



***WYOMISSING AREA SCHOOL DISTRICT***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2021**



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## INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors  
Wyomissing Area School District  
Wyomissing, Pennsylvania**

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

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

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to in the first paragraph 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 Wyomissing Area School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Account Principle**

As described in Note 1 to the financial statements, effective July 1, 2020, Wyomissing Area School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the general fund, and the pension and other postemployment benefits information on pages 85 through 89, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyomissing Area School District's basic financial statements. The schedule of revenues and expenses - food service fund and combining fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of revenues and expenses - food service fund, combining fiduciary fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenses - food service fund, combining fiduciary fund financial statements, and the 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 January 20, 2022 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 the District's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**January 20, 2022**

*Succeed With Confidence*



## Wyomissing Area School District

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Robert L. Scoboria, Superintendent  
Melissa L. Woodard, Ed.D, Assistant Superintendent

Members of the Board of School Directors  
*Wyomissing Area School District*

### Management's Discussion and Analysis (MD&A)

The following is a discussion and analysis of the Wyomissing Area School District's annual financial performance during the fiscal year ended June 30, 2021. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

#### Financial Highlights

- The District's financial status increased during the 2020-21 fiscal year. District-wide revenues of \$39,758,770 exceeded expenses of \$39,119,081 by \$639,689, resulting in an increase in net position.
- Overall governmental general revenues were \$32,753,813, which represents \$683,875 more than net program expenses.
- The total cost of basic programs increased by less than 1 percent (.96%) over the previous year to \$39,119,081. The net cost funded by tax and non-program revenues decreased by nearly a half percent (.58%) to \$32,069,938.
- The net position of business-type activities (food services) decreased by \$44,186 over the course of the year. Operating Revenues had a \$219,836 (94.18%) decrease at \$13,583 and expenses decreased \$259,745 (38.85%) to \$408,781. The decrease in expenses and revenue are largely due to the COVID-19 closures and free meals for all students.
- Outlays for new capital assets increased this year. The total gross capital assets for governmental funds increased by \$2,588,762.

#### Overview of the Financial Statements

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements, which present different views of the District. The first two statements are ***District-wide financial statements*** that provide both *short-term* and *long-term* information about the District's overall financial status. The remaining statements are ***fund financial statements*** that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The *governmental funds statements* indicate how basic services such as regular and special education were financed in the *short term* as well as indicate future spending plans. *Proprietary fund* statements offer *short- and long-term* financial information about the activities the District operates *like a business*, such as food services. *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Wyomissing Area School District Annual Financial Report**

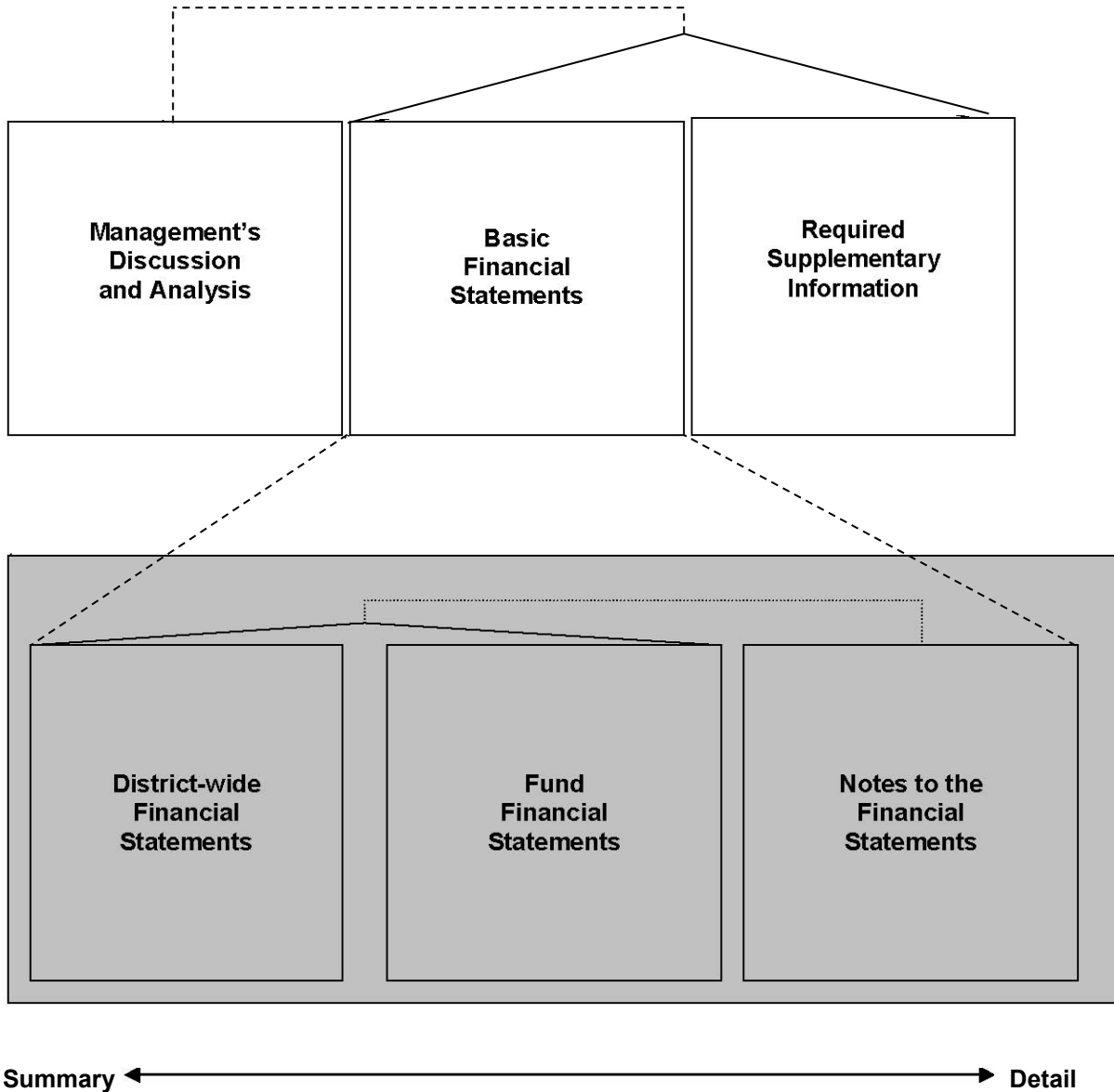


Figure A-2 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2**

<b><u>Major Features of the District-wide and Fund Financial Statements</u></b>				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects.	Activities the District operates similar to private businesses, such as food services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position.</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or noncurrent liabilities included.	All assets and liabilities, both financial and capital, current and noncurrent.	All assets and liabilities, both current and noncurrent, funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.



## District-wide Statements

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

The two District-wide statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets, liabilities, and deferred inflows and outflows of resources - are one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, consideration needs to be given to additional non-financial factors, such as changes in the District's property tax base and the condition or need for improvements or expansion to existing school facilities.

In the District-wide financial statements, the District's activities are divided into two categories as follows:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services and administrative services. Property taxes, along with state formula aid finance most of these activities.
- **Business-type Activities:** The District charges fees to cover the cost of certain services such as food services programs.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. These statements focus on the District's most significant or "major" funds - not the District as a whole. Funds are accounting components that the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds as follows:

**Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's *Enterprise Funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the food service fund.

**Fiduciary Funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. The District currently has two fiduciary funds, the student activity fund and the scholarship fund.

## Financial Analysis of the District as a Whole

The Statement of Net Position contains information about what the District owns, owes, i.e. assets, liabilities, deferred inflows and outflows of resources and the remaining financial position. Figure A-3 shows a comparative summary of the District's net position for the fiscal years ended June 30, 2020 and 2021.

**Figure A-3**  
**Condensed Statement of Net Position**

	Governmental Activities		Business Type Activities		Total	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Current Assets	\$ 13,990,913	\$ 29,385,425	\$ 686,205	\$ 657,035	14,677,118	\$ 30,042,460
Capital Assets	47,393,624	47,451,109	68,395	67,234	47,462,019	47,518,343
<b>Total Assets</b>	<b>\$ 61,384,537</b>	<b>\$ 76,836,534</b>	<b>\$ 754,600</b>	<b>\$ 724,269</b>	<b>\$ 62,139,137</b>	<b>\$ 77,560,803</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 8,947,868</b>	<b>\$ 10,421,301</b>	<b>\$ 128,650</b>	<b>\$ 118,739</b>	<b>\$ 9,076,518</b>	<b>\$ 10,540,040</b>
Current Liabilities	6,920,482	5,655,351	34,131	40,902	6,954,613	5,696,253
Long-term Liabilities	81,761,009	99,649,136	758,097	764,368	82,519,106	100,413,504
<b>Total Liabilities</b>	<b>\$ 88,681,491</b>	<b>\$ 105,304,487</b>	<b>\$ 792,228</b>	<b>\$ 805,270</b>	<b>\$ 89,473,719</b>	<b>\$ 106,109,757</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 2,256,456</b>	<b>\$ 1,875,015</b>	<b>\$ 113,592</b>	<b>\$ 104,494</b>	<b>\$ 2,370,048</b>	<b>\$ 1,979,509</b>
Net Position						
Net investment in capital assets	21,199,254	16,659,993	68,395	67,234	21,267,649	16,727,227
Restricted for Capital Projects	603,890	4,831,469	-	-	603,890	4,831,469
Restricted for Other Purposes	140,010	57,457	-	-	140,010	57,457
Unrestricted	(42,548,696)	(41,470,586)	(90,965)	(133,990)	(42,639,661)	(41,604,576)
<b>Total Net Position</b>	<b>\$ (20,605,542)</b>	<b>\$ (19,921,667)</b>	<b>\$ (22,570)</b>	<b>\$ (66,756)</b>	<b>\$ (20,628,112)</b>	<b>\$ (19,988,423)</b>

The District's total revenues increased by \$1,576,055 or 4.13% during the year. (See Figure A-4.) Property taxes and other taxes levied for general purposes continue to account for most of the District's revenue in the amount of \$29,842,448 or 75.06% of total revenues. Another 18.82% or \$7,413,357 came from state aid, such as basic education, special education, and student transportation subsidies.

The total cost of all programs and services increased \$372,137 or 0.96% to \$39,119,081. The District's expenses are predominately related to instructing, caring for (instructional support services & operation/maintenance of school facilities) and transporting students, which represents 81.97% or \$32,066,757 of total expenses. The largest dollar increases in expenditures for 2020-21 was in transportation. This was due to not paying the transportation contractor from March 13, 2020 for the remainder of fiscal year 2019-2020. See A-4.

