiums	382.2	448.4
Capital leases	-	-
Compensated absences	1,342.3	1,306.1
Net OPEB liabilities	4,405.0	3,895.0
Net pension liabilities	52,243.0	48,965.0
Total Governmental long-term liabilities	\$ 78,217.5	\$ 76,628.5

General obligation bonds and notes payable decreased by \$2,169,000 during 2021. This is the result of redemptions, the scheduled pay down of outstanding debt.

The District's actuarial accrued liability for other post-employment benefits (OPEBs) as of June 30, 2021 was \$4,459,000. This liability includes both an amount reflecting the amortization of the unfunded liability and the ongoing normal cost of providing the benefits, less contributions to the Plan.

GASB 68 requires the District to report its pension related items. The net pension liability increased by about \$2.9 million during 2020. The pension obligation at June 2021 was \$52.9 million compared to \$50.0 million at June 2020.

See independent auditors' report.

West Perry School District
 ELLIOTTSBURG, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Table A-9 summarizes and compares the budget for 2022 to the 2021 budget. The 2022 budget was approved on June 14, 2021.

Other financing uses include our adding to a budgetary reserve to cover expenditures that occur prior to the receipt of taxes, and a transfer of available fund balances to other funds.

Table A-9
 Comparison of Original Budgets
 For the Years Ended June 30, 2022 and 2021

(Dollars in thousands)			
	2022	2021	Change
Total revenues	\$ 43,450.6	\$ 41,379.1	\$ 2,071.5
Total expenditures	43,169.9	39,929.6	3,240.3
Revenues over (under) expenditures	280.7	1,449.5	(1,168.8)
Other financing sources (uses)	(1,976.2)	(2,768.1)	791.9
Net change in fund balances	\$ (1,695.5)	\$ (1,318.6)	\$ (376.9)

The District does not forecast any significant impact to its financial position in the near-term as a result of the on-going pandemic and lacks adequate information to make any long-term projections.

Looking forward to 2021-2022, the District will continue to analyze and evaluate staffing needs, where possible, staff resignations and retirements at all levels (administrative, teaching and support positions) will not be replaced.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

The District's financial report is intended to provide the readers with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the District office of **West Perry School District**, 2606 Shermans Valley Road, Elliptsburg, Pennsylvania 17024, or by phone at (717) 789-3934.

West Perry School District

STATEMENT of NET POSITION

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 13,427,391	\$ 6,408	\$ 13,433,799
Investments	685,128	-0-	685,128
Taxes Receivable, net	2,933,195	-0-	2,933,195
Due from Other Governments	3,870,472	-0-	3,870,472
Other Receivables	21,671	-0-	21,671
Inventories	-0-	28,358	28,358
Insurance Deposit	3,527,140	-0-	3,527,140
Total Current Assets	24,464,997	34,766	24,499,763
Capital Assets			
Non-Depreciable	269,759	-0-	269,759
Depreciable, net	51,181,499	216,746	51,398,245
Total Capital Assets	51,451,258	216,746	51,668,004
TOTAL ASSETS	75,916,255	251,512	76,167,767
DEFERRED OUTFLOWS of RESOURCES			
Pension	8,066,000	95,000	8,161,000
Other Postemployment Benefits	728,000	9,000	737,000
TOTAL DEFERRED OUTFLOWS of RESOURCES	\$ 8,794,000	\$ 104,000	\$ 8,898,000

See notes to financial statements.

West Perry School District

STATEMENT of NET POSITION

(Continued)

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 1,219,125	\$ 5,925	\$ 1,225,050
Current Portion of Long-Term Debt	1,437,397	-0-	1,437,397
Accrued Salaries and Benefits	1,862,675	31,530	1,894,205
Payroll Deductions and Withholdings	538,504	-0-	538,504
Unearned Revenues	1,580,925	27,407	1,608,332
Accrued Interest on Long-Term Debt	77,314	-0-	77,314
Compensated Absences Due Within One Year	201,334	4,170	205,504
Total Current Liabilities	6,917,274	69,032	6,986,306
Noncurrent Liabilities			
Long-Term Portion of Bonds Payable, net of Unamortized Premium	18,789,839	-0-	18,789,839
Net Pension Liability	52,243,000	640,000	52,883,000
Long-Term Portion of Compensated Absences	1,140,893	23,627	1,164,520
Net Other Postemployment Benefits (OPEB)	4,405,000	54,000	4,459,000
Total Noncurrent Liabilities	76,578,732	717,627	77,296,359
TOTAL LIABILITIES	83,496,006	786,659	84,282,665
DEFERRED INFLOWS of RESOURCES			
Pension	2,258,000	341,000	2,599,000
Other Postemployment Benefits	416,000	5,000	421,000
TOTAL DEFERRED INFLOWS of RESOURCES	2,674,000	346,000	3,020,000
NET POSITION			
Net Investment in Capital Assets	31,224,022	216,746	31,440,768
Restricted	3,527,140	-0-	3,527,140
Unrestricted (Deficit)	(36,210,913)	(993,893)	(37,204,806)
TOTAL NET POSITION	\$ (1,459,751)	\$ (777,147)	\$ (2,236,898)

See notes to financial statements.

West Perry School District

STATEMENT of ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 27,683,157	\$ 82,532	\$ 6,920,808	\$ -0-	\$ (20,679,817)	\$ -0-	\$ (20,679,817)
Instructional Student Support	2,997,142	-0-	795,515	-0-	(2,201,627)	-0-	(2,201,627)
Administrative and Financial Support Services	4,023,675	4,373	894,342	-0-	(3,124,960)	-0-	(3,124,960)
Operation and Maintenance of Plant Services	3,025,569	7,000	267,692	-0-	(2,750,877)	-0-	(2,750,877)
Pupil Transportation	2,855,752	-0-	2,913,229	-0-	57,477	-0-	57,477
Student Activities	419,126	13,695	32,530	-0-	(372,901)	-0-	(372,901)
Interest on Long-Term Debt	559,936	-0-	-0-	554,252	(5,684)	-0-	(5,684)
Depreciation - Unallocated*	362,424	-0-	-0-	-0-	(362,424)	-0-	(362,424)
Total Governmental Activities	41,926,781	107,600	11,824,116	554,252	(29,440,813)	-0-	(29,440,813)
Business-Type Activities:							
Food Services	<u>961,919</u>	<u>30,865</u>	<u>707,220</u>	<u>-0-</u>	<u>-0-</u>	<u>(223,834)</u>	<u>(223,834)</u>
Total Primary Government	<u>\$ 42,888,700</u>	<u>\$ 138,465</u>	<u>\$ 12,531,336</u>	<u>\$ 554,252</u>	<u>(29,440,813)</u>	<u>(223,834)</u>	<u>(29,664,647)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					16,992,295	-0-	16,992,295
Public Utility Realty, Earned Income, and Other Taxes Levied for General Purposes, net					5,256,038	-0-	5,256,038
Unrestricted Grants and Subsidies					8,926,136	-0-	8,926,136
Unrestricted Investment Earnings					73,574	-0-	73,574
Transfers In (Out)					(301,442)	307,017	5,575
Gain on Sale of Capital Assets					(534,741)	-0-	(534,741)
Total General Revenues					<u>30,411,860</u>	<u>307,017</u>	<u>30,718,877</u>
CHANGES in NET POSITION					971,047	83,183	1,054,230
NET POSITION							
Beginning					(2,430,798)	(860,330)	(3,291,128)
Ending					<u>\$ (1,459,751)</u>	<u>\$ (777,147)</u>	<u>\$ (2,236,898)</u>

* Excludes depreciation charged directly to various functions.

See notes to financial statements.

West Perry School District

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Capital Reserve Fund	Debt Service Fund	
ASSETS				
Cash and Cash Equivalents	\$ 11,397,671	\$ 2,029,720	\$ -0-	\$ 13,427,391
Investments	685,128	-0-	-0-	685,128
Taxes Receivable, net	2,933,195	-0-	-0-	2,933,195
Due from Other Governments	3,870,472	-0-	-0-	3,870,472
Other Receivables	21,671	-0-	-0-	21,671
Insurance Deposit	3,527,140	-0-	-0-	3,527,140
	22,435,277	2,029,720	-0-	24,464,997
LIABILITIES and DEFERRED INFLOWS of RESOURCES and FUND BALANCES				
LIABILITIES				
Accounts Payable	1,219,125	-0-	-0-	1,219,125
Accrued Salaries and Benefits	2,401,179	-0-	-0-	2,401,179
Unearned Revenues	1,580,925	-0-	-0-	1,580,925
	5,201,229	-0-	-0-	5,201,229
DEFERRED INFLOWS of RESOURCES				
Delinquent Taxes	1,788,483	-0-	-0-	1,788,483
FUND BALANCES				
Nonspendable	3,527,140	-0-	-0-	3,527,140
Committed	6,545,027	2,029,720	-0-	8,574,747
Unassigned	5,373,398	-0-	-0-	5,373,398
	15,445,565	2,029,720	-0-	17,475,285
TOTAL LIABILITIES and DEFERRED INFLOWS of RESOURCES and FUND BALANCES				
	\$ 22,435,277	\$ 2,029,720	\$ -0-	\$ 24,464,997

See notes to financial statements.

