

WEST PERRY SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
West Perry School District
Elliottsburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Perry School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* as of July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is positioned centrally on the page.

Camp Hill, Pennsylvania
February 10, 2023

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 2022 and 2021. The MD&A also includes comparisons of current year financial activities to the previous year. The 2021 amounts are taken from our prior year MD&A, and are otherwise not a part of the June 2022 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 5.3% mainly due to the Board authorizing the real estate tax millage to be increased to 13.7400 for 2021-2022.
- 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 10.1%. At June 30, 2022, the District's specific reserve amount is \$3,133,729 compared to \$3,527,140 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 fifteenth year with Metz & Associates managing the operation. Although the cafeteria fund again operated at a loss in 2021-2022, the District was able to keep the general fund contribution for operations at approximately \$221,000. This is a decrease from the previous year. 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 or assigned to specific projects projected to be initiated within one year.. During 2021-2022, monies were spent on upgrades to several buildings. For the 2022-2023 fiscal year, the amount is to be spent on upgrades needed for several buildings and replacement of capitalized equipment such as tractors/mowers and utility trucks.
- The District applied for and was awarded Pre-K Counts money, which is a State grant for the 2021-2022 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.
- The District applied for and was awarded several COVID-19 federal stimulus grants for the 2021-2022 year. Approximately \$1,628,898 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.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities 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 for governmental activities 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 to the Statement of Net Position connects the governmental funds balance to the total net position balance. The Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities does the same for the components of the changes in fund balances to the change in net position.

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 and Capital Project. 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 or Custodial Capacity

The District acts in a trustee or custodial 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 and Statement of Changes in Fiduciary Net Position are presented for these funds.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

THE DISTRICT AS A WHOLE

Table A-1 summarizes and compares the Statement of Net Position of the financial statements for each of the past two years.

**Table A-1
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 21,128,382	\$ 24,464,997	\$ 523,580	\$ 34,766	\$ 21,651,962	\$ 24,499,763
Capital assets	50,057,417	51,451,258	191,020	216,746	50,248,437	51,668,004
Total assets	\$ 71,185,799	\$ 75,916,255	\$ 714,600	\$ 251,512	\$ 71,900,399	\$ 76,167,767
Deferred outflows for pension	\$ 7,803,000	\$ 8,066,000	\$ 92,000	\$ 95,000	\$ 7,895,000	\$ 8,161,000
Deferred outflows for OPEB	869,934	728,000	10,558	9,000	880,492	737,000
Deferred outflows of resources	\$ 8,672,934	\$ 8,794,000	\$ 102,558	\$ 104,000	\$ 8,775,492	\$ 8,898,000
Current and other liabilities	\$ 5,431,790	\$ 6,917,274	\$ 106,433	\$ 69,032	\$ 5,538,223	\$ 6,986,306
Long-term liabilities	66,386,186	76,578,732	606,447	717,627	66,992,633	77,296,359
Total liabilities	\$ 71,817,976	\$ 83,496,006	\$ 712,880	\$ 786,659	\$ 72,530,856	\$ 84,282,665
Deferred inflows for pension	\$ 7,702,000	\$ 2,258,000	\$ 302,000	\$ 341,000	\$ 8,004,000	\$ 2,599,000
Deferred inflows for OPEB	411,181	416,000	4,978	5,000	416,159	421,000
Deferred inflows of resources	\$ 8,113,181	\$ 2,674,000	\$ 306,978	\$ 346,000	\$ 8,420,159	\$ 3,020,000
Net investment in capital assets	\$ 31,253,650	\$ 31,224,022	\$ 191,020	\$ 216,746	\$ 31,444,670	\$ 31,440,768
Restricted	6,545,027	3,527,140	-	-	6,545,027	3,527,140
Unrestricted deficit	(37,871,101)	(36,210,913)	(393,720)	(993,893)	(38,264,821)	(37,204,806)
Total net position (deficit)	\$ (72,424)	\$ (1,459,751)	\$ (202,700)	\$ (777,147)	\$ (275,124)	\$ (2,236,898)

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.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

THE DISTRICT AS A WHOLE (Continued)

Table A-2 summarizes and compares activity presented in the Statement of Activities. It shows the revenue items, total direct expenses, and other items that resulted in a \$1,913,543 increase in our total primary government net position, including business-type activities.

**Table A-2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 193,582	\$ 107,600	\$ 64,687	\$ 30,865	\$ 258,269	\$ 138,465
Operating Grants and Contributions	11,909,005	11,824,116	1,509,848	707,220	13,418,853	12,531,336
Capital Grants and Contributions	-	554,252	-	-	-	554,252
General Revenues and Transfers:						
Property taxes	16,487,260	16,992,295	-	-	16,487,260	16,992,295
Other taxes	6,115,280	5,256,038	-	-	6,115,280	5,256,038
Grants, subsidies and contributions	9,919,058	8,926,136	-	-	9,919,058	8,926,136
Investment earnings	65,976	73,574	185	-	66,161	73,574
Loss on disposition of capital assets	(6,987)	(534,741)	-	-	(6,987)	(534,741)
Transfers	(221,068)	(301,442)	221,068	307,017	-	5,575
Total Revenues	44,462,106	42,897,828	1,795,788	1,045,102	46,257,894	43,942,930
Direct Expenses	43,123,010	41,926,781	1,221,341	961,919	44,344,351	42,888,700
Change in Net Position	\$ 1,339,096	\$ 971,047	\$ 574,447	\$ 83,183	\$ 1,913,543	\$ 1,054,230

Total revenues from governmental activities for 2022 were 3.6% higher than 2021. Direct expenses increased by 2.9%. Total revenue from business-type activities increased by 71.8% and direct expenses increased by 27.0%.

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.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

THE DISTRICT AS A WHOLE (Continued)

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. The total cost of governmental services increased by \$1,196,229. Program revenues decreased by \$383,381.

**Table A-3
Governmental Activities**

	Total Cost of Services		Less: Program Revenues		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
Instruction	\$ 28,677,754	\$ 27,683,157	\$ 8,631,957	\$ 7,003,340	\$ 20,045,797	\$ 20,679,817
Instructional student support	3,172,624	2,997,142	481,638	795,515	2,690,986	2,201,627
Administration and financial support	4,200,390	4,023,675	510,202	898,715	3,690,188	3,124,960
Operation and maintenance of plant services	3,069,089	3,025,569	217,385	274,692	2,851,704	2,750,877
Pupil transportation	3,053,572	2,855,752	2,184,568	2,913,229	869,004	(57,477)
Student activities	431,139	419,126	76,837	46,225	354,302	372,901
Community services	5,037	-	-	-	5,037	-
Interest on long-term debt	513,405	559,936	-	554,252	513,405	5,684
Depreciation - Unallocated	-	362,424	-	-	-	362,424
Total governmental activities	\$ 43,123,010	\$ 41,926,781	\$ 12,102,587	\$ 12,485,968	31,020,423	29,440,813
Less: unrestricted grants, subsidies and contributions					9,919,058	8,926,136
Total needs from taxes and other local services					\$ 21,101,365	\$ 20,514,677

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**

	Total Cost of Services		Less: Program Revenues		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
Food services	\$ 1,221,341	\$ 961,919	\$ 1,574,535	\$ 738,085	\$ (353,194)	\$ 223,834

The total cost of the services was 27.0% higher from the previous year with revenues 113.3% higher.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

DISTRICT'S FUNDS

The information in Table A-5 summarizes and compares the Governmental Fund's fund balances for June 30, 2022, and 2021. The 2021 balances were brought forward from the prior year financial statements and are not part of the 2022 statements. The groupings are the same as those used in the Balance Sheet – Governmental Funds.

**Table A-5
Comparative Fund Balances**

	2022	2021	Change
General Fund			
Nonspendable	\$ 3,133,729	\$ 3,527,140	\$ (393,411)
Committed:			
Pension plan rate increases	4,507,233	4,507,233	-
Health care cost increases	2,037,794	2,037,794	-
Assigned	2,330,000	-	2,330,000
Unassigned	2,769,413	5,373,398	(2,603,985)
Capital Reserve - Restricted	1,908,617	2,029,720	(121,103)
Total - General fund	<u>\$ 16,686,786</u>	<u>\$ 17,475,285</u>	<u>\$ (788,499)</u>

As previously mentioned, the basis of measurement for fund assets and liabilities in the Balance Sheet – Governmental Funds is different than that used in the Statement of Net Position. The differences between the total governmental fund balances of \$16,686,786 and the total governmental activities net position (deficit) of \$(72,424) are itemized in the reconciliation presented within the financial statements. The most significant differences relate to the inclusion of capital assets, bonds payable, net pension liability and other post-employment benefits liabilities. 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. The total governmental funds balance decreased by \$788,499 as a result of the total expenditures exceeding the total revenues.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

General Fund Budgetary Highlights

Table A-6 has been summarized from the comparative budget information presented as required supplementary information.