**Figure A-4**  
**Changes in Net Position from Operating Result**

	Governmental Activities		Business Type Activities		Total	
	2020	2021	2020	2021	2020	2021
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 63,502	\$ 23,295	\$ 233,419	\$ 13,583	\$ 296,921	\$ 36,878
Operating grants and contributions	5,714,383	6,600,095	451,357	350,934	6,165,740	6,951,029
Capital grants and contributions	42,444	16,972	-	-	42,444	16,972
<b>General Revenues</b>						
Property taxes and other taxes levied for general purposes	28,552,712	29,842,448	-	-	28,552,712	29,842,448
State Formula Aid	2,766,823	2,766,160	-	-	2,766,823	2,766,160
Other	348,985	145,205	9,090	78	358,075	145,283
<b>Total Revenues</b>	<b>37,488,849</b>	<b>39,394,175</b>	<b>693,866</b>	<b>364,595</b>	<b>38,182,715</b>	<b>39,758,770</b>
<b>Expenses</b>						
Instruction	23,119,721	23,543,806	-	-	23,119,721	23,543,806
Instructional student support	2,910,088	2,935,390	-	-	2,910,088	2,935,390
Administrative and financial support services	5,114,995	5,401,996	-	-	5,114,995	5,401,996
Operation and maintenance of plant services	4,389,233	4,684,675	-	-	4,389,233	4,684,675
Pupil Transportation	744,695	902,886	-	-	744,695	902,886
Other	1,799,686	1,241,547	668,526	408,781	2,468,212	1,650,328
<b>Total Expenses</b>	<b>38,078,418</b>	<b>38,710,300</b>	<b>668,526</b>	<b>408,781</b>	<b>38,746,944</b>	<b>39,119,081</b>
<b>Change in Net Position</b>	(589,569)	683,875	25,340	(44,186)	(564,229)	639,689
<b>Beginning Net Position (Deficit)</b>	<b>(20,015,973)</b>	<b>(20,605,542)</b>	<b>(47,910)</b>	<b>(22,570)</b>	<b>(20,063,883)</b>	<b>(20,628,112)</b>
<b>Ending Net Position (Deficit)</b>	<b>\$(20,605,542)</b>	<b>\$(19,921,667)</b>	<b>\$ (22,570)</b>	<b>\$ (66,756)</b>	<b>\$(20,628,112)</b>	<b>\$(19,988,423)</b>

Figure A-5 presents the cost of six (6) major District activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on District's taxpayers by each of these functions. The increase required to support the net cost of the District's basic programs was funded primarily by local real estate tax revenue, as well as other taxes levied for general purposes, such as earned income tax revenue. Additional funding in the form of state formula aid and interest income also contributed to funding the net cost of the District's governmental activities.

**Figure A-5**  
**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Instructional Services	\$ 23,119,721	\$ 23,543,806	\$ 18,904,388	\$ 19,036,193
Instructional Student Support	2,910,088	2,935,390	2,525,178	2,479,588
Administrative & Financial Support Services	5,114,995	5,401,996	4,711,283	4,845,990
Operation & Maintenance of Plant Services	4,389,233	4,684,675	4,077,444	4,008,922
Pupil Transportation	744,695	902,886	432,309	596,628
Other	<u>1,799,686</u>	<u>1,241,547</u>	<u>1,607,487</u>	<u>1,102,617</u>
<b>TOTAL EXPENSES</b>	<u><b>\$ 38,078,418</b></u>	<u><b>\$ 38,710,300</b></u>	<u><b>\$ 32,258,089</b></u>	<u><b>\$ 32,069,938</b></u>

Figure A-6 represents that total cost and net cost (income) of services in the District's business-type activities. Program revenue supported 89.17% of food services for the year ended June 30, 2021.

**Figure A-6**  
**Net Cost (Income) of Business-Type Activities**

	<u>Total Cost of Services</u>		<u>Net Cost (Income) of Services</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Food Services	\$ 668,526	\$ 408,781	\$ (16,250)	\$ 44,264
<b>TOTAL</b>	<u><b>\$ 668,526</b></u>	<u><b>\$ 408,781</b></u>	<u><b>\$ (16,250)</b></u>	<u><b>\$ 44,264</b></u>

**Financial Analysis of the District's Funds**

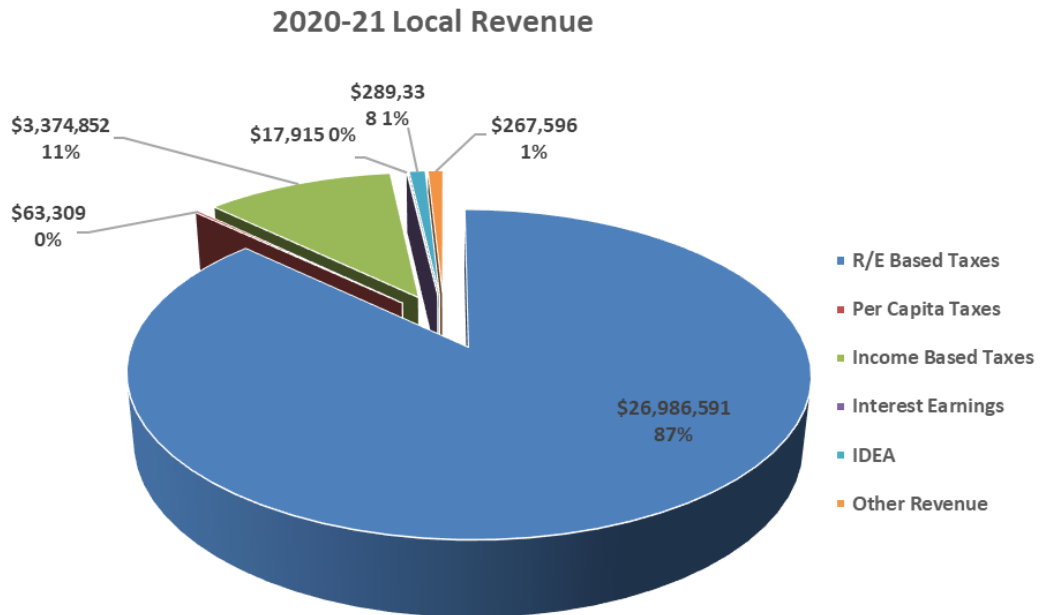
At the end of fiscal 2020-21, governmental funds had total fund balances of \$25,726,430. During 2020-21 the net change in governmental fund balances increased by \$15,354,142. The majority of the change was due to bond proceeds that were secured for a District-wide renovation project and refinancing of debt. The increase of the capital projects fund balance by \$12,578,656 to \$13,761,024, was due to the bond proceeds for the District wide renovation project. Total revenue exceeded total expenditures in the general fund, which produced an increase in fund balance by \$2,775,486 over last year. The District's overall fund balance is a healthy \$11,965,406.

## General Fund Budgetary Highlights

The District's final 2020-21 budget for the general fund anticipated that expenditures would exceed revenue by \$732,872. The actual results for the year reflected a net surplus of \$2,775,486. The surplus was due to an increase in one time revenues (real estate transfer taxes) and budget savings in expenditures. Most significant expenditure savings was in debt service of \$1.7 million due to the debt refinancing done during the year.

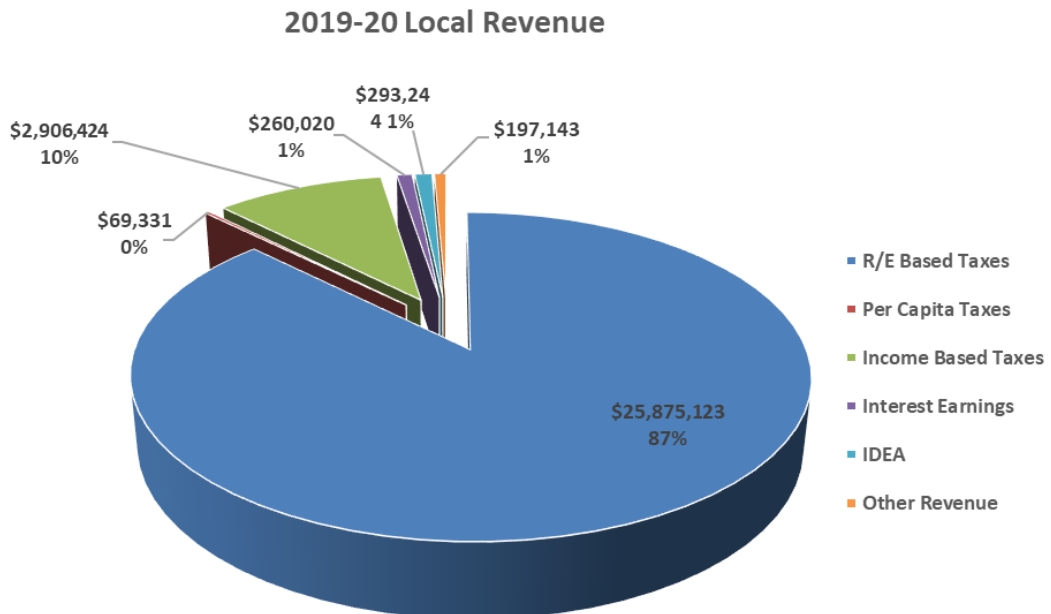
**Figure A-7**  
**Local Sources of Revenue for Fiscal Year 2021**  
**(Based on General Fund financial presentation)**

**Total Local Revenues - \$30,999,601**



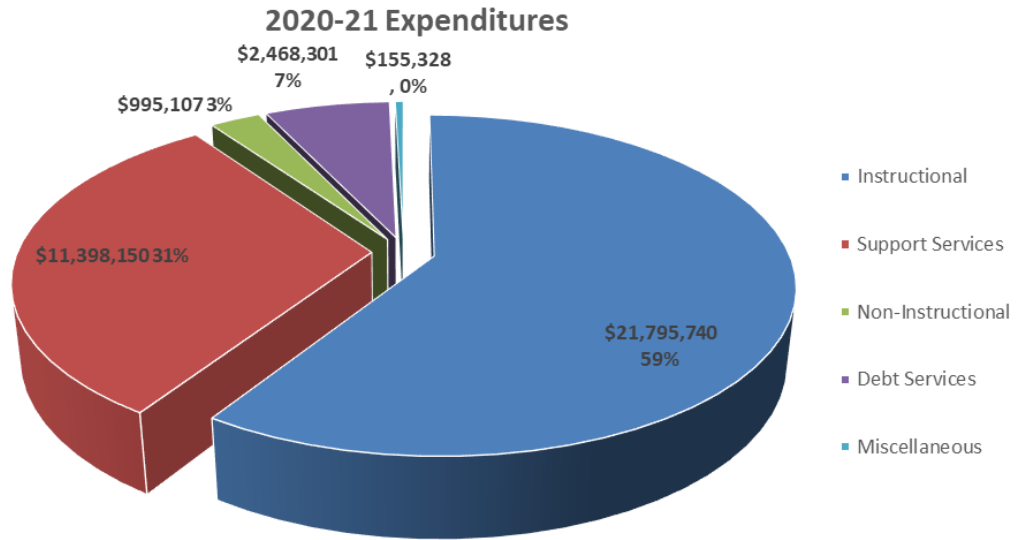
**Figure A-8**  
**Local Sources of Revenue for Fiscal Year 2020**  
**(Based on General Fund financial presentation)**