West Perry School District
 RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
 to the STATEMENT of NET POSITION
 June 30, 2021

Total Fund Balances - Governmental Funds	\$ 17,475,285
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$91,671,703 and the accumulated depreciation is \$40,220,445.</p>	51,451,258
<p>Taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>	1,788,483
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>	
Bonds Payable	(20,227,236)
Net Pension Liability	(52,243,000)
Accrued Interest on Long-Term Debt	(77,314)
Net Other Postemployment Benefits (OPEB) Liability	(4,405,000)
Compensated Absences	(1,342,227)
<p>Deferred inflows of resources - pension and OPEB are not due and collectable in the current period and, therefore, are not reported in the funds.</p>	(2,674,000)
<p>Deferred outflows of resources - pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds.</p>	<u>8,794,000</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (1,459,751)</u>

See notes to financial statements.

West Perry School District

STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES - GOVERNMENTAL FUNDS Year Ended June 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Capital Reserve Fund	Debt Service Fund	
REVENUES				
Local Sources:				
Real Estate Taxes	\$ 16,663,149	\$ -0-	\$ -0-	\$ 16,663,149
Other Taxes	5,638,726	-0-	-0-	5,638,726
Investment Earnings	69,178	4,397	-0-	73,575
Other Revenue	661,080	-0-	-0-	661,080
Total Local Sources	<u>23,032,133</u>	<u>4,397</u>	<u>-0-</u>	<u>23,036,530</u>
State Sources	19,068,003	-0-	-0-	19,068,003
Federal Sources	<u>1,683,021</u>	<u>-0-</u>	<u>-0-</u>	<u>1,683,021</u>
Total Revenues	43,783,157	4,397	-0-	43,787,554
EXPENDITURES				
Instructional Services	26,516,308	-0-	-0-	26,516,308
Support Services	12,812,806	-0-	-0-	12,812,806
Noninstructional Services	364,658	-0-	-0-	364,658
Debt Service	<u>-0-</u>	<u>-0-</u>	<u>2,807,056</u>	<u>2,807,056</u>
Total Expenditures	39,693,772	-0-	2,807,056	42,500,828
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	4,089,385	4,397	(2,807,056)	1,286,726
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Revenue	(7,608)	-0-	-0-	(7,608)
Interfund Transfers In (Out)	<u>(3,287,724)</u>	<u>179,226</u>	<u>2,807,056</u>	<u>(301,442)</u>
Net Other Financing Sources (Uses)	(3,295,332)	179,226	2,807,056	(309,050)
NET CHANGES in FUND BALANCES	794,053	183,623	-0-	977,676
FUND BALANCES				
Beginning	<u>14,651,512</u>	<u>1,846,097</u>	<u>-0-</u>	<u>16,497,609</u>
Ending	<u>\$ 15,445,565</u>	<u>\$ 2,029,720</u>	<u>\$ -0-</u>	<u>\$ 17,475,285</u>

See notes to financial statements.

West Perry School District

RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES,
EXPENDITURES, and CHANGES in FUND BALANCES
to the STATEMENT of ACTIVITIES
Year Ended June 30,2021

Net Changes in Fund Balances - Total Governmental Funds \$ 977,676

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

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

Remaining Basis of Capital Assets Disposed	(534,741)	
Depreciation Expense	(2,094,931)	
Capital Outlays	<u>371,594</u>	(2,258,078)

Because some property taxes and subsidies receivable will not be collected for several months after the School District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues decreased by this amount this year. (53,542)

The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items. 66,155

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,169,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. \$ 11,965

See notes to financial statements.

West Perry School District
 RECONCILIATION of the GOVERNMENTAL FUNDS STATEMENT of REVENUES,
 EXPENDITURES, and CHANGES in FUND BALANCES
 to the STATEMENT of ACTIVITIES
 (Continued)
 Year Ended June 30, 2021

In the statement of activities, certain operating expenses (e.g., compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. \$ (36,129)

In the statement of activities, deferred inflows of resources - OPEB, deferred outflows of resources - OPEB, and OPEB expense are recognized in conjunction with net OPEB liability. Whereas in the governmental funds, OPEB expense is recorded when required contributions are payable. This amount represents the current OPEB obligation expense over amounts payable. (70,000)

In the statement of activities, deferred inflows of resources - pension, deferred outflows of resources - pension, and pension expense are recognized in conjunction with net pension liability. Whereas in the governmental funds, pension expense is recorded when required contributions are payable. This amount represents the current pension obligation expense over amounts payable. 164,000

CHANGES in NET POSITION of GOVERNMENTAL ACTIVITIES \$ 971,047

West Perry School District

STATEMENT of NET POSITION -

PROPRIETARY FUNDS

June 30, 2021

	Major Enterprise Fund
	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 6,408
Inventories	28,358
Total Current Assets	34,766
Noncurrent Assets	
Machinery and Equipment, net of Accumulated Depreciation	216,746
TOTAL ASSETS	251,512
DEFERRED OUTFLOWS of RESOURCES	
Pension	95,000
Other Postemployment Benefits	9,000
TOTAL DEFERRED OUTFLOWS of RESOURCES	104,000
LIABILITIES	
Current Liabilities	
Accounts Payable	5,925
Other Accrued Expenses	31,530
Compensated Absences Due Within One Year	4,170
Unearned Revenues	27,407
Total Current Liabilities	69,032
Noncurrent Liabilities	
Net Pension Liability	640,000
Net Other Postemployment Benefits (OPEB) Liability	54,000
Long-Term Portion of Compensated Absences	23,627
Total Noncurrent Liabilities	717,627
TOTAL LIABILITIES	786,659
DEFERRED INFLOWS of RESOURCES	
Pension	341,000
Other Postemployment Benefits	5,000
TOTAL DEFERRED INFLOWS of RESOURCES	346,000
NET POSITION	
Net Investment in Capital Assets	216,746
Unrestricted (Deficit)	(993,893)
TOTAL NET POSITION	\$ (777,147)

See notes to financial statements.

West Perry School District

STATEMENT of REVENUES, EXPENSES, and CHANGES in FUND NET POSITION -
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Major Enterprise Fund
	Food Service Fund
OPERATING REVENUES	
Food Service Revenue	\$ 30,865
Total Operating Revenues	30,865
OPERATING EXPENSES	
Salaries	202,468
Employee Benefits	148,393
Other Purchased Services	513,063
Food and Milk	62,260
Supplies	3,593
Depreciation	32,142
Total Operating Expenses	961,919
OPERATING LOSS	(931,054)
NONOPERATING REVENUES	
Investment Earnings	34
State Sources	66,236
Federal Sources	640,950
Net Nonoperating Revenues	707,220
CHANGES in NET POSITION BEFORE TRANSFERS	(223,834)
TRANSFERS FROM OTHER FUNDS	307,017
CHANGES in NET POSITION	83,183
NET POSITION (DEFICIT)	
Beginning	(860,330)
Ending	\$ (777,147)

See notes to financial statements.

West Perry School District

STATEMENT of CASH FLOWS -

PROPRIETARY FUNDS

Year Ended June 30, 2021

	Major Enterprise Fund Food Service Fund
CASH FLOWS from OPERATING ACTIVITIES	
Cash Received from Users	\$ 30,865
Cash Payments to Employees for Services	(450,157)
Cash Payments to Suppliers for Goods and Services	<u>(521,343)</u>
Net Cash Used by Operating Activities	(940,635)
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES	
Purchase of Capital Acquisitions	<u>(17,422)</u>
CASH FLOWS from NONCAPITAL FINANCING ACTIVITIES	
State Sources	66,369
Federal Sources	583,317
Interfund Transfers	<u>307,017</u>
Net Cash Provided by Noncapital Financing Activities	956,703
CASH FLOWS from INVESTING ACTIVITIES	
Investment Earnings	<u>34</u>
DECREASE in CASH and CASH EQUIVALENTS	(1,320)
CASH and CASH EQUIVALENTS	
Beginning	<u>7,728</u>
Ending	<u>\$ 6,408</u>

See notes to financial statements.

West Perry School District

STATEMENT of CASH FLOWS -

PROPRIETARY FUNDS

(Continued)

Year Ended June 30, 2021

	Major Enterprise Fund Food Service Fund
RECONCILIATION of OPERATING LOSS to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES	
Operating Loss	\$ (931,054)
ADJUSTMENTS to RECONCILE OPERATING LOSS to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES	
Depreciation	32,142
Donated Commodities Used	62,260
Decrease in Inventory	(12,439)
Increase in Accounts Payable	7,752
Decrease in Accrued Salaries and Benefits	(3,296)
Pension - Related Changes Other than Periodic Pension Costs	(65,000)
OPEB - Related Changes Other than Periodic OPEB Costs	<u>(31,000)</u>
Total Adjustments	<u>(9,581)</u>
Net Cash Used by Operating Activities	<u>\$ (940,635)</u>
SUPPLEMENTAL DISCLOSURE of CASH FLOW INFORMATION	
NONCASH FINANCING ACTIVITIES	
Receipt of USDA Donated Commodities	62,260

See notes to financial statements.

West Perry School District

STATEMENT of NET POSITION -

FIDUCIARY FUNDS

June 30, 2021

	Private Purpose Trust	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 5,138	\$ 117,786
Investments	<u>55,568</u>	<u>-0-</u>
TOTAL ASSETS	<u>60,706</u>	<u>117,786</u>
LIABILITIES		
Accounts Payable	-0-	-0-
Due to Other Funds	-0-	-0-
Due to Student Groups	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>-0-</u>	<u>-0-</u>
NET POSITION		
Restricted	<u>\$ 60,706</u>	<u>\$ 117,786</u>

See notes to financial statements.