**Table A-6
Comparison of Final Budget to Actual**

	Final Budget		Actual		Variance	
	2022	2021	2022	2021	2022	2021
Total Revenues	\$ 43,450,599	\$ 41,771,334	\$ 45,750,647	\$ 43,783,157	\$ 2,300,048	\$ 2,011,823
Total Expenditures	43,169,851	40,304,259	46,245,206	39,693,772	(3,075,355)	610,487
Revenues over (under) expenditures	280,748	1,467,075	(494,559)	4,089,385	(775,307)	1,401,336
Other financing sources (uses)	(1,971,173)	(2,785,714)	(221,068)	(3,295,332)	1,750,105	(509,618)
Net change in fund balance	\$ (1,690,425)	\$ (1,318,639)	\$ (715,627)	\$ 794,053	\$ 974,798	\$ 891,718

Actual revenues were \$2,300,048 above budgeted revenues, comparing favorably. Actual expenses were \$3,075,355 above budgeted expenses. Actual results compare favorably to budget, showing narrower Revenues (under) expenditures of \$974,798

CAPITAL ASSETS

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

**Table A-7
Governmental Activities Capital Assets**

	2022	2021
Land	\$ 269,759	\$ 269,759
Land improvements	1,456,859	1,605,608
Buildings and building improvements	46,983,810	48,193,603
Furniture, fixtures, and equipment	1,100,979	1,214,939
Library books	-	-
Vehicles	223,250	167,349
Right-to-use equipment	22,760	61,778
Total capital assets, net of depreciation	\$ 50,057,417	\$ 51,513,036

The original cost of the capital assets on the books at June 30, 2022 was \$92,292,215, an increase of \$558,734 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 \$50,057,417 is the amount remaining after this reduction.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

LONG-TERM LIABILITIES

Table A-8 summarizes the various notes to the financial statements relating to long-term obligations, pension liability and OPEB liabilities for 2022. Most of the debt relates to general obligation bonds issued 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 Liabilities**

	2022	2021
General obligation bonds and note	\$ 18,470,000	\$ 19,845,000
Unamortized bond premiums	313,009	382,236
Leases payable	20,758	-
Compensated absences	1,257,324	1,342,227
Net OPEB liabilities	4,646,452	4,405,000
Net pension liabilities	43,323,000	52,243,000
Total long-term liabilities	\$ 68,030,543	\$ 78,217,463

General obligation bonds and notes payable decreased by \$1,375,000 during 2022. 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, 2022 was \$4,646,452. 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 decreased by about \$8.92 million during 2022. The pension obligation at June 2022 was \$43.3 million compared to \$52.2 million at June 2021.

**WEST PERRY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022**

NEXT YEAR’S BUDGET AND ECONOMIC FACTORS

Table A-9 summarizes and compares the budget for 2022 to the 2023 budget. The 2023 budget was approved on June 13, 2022.

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**

	2023	2022	Change
Total Revenues	\$ 44,581,016	\$ 43,450,599	\$ 1,130,417
Total Expenditures	45,032,535	43,169,851	1,862,684
Revenue over (under) expenditures	(451,519)	280,748	(732,267)
Other financing sources (uses)	(1,930,348)	(1,971,173)	40,825
Net changes in fund balance	\$ (2,381,867)	\$ (1,690,425)	\$ (691,442)

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 2022-2023, 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, Elliottsburg, Pennsylvania 17024, or by phone at (717) 789-3934.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 13,343,352	\$ 481,309	\$ 13,824,661
Investments	736,457	-	736,457
Taxes receivable, net	1,807,980	-	1,807,980
Due from other governments	2,106,864	15,061	2,121,925
Inventories	-	27,210	27,210
Insurance Deposit	3,133,729	-	3,133,729
Total current assets	21,128,382	523,580	21,651,962
Capital assets			
Land and construction-in-progress	269,759	-	269,759
Other capital assets, net of depreciation	49,787,658	191,020	49,978,678
Total capital assets	50,057,417	191,020	50,248,437
Total assets	\$ 71,185,799	\$ 714,600	\$ 71,900,399
Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 7,803,000	\$ 92,000	\$ 7,895,000
Deferred amounts on OPEB liabilities	869,934	10,558	880,492
Total deferred outflows of resources	\$ 8,672,934	\$ 102,558	\$ 8,775,492
Liabilities			
Current Liabilities			
Accounts payable	\$ 1,058,959	\$ 11,851	\$ 1,070,810
Accrued salaries and benefits	2,537,466	32,601	2,570,067
Current portion bonds and notes payable	1,435,000	-	1,435,000
Current portion of compensated absences	188,599	4,295	192,894
Current portion of leases payable	20,758	-	20,758
Accrued interest on long-term debt	69,937	-	69,937
Unearned revenues	121,071	57,686	178,757
Total current liabilities	5,431,790	106,433	5,538,223
Long-Term Liabilities			
Bonds and notes payable, net of unamortized premiums	17,348,009	-	17,348,009
Compensated absences	1,068,725	24,340	1,093,065
Net pension liability	43,323,000	526,000	43,849,000
Other post-employment benefits (OPEB) liabilities	4,646,452	56,107	4,702,559
Total long-term liabilities	66,386,186	606,447	66,992,633
Total liabilities	\$ 71,817,976	\$ 712,880	\$ 72,530,856
Deferred Inflows of Resources			
Deferred amounts on pension liability	\$ 7,702,000	\$ 302,000	\$ 8,004,000
Deferred amounts on OPEB liabilities	411,181	4,978	416,159
Total deferred inflows of resources	\$ 8,113,181	\$ 306,978	\$ 8,420,159
Net Position (Deficit)			
Net investment in capital assets	\$ 31,253,650	\$ 191,020	\$ 31,444,670
Restricted	6,545,027	-	6,545,027
Unrestricted (deficit)	(37,871,101)	(393,720)	(38,264,821)
Total net position (deficit)	\$ (72,424)	\$ (202,700)	\$ (275,124)

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues 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	\$ 28,677,754	\$ 152,627	\$ 8,479,330	\$ -	\$ (20,045,797)	\$ -	\$ (20,045,797)
Instructional student support	3,172,624	-	481,638	-	(2,690,986)	-	(2,690,986)
Administration and financial support	4,200,390	-	510,202	-	(3,690,188)	-	(3,690,188)
Operation and maintenance of plant services	3,069,089	-	217,385	-	(2,851,704)	-	(2,851,704)
Pupil transportation	3,053,572	-	2,184,568	-	(869,004)	-	(869,004)
Student activities	431,139	40,955	35,882	-	(354,302)	-	(354,302)
Community services	5,037	-	-	-	(5,037)	-	(5,037)
Interest on long-term debt	513,405	-	-	-	(513,405)	-	(513,405)
Total governmental activities	43,123,010	193,582	11,909,005	-	(31,020,423)	-	(31,020,423)
Business-Type Activities:							
Food Service	1,221,341	64,687	1,509,848	-	-	353,194	353,194
Total primary government	\$ 44,344,351	\$ 258,269	\$ 13,418,853	\$ -	\$ (31,020,423)	\$ 353,194	\$ (30,667,229)
General Revenues and Transfers							
General Revenues							
Property taxes, levied for general purposes, net					\$ 16,487,260	\$ -	\$ 16,487,260
Public utility, realty transfer, earned income, and other taxes levied for general purposes, net					6,115,280	-	6,115,280
Grants, subsidies and contributions not restricted					9,919,058	-	9,919,058
Investment earnings					65,976	185	66,161
Gain (loss) on disposition of capital assets					(6,987)	-	(6,987)
Transfers in (out)					(221,068)	221,068	-
Total general revenues and transfers					32,359,519	221,253	32,580,772
Change in net position					1,339,096	574,447	1,913,543
Net Position (Deficit) - July 1, 2021					(1,459,751)	(777,147)	(2,236,898)
Prior period adjustment (see Note 1)					48,231	-	48,231
Net Position (Deficit) - July 1, 2021 (restated)					(1,411,520)	(777,147)	(2,188,667)
Net Position (Deficit) - June 30, 2022					\$ (72,424)	\$ (202,700)	\$ (275,124)

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	Major Funds		
	General Fund	Capital Reserve Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 11,434,735	\$ 1,908,617	\$ 13,343,352
Investments	736,457	-	736,457
Taxes receivable, net	1,807,980	-	1,807,980
Due from other governments	2,106,864	-	2,106,864
Insurance deposit	3,133,729	-	3,133,729
Total assets	\$ 19,219,765	\$ 1,908,617	\$ 21,128,382
Liabilities			
Accounts payable	\$ 1,058,959	\$ -	\$ 1,058,959
Accrued salaries and benefits	2,537,466	-	2,537,466
Unearned revenues	121,071	-	121,071
Total liabilities	3,717,496	-	3,717,496
Deferred Inflows of Resources			
Deferred taxes	724,100	-	724,100
Fund Balances			
Nonspendable	3,133,729	-	3,133,729
Restricted	-	1,908,617	1,908,617
Committed	6,545,027	-	6,545,027
Assigned	2,330,000	-	2,330,000
Unassigned	2,769,413	-	2,769,413
Total fund balances	14,778,169	1,908,617	16,686,786
Total liabilities and deferred inflows of resources and fund balance	\$ 19,219,765	\$ 1,908,617	\$ 21,128,382

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

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

June 30, 2022

Total fund balances - governmental funds	\$ 16,686,786
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$92,292,215 and the accumulated depreciation/amortization is \$42,234,798.