**Total Local Revenues - \$29,601,286**



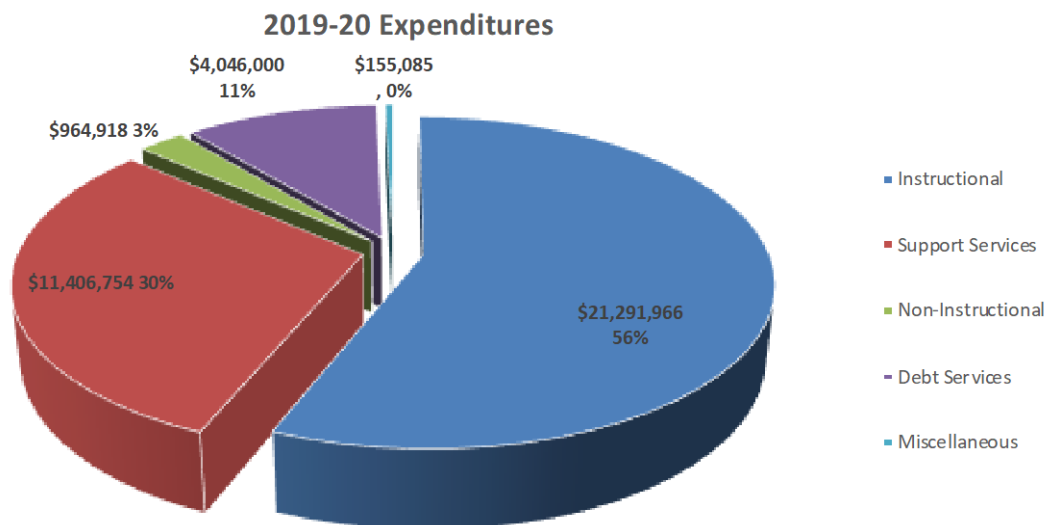
**Figure A-9**  
**Expenses for Fiscal Year 2021**  
**(Based on General Fund Financial Presentation)**

**Total Expenditures - \$36,812,626**



**Figure A-10**  
**Expenses for Fiscal Year 2020**  
**(Based on General Fund Financial Presentation)**

**Total Expenditures - \$37,864,723**



## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2021, the District had investments of \$47,518,343 in a broad range of capital assets, including land, school buildings, athletic fields, fixtures, and equipment. (See Figure A-11.) This amount represents a net increase of \$56,324 which is an increase of .12% for the year.

**Figure A-11**  
**Capital Assets (net of depreciation)**

	Governmental Activities		Business Type Activities		Totals		Percentage Change
	2020	2021	2020	2021	2020	2021	2020-21
Land	\$ 232,196	\$ 232,196	\$ -	\$ -	\$ 232,196	\$ 232,196	0.00%
Site Improvements	1,329,221	1,281,803	-	-	1,329,221	1,281,803	-3.57%
Building & Building Improvements	42,972,890	41,780,020	-	-	42,972,890	41,780,020	-2.78%
Furniture & Equipment	2,616,912	2,305,537	68,395	67,234	2,685,307	2,372,771	-11.64%
Construction in Progress	242,405	1,851,553	-	-	242,405	1,851,553	663.83%
<b>Ending Net Assets</b>	<b>\$ 47,393,624</b>	<b>\$ 47,451,109</b>	<b>\$ 68,395</b>	<b>\$ 67,234</b>	<b>\$ 47,462,019</b>	<b>\$ 47,518,343</b>	<b>0.12%</b>

More detailed information about capital assets can be found in Note 8 to the financial statements. Depreciation expense for the year totaled \$2,544,118 for the governmental activities, compared to the prior year depreciation expense total of \$2,588,558.

### Long-Term Debt

Outstanding long-term debt totaling \$37 million as of June 30, 2021 consists of general obligation bonds of \$36.04 million with varying maturities through year 2039, capital lease of \$.4 million and long-term compensated absences of \$.6 million. Principal payments totaled \$1.8 million during the fiscal year, with interest payments totaling \$.7 million. \$37.6 million of new and refunding debt was issued during the year with \$19.7 million used to currently pay off debt and another \$6.2 million considered defeased, with the balance to be used for capital projects. Accrued compensated absences of \$.6 million as of June 30, 2021 consist of certain benefits paid at retirement, including unused sick pay and other retirement benefits, based on specific eligibility requirements. Total long-term liabilities increased 37.22% from last year as shown in Figure A-12. More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.

**Figure A-12**  
**Outstanding Long-Term Debt**

	Totals		Percentage Change
	2020	2021	2020-21
General Obligation Bonds/Notes	\$ 25,890,000	\$ 36,045,000	39.22%
Capital Leases	543,311	389,086	-28.39%
Compensated Absences	535,089	571,058	6.72%
<b>Total</b>	<b>26,968,400</b>	<b>37,005,144</b>	<b>37.22%</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future growth. The District does not expect significant growth in the near future given the residential nature of the District and the lack of developable land within the District. Act 1 of 2006 and its amendments enacted in 2011 limits the ability of school districts to increase taxes. There are little to no alternative funding sources available to the District.

Contributions to the Pennsylvania School Employees Retirement System are 34.94% of payroll for 2021-22 and are projected to rise considerably in the future. The five year projected rates are:

- 34.94% in 2021-2022 (estimated cost net of state reimbursement \$3,081,475);
- 35.79% in 2022-2023 (estimated cost net of state reimbursement \$3,116,502);
- 36.38% in 2023-2024 (estimated cost net of state reimbursement \$3,217,061);
- 36.83% in 2024-2025 (estimated cost net of state reimbursement \$3,297,974);
- 37.39% in 2025-2026 (estimated cost net of state reimbursement \$3,391,822)

The escalating rates will continue until they level out at 37.39% in the 2025-2026 year which carries an estimated cost, net of state reimbursement, of \$3,391,822. The "Pension Reform Act", Act 120 of 2010, was signed into law during November, 2010. This legislation provides numerous changes to the current PSERS system, primarily for new employees beginning July 1, 2010. While this Act did provide a new structure for management of increased contribution rates for future years, the impact will continue to be significant for a school district the size of Wyomissing Area. In 2017, Act 5 was signed into law, which provided steps towards pension reform by creating three new classes of PSERS, effective July 1, 2019. The new classes set up hybrid plans that have the intent to decrease employer contribution rates in the future.

The District's collective bargaining agreement with the Wyomissing Area Educational Association (WAEA), was renewed for a four (4) year period effective July 1, 2019 through June 20, 2023. The District's collective bargaining agreement with the American Federation of State, County and Municipal Employees (AFSCME) expired on June 30, 2020 and the union decertified. The District and the support staff have an employee handbook.

The Board of Education has been assessing the capital improvement needs for the District for the past several years. On August 12, 2009, the Board issued \$5,000,000 in General Obligation Bonds to be utilized over a period of several years to fund various capital upgrades to the district facilities. In addition, on December 16, 2010 the Board authorized the issuance of \$22,435,000 in General Obligation Bonds to be utilized for a full renovation of the West Reading Elementary School as well as various capital projects at the Junior/Senior High School, Wyomissing Hills Elementary Schools and various district outdoor education facilities. On June 15, 2015, the Board authorized the issuance of \$10,000,000 General Obligation Note. The 2015 Note will be utilized as a refunding of 2009 Bonds and for the Energy Savings Project at the Wyomissing Hills, the re-turf project at the Junior Senior High School and various other projects. In 2016, the Board issued two notes in the total amount of \$14,655,000 for the refunding of the 2010 Bond. For fiscal year 2018 the Board issued \$6,215,000 in General Obligation Bonds that will be utilized towards Phase II of the Junior Senior High School renovation projected and for upgrades to the athletic facilities located at Flannery Field. For fiscal year 2021 the Board issued \$67,630,000 in General Obligation Bonds that will be utilized to refinance all current existing debt and to provide \$15,000,000 in new financing for capital projects District wide. In fiscal year 2022, the Board issued another \$9,995,000 in new financing for additional capital projects.

The budget for the 2021-22 year is \$1,639,740 more than the original budget for 2020-21. The real estate tax increased 0.6381 mills from 31.906 mills to a millage rate of 32.5441 mills. This represents a 2.0% increase, which was below the maximum amount of 3.0% permitted under the Act 1 index. In addition to funding the large increase in PSERS pension contributions, the tax increase covered increases in cyber charter school costs and increase in special education costs.



Downward economic factors have a significant impact on the school district and its future planning. While local, state and federal revenue streams have been declining, the educational needs of students and mandated programs continue to increase. Future budgets will require the school board and administration to work diligently to find solutions that will provide continued academic excellence in the programs we offer at the same time as staff and program cuts become necessary due to the declining revenue base.

## Additional Operating Data Information

The below information is additional operating data for June 30, 2020 and June 30, 2021. The information listed below includes the District's ten (10) largest real estate taxpayers along with assessed valuation of their real estate, market and assessed valuation of real estate and tax collection record.

### 2019-20 Ten Largest Real Estate Taxpayers in the School District

The ten largest real estate taxpayers in the School District and the 2019 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>		<u>Assessed Valuation</u>
Highlands at Wyomissing	Retirement Community	\$37,449,800
Reading Hospital and Medical Center	Office Building	13,277,000
Black Sapphire C Reading 2014	Hotel	11,568,000
Masonic Foundation Center	Masonic Bldg/Parking	6,941,000
Penn St. LP	Apartment Buildings	4,553,400
Lofts at Narrow, LLC	Apartment Buildings	4,216,800
JMH Inc.	Manufacturing	4,102,400
Spruce Manor	Nursing Home	4,026,000
HCP Mezzanine Lender	Nursing Home	3,435,800
Scottish Rite Cathedral		<u>2,830,200</u>
Total		\$92,400,400

Percentage of Total 2019-20 School District's Estimated Assessed Value, \$801,783,500 11.52%

### 2020-21 Ten Largest Real Estate Taxpayers in the School District

The ten largest real estate taxpayers in the School District and the 2020 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>		<u>Assessed Valuation</u>
Highlands at Wyomissing	Retirement Community	\$37,449,800
Wyomissing Sq Apartment, LP	Apartment Building	17,550,000
Reading Hospital and Medical Center	Office Building	13,277,000
Black Sapphire C Reading 2014	Hotel	11,568,000
Eighth Avenue Operating, LLC	Office Building	8,619,400
Knitting2, LLC	Office Building	8,469,500
Masonic Foundation Center	Masonic Bldg/Parking	6,894,000
Metropolitan, LLC	Apartment Building	5,415,300
Penn St. LP	Apartment Building	4,553,400
Lofts at Narrow, LLC	Apartment Building	<u>4,216,800</u>
Total		\$118,013,200

Percentage of Total 2020-21 School District's Estimated Assessed Value, \$833,782,400 or 14.15%

## Market and Assessed Valuation of Real Estate

<u>Year</u>	<u>Assessed Valuation</u>	<u>Current Market Value</u>	<u>Common Level Ratio</u>
2019	\$783,039,800	\$1,390,834,458	56.3
2020	830,993,500	1,598,064,423	52.0

Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year. Market Values are based upon Common Level Ratio for Berks County.