West Perry School District
STATEMENT of CHANGES in FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
Year Ended June 30, 2021

	Private Purpose Trust	Custodial Fund
ADDITIONS		
Interest	\$ 644	\$ 199
Gifts and Contributions	1,113	5,044
Miscellaneous	<u>-0-</u>	<u>79,035</u>
Total Additions	1,757	84,278
DEDUCTIONS		
Scholarships Awarded	2,950	-0-
Miscellaneous	-0-	32,193
Travel	-0-	12,991
Supplies	-0-	49,421
Dues	<u>-0-</u>	<u>3,340</u>
Total Deductions	<u>2,950</u>	<u>97,945</u>
TRANSFERS TO OTHER FUNDS	<u>-0-</u>	<u>5,575</u>
CHANGES in NET POSITION	(1,193)	(19,242)
NET POSITION		
Beginning, as Restated (Note 18)	<u>61,899</u>	<u>137,028</u>
Ending	<u>\$ 60,706</u>	<u>\$ 117,786</u>

See notes to financial statements.

West Perry School District

NOTES to FINANCIAL STATEMENTS

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

West Perry School District (the School District) is the level of government which has oversight responsibility and control over activities related to public school education. The report includes services provided by the School District to residents within the boundaries of the Perry County municipalities and townships of Blain Borough, Bloomfield Borough, Carroll Township, Centre Township, Northeast Madison Township, Saville Township, Spring Township, Tyrone Township, Jackson Township, Landisburg Borough, Southwest Madison Township, and Toboyne Township. Services provided include a comprehensive curriculum for primary and secondary education as well as special education and vocational education programs. The School District receives revenue from local, state, and federal sources and must comply with the requirements of these funding sources.

The accounting policies of **West Perry School District** conform with accounting principles generally accepted in the United States of America as applicable 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 as follows:

Reporting Entity

Consistent with guidance contained in Statement No. 14 of the GASB, *The Financial Reporting Entity*, as amended, the criteria used by the School District to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, and so forth) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if School District officials appoint a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the School District as defined below.

Impose its Will - If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden - If the School District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

3. Organizations which are fiscally dependent on the School District and have a financial benefit or burden as defined above. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the School District.

Based on the foregoing criteria, no additional entities are included in the accompanying general purpose financial statements.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Ventures

The School District is a participant in five joint venture organizations, each of which is a separate legal entity that offers services to the School District and its residents. Each of these entities serves several school districts and/or municipalities and therefore are not included in this reporting entity. These entities do not have taxing power, but are required to adopt an annual budget, which is funded primarily by its member school districts or others that use its services. Complete financial statements for these entities can be obtained from the respective entity's administrative office.

South-Central Trust

The School participates with five other Cumberland and Perry County School Districts in the claims servicing pool of the South-Central Trust. The School appoints one Trustee to the Board of Trustees. The South-Central Trust provides claims administration services, purchases excess loss insurance, and offers other employee benefit related services to the School. In addition, there is level of cross-sharing of risk between the trust members that participate in the claims servicing pool.

Capital Tax Collection Bureau provides earned income tax collection services. The amount paid for these services for the year ended June 30, 2021, was approximately \$100,000.

Capital Area Intermediate Unit provides special education services and programs. The amount paid for these services for the year ended June 30, 2021, was approximately \$1,040,000.

Cumberland Perry Area Vocational Technical School provides vocational and technical education services and programs. The amount paid for these services for the year ended June 30, 2021, was approximately \$855,000.

Harrisburg Area Community College provides community college education services and programs. The amount paid for these services for the year ended June 30, 2021, was approximately \$125,000. The School District also paid approximately \$-0- for capital outlays.

Basis of Presentation - Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Basis of Presentation - Financial Statements

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

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

The government-wide statement of activities presents direct expenses and program revenues for each function or program of the School 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 School District, with certain limited exceptions. 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 School District.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and proprietary funds are reported in separate columns with composite columns for nonmajor funds. Fiduciary funds are reported by fund type.

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, and all liabilities, as well as deferred inflows and outflows of resources associated with the operation of these funds, are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The School District reports the following major governmental funds:

General Fund - The general fund is the principal operating fund of the School District. It is used to account for all financial resources except those accounted for in another fund.

Capital Reserve Fund - This fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, and for the payment of future variable interest debt payments.

The School District reports the following proprietary fund:

Food Service Fund - This fund accounts for the revenues, food purchases, and other costs and expenses of providing meals to students during the school year.

The School District reports the following fiduciary funds:

Private Purpose Trust Fund - This fund accounts for assets held by the School District in a trustee capacity. This fund accounts for the receipts and disbursement of monies contributed to the School District for scholarships and memorials.

Custodial Fund - This fund accounts for assets held by the School District as agent for others. This fund accounts for the receipts and disbursements of monies related to student-led activities.

Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Government-wide, proprietary, and fiduciary fund financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains, and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the School District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except debt service, other postemployment benefits, pensions, and compensated absence payments, which are recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments. Current property taxes measurable at June 30, 2021, which are not intended to finance fiscal 2021 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and the fiduciary funds. Revenues are recognized when they are earned, and expenses are recognized when incurred.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenues (earned income taxes) are recognized when received, as the amounts are not reasonably estimable prior to receipt.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

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 fund’s principal ongoing operations. The principal operating revenues of the School District’s food service fund are charges to students and staff for food. Operating expenses include the costs to provide food. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Accounting and Encumbrances

An operating budget is adopted prior to the beginning of each year on a modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Accounting and Encumbrances (Continued)

The Pennsylvania School Code dictates specific procedures relative to budget adoption and financial statement presentation. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year. This process includes the publishing of notices by advertisement, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District, and that public hearings are held on the proposed operating budget which 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 may approve transfers of funds appropriated to any particular item of expenditure in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval, provided it is not at a higher level than the Board adopted budget.

In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recognized. Unused encumbrances expire at the end of each year.

Included in the budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand and interest-bearing bank deposits. They are carried at cost plus accrued interest, which approximates fair value.

Investments

The School District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. The securities of 2a-7-like investment pools are valued at amortized cost, which approximates fair value of the pool.

The types of authorized investments are limited by state regulations. Pooled investment funds are required to be operated in accordance with State regulations.

Taxes Receivable and Deferred Inflows of Tax Revenues

The portion of delinquent real estate taxes receivable that is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining amount of those and other taxes receivable is recorded as deferred inflows of resources. An allowance of \$62,447 as of June 30, 2021, has been recorded for taxes receivable that are not considered to be fully collectible (Note 4).

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

Exchange transactions between governmental funds are eliminated on the government-wide statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories and Prepaid Expenses

Inventories represent food and supplies and are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when consumed in the food service fund and on the government-wide financial statements. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The costs of inventory items in governmental funds are recorded as expenditures when purchased. The inventory cost has been recorded as an asset in the governmental funds, offset by fund balance classified as nonspendable in an equal amount.

Certain payments, if any, to vendors reflect expenses applicable to future accounting periods and are presented as prepaid expenses in both government-wide and fund financial statements.

Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment are presented in the applicable governmental or business-type activities columns in the School District-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are stated at fair value on the date donated.

Major outlays for capital assets and improvements are capitalized when incurred. 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. Donated capital assets are recorded at their acquisition value as of the date received. The School District does not possess any infrastructure. Interest incurred during the construction of capital assets is not capitalized.

Upon sale or retirement, the cost and related accumulated depreciation, if applicable, are eliminated from the respective School District-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	Governmental Activities	Business-Type Activities
Buildings	50	0
Building Improvements	10 to 30	0
Land Improvements	20	0
Furniture	15	15
Machinery and Equipment	5 to 20	15
Library Books	7	0
Computer Equipment	5	5
Vehicles	10	0
Computer Software	3	0

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. They are re-categorized as gain or loss on bond refinancing in the event that debt is refinanced. Amortization continues over the life of the new or refinanced debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued, and any related issuance premiums are 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 presented as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources at June 30, 2021, consist of various amounts related to pension and OPEB liabilities on the statement of net position and unavailable tax revenue on the governmental fund balance sheet.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide and fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

Compensated Absences

Compensated absences (those for which employees are compensated) are presented using the termination payment method. A liability is computed using estimates which apply historical data to current factors. The School District maintains records of unused leave and applies the contracted rate for employees eligible for accumulated sick, personal and vacation leave. The School District allows only restricted sabbatical leave and therefore does not present any liability in advance of the sabbatical. Payments for compensated absences are made in the year the absence is taken or the employee retires. When an employee retires, the amount is paid as a School District contribution to their individual 403(b) retirement account based on the following:

Sick leave - Teachers, administrators and professional support receive a maximum payout of 160 sick days at \$100 per day. Noninstructional employees receive a maximum payout of 100 sick days at \$40 per day.

Personal days - Teachers may carryover a maximum of three days leave. Maintenance and custodians may carryover a maximum of four days. Administrators, professional support and teacher's aides may carryover two days leave. The personal day payouts are set at the substitute rate used for each class of employee.

Vacation leave - Certain administrators and noninstructional employees may carryover a maximum of five days leave payable at the daily pay rate.

For governmental funds, that portion of unpaid compensated absences that are expected to be paid using expendable, available resources are reported as expenditures in the fund from which the individual earning the leave is paid, and a corresponding liability reflected.

Pension Plan

Substantially all full-time and qualifying part-time employees of the School District participate in a cost-sharing multiple-employer defined benefit and defined contribution pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The School District made all required contributions for the year ended June 30, 2021, and has recognized them as expenditures in the governmental funds.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan (Continued)

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

Other Postemployment Benefits (OPEB)

Single-Employer Defined Benefit OPEB Plan

The School District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single-employer OPEB plan is unfunded.