	50,057,417
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Property 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.

	724,100
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Long-term liabilities, including bonds payable, accrued interest payable, leases payable, net pension liability, other post-employment benefits and compensated absences; 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:

Bonds payable, net of related discounts and premiums	(18,783,009)	
Accrued interest on long-term debt	(69,937)	
Leases payable	(20,758)	
Compensated absences	(1,257,324)	
Net pension liability	(43,323,000)	
Other post-employment benefits (OPEB) liabilities	(4,646,452)	(68,100,480)

Deferred outflows of resources - pension and OPEB are not due and payable in the current period, and therefore, are not reported in the funds.

	8,672,934
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Deferred inflows of resources - pension and OPEB are not due and collectable in the current period, and therefore, are not reported in the funds.

	(8,113,181)
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Total net position (deficit) - governmental activities	\$ (72,424)
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See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

	Major Funds		Totals Governmental Funds
	General Fund	Capital Reserve Fund	
Revenues			
Local sources:			
Real estate taxes	\$ 17,551,643	\$ -	\$ 17,551,643
Other taxes	6,115,280	-	6,115,280
Investment earnings	62,079	3,897	65,976
Other revenue	790,520	-	790,520
Total local sources	24,519,522	3,897	24,523,419
State sources	18,940,819	-	18,940,819
Federal sources	2,290,306	-	2,290,306
Total revenues	45,750,647	3,897	45,754,544
Expenditures			
Instruction	29,428,407	-	29,428,407
Support services	14,365,755	-	14,365,755
Operation of non-instructional services	442,869	-	442,869
Capital outlay	-	125,000	125,000
Debt service	2,006,030	-	2,006,030
Refund of prior years' receipts	2,145	-	2,145
Total expenditures	46,245,206	125,000	46,370,206
Deficiency of revenues over expenditures	(494,559)	(121,103)	(615,662)
Other Financing Sources (Uses)			
Interfund transfers out	(221,068)	-	(221,068)
Total other financing sources (uses)	(221,068)	-	(221,068)
Net change in fund balances	(715,627)	(121,103)	(836,730)
Fund Balances - July 1, 2021	15,445,565	2,029,720	17,475,285
Prior period adjustment (see Note 1)	48,231	-	48,231
Fund Balances - July 1, 2021 (restated)	15,493,796	2,029,720	17,523,516
Fund Balances - June 30, 2022	\$ 14,778,169	\$ 1,908,617	\$ 16,686,786

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, 2022

Net change in fund balances - total governmental funds	\$ (836,730)
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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/amortization expense. The amount by which capital outlays exceeds depreciation/amortization in the period is as follows:

Capital outlays	640,026	
Less net book value of disposed assets	(6,987)	
Depreciation/amortization expense	(2,088,658)	(1,455,619)

Because some taxes will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year. (1,064,383)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus, requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest accrued in the Statement of Activities over the amount due is shown here. 7,377

Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

District pension and OPEB contributions (PSERS)	5,389,000
Cost of benefits earned net of employee contributions (PSERS)	(2,171,800)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	84,903
Change in other post-employment benefits (District's Plan)	(98,899)

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

Repayment of long-term debt	1,375,000	
Repayment of leases payable	41,020	
Amortization of bond premiums	69,227	1,485,247

Change in net position (deficit) - governmental activities	\$ 1,339,096
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See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE
June 30, 2022

	Major Enterprise Fund Food Service Fund
Assets	
Cash and cash equivalents	\$ 481,309
Receivables	
State sources	459
Federal sources	14,602
Inventories	27,210
Other capital assets, net of depreciation	191,020
Total assets	<u><u>\$ 714,600</u></u>
Deferred Outflows of Resources	
Deferred amounts on pension liability	\$ 92,000
Deferred amounts on OPEB liabilities	10,558
Total deferred outflows of resources	<u><u>\$ 102,558</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 11,851
Other accrued expenses	32,601
Unearned revenues	57,686
Accumulated compensated absences	4,295
Total current liabilities	<u><u>\$ 106,433</u></u>
Long-Term Liabilities	
Net pension liability	\$ 526,000
Net other postemployment benefits (OPEB) liabilities	56,107
Long-term portion of accumulated compensated absences	24,340
Total noncurrent liabilities	<u><u>606,447</u></u>
Total liabilities	<u><u>\$ 712,880</u></u>
Deferred Inflows of Resources	
Deferred amounts on pension liability	\$ 302,000
Deferred amounts on OPEB liabilities	4,978
Total deferred inflows of resources	<u><u>\$ 306,978</u></u>
Net Position (Deficit)	
Net investment in capital assets	\$ 191,020
Unrestricted (deficit)	(393,720)
Total net position (deficit)	<u><u>\$ (202,700)</u></u>

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

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

Year Ended June 30, 2022

	Major Enterprise Fund Food Service Fund
<hr/>	
Operating Revenues	
Food service revenue	\$ 64,687
Operating Expenses	
Salaries	191,802
Employee benefits	78,980
Other purchased services	834,221
Supplies	83,218
Depreciation	33,120
Total operating expenses	<u>1,221,341</u>
Operating loss	(1,156,654)
Nonoperating Revenues	
Investment earnings	185
State sources	80,711
Federal sources	1,429,137
Total nonoperating revenues	<u>1,510,033</u>
Income before transfers	353,379
Interfund Transfers In	<u>221,068</u>
Change in net position	574,447
Net Position (Deficit) - July 1, 2021	(777,147)
Net Position (Deficit) - June 30, 2022	<u>\$ (202,700)</u>

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2022

	Major Enterprise Fund Food Service Fund
Cash Flows From Operating Activities	
Cash received from users	\$ 118,203
Cash payments to employees for services	(441,583)
Cash payments to suppliers for goods and services	(829,195)
Net cash used in operating activities	(1,152,575)
Cash Flows From Non-Capital Financing Activities	
State sources	80,252
Federal sources	1,333,365
Interfund transfers	221,068
Net cash provided by non-capital financing activities	1,634,685
Cash Flows from Capital and Related Financing Activities	
Capital outlay	(7,394)
Cash Flows From Investing Activities	
Investment earnings	185
Net change in cash and cash equivalents	474,901
Cash and Cash Equivalents:	
July 1, 2021	6,408
June 30, 2022	<u>\$ 481,309</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (1,156,654)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	33,120
Value of donated commodities	81,170
(Increase) Decrease in:	
Inventory	1,148
Deferred outflow of resources	1,442
(Increase) Decrease in:	
Accounts payable	5,926
Accrued expenses	1,071
Unearned revenue	53,516
Net pension liability	(114,000)
OPEB liabilities	2,107
Accumulated compensated absences	(22,399)
Deferred inflow of resources	(39,022)
Net cash used in operating activities	\$ (1,152,575)
Supplemental Disclosure	
Noncash non-capital financing activity	
USDA donated commodities	<u>\$ 81,170</u>

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

	Private-Purpose Trust Fund	Custodial Fund
<hr/>		
Assets		
Cash and cash equivalents	\$ 3,941	\$ 107,288
Investments	58,203	-
Total assets	<u>\$ 62,144</u>	<u>\$ 107,288</u>
Net Position		
Restricted	\$ 62,144	\$ 107,288
Total net position	<u>\$ 62,144</u>	<u>\$ 107,288</u>

See Notes to Financial Statements.

WEST PERRY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2022

	Private-Purpose Trust Fund	Custodial Fund
Additions		
Gifts and contributions	\$ 3,492	\$ 7,825
Investment earnings	1,046	121
Miscellaneous	-	155,556
Total additions	<u>4,538</u>	<u>163,502</u>
Deductions		
Scholarship awarded	3,100	-
Travel	-	42,021
Supplies	-	60,192
Fundraiser	-	67,915
Dues	-	1,274
Miscellaneous	-	2,598
Total deductions	<u>3,100</u>	<u>174,000</u>
Change in net position	1,438	(10,498)
Net Position - July 1, 2021	60,706	117,786
Net Position - June 30, 2022	<u>\$ 62,144</u>	<u>\$ 107,288</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 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 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 Toboynne Township. Services provided include a comprehensive curriculum for primary and secondary education as well as special education and vocational education programs. The 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:

A. Reporting Entity

Consistent with guidance contained in Statement No. 14 of the GASB, The Financial Reporting Entity, as amended, the criteria used by the 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 District reviews the applicability of the following criteria:

The District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if District officials appoint a voting majority of the organization's governing body and the 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 District as defined below.