## Tax Collection Record

Tax notices are due for mailing to taxpayers at the beginning of July each year. A discount of 2% is allowed on all property taxes paid within two months from the date tax bills are mailed. After the discount period expires a two-month period is allowed for payment of taxes at par. Taxes paid after this time are subject to a 10% penalty. All delinquent real estate taxes are subsequently paid to the office of BMF Law Group, which in turn remits a monthly list of delinquent collections to the School District.

<u>Year</u>	<u>School Valuation</u>	<u>Assessed Millage</u>	<u>Adjusted Levy**</u>	<u>Collected In Year of Levy Amount</u>	<u>%</u>	<u>Total Collections Amount***</u>	<u>%</u>
2019-20	\$801,783,500	31.4340	\$24,711,179	\$24,049,918	97.32	\$24,282,036	98.26
2020-21	\$833,782,400	31.9060	\$26,110,402	\$25,309,792	96.93	\$25,911,725	99.24

\*\* Adjusted levy includes interim assessments and penalties and less discounts.

\*\*\* Includes all delinquent real estate and interim taxes received.

## Contacting the School District's Financial Management

Our financial report is designed to provide citizens, taxpayers, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Mark Boyer, Business Administrator/Board Secretary at Wyomissing Area School District, 630 Evans Ave. Wyomissing, PA 19610. Telephone: 610-374-0739 extension 1105.

**WYOMISSING AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 26,790,414	\$ 795,323	\$ 27,585,737
Taxes receivable, net	552,093	-	552,093
Internal balances	185,383	(185,383)	-
Intergovernmental receivables	1,783,829	9,493	1,793,322
Other current assets	68,473	11,896	80,369
Inventories	-	25,706	25,706
Prepaid expenses	5,233	-	5,233
Capital assets not being depreciated	2,083,749	-	2,083,749
Capital assets, net of accumulated depreciation	45,367,360	67,234	45,434,594
<b>TOTAL ASSETS</b>	<b>76,836,534</b>	<b>724,269</b>	<b>77,560,803</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	305,036	-	305,036
Deferred outflows of resources for pension	9,312,031	114,560	9,426,591
Deferred outflows of resources for other postemployment benefits	804,234	4,179	808,413
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,421,301</b>	<b>118,739</b>	<b>10,540,040</b>
<b>LIABILITIES</b>			
Accounts payable	621,379	2,243	623,622
Accrued interest	442,324	-	442,324
Accrued salaries and benefits	221,751	17,022	238,773
Payroll deductions and withholdings	2,330,282	-	2,330,282
Unearned revenues	34,261	21,637	55,898
Noncurrent liabilities due within one year	2,005,354	-	2,005,354
Noncurrent liabilities:			
Bonds and notes payable, net	37,971,621	-	37,971,621
Capital leases	209,547	-	209,547
Long-term portion of compensated absences	410,243	-	410,243
Net pension liability	56,094,678	727,322	56,822,000
Net other postemployment benefit liabilities	4,963,047	37,046	5,000,093
<b>TOTAL LIABILITIES</b>	<b>105,304,487</b>	<b>805,270</b>	<b>106,109,757</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	1,407,747	103,713	1,511,460
Deferred inflows of resources for other postemployment benefits	467,268	781	468,049
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,875,015</b>	<b>104,494</b>	<b>1,979,509</b>
<b>NET POSITION</b>			
Net investment in capital assets	16,659,993	67,234	16,727,227
Restricted for capital projects	4,831,469	-	4,831,469
Restricted for other purposes	57,457	-	57,457
Unrestricted (deficit)	(41,470,586)	(133,990)	(41,604,576)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (19,921,667)</b>	<b>\$ (66,756)</b>	<b>\$ (19,988,423)</b>

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 23,543,806	\$ 390	\$ 4,507,223	\$ -	\$ (19,036,193)	\$ -	\$ (19,036,193)
Instructional student support	2,935,390	-	455,802	-	(2,479,588)	-	(2,479,588)
Administrative and financial support services	5,401,996	-	556,006	-	(4,845,990)	-	(4,845,990)
Operation and maintenance of plant services	4,684,675	-	675,753	-	(4,008,922)	-	(4,008,922)
Pupil transportation	902,886	-	306,258	-	(596,628)	-	(596,628)
Student activities	1,012,042	22,905	97,841	-	(891,296)	-	(891,296)
Community services	30,024	-	1,212	-	(28,812)	-	(28,812)
Interest on long-term debt	199,481	-	-	16,972	(182,509)	-	(182,509)
<b>Total Governmental Activities</b>	<b>38,710,300</b>	<b>23,295</b>	<b>6,600,095</b>	<b>16,972</b>	<b>(32,069,938)</b>	<b>-</b>	<b>(32,069,938)</b>
<b>Business-Type Activities:</b>							
Food service	408,781	13,583	350,934	-	-	(44,264)	(44,264)
<b>Total Primary Government</b>	<b>\$ 39,119,081</b>	<b>\$ 36,878</b>	<b>\$ 6,951,029</b>	<b>\$ 16,972</b>	<b>(32,069,938)</b>	<b>(44,264)</b>	<b>(32,114,202)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes					25,807,018	-	25,807,018
Public utility realty, earned income, and mercantile taxes					4,035,430	-	4,035,430
Grants, subsidies, and contributions not restricted to specific programs					2,766,160	-	2,766,160
Investment earnings					20,272	78	20,350
Miscellaneous income					124,933	-	124,933
<b>Total General Revenues</b>					<b>32,753,813</b>	<b>78</b>	<b>32,753,891</b>
<b>Change in Net Position</b>					<b>683,875</b>	<b>(44,186)</b>	<b>639,689</b>
<b>Net Position (Deficit) - Beginning of year</b>					<b>(20,605,542)</b>	<b>(22,570)</b>	<b>(20,628,112)</b>
<b>Net Position (Deficit) - End of year</b>					<b>\$ (19,921,667)</b>	<b>\$ (66,756)</b>	<b>\$ (19,988,423)</b>

See accompanying notes.

**WYOMISSING AREA SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2021**

	General	Capital Projects	Nonmajor Fund (Debt Service)	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 12,949,874	\$ 13,840,540	\$ -	\$ 26,790,414
Taxes receivable	558,022	-	-	558,022
Interfund receivables	138,272	47,111	-	185,383
Intergovernmental receivables	1,783,829	-	-	1,783,829
Other receivables	68,473	-	-	68,473
Prepaid expenditures	5,233	-	-	5,233
<b>TOTAL ASSETS</b>	<b>\$ 15,503,703</b>	<b>\$ 13,887,651</b>	<b>\$ -</b>	<b>\$ 29,391,354</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 494,752	\$ 126,627	\$ -	\$ 621,379
Current portion of compensated absences	160,815	-	-	160,815
Accrued salaries and benefits	221,751	-	-	221,751
Payroll deductions and withholdings	2,330,282	-	-	2,330,282
Unearned revenues	34,261	-	-	34,261
<b>TOTAL LIABILITIES</b>	<b>3,241,861</b>	<b>126,627</b>	<b>-</b>	<b>3,368,488</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	296,436	-	-	296,436
<b>FUND BALANCES</b>				
Nonspendable	5,233	-	-	5,233
Restricted	57,457	13,761,024	-	13,818,481
Committed for:				
Retirement rate increases	4,193,192	-	-	4,193,192
Capital reserves	2,676,976	-	-	2,676,976
Curriculum enhancements	925,000	-	-	925,000
Vehicle/equipment replacements	600,400	-	-	600,400
Assigned	247,090	-	-	247,090
Unassigned	3,260,058	-	-	3,260,058
<b>TOTAL FUND BALANCES</b>	<b>11,965,406</b>	<b>13,761,024</b>	<b>-</b>	<b>25,726,430</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,503,703</b>	<b>\$ 13,887,651</b>	<b>\$ -</b>	<b>\$ 29,391,354</b>

See accompanying notes.

**WYOMISSING AREA SCHOOL DISTRICT**

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

**June 30, 2021**

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

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 25,726,430

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$82,029,484 and the accumulated depreciation is \$34,578,375. 47,451,109

Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts. 290,507

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

Bonds and notes payable	\$ (36,045,000)	
Unamortized bond premium	(3,591,621)	
Deferred charge on bond refunding	305,036	
Accrued interest on long-term debt	(442,324)	
Capital leases payable	(389,086)	
Long-term portion of compensated absences	<u>(410,243)</u>	(40,573,238)

The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements. (48,190,394)

The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements. (4,626,081)

**TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES** \$ (19,921,667)

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended June 30, 2021

	General	Capital Projects	Nonmajor Fund (Debt Service)	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 30,999,601	\$ 2,357	\$ -	\$ 31,001,958
States sources	7,413,357	-	-	7,413,357
Federal sources	1,152,664	-	-	1,152,664
<b>TOTAL REVENUES</b>	<b>39,565,622</b>	<b>2,357</b>	<b>-</b>	<b>39,567,979</b>
<b>EXPENDITURES</b>				
Current:				
Instructional services	21,795,740	-	-	21,795,740
Support services	11,398,150	-	370,736	11,768,886
Operation of noninstructional services	995,107	-	-	995,107
Capital outlay	-	2,437,702	-	2,437,702
Debt service:				
Principal	1,761,715	-	-	1,761,715
Interest	706,586	-	75,145	781,731
Refund of prior year revenues	155,328	-	-	155,328
<b>TOTAL EXPENDITURES</b>	<b>36,812,626</b>	<b>2,437,702</b>	<b>445,881</b>	<b>39,696,209</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,752,996</b>	<b>(2,435,345)</b>	<b>(445,881)</b>	<b>(128,230)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of general obligation bonds and notes	-	-	37,630,000	37,630,000
Premium on issuance of general obligation bonds	-	-	4,426,882	4,426,882
Issuance of capital leases	22,490	-	-	22,490
Transfers in	-	15,014,001	-	15,014,001
Current refunding debt service - principal	-	-	(19,725,000)	(19,725,000)
Payment to escrow agent, refunding bonds	-	-	(6,872,000)	(6,872,000)
Transfers out	-	-	(15,014,001)	(15,014,001)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>22,490</b>	<b>15,014,001</b>	<b>445,881</b>	<b>15,482,372</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,775,486</b>	<b>12,578,656</b>	<b>-</b>	<b>15,354,142</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>9,189,920</b>	<b>1,182,368</b>	<b>-</b>	<b>10,372,288</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 11,965,406</b>	<b>\$ 13,761,024</b>	<b>\$ -</b>	<b>\$ 25,726,430</b>

See accompanying notes.