Cost-Sharing Multiple-Employer Defined Benefit Plan

The School District participates in the Pennsylvania Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Program. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In the School District-wide financial statements and proprietary fund financial statements, categories of net position are:

Invested in Capital Assets (Net of Related Debt) - This category presents all capital assets into one component of net position. Accumulated depreciation and outstanding debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category presents the net position (deficit) of the School District, which is not restricted for any project or other purpose. However, these funds may be committed or assigned for specific projects or purposes in the fund financial statements.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

GASB has established criteria for classifying fund balances into specifically defined classifications based on a hierarchy that reflects the extent to which the School District is bound to honor constraints on how those funds can be spent. The School District's general policy is to first use restricted funds, if any, prior to using unassigned funds. The classifications of fund balance are:

Nonspendable - Amounts that cannot be spent because they are either in a (a) non-spendable form (i.e. inventories) or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

Restricted - Amounts constrained to be used for a specific purpose as per: External parties, contributors or enabling legislation.

Committed - Amounts constrained to be used for a specific purpose as per: The School District's highest level of decision-making authority which is the Board of School Directors.

Assigned - Amounts intended to be used for a specific purpose as per: Committee or individual authorized by the Board of School Directors. Under the School District's budgetary policies, the Business Manager may assign amounts.

Unassigned - Amounts available for any purpose (amounts that are not Nonspendable, Restricted, Committed or Assigned) in the general fund.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates used in preparation of these financial statements include insurance deposit, depreciation, compensated absences, pension related items, and other postemployment benefits. Actual results could differ from those estimates.

Current Year Changes in Accounting Principles

During the current year, the School District adopted GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. Upon implementation of this standard, the assets of the nonfiduciary student activities were moved into the general fund and the former agency fund is now reported as a custodial fund. Note 18 for prior period adjustments related to the adoption of this standard.

Pending Changes in Accounting Principles

In June 2017, GASB issued Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability, and consistency of information about the leasing activities of governments. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pending Changes in Accounting Principles (Continued)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period incurred, and not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) in which a government compensates an operator of a nonfinancial asset for services for a period of time in an exchange transaction. The provisions of this statement are effective for the School District's June 30, 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. The provisions of this statement are effective for the School District's June 30, 2023 financial statements.

In June 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 primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

The effects of implementation of these standards have not yet been determined.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS

Under Section 440.1 of the Public-School Code of 1949, as amended, the School District is permitted to invest its monies as follows:

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.

Certain other high-quality bank and corporate instruments.

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

The deposit and investment policy of the School District adheres to state statutes. There were no deposits or investment transactions during the year that were significant violations of either the state statutes or the policy of the School District.

Cash and Cash Equivalents - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District has a written policy for custodial credit risk. The public-school code requires that all deposits of the School District, which are not insured, are collateralized by the depository institution. As of June 30, 2021, \$13,207,961 of the School District's bank balance of \$14,199,961 is exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	-0-
Collateralized with Securities Held by the Pledging Financial Institution	-0-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the School District's Name	<u>13,207,961</u>
	13,207,961

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured Amount Above	13,207,961
Insured Amount	<u>992,000</u>
Bank Balance	14,199,961
Outstanding Checks	(95,670)
Certificates of Deposit Classified as Investments	<u>(547,568)</u>
Total Cash and Cash Equivalents per Financial Statements	13,556,723

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The School District currently does not have any investments that are measured at fair value.

Investments' fair value measurements are as follows at June 30, 2021:

Investments Recorded at Amortized Cost		Maturity
PLGIT Class	44,936	<=397 days
PSDLAF/ Max Series	148,192	<=397 days
Certificates of Deposits Classified as		
Investments in the Financial Statements	<u>547,568</u>	
Total Investments per the Financial Statements	740,696	

The Pennsylvania Local Government Investment Trust (PLGIT) is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP, an independently elected public official.

The Pennsylvania School District Liquid Asset Fund (PSDLAF) is a Max Series 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PMA Financial Network, Inc. The pool is audited annually by PricewaterhouseCoopers, LLP, an independently elected public official.

Restrictions on Qualified Investment Pool Withdrawals

The School District's investments in the PLGIT account are subject to a one-day holding period. The School District is limited to two withdrawals per calendar month from the PLGIT I - Class account.

The School District has an investment in a qualified investment pool with PSDLAF. Except for direct deposits from the Commonwealth, investments in the PSDLAF/MAX account are subject to a 14-day minimum holding period, and to penalty for early withdrawal. This requirement has been waived by the trust since inception.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District does not have a formal investment policy for interest rate risk, but generally limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the securities held by PLGIT and PSDLAF is generally less than 90 days.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Credit Risk

The School District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the School District investments were rated as:

Investments	Standard & Poor's
PLGIT Class	AAAm
PSDLAF / Max Series	AAAm

Concentration of Credit Risk

The School District places no limit on the amount they may invest in any one issuer. At June 30, 2021, the School District does not have any concentration of credit risk in its investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The School District has no investments which are subject to custodial credit risk at June 30, 2021.

NOTE 3 - REAL ESTATE TAXES

Based upon assessments provided by the County, the School District bills and collects its own property taxes. The School District tax rate for the year ended June 30, 2021, was 13.22 mills as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2021, follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 10% Penalty Period
January 1	- Lien Date (Perry County Tax Claim Bureau)

NOTE 4 - TAXES RECEIVABLE and DEFERRED TAXES

Taxes receivable are as follows as of June 30, 2021:

	Taxes Receivable (Gross)	Allowance for Uncollectibles	Taxes Receivable (Net)	Deferred Taxes
Real Estate Taxes	814,810	40,741	774,069	582,800
Personal Taxes	43,414	21,706	21,708	17,758
Earned Income Taxes	<u>2,137,418</u>	<u>-0-</u>	<u>2,137,418</u>	<u>1,187,925</u>
	2,995,642	62,447	2,933,195	1,788,483

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 5 - DUE from/to OTHER FUNDS and INTERFUND TRANSFERS

Interfund balances were \$-0- as of June 30, 2021.

Interfund transfers were as follows:

Fund	Transfers In	Fund	Transfers Out
Debt Service Fund	2,807,056	General Fund	2,807,056
Food Service Fund	307,017	General Fund	307,017
General Fund	5,575	Student Activities Fund	5,575
Capital Reserve Fund	<u>179,226</u>	General Fund	<u>179,226</u>
	3,298,874		3,298,874

Transfers are made from the general fund to the debt service fund to provide resources for the payment of principal and interest on general obligation bonds. Transfers are made from the general fund to the food service fund to provide resources for the operation of the cafeteria. Transfers from the general fund to the capital reserve fund were made to provide resources for future capital expenditures. A transfer was made from the Student Activities to the general fund to move assets that are not fiduciary in nature.

NOTE 6 - DUE from OTHER GOVERNMENTS

Due from other governments are as follows as of June 30, 2021:

	Governmental Activities	Business-Type Activities
Local Sources - Other Taxes	312,401	-0-
State Sources	1,606,422	-0-
Federal Sources	<u>1,951,649</u>	<u>-0-</u>
	3,870,472	-0-

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 7 - CHANGE in CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021, is as follows:

Historical Cost:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets not Being Depreciated:				
Land	<u>269,759</u>	<u>-0-</u>	<u>-0-</u>	<u>269,759</u>
Total Cost	269,759	-0-	-0-	269,759
Capital Assets Being Depreciated:				
Land Improvements	5,038,504	22,952	-0-	5,061,456
Building and Building Improvements	78,491,575	165,913	4,951	78,652,537
Furniture, Fixtures, and Equipment	8,285,851	182,729	2,647,058	5,821,522
Library Books	1,451,119	-0-	-0-	1,451,119
Vehicles	<u>435,783</u>	<u>-0-</u>	<u>20,473</u>	<u>415,310</u>
Total Cost	93,702,832	371,594	2,672,482	91,401,944
Accumulated Depreciation:				
Land Improvements	3,246,692	209,156	-0-	3,455,848
Building and Building Improvements	28,785,133	1,676,896	3,095	30,458,934
Furniture, Fixtures, and Equipment	6,539,572	181,185	2,114,174	4,606,583
Library Books	1,451,119	-0-	-0-	1,451,119
Vehicles	<u>240,739</u>	<u>27,694</u>	<u>20,472</u>	<u>247,961</u>
Total Accumulated Depreciation	40,263,255	2,094,931	2,137,741	40,220,445
Net Capital Assets Being Depreciated	53,439,577	(1,723,337)	534,741	51,181,499
Net Capital Assets	53,709,336	(1,723,337)	534,741	51,451,258

Capital asset activity for business-type activities for the year ended June 30, 2021, is as follows:

Historical Cost:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Being Depreciated:				
Furniture and Equipment	956,909	17,422	-0-	974,331
Accumulated Depreciation:				
Furniture and Equipment	<u>725,443</u>	<u>(32,142)</u>	<u>-0-</u>	<u>757,585</u>
Net Capital Assets	231,466	(14,720)	-0-	216,746

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 7 - CHANGES in CAPITAL ASSETS (Continued)

Depreciation expenses were charged to governmental functions as follows:

Governmental Activities	
Instruction	1,286,288
Instructional Student Support	226,253
Administrative and Financial Support Services	81,702
Operation and Maintenance of Plant Services	54,468
Student Activities	83,797
Unallocated Depreciation Expense	<u>362,423</u>
	2,094,931

NOTE 8 - ACCRUED SALARIES and BENEFITS

At June 30, 2021, the School District was liable for \$1,307,897 of payroll, which is payable during July and August 2021, to those employees who have a ten-month contract but are paid over a twelve-month period, to non-salaried employees who performed services through June 30, 2021, and to retiring professional employees who are receiving a payout of their accumulated compensated absences. The School District was also liable for the benefits on payroll paid prior to or accrued as of June 30, 2021.