Impose its Will - If the 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 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 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 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

Note 1. Summary of Significant Accounting Policies (Continued)

B. Joint Ventures

The District is a participant in five joint venture organizations, each of which is a separate legal entity that offers services to the 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 which the District participates in 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, 2022, was approximately \$65,000.

Capital Area Intermediate Unit provides special education services and programs. The amount paid for these services for the year ended June 30, 2022, was approximately \$1,178,000.

Cumberland Perry Area Career and Technical Center provides vocational and technical education services and programs. The amount paid for these services for the year ended June 30, 2022, 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, 2022, was approximately \$128,000. The District also paid approximately \$-0- for capital outlays.

C. Basis of Presentation - Fund Accounting

The accounts of the 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.

D. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation - 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 District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, 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 District.

E. Basis of Presentation - 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 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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation - Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund - The general fund is the principal operating fund of the 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.

The District reports the following proprietary funds:

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 District reports the following fiduciary funds:

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

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

F. 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

Note 1. Summary of Significant Accounting Policies (Continued)

F. 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 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 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, 2022, which are not intended to finance fiscal 2022 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 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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 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.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. 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.

The Pennsylvania School Code dictates specific procedures relative to budget adoption and financial statement presentation. The 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 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

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

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 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.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

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.

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: 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 non-spendable in an equal amount.

Prepaid Expenses: 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 District-wide financial statements. Capital assets are defined by the 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 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 District-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (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	-
Building Improvements	10 to 30	-
Land improvements	20	-
Furniture	15	15
Machinery and equipment	5 to 20	15
Computer equipment	5	5
Vehicles	10	-
Library books	7	-
Computer software	3	-

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

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 District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

Long-Term Obligations: 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 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 District's deferred inflows of resources at June 30, 2022, 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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Leases: The District is a lessee for non-cancellable leases of equipment. A lease liability and an intangible right-to-use lease asset is recognized in the government-wide financial statements. The District considers all leases above their capitalization policy for recognition. Leases that are material individually or in aggregate are recognized.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

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 District maintains records of unused leave and applies the contracted rate for employees eligible for accumulated sick, personal and vacation leave. The 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 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.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about 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 Post-Employment Benefits (OPEB): In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans, the first is a single employer plan administered by the District. The Plan provides retiree health, vision, dental care and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. 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.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2022, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 2,149,452	\$ 26,107	\$ 2,175,559
PSERS Cost-Sharing Plan	2,497,000	30,000	2,527,000
Total	\$ 4,646,452	\$ 56,107	\$ 4,702,559
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 441,134	\$ 5,358	\$ 446,492
PSERS Cost-Sharing Plan	428,800	5,200	434,000
Total	\$ 869,934	\$ 10,558	\$ 880,492
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 294,581	\$ 3,578	\$ 298,159
PSERS Cost-Sharing Plan	116,600	1,400	118,000
Total	\$ 411,181	\$ 4,978	\$ 416,159

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Inflows of Resources - Pension and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Net Position: Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In the 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 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.

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

Non-spendable - 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 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 District's budgetary policies, the Business Manager may assign amounts.

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

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

I. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2022:

GASB issued Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of various GASB standards previously issued.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses accounting and financial reporting implications that result from the replacement of an IBOR.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to the reporting of fiduciary component units where a governing board does not exist and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension and OPEB plans and other employee benefit plans as fiduciary component units; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the District beginning with its year ending June 30, 2023 (periods beginning after December 15, 2021). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the District beginning with its year ending June 30, 2023 (fiscal periods beginning after June 15, 2022). This Statement improves financial reporting by addressing issues related to public-private and public-public partnerships.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

I. New Accounting Pronouncements (Continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements for this Statement are effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating what effect, if any, the adoption of GASB No. 96 will have on the District's financial statements.

GASB Statement No. 99, *Omnibus 2022* will be effective in fiscal years between June 30, 2022 and 2024, depending on the topics addressed and their relation to other standards. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, will be effective for the District beginning with its year ending June 30, 2024 (fiscal years beginning after June 15, 2023). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its year ending June 30, 2025 (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It requires that a liability for certain types of compensated absences - including parental leave, military leave and jury duty leave - not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

J. Other

Use of 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.

Restatement of Net Position and Fund Balance Beginning Balances: As of July 1, 2021, the District restated the General Fund fund balance and Governmental Activities net position. These restatements were necessary due to errors reported in the financial statements for the year ended June 30, 2021. The restatements had the following effects on fund balance and net position:

	Governmental Activities	General Fund
Fund Balance or Net Position as previously reported on June 30, 2021	\$ (1,459,751)	\$ 15,445,565
Prior period adjustment of accounts receivable and relating to federal and state subsidies	48,231	48,231
Fund Balance or Net Position as restated on July 1, 2021	\$ (1,411,520)	\$ 15,493,796

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 10, 2023, the date the financial statements were available to be issued. There were no subsequent events identified.

Note 2. GASB Standard Implementation

The District implemented Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. The standard requires the inclusion of lease liabilities and underlying assets associated with the nonfinancial, right to use assets resulting in a potential restatement of the government-wide statement of net position. The change did not require a restatement of the District's Governmental Net Position.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments

Under Section 440.1 of the Public-School Code of 1949, as amended, the 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 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 District

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. A summary of the District's deposits at June 30, 2022, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	Bank of Landisburg
Insured (FDIC)	250,000	250,000	Pennian Bank
Uninsured, collateralized in accordance with Act 72	9,732,922	12,403,147	Bank of Landisburg
Uninsured, collateralized in accordance with Act 72	3,760,588	3,772,096	Pennian Bank
	<u>\$ 13,993,510</u>	<u>\$ 16,675,243</u>	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits 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 District currently does not have any investments that are measured at fair value.

Investments measured at amortized cost are as follows at June 30, 2022:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
Pennsylvania School District Liquid Asset Fund			
PSDMAX	AAAm	0.164	\$ 197,868
Pennsylvania Local Government Investment Trust			
PLGIT - Class	AAAm	0.205	45,589
PLGIT - CD Purchase Program	AAAm	N/A	493,000
			<u>\$ 736,457</u>

The PSDMAX fund is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The 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. The 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.

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 District's investments in the PLGIT account are subject to a one-day holding period. The PLGIT-Class Shares are a flexible option which requires no minimum balance, no minimum initial investment, and pays dividends monthly. The PLGIT - CD Purchase Program is an option that enables investors to purchase directly Certificates of Deposit which are intended to be fully insured by the Federal Deposit Insurance Corporation. Investments in the PLGIT - CD Purchase Program are direct investments of the investor, not assets of the Trust. The 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.

Weighted-Average Maturity: The weighted-average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar-size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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.

Concentration of Credit Risk: The District places no limit on the amount they may invest in any one issuer. At June 30, 2022, the District does not have any concentrations 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 District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments which are subject to custodial credit risk at June 30, 2022.

Note 4. Real Estate Taxes

Based upon assessments provided by the County, the District bills and collects its own property taxes. The District tax rate for the year ended June 30, 2022, was 13.7400 mills as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2022, 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)

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 5. Taxes Receivable and Deferred Taxes

The District, in accordance with accounting principles generally accepted in the United States of America, recognizes delinquent and unpaid taxes receivable. All taxes are determined to be collectible. A portion of the receivable amount which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements. An allowance of \$78,312 as of June 30, 2022, has been recorded for taxes receivable that are not considered to be fully collectible. The balances at June 30, 2022, are as follows:

	Gross Taxes Receivable	Net Taxes Receivable	Revenue Recognized	Deferred Taxes
Real Estate Taxes	\$ 933,115	\$ 886,459	\$ 191,200	\$ 695,259
Earned Income Taxes	849,073	849,073	849,073	-
Realty Transfer Taxes	40,791	40,792	40,792	-
Per Capita Taxes	63,313	31,656	2,815	28,841
General Fund	<u>\$ 1,886,292</u>	<u>\$ 1,807,980</u>	<u>\$ 1,083,880</u>	<u>\$ 724,100</u>

Note 6. Interfund Balances and Interfund Transfers

There were no individual fund receivable and payable at June 30, 2022.