**WYOMISSING AREA SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

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

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		\$ 15,354,142
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlays	\$ 2,602,281	
Less: depreciation expense	(2,544,118)	
Net loss on disposal of capital assets	<u>(678)</u>	57,485
<p>Because some taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds.</p>		
		(18,476)
<p>Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.</p>		
Repayment of bond and note principal	1,585,000	
Repayment of capital lease	176,715	
Current refunding debt service - principal	19,725,000	
Payment to escrow agent, refunding bonds	6,872,000	
Issuance of capital lease	(22,490)	
Issuance of general obligation bonds and notes	(37,630,000)	
Premium on issuance of general obligation bonds	(4,426,882)	
Amortization on bond premium	841,119	
Amortization of deferred charge on bond refunding	<u>(68,285)</u>	(12,947,823)
<p>Interest expense incurred 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.</p>		
		(190,584)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:</p>		
Other noncurrent liabilities	101,964	
Compensated absences	(76,461)	
Net pension liability and related deferred outflows and inflows	(1,417,674)	
Net OPEB liability and related deferred outflows and inflows	<u>(178,698)</u>	<u>(1,570,869)</u>
<b>CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>		<u>\$ 683,875</u>

See accompanying notes.



**WYOMISSING AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

**June 30, 2021**

	<u>Enterprise Fund Food Service</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 795,323
Intergovernmental receivables	9,493
Other receivables	845
Inventories	<u>25,706</u>
<b>TOTAL CURRENT ASSETS</b>	831,367
<b>NONCURRENT ASSETS</b>	
Capital assets, net of accumulated depreciation	<u>67,234</u>
<b>TOTAL ASSETS</b>	<u>898,601</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources for pension	114,560
Deferred outflows of resources for other postemployment benefits	<u>4,179</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>118,739</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Interfund payables	174,332
Accounts payable	2,243
Accrued salaries and benefits	17,022
Unearned revenues	<u>21,637</u>
<b>TOTAL CURRENT LIABILITIES</b>	215,234
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	727,322
Net other postemployment benefit liabilities	<u>37,046</u>
<b>TOTAL LIABILITIES</b>	<u>979,602</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources for pension	103,713
Deferred inflows of resources for other postemployment benefits	<u>781</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>104,494</u>
<b>NET POSITION (DEFICIT)</b>	
Investment in capital assets	67,234
Unrestricted (deficit)	<u>(133,990)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (66,756)</u>

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

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

Year Ended June 30, 2021

	<u>Enterprise Fund Food Service</u>
<b>OPERATING REVENUES</b>	
Food service revenue	\$ 13,583
<b>OPERATING EXPENSES</b>	
Salaries	151,523
Employee benefits	80,928
Pension and OPEB valuation adjustments	7,084
Supplies	141,706
Depreciation	5,461
Other expenses	<u>22,079</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>408,781</u>
<b>OPERATING LOSS</b>	(395,198)
<b>NONOPERATING REVENUES</b>	
Earnings on investments	78
State sources	41,332
Federal sources	<u>309,602</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>351,012</u>
<b>CHANGE IN NET POSITION</b>	(44,186)
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	<u>(22,570)</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u><u>\$ (66,756)</u></u>

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

Year Ended June 30, 2021

	<u>Enterprise Fund Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from users	\$ 19,419
Payments to employees for services	(37,379)
Payments to suppliers for goods and services	<u>(121,549)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	(139,509)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State sources	41,560
Federal sources	<u>276,303</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	317,863
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(4,300)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on investments	<u>78</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	174,132
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>621,191</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 795,323</u></u>

**WYOMISSING AREA SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS - CONTINUED**  
**PROPRIETARY FUND**

Year Ended June 30, 2021

	Enterprise Fund Food Service
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Operating loss	\$ (395,198)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	5,461
Donated commodities used	38,622
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Interfund receivables/payables	195,381
Inventories	2,370
Deferred outflows of resources for pension	9,445
Deferred outflows of resources for other postemployment benefits	466
Accounts payable	1,244
Accrued salaries and benefits	(309)
Unearned revenues	5,836
Net pension liability	5,772
Net other postemployment benefit liabilities	499
Deferred inflows of resources for pension	(8,794)
Deferred inflows of resources for other postemployment benefits	(304)
Total adjustments	255,689
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>\$ (139,509)</b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the District used \$38,622 of commodities from the U.S. Department of Agriculture.

**WYOMISSING AREA SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**CUSTODIAL FUNDS**

**June 30, 2021**

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and investments	\$    133,174
<b>LIABILITIES</b>	
Interfund payable	<u>          11,051</u>
<b>NET POSITION</b>	<u><u>\$    122,123</u></u>

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS

Year Ended June 30, 2021

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Contributions and fundraising	\$ 56,339
Earnings on investments	<u>118</u>
<b>TOTAL ADDITIONS</b>	56,457
<b>DEDUCTIONS</b>	
Scholarships	1,560
Student activities	<u>56,810</u>
<b>TOTAL DEDUCTIONS</b>	<u>58,370</u>
<b>CHANGE IN NET POSITION</b>	(1,913)
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>124,036</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 122,123</u></u>

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

The Wyomissing Area School District (“School District” or the “District”) is located in Berks County, Pennsylvania. The District tax base consists of two boroughs: West Reading and Wyomissing.

The Wyomissing Area School District is governed by a board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term. The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person residing in such district, between the ages of 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (the primary government) and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management’s professional judgement that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity’s financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**A. Reporting Entity - continued**

Based on the foregoing criteria, the District has determined it has no component units.

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

**Joint Venture:** The District is a participating member of Berks Career & Technology Center. See Note 13 for details of involvement and financial information of the joint venture.

**Jointly Governed Organizations:** The District is a participating member of Berks County Intermediate Unit (BCIU). BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve BCIU's annual operating budget.

BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in BCIU. BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

**B. Basis of Presentation - Government-Wide Financial Statements**

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.



WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**B. Basis of Presentation - Government-Wide Financial Statements - continued**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers between governmental funds and business-type and fiduciary funds. Elimination of these transfers would distort the direct costs and program revenues reported for the various functions concerned.

**C. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type.

**The District Reports the Following Major Governmental Funds:**

**General Fund:** This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

**Capital Projects Fund:** This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

**The District has the Following Major Enterprise Fund:**

**Food Service Fund:** This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

**Additionally, the District Reports the Following Fund Types:**

**Fiduciary Funds:** The District's fiduciary funds are custodial funds. Custodial funds are fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The District's custodial funds are the scholarship and student activities funds.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**C. Basis of Presentation - Fund Financial Statements - continued**

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *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. Property taxes are recognized as revenue 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**D. Measurement Focus and Basis of Accounting - continued**

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered non-operating revenues as no exchange transaction occurs.

The custodial funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**E. Budgetary Process**

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

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Budgetary Process - continued**

**Accelerated Budget Process Option**

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. The preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

**Board Resolution Option**

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

**F. Financial Position**

**1. Cash and Cash Equivalents**

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

2. Investments

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Inventories and Prepaid Items

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the policy of the District to charge these items to expenditures upon acquisition.

Inventories of the Enterprise Fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. 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 inventories on-hand at June 30, 2021, consist of the following:

Purchased food and supplies	\$ 16,954
Donated commodities	<u>8,752</u>
	<u>\$ 25,706</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

4. Inventories and Prepaid Items - continued

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

5. Capital Assets, Depreciation, and Amortization

The District's capital assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

The District generally capitalizes assets with costs of \$1,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 - 50
Land improvements	15 - 20
Furniture and equipment	3 - 10

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**6. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2021.

**7. Unearned Revenues**

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental and proprietary 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.

**8. Compensated Absences**

District policies permit employees to accumulate earned but unused vacation, personal and sick days based on employment agreements. Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund statements. Accumulated vacation, personal, and sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated vacation, personal, or sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the proprietary funds and the government-wide financial statements and is expensed as incurred.

**9. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

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

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**10. Pension**

The District contributes to the Public School Employees' Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For the purpose of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the PSERS Plan 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 refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**11. Other Postemployment Benefits (OPEB)**

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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 PSERS Plan, 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.

District OPEB Plan

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



WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**12. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has three items that qualify for reporting in this category:

*A deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred outflows of resources for pension* relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

*Deferred outflows of resources for other postemployment benefit liabilities* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefits liability in the following year.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**12. Deferred Outflows/Inflows of Resources - continued**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category:

*Unavailable revenue* arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Deferred inflows of resources for pensions* relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

*Deferred inflows of resources for other postemployment benefit liabilities* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**13. Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net investment in capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

**14. Fund Balance Policies and Flow Assumptions**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance classification represents funds that are limited in use to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**14. Fund Balance Policies and Flow Assumptions - continued**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The business manager or designee may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District's unassigned fund balance of the general fund shall not be less than 6% of the following year's projected budgeted expenditures.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, the District's policy places no restrictions on the order of the unrestricted fund balances used. The order of the unrestricted fund balances used for disbursements is at the discretion of the business manager.

**G. Use of Estimates**

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

**H. Adoption of Accounting Standard**

Effective July 1, 2020, the District adopted a new accounting standard related to the reporting of Fiduciary Activities. The objective of this standard is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**WYOMISSING AREA SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**H. Adoption of Accounting Standard - continued**

Under this standard, the District’s scholarship and student activities funds continue to be reported as fiduciary funds; however, they are now reported as custodial funds which reports net position and changes in net position. This resulted in the District restating beginning net position as of July 1, 2020 in the fiduciary funds for \$65,966.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Compliance with Finance Related Legal and Contractual Provisions**

The District had no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

**Deficit Net Position - Proprietary Fund (Food Service Fund)**

For the year ended June 30, 2021, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, created the following deficiency in net position as of June 30, 2021:

	Food Service Fund
Net position before effects of GASB statements noted below	\$ 683,367
Cumulative effect of GASB statement Nos. 68 and 71	(716,475)
Cumulative effect of GASB statement No. 75	(33,648)
Ending net position (deficit)	\$ (66,756)

The District will fund this deficiency in future years through contributions to the Pennsylvania Public School Employees’ Retirement Plan (PSERS) at a rate required by PSERS.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 3 - CASH AND INVESTMENTS

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

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

Deposits in savings accounts, 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, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

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

The breakdown of total cash and investments at June 30, 2021, is as follows:

Petty cash	\$ 2,621
Cash	2,855,219
Certificates of deposit	12,000
Pooled cash and investments	<u>24,849,071</u>
	<u>\$ 27,718,911</u>

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does have a policy for custodial credit risk on deposits. At June 30, 2021, the carrying amount of the District's deposits was \$2,867,219 and the bank balance was \$3,007,235. Of the bank balance, \$513,473 was covered by federal depository insurance, and \$2,493,762 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name, but was covered by collateralization requirements under Act 72 of the 1971 session of the Pennsylvania General Assembly. Included in investments are certificates of deposit (CDs) that have original maturity dates greater than three months. The CDs are considered deposits for purposes of this disclosure and included as deposits in the custodial credit risk disclosure above. The District has CDs outstanding totaling \$12,000.