Accrued salaries and benefits as of June 30, 2021, are as follows:

	General Fund	Food Service Fund
Accrued Salaries	1,285,659	22,238
Accrued Benefits:		
Health insurance	577,016	-0-
Retirement	443,661	7,674
Social Security	<u>94,843</u>	<u>1,618</u>
	2,401,179	31,530

NOTE 9 - UNEARNED REVENUES

Unearned revenues consist of the following as of June 30, 2021:

	General Fund
Title II	3,953
Title IV	20,842
Elementary and Secondary Relief	1,492,751
COVID - School Safety	44,097
Other	<u>19,282</u>
	1,580,925

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 10 - COMPENSATED ABSENCES

A summary of the amount recorded as a liability in the governmental activities and business-type activities for compensated absences is as follows as of June 30, 2021:

	Governmental Activities	Business-Type Activities
Accumulated Sick Leave	1,077,575	26,440
Accumulated Vacation Leave	201,000	-0-
Accumulated Personal Days	<u>63,652</u>	<u>1,357</u>
	1,342,227	27,797

NOTE 11 - LONG-TERM LIABILITIES

Changes in the following long-term liabilities were as follows at June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and Note Payable	22,014,000	-0-	(2,169,000)	19,845,000	1,375,000
Bond Premiums	448,391	-0-	(66,155)	382,236	62,397
Compensated Absences	<u>1,306,098</u>	<u>275,682</u>	<u>(239,553)</u>	<u>1,342,227</u>	<u>201,334</u>
	23,768,489	275,682	(2,474,708)	21,569,463	1,638,731
Business-Type Activities					
Compensated Absences	<u>31,542</u>	<u>2,718</u>	<u>(6,463)</u>	<u>27,797</u>	<u>4,170</u>
	31,542	2,718	(6,463)	27,797	4,170

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 11 - LONG-TERM LIABILITIES (Continued)

Changes in bonds and note payable were as follows at June 30, 2021:

	Beginning Balance	New Issue	Refunding	Scheduled Redemptions	Ending Balance
Series of 2013	595,000	-0-	-0-	(195,000)	400,000
Series of 2014 (Note)	1,964,000	-0-	-0-	(1,964,000)	-0-
Series of 2018	9,835,000	-0-	-0-	(5,000)	9,830,000
Series of 2019	<u>9,620,000</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,000)</u>	<u>9,615,000</u>
	22,014,000	-0-	-0-	(2,169,000)	19,845,000
Bond Premiums	<u>448,391</u>	<u>-0-</u>	<u>-0-</u>	<u>(66,155)</u>	<u>382,236</u>
	22,462,391	-0-	-0-	(2,235,155)	20,227,236

	Interest Rates	Maturity Date	Callable Date	Amounts Due Within One Year
Series of 2013	2.00% to 3.00%	November 2022	November 2018	195,000
Series of 2018	1.80% to 4.00%	November 2032	November 2020	535,000
Series of 2019	3.00% to 4.00%	November 2032	November 2024	<u>645,000</u>
				1,375,000

Scheduled debt service requirements, payable by the debt service fund, are as follows:

Year Ending June 30	Principal	Interest	Total
2022	1,375,000	589,004	1,964,004
2023	1,435,000	528,423	1,963,423
2024	1,495,000	471,673	1,966,673
2025	1,540,000	423,198	1,963,198
2026	1,585,000	380,086	1,965,086
2027-2031	8,610,000	1,218,450	9,828,450
2032-2033	<u>3,805,000</u>	<u>114,975</u>	<u>3,919,975</u>
	19,845,000	3,725,809	23,570,809

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members, whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

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

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

Member Contributions

Active members who joined the plan before July 22, 1983, are required to contribute 5.25% of their compensation if they are in Class T-C or 6.50% for Class T-D. Members who joined on or after July 22, 1983, and were active or inactive as of July 1, 2001, are required to contribute 6.25% for Class T-C or 7.50% for Class T-D. Members who joined the plan after June 30, 2001 and before July 1, 2011, are automatically in Class T-D and are required to contribute 7.50%. For all new hires and for members who elected Class T-D, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the plan after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and 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-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2021, was 33.69% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$5,092,000 for the year ended June 30, 2021.

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

At June 30, 2021, the School District reported a liability of \$52,883,000 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 PSERS's total pension liability as of June 30, 2019 to June 30, 2020. The School 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, 2021, the School District's proportion was .1074 percent, which was an increase of .0006 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$4,855,000. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	138,000	1,267,000
Differences Between Employer Contributions and Proportionate Share of Total Contributions	56,000	-0-
Net Difference Between Projected and Actual Investment Earnings	2,324,000	-0-
Changes in Proportion	238,000	1,019,000
Changes in Proportion Between Funds	313,000	313,000
Contributions Subsequent to the Measurement Date	<u>5,092,000</u>	<u>-0-</u>
	8,161,000	2,599,000

An amount of \$5,092,000 reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will increase (decrease) pension expense as follows:

Year Ended June 30:

2022	(1,141,000)
2023	155,000
2024	765,000
2025	691,000

Actuarial Assumptions

The total pension liability as of June 30, 2020, was determined by rolling forward PSERS' total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Long Term Expected Rate of Return: 7.25%, includes inflation at 2.75%.

Actuarial Cost Method: Entry age normal - level percent of pay.

Salary Growth: Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality Rates: 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.

There were no changes in assumptions used in measurement of the total pension liability beginning June 30, 2020. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute Return	10.0%	2.5%
Risk Parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Real Estate	10.0%	5.5%
Cash	6.0%	(1.0%)
Financing (LIBOR)	<u>(14.0%)</u>	(0.7%)
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

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.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
School District's Proportionate Share of the Net Pension Liability	65,427,000	52,883,000	42,456,000

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2021, the School District reported a payable of \$443,661 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2021. These amounts relate to the second quarter of 2021, and are payable to PSERS within five business days of the School District receiving its related retirement subsidy from the Commonwealth of Pennsylvania.

Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, are required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a stand-alone defined contribution plan.

Membership Class T-G, one of the hybrid options, contains a "shared risk" provision whereby Membership Class T-G member contribution rates into the defined benefit plan can fluctuate between 2.5% and 8.5% (5.5% currently). In addition, employees electing this class contribute 2.75% into the defined contribution plan. The School District is required to contribute 2.25% into the defined contribution plan. This is the default option.

Membership Class T-H, one of the hybrid options, contains a "shared risk" provision whereby Membership Class T-H member contribution rates into the defined benefit plan can fluctuate between 1.5% and 7.5% (4.5% currently). In addition, employees electing this class contribute 3.00% into the defined contribution plan. The School District is required to contribute 2.00% into the defined contribution plan.

Membership Class DC, the defined contribution option, requires that employees electing this class contribute 7.5% into the defined contribution plan and the School District will contribute 2.00%.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Reform (Continued)

The School District will continue to contribute to the defined benefit portion of PSERS based on an actuarially determined contribution rate which will continue to be calculated as a percent of all compensation of PSERS eligible employees but now reduced by the amounts already remitted to the defined contribution plan portion.

The total School District contribution into the defined contribution plan portion of PSERS was \$9,308 for the year ended June 30, 2021.

PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6.00%.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the OPEB Plan

Plan Description

The School District maintains a single-employer defined benefit OPEB plan to provide postemployment health care benefits. The Board of School Directors is authorized to establish and amend the financing requirements and benefits, subject to collective bargaining for certain classes of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue stand-alone financial statements.

Benefits Provided

The plan provides medical, prescription drug, dental, and vision coverage to employees who retire from active service and qualify for pension benefits, and their spouse and eligible dependents. Generally, retirees are eligible for benefits until age 65 upon paying 101% of the premium; spouse and dependents are eligible for benefits until age 65 and may continue coverage until the spouse is Medicare age after the retiree's death upon paying 101% of the premium.

Employees Covered by Benefit Terms

On July 1, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	24
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	<u>270</u>
	294

Total OPEB Liability

The School District's total OPEB liability of \$2,136,000 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020, actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate: 1.86%, based on S&P municipal bond 20-year high grade rate index.
- Long Term Expected Rate of Return: N/A, the plan is unfunded.
- Actuarial Cost Method: Entry age normal, level percent of pay.
- Healthcare Cost Trend: 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs: 100.0% of premium.
- Mortality Rates: RP-2014 mortality tables (male and female) adjusted for mortality improvement using the Buck Modified 2016 projection scale.
- Percent of Eligible Retirees Electing Coverage: 60% of employees

The actuarial assumptions used in the July 1, 2020 valuation and rolled forward to the July 1, 2020 measurement date were based on the results of an actuarial experience study for the period ended July 1, 2020.