Individual fund transfers during the fiscal year ended June 30, 2022, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ -	\$ 221,068
Proprietary Funds		
Food Service	221,068	-
	<u>\$ 221,068</u>	<u>\$ 221,068</u>

Transfers are made from the general fund to the food service fund to provide resources for the operation of the cafeteria.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets

Capital asset activity for governmental and business-type activities for the year ended June 30, 2022, was as follows:

	July 1, 2021 (restated)	Additions	Deletions	June 30, 2022
Governmental Activities:				
Capital assets not being depreciated/amortized				
Land	\$ 269,759	\$ -	\$ -	\$ 269,759
Total capital assets not being depreciated/amortized	269,759	-	-	269,759
Capital assets being depreciated/amortized				
Land improvements	5,061,456	-	(7,692)	5,053,764
Buildings and building improvements	78,652,537	485,581	-	79,138,118
Furniture, fixtures, and equipment	5,821,522	62,512	(73,600)	5,810,434
Library books	1,451,119	-	-	1,451,119
Vehicles	415,310	91,933	-	507,243
Right-to-use equipment	61,778	-	-	61,778
Total capital assets being depreciated/amortized	91,463,722	640,026	(81,292)	92,022,456
Less accumulated depreciation/amortization				
Land Improvements	3,455,848	141,762	(705)	3,596,905
Buildings and building improvements	30,458,934	1,695,374	-	32,154,308
Furniture, fixture, and equipment	4,606,583	176,472	(73,600)	4,709,455
Library books	1,451,119	-	-	1,451,119
Vehicles	247,961	36,032	-	283,993
Right-to-use equipment	-	39,018	-	39,018
Total accumulated depreciation/amortization	40,220,445	2,088,658	(74,305)	42,234,798
Total capital assets being depreciated/amortized, net	51,243,277	(1,448,632)	(6,987)	49,787,658
Total Governmental Activities, Capital assets - net	\$ 51,513,036	\$ (1,448,632)	\$ (6,987)	\$ 50,057,417
Business-Type Activities				
Capital assets being depreciated/amortized				
Furniture and equipment	\$ 974,331	\$ 7,394	\$ (3,362)	\$ 978,363
Less accumulated depreciation/amortization	757,585	33,120	(3,362)	787,343
Business-Type Activities, Capital assets - net	\$ 216,746	\$ (25,726)	\$ -	\$ 191,020

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets (Continued)

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

	Amount
Governmental Activities	
Instruction	\$ 1,458,880
Instructional student support	188,214
Administration and financial support services	300,895
Operation and maintenance of plant services	111,580
Pupil transportation	10,672
Student activities	18,417
	<u>2,088,658</u>
Business-Type Activities	
Food service	33,120
Total School District	<u>\$ 33,120</u>

Note 8. Accrued Salaries and Benefits

At June 30, 2022, the District was liable for \$1,340,080 of payroll, which is payable during July and August 2022, 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, 2022, and to retiring professional employees who are receiving a payout of their accumulated compensated absences. The District was also liable for the benefits on payroll paid prior to or accrued as of June 30, 2022.

Accrued salaries and benefits as of June 30, 2022, are as follows:

	General Fund	Food Service Fund
Accrued salaries	\$ 1,317,156	\$ 22,924
Accrued benefits		
Health insurance	651,856	-
Retirement	469,761	8,010
Social Security	98,693	1,667
	<u>\$ 2,537,466</u>	<u>\$ 32,601</u>

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations

A summary of the District's long-term obligations as of June 30, 2022, and transactions during the year then ended follows:

	July 1, 2021 (restated)	Increases	Decreases	June 30, 2022	Due within one year
Governmental Activities:					
General obligation debt	\$ 19,845,000	\$ -	\$ 1,375,000	\$ 18,470,000	\$ 1,435,000
Bonds premiums	382,236	-	69,227	313,009	-
Leases payable	61,778	-	41,020	20,758	20,758
Compensated absences	1,342,227	-	84,903	1,257,324	188,599
Total governmental activities	<u>\$ 21,631,241</u>	<u>\$ -</u>	<u>\$ 1,570,150</u>	<u>\$ 20,061,091</u>	<u>\$ 1,644,357</u>
Business-type activities:					
Compensated absences	\$ 27,797	\$ 838	\$ -	\$ 28,635	\$ 4,295
Total business-type activities	<u>\$ 27,797</u>	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ 28,635</u>	<u>\$ 4,295</u>

The District pays the long-term obligations of the governmental activities from the general fund.

General Obligation Debt

The District issues general obligation bonds and notes to provide funds for major capital improvements. These bonds and notes are direct obligations and pledge the full faith and credit of the District. Currently, the District has general obligation debt with interest rates and outstanding principal amounts at June 30, 2022, as follows:

Issue	Final Maturity	Interest Rates	Principal Outstanding June 30, 2022	Due within one year
Series of 2013 Bonds	November 2022	2.00% - 3.00%	\$ 205,000	\$ 205,000
Series of 2018 Bonds	November 2032	1.80% - 4.00%	9,295,000	550,000
Series of 2019 Bonds	November 2032	3.00% - 4.00%	8,970,000	680,000
			<u>\$ 18,470,000</u>	<u>\$ 1,435,000</u>

Annual debt service requirements to maturity for the above governmental general debt obligations are as follows:

Year ending June 30:	Principal	Interest	Total
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	1,630,000	338,456	1,968,456
2028-2032	8,855,000	966,019	9,821,019
2033	1,930,000	28,950	1,958,950
	<u>\$ 18,470,000</u>	<u>\$ 3,136,805</u>	<u>\$ 21,606,805</u>

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Leases Payable

The District leases equipment for certain District offices and buildings. The lease term is for 2 years. The District's equipment leases contain scheduled monthly payments with expiration dates extending through 2023. Leases payable are fully funded by the general fund.

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2022:

Year ending June 30:	Principal	Interest	Total Payments
2023	\$ 20,758	\$ 255	\$ 21,013
	\$ 20,758	\$ 255	\$ 21,013

Note 10. Defined-Benefit Pension Plan

Plan Description

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

Benefits Provided

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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members, whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T- C	Prior to July 22, 1983	5.25%	N/A	5.25%
T- C	On or after July 22, 1983	6.25%	N/A	6.25%
T- D	Prior to July 22, 1983	6.50%	N/A	6.50%
T- D	On or after July 22, 1983	7.50%	N/A	7.50%
T- E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
T- F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T- G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T- H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%
Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T- E	7.50%	+ / - 0.50%	5.50%	9.50%
T- F	10.30%	+ / - 0.50%	8.30%	12.30%
T- G	5.50%	+ / - 0.75%	2.50%	8.50%
T- H	4.50%	+ / - 0.75%	1.50%	7.50%

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Contributions (Continued)

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2022, was 34.14% 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. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .15 percent.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2022, was \$5,330,059, and is equal to the required contribution for the year. For the year ended June 30, 2022, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$3,375,736.

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

At June 30, 2022, the District reported a liability of \$43,849,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's reported proportion was .1068 percent, which was a decrease of .0006 percent from its proportion reported as of June 30, 2021.

For the year ended June 30, 2022 the District recognized pension expense of \$1,967,000. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,000	\$ 576,000
Changes in assumptions	2,127,000	-
Net difference between projected and actual investment earnings	-	6,980,000
Changes in proportion	143,000	240,000
Difference between employer contributions and proportionate share of total contributions	55,000	-
Contributions subsequent to the measurement date	5,330,000	-
	<u>\$ 7,687,000</u>	<u>\$ 7,796,000</u>

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

\$5,330,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2023	\$ (1,444,000)
2024	(837,000)
2025	(912,000)
2026	(2,246,000)
	<u>\$ (5,439,000)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2021, was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

Investments

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

For the year ended June 30, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 24.58%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined Benefit Pension Plan (Continued)

Investments (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	(13.0%)	0.1%
	<u>100.0%</u>	

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, 2022.

Discount Rate

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

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 57,553,000	\$ 43,849,000	\$ 32,288,000

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 the System's website at www.psers.pa.gov.

Plan Payables

At June 30, 2022, the District reported a payable to PSERS of \$466,834, which represents the employer contributions owed to the pension plan.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District's Single Employer Plan

Plan Description

The 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 the Benefit Terms

As of the July 1, 2020 actuarial valuation, the following participants were covered by the benefit terms:

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

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

At June 30, 2022, the District reported a liability of \$2,175,559 for the total OPEB liability. The total liability was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2020. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	<hr/> <u>\$ 2,136,100</u>
Changes for the year	
Service cost	157,895
Interest	41,701
Changes in assumptions	(64,153)
Benefit payments	<hr/> <u>(95,984)</u>
Net Changes	39,459
Total OPEB Liability, ending	<hr/> <u>\$ 2,175,559</u>

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$201,894. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 96,975	\$ 204,688
Changes in assumptions	247,723	93,471
Benefit payments subsequent to the measurement date	101,794	-
	<u>\$ 446,492</u>	<u>\$ 298,159</u>

Of the total amounts reported as deferred outflows of resources related to OPEB, \$101,794 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2023. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	Total
2023	\$ 2,298
2024	2,298
2025	2,298
2026	2,298
2027	2,298
Thereafter	35,049
	<u>\$ 46,539</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%
- Salary Increases: 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount Rate: 2.28%, Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2021.
- Actuarial Cost Method: Entry age normal, level percent of pay.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- Healthcare Cost Trend: 5.5% in 2021 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: Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined-benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

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

The following presents the total OPEB liability of the District calculated using the discount rate of 2.28%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.28%) or one percentage higher (3.28%) than the current discount rate:

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
Total OPEB liability	\$ 2,330,250	\$ 2,175,559	\$ 2,028,093

Changes in Actuarial Assumptions

The discount rate used to measure the total OPEB liability increased from 1.86% as of July 1, 2020, to 2.28% as of July 1, 2021.