**Investments**

As of June 30, 2021, the District had the following pooled cash and investments:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Carrying Value</u>
<b>Pooled Cash and Investments:</b>			
PA School District Liquid Asset Fund (PSDLAF):			
Full Flex Pool	< 1 year	\$ 1,500,136	\$ 1,500,136
Certificates of deposit	< 1 year	2,220,000	2,220,000
MAX account balance		20,944,716	20,944,716
PA Local Government Investment Trust (PLGIT):			
PLGIT/Reserve-Class		<u>527,422</u>	<u>527,422</u>
	Total		25,192,274
Less: reconciling items			<u>(343,203)</u>
			<u><u>\$ 24,849,071</u></u>

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments which include \$527,422 (PLGIT) and \$24,664,852 (PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments - continued**

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). The funds act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit.

The PSDLAF Full Flex Pool and Certificates of Deposit, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT/Reserve-Class is an option which requires a minimum investment of \$50,000, a one day minimum investment period, and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period and dividends are paid monthly.

As of June 30, 2021, the entire PLGIT, PSDLAF, and certificate of deposit book balance of \$24,849,071 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

**Interest Rate Risk**

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District's investment in certificates and securities of U.S. agencies had maturity dates of less than one year.



WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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**Credit Risk**

The District has an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the District's investments were rated as:

Investments	Standard & Poor's
PLGIT	AAAm
PSDLAF	AAAm

**Concentration of Credit Risk**

The District does not have a policy that would limit the amount they may invest in any one issue. The District has no investments subject to this risk.

**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 investment subject to custodial credit risk.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

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The District collects its own real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$833,782,400. In accordance with Act 1 of 2006, the District received \$492,267 in property tax reduction funds for the 2020/2021 fiscal year. The District tax rate for the year ended June 30, 2021, was 31.906 mills (\$31.906 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 14	10% penalty period
January 15	Lien date - All taxes unpaid become delinquent and are turned over to the County Tax Claims Bureau for collection.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED**

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

The balances at June 30, 2021, were as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue Taxes
Real Estate Property Tax	\$ 401,956	\$ 5,929	\$ 396,027	\$ 105,520	\$ 296,436
Real Estate Transfer	36,760	-	36,760	36,760	-
Earned Income Tax	118,860	-	118,860	118,860	-
Other	446	-	446	446	-
	<u>\$ 558,022</u>	<u>\$ 5,929</u>	<u>\$ 552,093</u>	<u>\$ 261,586</u>	<u>\$ 296,436</u>

**NOTE 5 - TAX ABATEMENTS**

The District negotiates property tax abatement agreements on an individual basis. The District has one Pennsylvania Tax Increment Financing Act (TIF) agreement as of June 30, 2021. The TIF program authorized local taxing authorities to cooperate in providing financing for redevelopment of blighted areas in their jurisdictions which will generate new development and increase the value of taxable properties. The TIF was negotiated in accordance with Pennsylvania Assembly Act No. 113 of 1990, as amended, and a TIF Plan was prepared, which created the Penn Avenue TIF District. The Redevelopment Authority of the County of Berks (the "Authority") is the delegated administrator of the TIF Plan and Tax Increment Project (the "Project"). The objective of the Project was to redevelop a blighted property, a former motel site, for commercial purposes. The TIF District provided funds for acquisition, demolition, relocation, hard costs, and contingencies for redevelopment work at the site through the issuance of TIF debt incurred by the Authority in the amount of \$2,500,000. The TIF Plan has a term of 20 years, terminating February 1, 2027. The District pays the tax increment revenue (tax on assessed valuation of the improved property in excess of the original assessed value) to the Authority for the term of the TIF Plan or until the TIF debt is paid in full. Any increase in the current millage rate for real estate taxes is retained by the District and does not constitute tax increment revenue and is not paid over to the Authority. For the year ended June 30, 2021, the foregone real estate tax revenue as a result of the TIF tax abatement was \$43,520.

The District has not made any commitments as part of the agreement other than to reduce taxes.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

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The following is a summary of interfund receivables and payables at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 138,272	\$ -
Capital Projects Fund	47,111	-
Enterprise Fund - Food Service	-	174,332
Fiduciary Funds - Custodial Funds	-	11,051
	<u>\$ 185,383</u>	<u>\$ 185,383</u>

Interfund receivables and payables exist as a result of the time lag between dates when goods and services were provided and payments between funds are made. All will be repaid within one year.

Interfund transfers are summarized as follows at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund	\$ 15,014,001	\$ -
Debt Service Fund	-	15,014,001
	<u>\$ 15,014,001</u>	<u>\$ 15,014,001</u>

Transfer was made to record funds deposited in capital projects fund from debt issuance for capital construction projects.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 7 - INTERGOVERNMENTAL RECEIVABLES**

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The following schedule represents intergovernmental receivables as of June 30, 2021:

<u>Name of Governmental Unit</u>	<u>General Fund</u>	<u>Enterprise Food Service</u>
Berks County Intermediate Unit -		
Special Education Grants to States	\$ 89,974	\$ -
Special Education Preschool Grants	4,830	-
Borough of Wyomissing - Crossing Guards	20,919	-
Pennsylvania Department of Education:		
Social Security	210,379	-
Retirement	1,026,194	-
School Lunch and Breakfast Programs	-	334
Federal Subsidies:		
Title I - Grants to Local Educational Agencies	66,600	-
Supporting Effective Instruction State Grant	24,098	-
Student Support and Academic Enrichment	18,725	-
COVID-19 - Elementary and Secondary School Emergency Relief	124,759	-
Medical Assistance Program	189,588	-
Medical Assistance Program - Admin	7,763	-
COVID-19 - National School Lunch Program	-	6,648
COVID-19 - School Breakfast Program	-	2,511
	<hr/>	<hr/>
TOTAL	<u>\$ 1,783,829</u>	<u>\$ 9,493</u>

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 8 - CHANGES IN CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>(Reclass) Decrease</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 232,196	\$ -	\$ -	\$ 232,196
Construction in progress	242,405	2,274,443	(665,295)	1,851,553
Totals not being depreciated	<u>474,601</u>	<u>2,274,443</u>	<u>(665,295)</u>	<u>2,083,749</u>
Capital assets being depreciated:				
Buildings and improvements	66,080,395	61,783	665,295	66,807,473
Land improvements	4,522,998	29,764	-	4,552,762
Furniture and equipment	8,362,728	236,291	(13,519)	8,585,500
Totals being depreciated	<u>78,966,121</u>	<u>327,838</u>	<u>651,776</u>	<u>79,945,735</u>
Less accumulated depreciation for:				
Buildings and improvements	23,107,505	1,919,948	-	25,027,453
Land improvements	3,193,777	77,182	-	3,270,959
Furniture and equipment	5,745,816	546,988	(12,841)	6,279,963
Total accumulated depreciation	<u>32,047,098</u>	<u>2,544,118</u>	<u>(12,841)</u>	<u>34,578,375</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>46,919,023</u>	<u>(2,216,280)</u>	<u>664,617</u>	<u>45,367,360</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 47,393,624</u>	<u>\$ 58,163</u>	<u>\$ (678)</u>	<u>\$ 47,451,109</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 244,358	\$ 4,300	\$ -	\$ 248,658
Accumulated depreciation for:				
Furniture and equipment	<u>175,963</u>	<u>5,461</u>	<u>-</u>	<u>181,424</u>
<b>BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 68,395</u>	<u>\$ (1,161)</u>	<u>\$ -</u>	<u>\$ 67,234</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 - CHANGES IN CAPITAL ASSETS - CONTINUED

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Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 574,901
Instructional student support	1,543
Administrative and financial support services	337,911
Operation and maintenance of plant services	1,614,976
Pupil transportation	8,461
Student activities	<u>6,326</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 2,544,118</u></b>

NOTE 9 - LONG-TERM LIABILITIES

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The District issues general obligation bonds, notes, and leases to provide resources for major capital improvements. The bonds and notes are issued on a pledge of the full faith and credit of the District as well as its general taxing authority. The leases are secured by the related leased equipment. Bonds, notes, and leases payable were as follows at June 30, 2021:

General Obligation Bonds, Series of 2020A: The General Obligation Bonds, Series of 2020A, aggregate principal of \$30,700,000, were issued on September 8, 2020 for the purpose of currently refunding the General Obligation Bonds, Series of 2016A and 2016B and General Obligation Note, Series of 2015A, and financing various capital projects of the District. The bonds mature from February 1, 2025 through February 1, 2039. Interest is payable semi-annually on February 1 and August 1. Interest rates range from 2% - 4%. The District realized cash flow savings of \$67,519 on the refunding. \$ 30,700,000

General Obligation Notes, Series of 2020B: The General Obligation Notes, Series of 2020B, aggregate principal of \$6,930,000, were issued on September 8, 2020, for the purpose of advance refunding the outstanding General Obligation Bonds, Series of 2018. The notes mature from February 1, 2021 through February 1, 2025. Interest is payable semi-annually on February 1 and August 1 at a rate of 0.99%. The District realized cash flow savings of \$449,812 on the refunding. 5,345,000

Total bonds and note payable \$ 36,045,000

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

Capital lease liabilities are as follows at June 30, 2021:

Capitalized lease obligation for iPads and TVs, with annual payments of \$153,832, with final payment due in July 2022. The lease has an effective interest rate of 1.46%.	\$ 301,071
Capitalized lease obligation for projectors, with monthly payments of \$2,108, with final payment due in June 2024. The lease has an effective interest rate of 4.12%.	73,140
Capitalized lease obligation for computers, with annual payments of \$7,615, with final payment due in August 2022. The lease has an effective interest rate of 1.59%.	<u>14,875</u>
Total capital leases	<u><u>\$ 389,086</u></u>

The amount of capitalized lease equipment included on the statement of net position is:

Cost	\$ 686,008
Accumulated depreciation	<u>(201,305)</u>
Net book value	<u><u>\$ 484,703</u></u>

Minimum future lease payments under capital leases are as follows:

Payments	\$ 400,904
Amount representing interest	<u>(11,818)</u>
Present value of net minimum lease payments	<u><u>\$ 389,086</u></u>

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

The future annual payments required to amortize all bonds, notes, and leases payable for the years ending June 30 are as follows:

Year Ended June 30	General Obligation Bonds - Series of 2020A	Direct Borrowing	Total General Long-Term Debt
		General Obligation Notes - Series of 2020B	
2022	\$ -	\$ 1,665,000	\$ 1,665,000
2023	-	1,680,000	1,680,000
2024	-	1,695,000	1,695,000
2025	1,405,000	305,000	1,710,000
2026	1,740,000	-	1,740,000
2027 - 2031	9,290,000	-	9,290,000
2032 - 2036	10,740,000	-	10,740,000
2037 - 2039	7,525,000	-	7,525,000
<b>TOTAL</b>	<b>\$ 30,700,000</b>	<b>\$ 5,345,000</b>	<b>\$ 36,045,000</b>
	Capital Leases	Total Interest	
2022	\$ 179,539	\$ 1,057,925	
2023	182,786	1,038,193	
2024	24,660	1,018,240	
2025	2,101	1,000,827	
2026	-	969,700	
2027 - 2031	-	4,274,500	
2032 - 2036	-	2,827,400	
2037 - 2039	-	610,000	
<b>TOTAL</b>	<b>\$ 389,086</b>	<b>\$ 12,796,785</b>	

**Defeased Debt**

During the year ended June 30, 2021, the District issued General Obligation Notes, Series of 2020B to advance refund the balance of General Obligation Bond, Series 2018. The advance refunding met the requirements of an in-substance debt defeasance and the bond was removed from the District's long-term liabilities.