Changes in the Total OPEB Liability

Balance, June 30, 2020	1,703,000
Changes for the Year	
Service Cost	112,000
Interest	60,000
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	116,000
Changes of Assumptions	223,000
Benefit Payments	<u>(78,000)</u>
Net Changes	<u>433,000</u>
 Balance, June 30, 2021	 2,136,000

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

The following presents the total OPEB liability of the School District for the single-employer plan, as well as what the School District's total OPEB liability for the single-employer plan would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate:

Total OPEB Liability

0.86% Discount Rate (1.0% Decrease)	2,287,000
1.86% Discount Rate (Current Rate)	2,136,000
2.86% Discount Rate (1.0% Increase)	1,992,000

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

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

The following presents the total OPEB liability of the School District's single-employer plan, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or 1.0% higher than the current healthcare cost trend rates:

Total OPEB Liability

4.5% (1% Decrease)	1,893,000
5.5% (Current Rate)	2,136,000
6.5% (1% Increase)	2,426,000

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The Pennsylvania Public School Employees' Retirement System (System) provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits Provided

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

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

General Information about the Health Insurance Premium Assistance Program (Continued)

Employer Contributions

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$124,000 for the year ended June 30, 2021.

OPEB Liabilities and OPEB Expense

On June 30, 2021, the School District reported a liability of \$2,323,000 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, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District's proportion was 0.1075 percent, which was an increase of 0.0007 percent from its proportion measured as of June 30, 2020. For the year ended June 30, 2021, the School District recognized OPEB expense of \$179,000 related to this plan.

Actuarial Assumptions

The total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry age normal, level percent of pay.

Investment Return: 2.66%, based on the 20-year S&P 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 or seniority increases.

Premium Assistance reimbursement is capped at \$1,200 per year.

Assumed Healthcare Cost Trends: Applied to retirees with less than \$1,200 in Premium Assistance per year.

Mortality Rates: 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 actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

General Information about the Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions (Continued)

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 were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 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 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).

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 System's 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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	<u>3.2%</u>	(0.1%)
	100.00%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

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 on June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

The following presents the School District’s proportionate share of the net OPEB liability, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate:

Net OPEB Liability

1.66% Discount Rate (1.0% Decrease)	2,648,000
2.66% Discount Rate (Current Rate)	2,323,000
3.66% Discount Rate (1.0% Increase)	2,053,000

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped as 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 \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has minimal impact on the following healthcare cost trends.

The following presents the School District’s proportionate share of the net OPEB liability, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or 1.0% higher than the current healthcare cost trend rates:

Net OPEB Liability

1% Decrease	2,322,000
Current Rate	2,323,000
1% Increase	2,323,000

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

OPEB Plan Fiduciary Net Position

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

AGGREGATE OPEB INFORMATION

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$271,000. On June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions and Benefit Payments After the Measurement Date	220,000	-0-
Differences Between Expected and Actual Experience	128,000	230,000
Changes of Assumptions	370,000	90,000
Difference Between Projected and Actual Investment Earnings	4,000	-0-
Changes in Proportion	<u>15,000</u>	<u>101,000</u>
	737,000	421,000

An amount of \$220,000 reported as deferred outflows of resources related to OPEB resulting from the School District's benefit payments after the measurement date of the single-employer plan and contributions after the measurement date of the cost-sharing multiple-employer plan will be recognized as a reduction in the total or net OPEB liability, respectively, in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

Fiscal Year Ended June 30:	
2022	(14,350)
2023	(15,350)
2024	(16,350)
2025	33,650
2026	24,650
Thereafter	<u>83,750</u>
	96,000

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 14 - OPERATING LEASES

The School District has entered into several operating leases in which it has agreed to lease equipment over five years.

For the year ending June 30, 2021, rental payments required under this operating lease having a remaining term in excess of one year as of:

June 30, 2022	43,446
June 30, 2023	22,434
June 30, 2024	1,421

Total rent expense under operating leases for the year ended June 30, 2021, was \$43,446.

NOTE 15 - FUND BALANCE CLASSIFICATIONS

Nonspendable fund balance represents the component of fund balance that cannot be spent either because they are not in a spendable form or is required to be legally or contractually maintained intact. At June 30, 2021, the School District has the following nonspendable fund balance:

General Fund:	
Insurance Deposit - South Central Trust Medical Costs	3,527,140

Committed fund balances represent fund balances that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. As of June 30, 2021, the School District has included the following as committed fund balances:

General Fund:	
Committed to Offset Future PSERS Contribution Rate Increases	4,507,233
Committed to Offset Future Health Insurance Increases	<u>2,037,794</u>
	6,545,027
Capital Reserve Fund:	
Committed to Future Capital Outlays	<u>2,029,720</u>
Total Committed fund balances	8,574,747

NOTE 16 - RISK MANAGEMENT

Health Insurance

The School District is a member of South-Central Trust (Trust) Risk-Sharing Pool (RSP), a risk-sharing public entity risk pool, through which it provides for certain health and welfare benefits of its covered employees. The Trust was organized in 1995 to formulate and administer insurance programs, obtain lower costs for coverage, and develop loss control programs for member school districts. The Trust's RSP is governed by a board of trustees, to which the School District may appoint a maximum of four trustees. The School District's required deposits to the Trust are determined annually based 75% on the RSP's experience and 25% on the School District's experience. Contributions are payable to the Trust monthly. The Trust purchases stop loss insurance to mitigate catastrophic losses.

West Perry School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 16 - RISK MANAGEMENT (Continued)

Health Insurance (Continued)

The Trust's RSP has a policy to maintain reserves equal to four to six months of expected expenses. Reserve surpluses are resolved by reducing contribution rates over a three-year period; reserve deficits are resolved by increasing contribution rates based on a method approved by the trustees.

Upon withdrawal from the Trust, the School District is entitled to its proportionate share of any surplus, or obligated for its proportionate share of any deficit, subject to vesting provisions, based upon a formula in the RSP bylaws. The School District has accounted for its estimated proportionate share of the RSP surplus, \$3,527,140 at June 30, 2021, as a deposit in accordance with GASB Interpretation No. 4 and included the amount in its nonspendable fund balance and restricted net position. The School District is not aware of any additional assessments from the Trust's RSP.

Other Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For State unemployment compensation laws, the School District is self-insured, which is a common practice for local governmental units. Any unemployment claims are paid by the School District on a quarterly basis as incurred.

For workers' compensation insurance, many districts participate in a public entity risk sharing pool (School Districts Insurance Company of Pennsylvania, Inc.) for processing claims and obtaining reinsurance through commercial insurance carriers. Under this plan, the School District's annual cost should not exceed standard commercial insurance rates.

NOTE 17 - CONTINGENCIES and COMMITMENTS

General

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. The School District has continued operations within rigid guidelines aimed at halting the spread of the virus. At this point, the future impact of COVID-19 on the School District's operations and financial condition cannot be estimated. The School District's management is monitoring the evolving situation and adapting operations and decision making, as necessary.

The School District is involved in various claims and legal actions arising in the ordinary course of business. The outcome of these matters cannot be determined at this time.

Collective Bargaining Agreement

The School District's contract with its teaching staff expired in June 2020. The contract was renewed in December 2020 and extends to June 2023. The contract with the support staff (maintenance, custodial and cafeteria staff) expires in June 2022.

West Perry School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 17 - CONTINGENCIES and COMMITMENTS (Continued)

Operations

In the normal course of preparing for the subsequent school year, the School District has awarded bids for various supplies, fuel contracts, etc. No major commitments in excess of routine requirements have been made by the School District.

Grant Programs

The School District participates in state and federal grant programs which are governed by various rules and regulations. Expenditures charged to these programs are subject to program compliance audits and reviews by the grantor agencies. The School District is potentially liable for any expenditures which may be disallowed by rules of these grant programs. The School District does not anticipate any material disallowances of program expenditures. The School District is also audited by the State's Department of the Auditor General. Findings, if any, from these audits could result in the repayment of funds, or receipt of additional funds.

NOTE 18 - CHANGE in ACCOUNTING PRINCIPLE

Effective for the year ending June 30, 2021, the School District adopted GASB Statement No. 84, Fiduciary Activities, as described in Note 1. As a result, the School District transferred to the general fund student sponsored activities that were not deemed fiduciary activities under the new standard. Additionally, the agency fund which accounted for student activities at June 30, 2020, is now classified as a custodial fund within the fiduciary fund financial statements. The implementation of GASB Statement No. 84 had the following effects on net position:

	Custodial Fund
Net position as Previously Reported on June 30, 2020	-0-
Prior period Adjustment - GASB No. 84	<u>137,028</u>
Net Position as Restated July 1, 2020	137,028

West Perry School District

SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL - GENERAL FUND
Year Ended June 30, 2021