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

The following presents the total OPEB liability of the District calculated using the health care cost trend rates of (5.5% decreasing to 4.0%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 1,913,123	\$ 2,175,559	\$ 2,489,870

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost-Sharing Plan

Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, 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, 2021 there were no assumed future benefit increases to participating eligible retirees.

Employer Contribution

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2022, was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$124,899 for the year ended June 30, 2022.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

At June 30, 2022, the District reported a liability of \$2,527,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's reported proportion was .1066 percent, which was a decrease of .0009 percent from its proportion reported as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$120,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,000	\$ -
Changes in assumptions	269,000	34,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportions	12,000	84,000
Contributions subsequent to the measurement date	125,000	-
	<u>\$ 434,000</u>	<u>\$ 118,000</u>

\$125,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2023	\$ 8,000
2024	8,000
2025	57,000
2026	48,000
2027	40,000
Thereafter	30,000
	<u>\$ 191,000</u>

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- 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 discount rate used to measure the total OPEB liability decreased from 2.66% as of June 30, 2020 to 2.18%, as of June 30, 2021.

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.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019, determined the employer contribution rate for fiscal year 2021.
- 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 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

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

Investments

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	(0.3%)
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. 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 2.18% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

The following presents the District’s proportionate share of the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.18%) or one percentage point higher (3.18%) than the current discount rate:

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
District's proportionate share of the net OPEB liability	\$ 2,901,000	\$ 2,527,000	\$ 2,220,000

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

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,527,000	\$ 2,527,000	\$ 2,528,000

OPEB Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2022, the District reported a payable to PSERS of \$19,939, which represents the employer contributions owed to the OPEB plan.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Fund Balance Classifications

Non-spendable fund balance consists of amounts that cannot be spent, either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance represents fund balances that can only be used for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed only with the consent of the resource providers.

Committed fund balances represent fund balances that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned fund balances represent fund balances that can only be used for specific purposes as determined by a committee or individual given authorization to do so by the government's highest level of decision making authority.

At June 30, 2022, the District has included the following fund balances:

	General Fund	Capital Reserve Fund	Total Governmental Funds
Nonspendable, reported in:			
Insurance Deposit -			
South Central Trust Medical Costs	\$ 3,133,729	\$ -	\$ 3,133,729
Restricted for, reported in:			
Capital projects	-	1,908,617	1,908,617
Committed to, reported in:			
PSERS contributions rate increases	4,507,233	-	4,507,233
Health insurance increases	2,037,794	-	2,037,794
Assigned, reported in:			
Ongoing maintenance items:			
Turf replacement	700,000	-	700,000
High School & Middle School parking lot/driveway/curb remediation	650,000	-	650,000
Elementary Schools driveway/drop-off repairs	225,000	-	225,000
Blain Elementary School HVAC	755,000	-	755,000
Unassigned, reported in:			
General Fund	2,769,413	-	2,769,413
	<u>\$ 14,778,169</u>	<u>\$ 1,908,617</u>	<u>\$ 16,686,786</u>

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Risk Management

Health Insurance

The 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 District may appoint a maximum of four trustees. The District's required deposits to the Trust are determined annually based 75% on the RSP's experience and 25% on the District's experience. Contributions are payable to the Trust monthly. The Trust purchases stop loss insurance to mitigate catastrophic losses.

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 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 District has accounted for its estimated proportionate share of the RSP surplus, \$3,133,729 at June 30, 2022, as a deposit in accordance with GASB Interpretation No. 4 and included the amount in its nonspendable fund balance and restricted net position. The District is not aware of any additional assessments from the Trust's RSP.

Other Insurance

The 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 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 District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For State unemployment compensation laws, the District is self-insured, which is a common practice for local governmental units. Any unemployment claims are paid by the 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 District's annual cost should not exceed standard commercial insurance rates.

WEST PERRY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments, Contingencies and Uncertainties

Grant Programs

The 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 District is potentially liable for any expenditures which may be disallowed by rules of these grant programs. The District does not anticipate any material disallowances of program expenditures. The 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.

Collective Bargaining Agreement

The District's contract with its teaching staff expired in June 2021. The contract was renewed in December 2021 and extends to June 2023. The contract with the support staff (maintenance, custodial and cafeteria staff) expired in June 2022. The District is currently negotiating this collective bargaining agreement.

Operations

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

REQUIRED SUPPLEMENTARY INFORMATION

WEST PERRY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Favorable (Unfavorable)
Revenues				
Local sources				
Real estate taxes	\$ 17,286,532	\$ 17,286,532	\$ 17,551,643	\$ 265,111
Other taxes	5,211,000	5,211,000	6,115,280	904,280
Investment earnings	90,000	90,000	62,079	(27,921)
Other revenue	560,000	560,000	790,520	230,520
Total Local sources	23,147,532	23,147,532	24,519,522	1,371,990
State sources	17,863,465	17,863,465	18,940,819	1,077,354
Federal sources	2,439,602	2,439,602	2,290,306	(149,296)
Total revenues	43,450,599	43,450,599	45,750,647	2,300,048
Expenditures				
Instruction				
Regular programs	18,318,981	18,319,574	20,472,173	(2,152,599)
Special programs	6,594,699	6,594,699	6,620,290	(25,591)
Vocational education	1,466,351	1,466,351	1,323,673	142,678
Other instructional programs	461,507	461,507	423,415	38,092
Nonpublic school programs	6,296	6,296	8,476	(2,180)
Higher education programs	128,484	128,484	128,859	(375)
Pre-Kindergarten	402,400	402,400	451,521	(49,121)
Support services				
Students	1,782,746	1,782,746	1,911,645	(128,899)
Instructional staff	1,002,001	1,001,408	793,935	207,473
Administration	2,899,397	2,899,397	2,975,576	(76,179)
Pupil health	524,461	524,461	571,700	(47,239)
Business	862,390	862,390	758,396	103,994
Operation and maintenance of plant services	4,694,588	4,694,588	3,644,386	1,050,202
Student transportation services	3,004,960	3,004,960	3,066,553	(61,593)
Central	544,497	544,497	622,066	(77,569)
Other support services	25,000	25,000	21,498	3,502
Operation of non-instructional services				
Student activities	446,093	446,093	437,832	8,261
Community service	-	-	5,037	(5,037)
Debt service				
Principal	-	-	1,416,020	(1,416,020)
Interest and other charges	-	-	590,010	(590,010)
Refund of prior year's receipts	5,000	5,000	2,145	2,855
Total expenditures	43,169,851	43,169,851	46,245,206	(3,075,355)
Excess (deficiency) of revenues over expenditures	280,748	280,748	(494,559)	(775,307)
Other Financing Sources (Uses)				
Interfund transfers out	(1,971,173)	(1,971,173)	(221,068)	1,750,105
Total other financing sources (uses)	(1,971,173)	(1,971,173)	(221,068)	1,750,105
Net change in fund balance	\$ (1,690,425)	\$ (1,690,425)	(715,627)	\$ 974,798
Fund Balances - July 1, 2021			15,445,565	
Prior period adjustment (see Note 1)			48,231	
Fund Balances - July 1, 2021 (restated)			15,493,796	
Fund Balances - June 30, 2022			\$ 14,778,169	

See Notes to Required Supplementary Information.

WEST PERRY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting General Fund

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 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 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, 2022.
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.

WEST PERRY SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1068%	\$ 43,849,000	\$ 15,117,109	290.06%	63.67%
2021	0.1074%	\$ 52,883,000	\$ 15,076,000	350.78%	54.32%
2020	0.1068%	\$ 49,964,000	\$ 14,717,945	339.48%	55.66%
2019	0.1070%	\$ 51,365,000	\$ 14,414,758	356.34%	54.00%
2018	0.1068%	\$ 52,747,001	\$ 14,213,665	371.10%	51.84%
2017	0.1175%	\$ 58,229,378	\$ 15,211,178	382.81%	50.14%
2016	0.1140%	\$ 49,380,074	\$ 14,667,139	336.67%	54.36%
2015	0.1097%	\$ 43,420,364	\$ 13,993,369	310.29%	57.24%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year-end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

WEST PERRY SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 5,330,059	\$ (5,330,059)	\$ -	\$ 15,138,910	35.21%
2021	\$ 5,092,000	\$ (5,092,000)	\$ -	\$ 15,122,873	33.67%
2020	\$ 5,043,000	\$ (5,043,000)	\$ -	\$ 15,076,000	33.45%
2019	\$ 4,813,192	\$ (4,813,192)	\$ -	\$ 14,764,337	32.60%
2018	\$ 4,610,232	\$ (4,610,232)	\$ -	\$ 14,524,991	31.74%
2017	\$ 4,117,661	\$ (4,117,661)	\$ -	\$ 14,101,579	29.20%
2016	\$ 3,743,599	\$ (3,743,599)	\$ -	\$ 14,974,396	25.00%
2015	\$ 3,000,652	\$ (3,000,652)	\$ -	\$ 14,637,327	20.50%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

WEST PERRY SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN
For the Fiscal Year Ended June 30,**