As of June 30, 2021, outstanding general obligation bonds of the District in the amount of \$6,140,000 were considered to be defeased with a related \$6,728,887 (market value at June 30, 2021) held in escrow funds.



**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

Long-term liability balances and activity for the year ended June 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds:					
Bonds payable	\$ 19,725,000	\$ 30,700,000	\$ 19,725,000	\$ 30,700,000	\$ -
Premiums	266,543	4,426,882	1,101,804	3,591,621	-
Total general obligation bonds	19,991,543	35,126,882	20,826,804	34,291,621	-
Direct borrowings:					
Notes payable	6,165,000	6,930,000	7,750,000	5,345,000	1,665,000
Total direct borrowings	6,165,000	6,930,000	7,750,000	5,345,000	1,665,000
Total bonds and notes payable, net	26,156,543	42,056,882	28,576,804	39,636,621	1,665,000
Capital leases payable	543,311	22,490	176,715	389,086	179,539
Compensated absences	535,089	35,969	-	571,058	160,815
Net pension liability	53,125,450	2,969,228	-	56,094,678	-
Net other postemployment benefit liabilities	4,859,059	103,988	-	4,963,047	-
Other noncurrent liabilities	101,964	-	101,964	-	-
Total Governmental Long-Term Liabilities	<u>\$ 85,321,416</u>	<u>\$ 45,188,557</u>	<u>\$ 28,855,483</u>	<u>\$ 101,654,490</u>	<u>\$ 2,005,354</u>
<b>Business-Type Activities</b>					
Net pension liability	\$ 721,550	\$ 5,772	\$ -	\$ 727,322	\$ -
Net other postemployment benefit liabilities	36,547	499	-	37,046	-
Total Business-Type Long-Term Liabilities	<u>\$ 758,097</u>	<u>\$ 6,271</u>	<u>\$ -</u>	<u>\$ 764,368</u>	<u>\$ -</u>

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

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Payment for bonds and notes payable and capital leases is made by the general fund. Total interest paid during the year ended June 30, 2021, was \$781,731. The compensated absences liabilities will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

**Events of Default**

The District's general obligation bonds and notes contain a provision that in the event of default of non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders/lenders.

**Subsequent Event**

Subsequent to year end, the District issued General Obligation Bonds, Series of 2021, in the original amount of \$9,995,000. The funds will be used to finance various capital projects of the District; and to pay expenses of issuing the bonds.

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

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**Employee Defined Benefit Pension Plan**

***General Information About the Pension Plan***

Plan Description

PSERS (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 under Title 24 Part IV of the Pennsylvania General Assembly. 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](http://www.psers.pa.gov).

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. 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.

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

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$5,481,247 for the year ended June 30, 2021.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Contributions - continued

Employer Contributions - continued:

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare (OPEB). This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$2,817,844.

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

At June 30, 2021, the District reported a liability of \$56,822,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.1154%, which was an increase of 0.0030% from its proportion measured as of June 30, 2020.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plan - continued**

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

For the year ended June 30, 2021, the District recognized pension expense of \$6,905,344. At June 30, 2021, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 149,000	\$ 1,362,000
Net difference between projected and actual investment earnings	2,497,000	-
Changes in proportion - plan level	1,163,000	64,000
Changes in proportion - internal	85,460	85,460
Difference between employer contributions and proportionate share of total contributions	50,884	-
Contributions made subsequent to the measurement date	<u>5,481,247</u>	<u>-</u>
	<u>\$ 9,426,591</u>	<u>\$ 1,511,460</u>

The \$5,481,247 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2022	\$ 535,471
2023	374,807
2024	780,283
2025	<u>743,323</u>
	<u>\$ 2,433,884</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions

The total pension liability at **June 30, 2020**, was determined by rolling forward the System's total pension liability at **June 30, 2019** to **June 30, 2020**, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of **June 30, 2020** is:

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

Discount Rate

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



WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 70,301,000	\$ 56,822,000	\$ 45,403,000

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](http://www.psers.pa.gov).

Payables Related to the Plan

At June 30, 2021, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,063,974. This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

**Hybrid Defined Benefit/Defined Contribution Retirement Plan**

On June 12, 2017, Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation establishes a new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan design options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. A stand-alone defined benefit plan is no longer available to new members after June 30, 2019. Contributions to the defined contribution pension plan from the District were \$29,443 for the year ended June 30, 2021.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**403(b) Tax Shelter Plan**

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the plan.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS

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**Employee Defined Benefit Other Postemployment Benefit Plans**

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2021 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 2,487,000	\$ 354,128	\$ 61,000
District OPEB Plan	<u>2,513,093</u>	<u>454,285</u>	<u>407,049</u>
Total	<u>\$ 5,000,093</u>	<u>\$ 808,413</u>	<u>\$ 468,049</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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**PSERS OPEB Plan**

***General Information About the PSERS OPEB Plan***

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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**PSERS OPEB Plan - continued**

*General Information About the PSERS OPEB Plan - continued*

Benefits Provided

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

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$134,128 for the year ended June 30, 2021.

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$2,817,844.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Liability, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB***

At June 30, 2021, the District reported a liability of \$2,487,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1151%, which was a 0.0% change from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$147,910. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 101,000	\$ 55,000
Difference between expected and actual experience	23,000	-
Net difference between projected and actual investment earnings	4,000	-
Changes in proportion	92,000	6,000
Contributions made subsequent to the measurement date	<u>134,128</u>	<u>-</u>
	<u>\$ 354,128</u>	<u>\$ 61,000</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - continued*

The \$134,128 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$ 28,000
2023	28,000
2024	27,000
2025	47,000
2026	22,000
Therafter	<u>7,000</u>
	<u>\$ 159,000</u>

Actuarial Assumptions

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

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - continued*

Actuarial Assumptions - continued

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2017 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect Premium Assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	3.2%	(0.1%)
	<u>100.0%</u>	

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Liability, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - continued***

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. Under the plan’s funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate decreased from 2.79% as of June 30, 2019.

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

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

The following presents the District’s proportionate share of the net OPEB liability for the June 30, 2020 measurement date, calculated using current Healthcare cost trends as well as what the District’s proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease (Between 4% to 6.50%)</u>	<u>Current Trend Rate (Between 5% to 7.50%)</u>	<u>1% Increase (Between 6% to 8.50%)</u>
District's proportionate share of the net OPEB liability	\$ 2,487,000	\$ 2,487,000	\$ 2,487,000



WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - continued*

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.66%) or one-percentage point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 2,836,000	\$ 2,487,000	\$ 2,198,000

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](http://www.psers.pa.gov).

Payables Related to the Plan

At June 30, 2021, the District had an accrued balance due to PSERS of \$2,063,974, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan**

***General Information About the District OPEB Plan***

Plan Description

Wyomissing Area School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, dental and vision insurance for eligible retirees through the District’s health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District’s employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

The District classifies employees in the following categories: Administrators, Teachers, and Support Staff. Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to each of these groups:

**I. Administrators**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<p><u>Coverage</u> Medical, Prescription Drug, Dental and Vision</p> <p><u>Premium Sharing</u> Member and spouse will receive benefits for medical, prescription drug, dental and vision but must contribute 102% of the premiums.</p> <p>Upon the death of a retiree, the spouse may continue coverage until he/she reaches Medicare age.</p> <p>Dependents - Spouses included</p>	<ul style="list-style-type: none"> <li>• Member coverage ceases upon attainment of age 65.</li> <li>• Spouse coverage ceases upon attainment of age 65.</li> </ul>

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***General Information About the District OPEB Plan - continued***

Benefits Provided - continued

**II. Teachers**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<p><u>Coverage</u> Medical, Prescription Drug, Dental, and Vision</p> <p><u>Premium Sharing</u> If member reaches 25 years of service with the district as of 6/30/2010, and requirements are met for Act 110/43, member and spouse will receive benefits for medical, prescription drug, dental and vision. Contributions for the member are \$135/month and contributions for the spouse are 102% of the premium for single coverage.</p> <p>If the member does not reach the requirements for the district subsidy but requirements are met for the Act 110/43 benefit, the member and spouse may continue coverage by paying the full premiums for coverage as determined for the purpose of COBRA.</p> <p>Upon death of a retiree, the spouse may continue coverage until he/she reaches Medicare age.</p> <p>Dependents - Spouses included</p>	Same as I.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***General Information About the District OPEB Plan - continued***

Benefits Provided - continued

**III. Support Staff**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<p><u>Coverage</u> Medical, Prescription Drug, Dental, and Vision</p> <p><u>Premium Sharing</u> Member and spouse will receive benefits for medical, prescription drug, dental and vision but must contribute 102% of the premiums.</p> <p>Upon the death of a retiree, the spouse may continue coverage until he/she reaches Medicare age.</p> <p>Dependents - Spouses included</p>	Same as I.

Pennsylvania Act 110 of 1988 and Act 43 of 1989 require school employers in Pennsylvania to give retirees and their dependents the right to coverage in the group health plan to which they belonged as employees. All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

**PSERS Superannuation Retirement:**

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 92 with a minimum of 30 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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District OPEB Plan - continued

*General Information About the District OPEB Plan - continued*

Employees Covered by Benefit Terms

At July 1, 2020, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	255
Retired participants	<u>10</u>
Total	<u><u>265</u></u>

**OPEB Liability**

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2020, was determined by rolling forward the District's total OPEB liability as of July 1, 2019 to July 1, 2020, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal
- Salary increases - 2.50% 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 - 1.86% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.
- 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.
- Healthcare cost trend rates - 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 100% of Teachers who receive a subsidy, 75% of Teachers and Administrators who do not receive subsidy, and 25% of the Support Staff are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

**WYOMISSING AREA SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at July 1, 2020	\$ 2,447,606
Changes for the year:	
Service cost	153,257
Interest	85,902
Difference between expected and actual experience	(376,192)
Changes in assumptions	284,199
Benefit payments	(81,679)
	65,487
Balance at June 30, 2021	\$ 2,513,093

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 3.36% to 1.86%; (2) the healthcare trend assumption was updated.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (0.86%) or one-percentage point higher (2.86%) than the current discount rate:

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
District's proportionate share of the net OPEB liability	\$ 2,704,195	\$ 2,513,093	\$ 2,329,677

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

***Changes in the Total OPEB Liability - continued***

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB Liability	\$ 2,201,306	\$ 2,513,093	\$ 2,883,648

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$238,544. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 290,961	\$ 59,795
Difference between expected and actual experience	90,357	347,254
Contributions made subsequent to the measurement date	72,967	-
	<u>\$ 454,285</u>	<u>\$ 407,049</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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District OPEB Plan - continued

*OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB - continued*

The \$72,967 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$ (615)
2023	(615)
2024	(615)
2025	(615)
2026	(615)
Thereafter	<u>(22,656)</u>
	<u>\$ (25,731)</u>

NOTE 12 - OTHER EMPLOYEE BENEFITS

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**Early Retirement Incentive**

The District pays severance pay to professional employees at retirement based on years of service. Eligible employees receive \$150 per year of service for 15-24 years of service completed, \$225 per year of service for 25-29 years of service completed, and \$300 per year of service for 30 or more years of service completed. Severance payments are paid in equal amounts over a three-year period following retirement if the total severance amount is less than \$15,000 or in annual installments of \$5,000 until paid in full if the total severance amount is \$15,000 or more. An accrual of \$49,723 has been made to the fund financial statements for the portion due in the next fiscal year and an accrual of \$46,055 has been made to the government-wide financial statements for the severance portion due beyond one year.