REVENUES	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Local Sources:				
Real Estate Taxes	\$ 16,630,705	\$ 16,630,705	\$ 16,663,149	\$ 32,444
Other Taxes	5,003,000	5,003,000	5,638,726	635,726
Investment Earnings	150,000	150,000	69,178	(80,822)
Other Revenue	580,000	580,000	661,080	81,080
Total Local Sources	<u>22,363,705</u>	<u>22,363,705</u>	<u>23,032,133</u>	<u>668,428</u>
State Sources	18,343,821	18,343,821	19,068,003	724,182
Federal Sources	671,586	1,063,808	1,683,021	619,213
Total Revenues	<u>41,379,112</u>	<u>41,771,334</u>	<u>43,783,157</u>	<u>2,011,823</u>
EXPENDITURES				
Instructional Services:				
Regular Programs	16,833,359	18,294,103	18,294,071	32
Special Programs	6,063,563	6,063,459	6,026,073	37,386
Vocational Programs	1,435,574	1,244,843	1,231,026	13,817
Other Instructional Programs	944,227	969,500	965,138	4,362
Support Services:				
Pupil Personnel	1,529,361	1,529,360	1,488,713	40,647
Instructional Staff	963,936	872,830	806,564	66,266
Administrative	2,825,579	2,827,659	2,691,812	135,847
Pupil Health	479,212	481,131	477,203	3,928
Business	836,901	737,844	688,179	49,665
Operation of Plant and Maintenance	4,185,745	3,468,951	3,298,413	170,538
Student Transportation	2,872,299	2,872,299	2,853,009	19,290
Central and Other Business	553,994	553,994	508,913	45,081
Noninstructional Services	405,895	388,286	364,658	23,628
Total Expenditures	<u>39,929,645</u>	<u>40,304,259</u>	<u>39,693,772</u>	<u>610,487</u>
EXCESS of REVENUES over EXPENDITURES	<u>1,449,467</u>	<u>1,467,075</u>	<u>4,089,385</u>	<u>2,622,310</u>
OTHER FINANCING USES				
Transfers Out	(2,765,106)	(2,778,106)	(3,287,724)	(509,618)
Refund of Prior Years' Receipts	(3,000)	(7,608)	(7,608)	-0-
Other Financing Uses	<u>(2,768,106)</u>	<u>(2,785,714)</u>	<u>(3,295,332)</u>	<u>(509,618)</u>
NET CHANGES in FUND BALANCES	<u>\$ (1,318,639)</u>	<u>\$ (1,318,639)</u>	<u>794,053</u>	<u>\$ 2,112,692</u>
FUND BALANCES				
Beginning			<u>14,651,512</u>	
Ending			<u>\$ 15,445,565</u>	

See independent auditors' report.

West Perry School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION

West Perry School District follows the following procedures on establishing the budgetary data reflected in the supplementary information:

1. The Pennsylvania Department of Education (PDE) issues a schedule of actions for school districts for the development of the annual budget under Act 1. One deadline is the action to resolve to keep any tax increase in the real estate tax millage rate below the index announced by PDE. Prior to that deadline, management submits to the School Board, for consideration, a draft operating budget projection or other information to review, for the fiscal year commencing the following July 1. The School Board determines if it will approve a resolution to keep any tax increase below the index.
2. If the School Board adopts the resolution, prior to May 31, management submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
3. A public hearing is conducted to obtain taxpayer comments.
4. If the School Board does not adopt the resolution, management prepares and submits a proposed operating budget for the fiscal year commencing the following July 1 in accordance to the deadlines established by PDE under Act 1. These deadlines will vary with the setting of the spring municipal election date each year.
5. Prior to June 30, the budget is legally enacted through passage of a resolution.
6. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the School Board. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
7. Budgetary data is included in the School District's management information system and is employed as a management control device during the year.
8. Unused appropriations lapse at the end of each fiscal year; however, the School District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount. There were no outstanding encumbrances for the year ended June 30, 2021.
9. The budget for the general fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
10. Where applicable, unbudgeted federal and state revenue and expenditures have been added to the original budgeted revenue and expenditures.

See independent auditors' report.

West Perry School District

SCHEDULE of CHANGES in NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY and RELATED RATIOS - SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

Last 10 Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 112,000	\$ 111,000	\$ 123,000	\$ 115,000
Interest	60,000	52,000	61,000	45,000
Change of Benefit Terms	-0-	-0-	-0-	-0-
Differences Between Expected and Actual Experience	116,000	-0-	(307,000)	-0-
Change of Assumptions	223,000	(47,000)	2,000	103,000
Benefit Payments	<u>(78,000)</u>	<u>(76,000)</u>	<u>(95,000)</u>	<u>(148,000)</u>
Net Change in Total OPEB Liability	433,000	40,000	(216,000)	115,000
Total OPEB Liability - Beginning	<u>1,703,000</u>	<u>1,663,000</u>	<u>1,879,000</u>	<u>1,764,000</u>
Total OPEB Liability - Ending	<u>\$ 2,136,000</u>	<u>\$ 1,703,000</u>	<u>\$ 1,663,000</u>	<u>\$ 1,879,000</u>
Covered Payroll	14,372,626	14,174,542	14,174,542	13,932,051
Net OPEB Liability as a Percentage of Covered Payroll	14.9%	12.0%	11.7%	13.5%

Note: Information is not available prior to 2018.

See independent auditors' report.

West Perry School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
Last 10 Fiscal Years

Funding:

No assets are accumulated in a trust that meet the criteria included in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, to pay related benefits.

Changes of Assumptions:

Measurement period ending June 30, 2020:

Discount rate was decreased from 3.36% to 1.86%.

The full-time employees assumed to elect coverage was increased from 60% to 70%.

Measurement period ending June 30, 2019:

Discount rate was increased from 2.98% to 3.36%.

Measurement period ending June 30, 2018:

Discount rate was reduced from 3.13% to 2.98%.

The marriage assumption was lowered from 70% to 50%.

Measurement period ending June 30, 2017:

Discount rate was increased from 2.49% to 3.13%.

Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

West Perry School District

SCHEDULE of EMPLOYER CONTRIBUTIONS - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS) HEALTH INSURANCE PREMIUM ASSISTANCE PLAN

Last 10 Fiscal Years

Fiscal Year Ended June 30	Contractually Required Contributions	Contributions from Employer	Contributions Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	121,000	121,000	-0-	14,524,991	0.83%
2019	123,000	123,000	-0-	14,764,337	0.83%
2020	127,000	127,000	-0-	15,076,000	0.84%
2021	124,000	124,000	-0-	15,122,873	0.82%

Note: Information is not available prior to 2018.

See independent auditors' report.

West Perry School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
Last 10 Fiscal Years

Changes of Assumptions:

Measurement period ending June 30, 2020:

Discount rate was decreased from 2.79% to 2.66%.

Measurement period ending June 30, 2019:

Discount rate was decreased from 2.98% to 2.79%.

Measurement period ending June 30, 2018:

Discount rate was decreased from 3.13% to 2.98%.

Measurement period ending June 30, 2017:

Discount rate was increased from 2.71% to 3.13%.

Salary growth changes from an effective average of 5.50% to 5.00%.

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.

West Perry School District

SCHEDULE of the SCHOOL DISTRICT'S PROPORTIONATE SHARE of the NET OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
Last 10 Fiscal Years

Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered-Employee Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.1068%	2,175,956	14,213,665	15.31%	5.73%
2018	0.1070%	2,231,000	14,414,758	15.48%	5.56%
2019	0.1068%	2,271,000	14,717,945	15.43%	5.56%
2020	0.1075%	2,323,000	15,076,000	15.41%	5.69%

Note: Information is not available prior to 2017.

See independent auditors' report.

West Perry School District
 SCHEDULE of EMPLOYER CONTRIBUTIONS -
 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 Last 10 Fiscal Years

	Contractually Required Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered- Employee Payroll
Defined Benefit Pension Plan:					
2015	3,000,652	3,000,652	-0-	14,637,327	20.50%
2016	3,743,599	3,743,599	-0-	14,974,396	25.00%
2017	4,117,661	4,117,661	-0-	14,101,579	29.20%
2018	4,610,232	4,610,232	-0-	14,524,991	31.74%
2019	4,813,192	4,813,192	-0-	14,764,337	32.60%
2020	5,043,000	5,043,000	-0-	15,076,000	33.36%
2021	5,092,000	5,092,000	-0-	15,122,873	33.51%

Note: Information is not available for years prior to 2015.

See independent auditors' report.

West Perry School District

SCHEDULE of SCHOOL DISTRICT'S PROPORTIONATE SHARE of the NET PENSION LIABILITY -

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1097%	43,420,364	13,993,369	310.29%	57.24%
2015	0.1140%	49,380,074	14,667,139	336.67%	54.36%
2016	0.1175%	58,229,378	15,211,178	382.81%	50.14%
2017	0.1068%	52,747,001	14,213,665	371.10%	51.84%
2018	0.1070%	51,365,000	14,414,758	356.34%	54.00%
2019	0.1068%	49,964,000	14,717,945	339.48%	55.66%
2020	0.1074%	52,883,000	15,076,000	350.78%	54.32%

Note : This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The data provided in the schedule is based on measurements date, which is the beginning of the School District's fiscal year.

See independent auditors' report.

West Perry School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION
Last 10 Fiscal Years

Changes of Benefit Terms:

Measurement period ending June 30, 2017:

Beginning June 12, 2017, with the passage of Act 5, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes of Assumptions:

Measurement period ending June 30, 2016:

Investment rate of return was adjusted from 7.50% to 7.25%.

Inflation assumption was decreased from 3.0% to 2.75%.

Salary growth changed from an effective average of 5.50% to 5.00%.

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.