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 157,895	\$ 112,000	\$ 111,000	\$ 123,000	\$ 115,000
Interest	41,701	60,000	52,000	61,000	45,000
Differences between expected and actual experience	(64,153)	116,000	-	(307,000)	-
Changes in assumptions	(95,984)	223,000	(47,000)	2,000	103,000
Benefit payments	-	(78,000)	(76,000)	(95,000)	(148,000)
Net change in total OPEB liability	39,459	433,000	40,000	(216,000)	115,000
Total OPEB Liability - beginning	2,136,100	1,703,000	1,663,000	1,879,000	1,764,000
Total OPEB Liability - ending	\$ 2,175,559	\$ 2,136,000	\$ 1,703,000	\$ 1,663,000	\$ 1,879,000
Covered payroll	\$ 14,372,626	\$ 14,372,626	\$ 14,174,542	\$ 14,174,542	\$ 13,932,051
Total OPEB liability as a percentage of covered payroll	15.14%	14.86%	12.01%	11.73%	13.49%

Notes to Schedule:

Changes in assumptions: The discount rate changed from 1.86% to 2.28%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

WEST PERRY SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.1066%	\$ 2,527,000	\$ 15,117,109	16.72%	5.30%
2021	0.1075%	\$ 2,323,000	\$ 15,076,000	15.41%	5.69%
2020	0.1068%	\$ 2,271,000	\$ 14,717,945	15.43%	5.56%
2019	0.1070%	\$ 2,231,000	\$ 14,414,758	15.48%	5.56%
2018	0.1068%	\$ 2,175,956	\$ 14,213,665	15.31%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year-end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

WEST PERRY SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 124,899	\$ (124,899)	\$ -	\$ 15,138,910	0.83%
2021	\$ 124,000	\$ (124,000)	\$ -	\$ 15,122,873	0.82%
2020	\$ 127,000	\$ (127,000)	\$ -	\$ 15,076,000	0.84%
2019	\$ 123,000	\$ (123,000)	\$ -	\$ 14,764,337	0.83%
2018	\$ 121,000	\$ (121,000)	\$ -	\$ 14,524,991	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of School Directors
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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Perry School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

West Perry School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the West Perry School District's response to the internal control over financial reporting finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. West Perry School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Boyer & Litter". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
February 10, 2023

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

Board of School Directors
West Perry School District
Elliottsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Perry School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 and 2022-003 to be significant deficiencies.

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

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

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



Camp Hill, Pennsylvania
February 10, 2023

WEST PERRY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? X Yes ___ No
- Significant deficiency(ies) identified that are not considered to be a material weakness (es)? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness (es)? X Yes ___ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes ___ No

Identification of the major programs:

Assistance Listing Number	Name of Federal Programs/Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X Yes ___ No

WEST PERRY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section II -- Financial Statement Findings

A. Material Weakness in Internal Control

Finding 2022-001 Closing Adjustments – All Funds

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

Condition: During our audit, adjustments were made to the District's records based on the result of our procedures. There were both auditor identified adjusting entries and management identified adjusting entries posted subsequent to receiving trial balances to begin the audit. Management does approve all adjustments and reviews and accepts the financial statements prior to their final issuance.

Cause and Effect: When the financial close process does not properly include all year-end accruals and adjusting journal entries, the accounting records do not provide the proper basis for preparation of financial statements. By not performing timely reconciliations, the risk that material errors, irregularities, or fraud could go undetected increases.

Identification of Repeat Finding: No

Recommendation: The District should review and revise, where necessary, its year-end closing procedures to proactively address these adjustments in the future. Closing procedures should include a review of revenue, expenditure and balance sheet accounts for completeness and accuracy. Any necessary reconciliations should be maintained as part of the District's accounting records. The closing adjustments should be posted to the District's accounts prior to the start of audit fieldwork.

Management Response: Based on our discussions with audit personnel, the District has taken steps to improve the year end close and reconciliation process. The District will work to implement the above suggestions for continued improvements.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

Section III -- Federal Award Findings and Questioned Costs

A. Significant Deficiency(ies) in Internal Control

Finding 2022-002 – Cash Management and Reporting

Education Stabilization Fund – AL #84.425, Year Ended June 30, 2022

U.S. Department of Education

Pass-Through Entity – Pennsylvania Department of Education

Criteria: The Pennsylvania Department of Revenue requires Reconciliation of Cash on Hand Quarterly Reports for any program for which they are receiving monthly payments. These quarterly reports are due the 10th working days of January, April, July, and October. The Pennsylvania Department of Education requires final expenditure reports to be filed documenting the financial transactions of each grant. The final reports are due within 30 days after funds are expended but no later than 30 days after the ending date of the project. Districts are required to have appropriate controls over the accuracy of preparation and timely filing of final expenditure reports.

WEST PERRY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (Continued)

A. Significant Deficiency(ies) in Internal Control (Continued)

Condition: The District has not filed the required quarterly reports since March 2022 for grant #200-210475, #223-210475, #224-210475, and #225-210475 which in turn resulted in PDE halting payments and placing these grants in suspension of payment/delinquent quarterly report status.

The District has not filed the required quarterly reports since March 2022 for grant #181-212477 in a timely manner within the 10-day requirement.

Cause and Effect: The District's Business office did not file the quarterly cash on hand reports timely. By not filing the required reports timely, the District is potentially risking a withholding of federal funds by the PDE until the reports are properly filed.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: Procedures should be established to ensure that the District files all quarterly cash on hand within 10 days of quarter ending and final expenditure reports within 30 days after the funds are expended, but no later than 30 days after the ending date of the project.

Management Response: The District will review and establish procedures to ensure that all required quarterly cash on hand and final expenditure reports are properly completed within the required time periods, and that the information reported has been properly calculated based upon properly calculated and adjusted monthly revenues and expenditures.

Finding 2022-003 – Procurement

Education Stabilization Fund – AL #84.425, Year Ended June 30, 2022

U.S. Department of Education

Pass-Through Entity – Pennsylvania Department of Education

Criteria: The Uniform Guidance requires that non-federal entities must have and use documented procurement procedures consistent with laws and regulations and the standards for the acquisition of property or services under a federal award or subaward in accordance with 2 CFR 200.318. Furthermore, the non-federal entity is required to follow formal procurement methods when the value of the procurement for property or service under a federal financial assistance award exceeds the simplified acquisition threshold in accordance with 2 CFR 200.320.

Condition: The District did not follow the appropriate procedures to comply with Uniform Grant Guidance. During testing, it was noted that the District had made a procurement through COSTARS, a cooperative purchasing program. While purchases through COSTARS meet the cooperative purchase requirement for local government purchasing under 62 Pa.C.S. section 1902, they do not meet the more stringent requirements of the Uniform Grant Guidance. Subsequently, the District paid for this purchase utilizing the Education Stabilization Fund. In using federal funds to pay for the lease agreement, the District inadvertently did not follow its procurement policy.

It was also noted that the District made a procurement through a sole source arrangement. Consistent with 2 CFR § 200.320(c)(3), an LEA may determine that its response to the COVID-19 pandemic qualifies as a public exigency or emergency that does not permit the delay that would result from competitive bidding. Under these circumstances, and to the degree doing so is consistent with its own policies and procedures, an LEA could use noncompetitive procurement. The LEA should consult with its SEA before using this authority. Subsequently, the District paid for this purchase utilizing the Education Stabilization Fund. In using federal funds to pay for the lease agreement, the District inadvertently did not follow its procurement policy.

WEST PERRY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Section III -- Federal Award Findings and Questioned Costs (Continued)

A. Significant Deficiency(ies) in Internal Control (Continued)

Cause and Effect: When the District initially made the purchases, they did not follow the more stringent requirements imposed by Uniform Guidance. The District did not follow its procurement policy and ultimately did not comply with the standard of the Uniform Grant Guidance.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: We recommend that when the District decides to utilize cooperative purchasing programs or sole source arrangements and use federal funds to pay for those purchases they ensure that they comply with their procurement policy. The District should then document its process and how it complies with the procurement standards and keep such documentation with Federal Award budget/procurement documents.

Management Response: The District has reviewed the applicable Uniform Guidance from the Federal Office of Management and Budget and its own existing administrative procedures to aid with ensuring that all procurements financed with federal funding fully comply with Uniform Guidance procurement requirements. Effective for the 22-23 fiscal year and going forward the District will fully deploy the administrative procedures and controls to all applicable District stakeholders and monitor all such procurements for compliance purposes.

B. Compliance Findings

Finding 2022-002 – Cash Management and Reporting and Finding 2022-003 - Procurement

Education Stabilization Fund – AL #84.425, Year Ended June 30, 2022

U.S. Department of Education

Pass-Through Entity – Pennsylvania Department of Education

See Section III.A. Significant Deficiency(ies) in Internal Control for details.

WEST PERRY AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at July 1, 2021	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at June 30, 2022	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-210475	20-21	\$ 473,861	\$ 89,694	\$ 89,694	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-220475	21-22	\$ 540,522	402,489	-	505,363	505,363	102,874	-
					<u>492,183</u>	<u>89,694</u>	<u>505,363</u>	<u>505,363</u>	<u>102,874</u>	<u>-</u>
Title II - Supporting Effective Instruction State Grants	84.367	020-210475	20-21	\$ 84,917	21,317	17,365	3,952	3,952	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-220475	21-22	\$ 89,599	73,359	-	79,669	79,669	6,310	-
					<u>94,676</u>	<u>17,365</u>	<u>83,621</u>	<u>83,621</u>	<u>6,310</u>	<u>-</u>
Title IV -Student Support and Academic Enrichment Grant	84.424	144-210475	20-21	\$ 36,216	12,072	(4,385)	16,457	16,457	-	-
Title IV -Student Support and Academic Enrichment Grant	84.424	144-220475	21-22	\$ 35,500	23,653	-	20,211	20,211	(3,442)	-
					<u>35,725</u>	<u>(4,385)</u>	<u>36,668</u>	<u>36,668</u>	<u>(3,442)</u>	<u>-</u>
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	253-200475	20-21	\$ 24,246	5,104	5,104	-	-	-	-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	254-200475	20-21	\$ 38,107	32,090	-	-	-	-	-
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	224-210475	21-22	\$ 34,587	1,887	-	1,663	1,663	(224)	-
					<u>39,081</u>	<u>37,194</u>	<u>1,663</u>	<u>1,663</u>	<u>(224)</u>	<u>-</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	200-210475	20-23	\$ 1,743,211	1,418,705	211,698	1,415,716	1,415,716	208,709	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	223-210475	21-22	\$ 3,526,012	256,437	-	158,680	158,680	(97,757)	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	225-210475	21-22	\$ 274,050	19,931	-	8,477	8,477	(11,454)	-
					<u>276,368</u>	<u>-</u>	<u>167,157</u>	<u>167,157</u>	<u>(109,211)</u>	<u>-</u>
COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund Homeless Children and Youth (ARP HYC)	84.425W	181-212477	21-22	\$ 25,243	1,942	-	265	265	(1,677)	-
					<u>2,358,680</u>	<u>351,566</u>	<u>2,210,453</u>	<u>2,210,453</u>	<u>203,339</u>	<u>-</u>
Passed through the Capital Area Intermediate Unit										
Special Education - Grants to States (IDEA, Part B)	84.027	062-210015	20-21	\$ 370,790	156,198	156,198	-	-	-	-
Special Education - Grants to States (IDEA, Part B)	84.027	062-220015	21-22	\$ 362,738	204,623	-	362,738	362,738	158,115	-
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027X	062-220015	21-22	\$ 89,996	-	-	89,996	89,996	89,996	-
					<u>360,821</u>	<u>156,198</u>	<u>452,734</u>	<u>452,734</u>	<u>248,111</u>	<u>-</u>
Special Education Preschool Grants (IDEA Preschool)	84.173	131-200015	20-21	\$ 1,568	1,568	1,568	-	-	-	-
Special Education Preschool Grants (IDEA Preschool)	84.173	131-210015	21-22	\$ 3,495	-	-	3,495	3,495	3,495	-
					<u>1,568</u>	<u>1,568</u>	<u>3,495</u>	<u>3,495</u>	<u>3,495</u>	<u>-</u>
					<u>362,389</u>	<u>157,766</u>	<u>456,229</u>	<u>456,229</u>	<u>251,606</u>	<u>-</u>
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	2020-ES-01-35360	20-22	\$ 68,325	31,967	24,228	44,097	44,097	36,358	-
					<u>2,753,036</u>	<u>533,560</u>	<u>2,710,779</u>	<u>2,710,779</u>	<u>491,303</u>	<u>-</u>

(Continued)

WEST PERRY AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2022

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at July 1, 2021	Revenue Recognized	Expenditures Recognized	Accrued (Deferred) Revenue at June 30, 2022	Provided to Subrecipients
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare										
Medicaid Cluster										
Medical Assistance Program (Medicaid; Title XIX)	93.778	N/A	21-22	\$ 14,417	14,417	-	14,417	14,417	-	-
Total Medicaid Cluster passed through the Pennsylvania Department of Public Welfare					14,417	-	14,417	14,417	-	-
Total U.S. Department of Health and Human Services					14,417	-	14,417	14,417	-	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program										
	10.553	N/A	21-22	N/A	252,805	-	255,868	255,868	3,063	-
National School Lunch Program										
COVID-19 - National School Lunch Program - Supply Chain Assistance	10.555	N/A	21-22	N/A	43,415	-	8,375	8,375	(35,040)	-
COVID-19 - National School Lunch Program - SNP Emergency Operating Costs	10.555	N/A	21-22	N/A	71,886	-	71,886	71,886	-	-
					1,112,537	-	1,089,036	1,089,036	(23,501)	-
COVID-19 - Pandemic Electronic Transfer (P-EBT) Administrative Costs Grant										
	10.649	N/A	21-22	N/A	3,063	-	3,063	3,063	-	-
Total passed through the Pennsylvania Department of Education					1,368,405	-	1,347,967	1,347,967	(20,438)	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations										
	10.555	N/A	21-22	N/A	81,170	-	81,170	81,170	-	-
Total U.S. Department of Agriculture					1,449,575	-	1,429,137	1,429,137	(20,438)	-
Total Expenditures of Federal Awards					\$ 4,217,028	\$ 533,560	\$ 4,154,333	\$ 4,154,333	\$ 470,865	\$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					\$ 1,446,512	\$ -	\$ 1,426,074	\$ 1,426,074	\$ (20,438)	\$ -
Special Education Cluster (Assistance Listing Numbers - 84.027, 84.027X and 84.173)					\$ 362,389	\$ 157,766	\$ 456,229	\$ 456,229	\$ 251,606	\$ -
Education Stabilization Fund (Assistance Listing Number - 84.425)					\$ 1,768,063	\$ 273,120	\$ 1,628,898	\$ 1,628,898	\$ 133,955	\$ -

See Notes to schedule of Expenditures of Federal Awards.

WEST PERRY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of West Perry School District under programs of the Federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of West Perry School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of West Perry School District.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Access Program

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are Federal monies but are classified as fee-for-service revenues and are not considered Federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule for the year ended June 30, 2022, was \$21,339.

WEST PERRY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended June 30, 2022

There were no prior year's audit findings.

Mr. Jeffrey A. Kuhns
Superintendent

Mr. Kenneth L. Medina, MBA
Business Manager



District Office
2606 Shermans Valley Road
Elliotsburg, PA 17024
(717)789-3934

West Perry School District

CORRECTIVE ACTION PLAN

Cognizant or Oversight Agency for Audit: Department of Education

West Perry School District respectfully submits the following corrective action plan for the year ended June 30, 2022.

The findings from the June 30, 2022 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – FINANCIAL STATEMENT AUDIT

#2022-001 Internal Control – Material Weakness – Closing Adjustments – All Funds

Corrective Action Planned: The District will continue to work to improve the year end close and reconciliation process. The District did begin in November 2022 more stringent month-end practices to minimize occurrence of year end close and reconciliation items. A meeting will be scheduled with the audit firm to discuss what specific year-end entries this applies to and put measures in place to ensure that the entries are completed prior to the start of audit fieldwork.

Anticipated Completion Date: Action has already been taken by the District to resolve the underlying issue of the finding in the current fiscal year.

Contact Person Responsible: Kenneth L. Medina, MBA, Business Manager/Board Secretary

FINDINGS – FEDERAL AWARDS AUDIT

#2022-002 – Cash Management and Reporting

Corrective Action Planned: In December 2022, the District did review and enforce existing Board Policies and procedures to ensure that all required quarterly cash on hand and final expenditure reports are properly completed within the required time periods and that they are based upon properly reconciled factual information.

Anticipated Completion Date: Action has already been taken by the District to resolve the underlying issue of the finding in the current fiscal year and is working through February 2023 to complete all incomplete reports.

Contact Person Responsible: Kenneth L. Medina, MBA, Business Manager/Board Secretary

Building tomorrow's future by preparing, inspiring and empowering every student, every day.

#2022-003 – Procurement

Corrective Action Planned: The District has reviewed the applicable Uniform Guidance from the Federal Office of Management and Budget, its own existing Board Policies, and has developed administrative procedures to aid with ensuring that all procurements financed with federal funding fully comply with Uniform Guidance procurement requirements. Effective for the 22-23 fiscal year and going forward the District will fully deploy the administrative procedures and controls to all applicable District stakeholders and monitor all such procurements for compliance purposes.

Anticipated Completion Date: Action has already been taken by the District to resolve the underlying issue of the finding in the current fiscal year.

Contact Person Responsible: Kenneth L. Medina, MBA, Business Manager/Board Secretary

If the Department of Education has questions regarding this plan, please contact Kenneth L. Medina.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth L. Medina" followed by a long horizontal flourish.

Kenneth L. Medina, MBA
Business Manager/Board Secretary