West Perry School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
Child Nutrition Cluster												
U.S. Department of Agriculture	Pennsylvania Department of Education	COVID-19 School Breakfast Program (Note 3)	I	10.553	N/A	07/01/20-06/30/21	N/A	\$ -0-	\$ 117,784	\$ 117,784	\$ -0-	\$ -0-
U.S. Department of Agriculture	Pennsylvania Department of Education	School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	<u>-0-</u>	<u>1,834</u>	<u>1,834</u>	<u>-0-</u>	<u>-0-</u>
			Total	10.553				-0-	119,618	119,618	-0-	-0-
U.S. Department of Agriculture	Pennsylvania Department of Education	COVID-19 National School Lunch Program (Note 3)	I	10.555	N/A	07/01/20-06/30/21	N/A	-0-	447,006	447,006	-0-	-0-
U.S. Department of Agriculture	Pennsylvania Department of Education	National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	4,628	16,694	12,066	-0-	-0-
U.S. Department of Agriculture	Pennsylvania Department of Agriculture	National School Lunch Program (Note 2)	I	10.555	N/A	07/01/20-06/30/21	N/A	<u>-0-</u>	<u>62,260</u>	<u>62,260</u>	<u>-0-</u>	<u>-0-</u>
			Total	10.555				4,628	525,960	521,332	-0-	-0-
			Total Child Nutrition Cluster					4,628	645,578	640,950	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19- Coronavirus Relief Fund	I	21.019	161-190010	03/01/20-11/30/20	12,584	-0-	12,584	12,584	-0-	-0-
U.S. Department of Education	PA Commission on Crime & Delinquency (PCCD)	COVID-19- Coronavirus Relief Fund	I	21.019	2020-CS-01-33580	03/01/20-10/30/20	217,457	-0-	190,003	190,003	-0-	-0-
U.S. Department of Education	PA Commission on Crime & Delinquency (PCCD)	COVID-19- Coronavirus Relief Fund	I	21.019	2020-CS-01-33580	03/01/20-10/30/20	217,457	<u>27,454</u>	<u>27,454</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
			Total	21.019				\$ 27,454	\$ 230,041	\$ 202,587	\$ -0-	\$ -0-

See independent auditors' report.

West Perry School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
Special Education Cluster (IDEA)												
U.S. Department of Education	Pennsylvania Department of Education	COVID-19-Special Education (SECIM Fund) - Grants to States	I	84.027	252-200475	07/01/20-09/30/21	26,701	\$ -0-	\$ 26,701	\$ 26,701	\$ -0-	\$ -0-
U.S. Department of Education	Capital Area Intermediate Unit	Special Education (IDEA) - Grants to States (Part B)	I	84.027	062-210015	07/01/20-09/30/21	370,790	-0-	214,592	370,790	156,198	-0-
U.S. Department of Education	Capital Area Intermediate Unit	Special Education (IDEA) - Grants to States (Part B)	I	84.027	062-200015	07/01/19-09/30/20	389,461	<u>166,941</u>	<u>166,941</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		Total		84.027				166,941	408,234	397,491	156,198	-0-
U.S. Department of Education	Capital Area Intermediate Unit	Special Education (IDEA) - Preschool Grants	I	84.173	131-200015	07/01/20-06/30/21	1,568	-0-	-0-	1,568	1,568	-0-
U.S. Department of Education	Capital Area Intermediate Unit	Special Education (IDEA) - Preschool Grants	I	84.173	131-19-00015	07/01/19-06/30/20	4,000	<u>4,000</u>	<u>4,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		Total		84.173				4,000	4,000	1,568	1,568	-0-
Total Special Education Cluster (IDEA)								170,941	412,234	399,059	157,766	-0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-210475	07/09/20-09/30/21	473,861	-0-	384,167	473,861	89,694	-0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-200475	07/29/19-09/30/20	479,327	<u>90,627</u>	<u>127,807</u>	<u>37,180</u>	<u>-0-</u>	<u>-0-</u>
		Total		84.010				90,627	511,974	511,041	89,694	-0-
U.S. Department of Education	Pennsylvania Department of Education	Title II Supporting Effective Instruction State Grants	I	84.367	020-210475	07/09/20-09/30/21	84,917	-0-	63,600	80,965	17,365	-0-
U.S. Department of Education	Pennsylvania Department of Education	Title II Supporting Effective Instruction State Grants	I	84.367	020-200475	07/29/19-09/30/20	95,907	<u>20,344</u>	<u>31,790</u>	<u>11,446</u>	<u>-0-</u>	<u>-0-</u>
		Total		84.367				\$ 20,344	\$ 95,390	\$ 92,411	\$ 17,365	\$ -0-

See independent auditors' report.

West Perry School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-210475	07/09/20-09/30/21	36,216	\$ -0-	\$ 24,144	\$ 19,759	\$ (4,385)	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-200475	07/29/19-09/30/20	36,352	(1,076)	7,270	8,346	-0-	-0-
		Total		84.424				(1,076)	31,414	28,105	(4,385)	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19-Education Stabilization Fund	I	84.425C	253-200475	03/13/20-09/30/21	24,246	-0-	19,142	24,246	5,104	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19-Education Stabilization Fund	I	84.425C	254-200475	03/13/20-09/30/21	38,107	-0-	6,017	38,107	32,090	-0-
		Total		84.425C				-0-	25,159	62,353	37,194	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19-Education Stabilization Fund	I	84.425D	200-200475	03/13/20-09/30/21	392,222	-0-	390,467	390,467	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19-Education Stabilization Fund	I	84.425D	200-200475	03/13/20-09/30/21	392,222	1,755	1,755	-0-	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19-Education Stabilization Fund	I	84.425D	200-210475	03/13/20-09/30/23	1,743,211	-0-	83,144	294,842	211,698	-0-
U.S. Department of Education	PA Commission on Crime & Delinquency (PCCD)	COVID-19-Education Stabilization Fund	I	84.425D	2020-ES-01-35360	03/13/20-09/30/22	68,325	-0-	-0-	24,228	24,228	-0-
		Total		84.425D				1,755	475,366	709,537	235,926	-0-
		Total		84.425				\$ 1,755	\$ 500,525	\$ 771,890	\$ 273,120	\$ -0-

See independent auditors' report.

West Perry School District
 SCHEDULE of EXPENDITURES of FEDERAL AWARDS
 (Continued)
 Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
Medicaid Cluster												
U.S. Department of Health and Human Services	Pennsylvania Department of Public Welfare	Medical Assistance Program	I	93.778	NA	07/01/20-06/30/21	6,383	\$ -0-	\$ 6,383	\$ 6,383	\$ -0-	\$ -0-
U.S. Department of Health and Human Services	Pennsylvania Department of Public Welfare	Medical Assistance Program	I	93.778	NA	07/01/19-09/30/20	9,660	6,238	6,238	-0-	-0-	-0-
Total Medicaid Cluster								<u>6,238</u>	<u>12,621</u>	<u>6,383</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENDITURES of FEDERAL AWARDS								<u>\$ 320,911</u>	<u>\$2,439,777</u>	<u>\$2,652,426</u>	<u>\$ 533,560</u>	<u>\$ -0-</u>

Legend
 I = Indirect funding
 AL = Assistance Listing

See independent auditors' report.

West Perry School District

(Continued)

Year Ended June 30, 2021

NOTES to SCHEDULE of EXPENDITURES of FEDERAL AWARDS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 2 - FOOD COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received.

NOTE 3 - SEAMLESS SUMMER PROGRAM

This portion represents the Seamless Summer portion of the National School Lunch Program.

NOTE 4 - DE MINIMIS INDIRECT COST RATE

The School District did not elect to use the 10% de minimis indirect cost rate.

NOTE 5 - ACCESS

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct, eligible health-related services provided to enrolled special needs students. Reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance. Because only federal financial assistance is included on the schedule of expenditures of federal awards, ACCESS reimbursements are not included on the schedule. The amount of ACCESS funding received for the year ended June 30, 2021, was \$41,822 which is listed on the PDE confirmation as program #044-007475.

NOTE 6 - COVID-19

Federal funding provided by Congress to address the COVID-19 pandemic is identified by "COVID-19" in the federal program column of the schedule of expenditures of federal awards. This includes new grants created by pandemic-related legislation, as well as incremental funding for existing federal programs.

See independent auditors' report.



**INDEPENDENT AUDITORS' REPORT on INTERNAL CONTROL over FINANCIAL REPORTING and on
COMPLIANCE and OTHER MATTERS BASED on an AUDIT of FINANCIAL STATEMENTS
PERFORMED in ACCORDANCE with GOVERNMENT AUDITING STANDARDS**

To the Board Officers and Members
West Perry School District
Elliottsburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **West Perry School District**, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise **West Perry School District's** basic financial statements, and have issued our report thereon dated December 17, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



December 17, 2021
Lancaster, Pennsylvania



INDEPENDENT AUDITORS' REPORT on COMPLIANCE for EACH MAJOR PROGRAM and on INTERNAL CONTROL over COMPLIANCE REQUIRED by the UNIFORM GUIDANCE

To the Board Officers and Members
West Perry School District
Elliottsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited **West Perry School District's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **West Perry School District's** major federal program for the year ended June 30, 2021. **West Perry School District's** major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for **West Perry School District's** major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **West Perry School District's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of **West Perry School District's** compliance.

Opinion on Each Major Federal Program

In our opinion, **West Perry School District** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of **West Perry School District** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **West Perry School District's** internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **West Perry School District's** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



December 17, 2021
Lancaster, Pennsylvania

West Perry School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
Year Ended June 30, 2021

A. Summary of Auditors' Results

1. The auditors' report expresses unmodified opinions on the financial statements of **West Perry School District**.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **West Perry School District** were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal program are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal program for **West Perry School District** expresses an unmodified opinion.
6. Audit findings relative to the major federal program for **West Perry School District** are reported in part C of this schedule.
7. The program tested as a major federal program is: Education Stabilization Fund - Assistance Listing #84.425
8. The threshold for distinguishing type A and B programs was \$750,000.
9. **West Perry School District** was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Programs Audit

None

WEST PERRY



MUSTANGS

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West Perry School District
SUMMARY SCHEDULE of PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

There are no prior year audit findings.