**Vacation Leave**

In accordance with GASB Statement No. 16, vacation leave earned at the balance sheet date should be recorded as a liability. As such, the value of vacation leave earned at June 30, 2021, recorded in the General Fund that will use currently available financial resources is \$111,092.

**Unused Sick Leave**

The District reimburses certain employees for unused accumulated sick leave upon retirement at a rate of \$45 per day (teachers) or \$40 per day (administrators). An accrual has been made to the government-wide financial statements at June 30, 2021 for \$364,188.



**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 13 - JOINT VENTURE**

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The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The board of directors of each participating district must approve the Center's annual operating budget. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2020/2021 year was \$501,811.

Summary financial information as of June 30, 2020 (the most recent information available), is as follows:

<u>Berks Career &amp; Technology Center - Governmental Activities</u>	
Total assets and deferred outflows of resources	\$ 31,607,620
Total liabilities and deferred inflows of resources	<u>30,858,040</u>
Total net position	<u>\$ 749,580</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

**NOTE 14 - RISK MANAGEMENT**

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverages for the 2020/2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 15 - CONTINGENT LIABILITIES**

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The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

The District is involved in routine litigation incidental to the conduct of its business. The results, in the opinion of management, are not likely to affect the District's financial condition, results of operations, or cash flows.

The District has entered into an agreement for the transportation of students. The Agreement is for the period of July 1, 2020 through June 30, 2026. The contractor provides all equipment and labor necessary. The District is responsible for supplying the fuel. The cost for the transportation services is determined based on a yearly base service cost, which is reconciled prior to June 30<sup>th</sup> each year.

**NOTE 16 - COMMITMENTS**

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The District has an operating-type lease agreement with a company to lease copiers. Expense under this operating lease was \$63,869 for the year ended June 30, 2021. The lease has no future payments due as of June 30, 2021.

At June 30, 2021, the District has entered into contracts related to capital projects. Contracts outstanding are as follows:

	<u>Contract Amount</u>	<u>Expenditures Incurred</u>	<u>Commitment Remaining</u>
Wyomissing Hills crosswalk	\$ 73,895	\$ -	\$ 73,895
JR/SR High School renovations	9,423,869	906,899	8,516,970
Wyomissing Hills renovations	10,695,594	672,065	10,023,529
West Reading renovations	<u>476,019</u>	<u>90,200</u>	<u>385,819</u>
Total commitments	<u>\$20,669,377</u>	<u>\$ 1,669,164</u>	<u>\$ 19,000,213</u>

These commitments will be liquidated by funds in the general fund committed for capital reserves, capital projects funds, and a future debt issuance.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 17 - FUND BALANCE**

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Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2021, were as follows:

**General Fund**

The general fund has nonspendable funds of \$5,233 for prepaid expenditures and restricted funds of \$57,457 consisting of \$12,350 for the lacrosse program, \$12,766 for the fence project donations, \$264 for the KURR Grant, \$650 for post graduate events, \$349 for Instrument rentals, \$24,093 for the Act 44 Grant, and \$6,985 for special education books. The general fund also has committed funds of \$4,193,192 for retirement rate increases, \$2,676,976 for capital reserves, \$925,000 for curriculum enhancements, and \$600,400 for vehicle/equipment replacements; assigned funds of \$247,090 appropriated for the 2021/2022 budget; and unassigned fund balance of \$3,260,058. All commitments and assignments were authorized by the board of school directors' resolution to set aside resources for specific purposes.

**Capital Projects**

The capital projects fund has restricted funds of \$13,761,024, consisting of unspent bond funds.

**NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS**

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 87, *Leases* - This statement requires 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the District's fiscal year ending June 30, 2022.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

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- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* - This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Under this statement, interest cost incurred before the end of a construction period must be recognized as an expense in the period in which the costs are incurred for financial statements prepared using the economic resources measurement focus. This statement is effective for the District's fiscal year ending June 30, 2022.
- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - 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. This statement is effective for the District's fiscal year ending June 30, 2023.

The District has not yet completed the analysis necessary to determine the financial statement impact of these new pronouncements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WYOMISSING AREA SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

**Year Ended June 30, 2021**

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 30,028,821	\$ 30,028,822	\$ 30,999,601	\$ 970,779
State sources	7,329,811	7,329,810	7,413,357	83,547
Federal sources	1,019,486	1,019,486	1,152,664	133,178
<b>TOTAL REVENUES</b>	<b>38,378,118</b>	<b>38,378,118</b>	<b>39,565,622</b>	<b>1,187,504</b>
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular programs - elementary/secondary	15,702,398	15,700,063	15,581,686	118,377
Special programs - elementary/secondary	5,902,976	5,915,841	5,688,270	227,571
Vocational education	497,800	497,800	501,811	(4,011)
Other instructional programs - elementary/secondary	57,638	57,638	23,973	33,665
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>22,160,812</b>	<b>22,171,342</b>	<b>21,795,740</b>	<b>375,602</b>
<b>SUPPORT SERVICES:</b>				
Students	1,491,752	1,491,752	1,427,854	63,898
Instructional staff	840,873	843,048	814,602	28,446
Administration	2,549,507	2,549,632	2,686,274	(136,642)
Pupil health	597,839	599,887	548,198	51,689
Business	700,189	700,189	676,218	23,971
Operation and maintenance of plant	2,762,063	2,762,063	2,952,741	(190,678)
Student transportation	1,074,010	1,056,762	894,417	162,345
Central	1,124,524	1,126,894	1,370,713	(243,819)
Other	26,900	26,900	27,133	(233)
<b>TOTAL SUPPORT SERVICES</b>	<b>11,167,657</b>	<b>11,157,127</b>	<b>11,398,150</b>	<b>(241,023)</b>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES:</b>				
Student activities	1,020,028	1,020,028	965,206	54,822
Community services	60,269	60,269	29,351	30,918
Scholarships and awards	750	750	550	200
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>1,081,047</b>	<b>1,081,047</b>	<b>995,107</b>	<b>85,940</b>
<b>DEBT SERVICE</b>	<b>4,145,915</b>	<b>4,145,915</b>	<b>2,468,301</b>	<b>1,677,614</b>
<b>REFUND OF PRIOR YEAR REVENUES</b>	<b>-</b>	<b>-</b>	<b>155,328</b>	<b>(155,328)</b>
<b>TOTAL EXPENDITURES</b>	<b>38,555,431</b>	<b>38,555,431</b>	<b>36,812,626</b>	<b>1,742,805</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(177,313)</b>	<b>(177,313)</b>	<b>2,752,996</b>	<b>2,930,309</b>

See note to required supplementary information.

**WYOMISSING AREA SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - CONTINUED**

**Year Ended June 30, 2021**

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE
	Original	Final		Final to Actual
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital leases	-	-	22,490	22,490
Budgetary reserve	<u>(555,559)</u>	<u>(555,559)</u>	<u>-</u>	<u>555,559</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(555,559)</u>	<u>(555,559)</u>	<u>22,490</u>	<u>578,049</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (732,872)</u>	<u>\$ (732,872)</u>	2,775,486	<u>\$ 3,508,358</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>9,189,920</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 11,965,406</u>	

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2021**

**BUDGETARY DATA**

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The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2020/2021 budget transfers.

**Excess of Expenditures Over Appropriations in Individual Funds**

No individual governmental fund required to have a legally adopted budget had an excess of expenditures over appropriations.

**Budgetary Compliance**

The District's only legally adopted budget is for the general fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2021. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.



**WYOMISSING AREA SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS -  
PENSION PLAN**

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.1154%	0.1151%	0.1132%	0.1080%	0.1087%	0.1059%	0.1056%	0.1026%
District's proportionate share of the collective net pension liability	\$ 56,822,000	\$ 53,847,000	\$ 54,342,000	\$ 53,339,000	\$ 53,868,000	\$ 45,871,000	\$ 41,797,000	\$ 42,001,000
District's covered payroll	\$ 16,156,089	\$ 15,866,897	\$ 15,250,077	\$ 14,381,434	\$ 14,077,519	\$ 13,629,107	\$ 13,474,503	\$ 13,167,353
District's proportionate share of the net pension liability as a percentage of its covered payroll	351.71%	339.37%	356.34%	370.89%	382.65%	336.57%	310.19%	318.98%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms for the fiscal year ended June 30, 2021*

None.

*Changes of Assumptions for the fiscal year ended June 30, 2021*

None.

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

**WYOMISSING AREA SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 5,481,247	\$ 5,397,587	\$ 5,173,808	\$ 4,845,614	\$ 4,214,323	\$ 3,537,495	\$ 2,827,068	\$ 2,174,478	\$ 1,522,915	\$ 1,105,212
Contributions in relation to the contractually required contribution	<u>5,481,247</u>	<u>5,397,587</u>	<u>5,173,808</u>	<u>4,845,614</u>	<u>4,214,323</u>	<u>3,537,495</u>	<u>2,827,068</u>	<u>2,174,478</u>	<u>1,522,915</u>	<u>1,105,212</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,363,793	\$ 16,156,089	\$ 15,866,897	\$ 15,250,077	\$ 14,381,434	\$ 14,077,519	\$ 13,629,107	\$ 13,474,503	\$ 13,167,353	
Contributions as a percentage of covered payroll	33.50%	33.41%	32.61%	31.77%	29.30%	25.13%	20.74%	16.14%	11.57%	

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

**WYOMISSING AREA SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -  
PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net PSERS OPEB liability	0.1151%	0.1151%	0.1132%	0.1080%	0.1087%
District's proportionate share of the collective net PSERS OPEB liability	\$ 2,487,000	\$ 2,448,000	\$ 2,360,000	\$ 2,200,000	\$ 2,341,000
District's covered payroll	\$ 16,156,089	\$ 15,866,897	\$ 15,250,077	\$ 14,381,434	\$ 14,077,519
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	15.39%	15.43%	15.48%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms for the fiscal year ended June 30, 2021*

None.

*Changes of Assumptions for the fiscal year ended June 30, 2021*

Significant changes of assumptions for the June 30, 2020 measurement date are as follows:

- The discount rate changed from 2.79% to 2.66%.

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

**WYOMISSING AREA SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 134,128	\$ 135,910	\$ 131,726	\$ 126,713	\$ 119,791	\$ 118,860	\$ 124,115	\$ 126,392	\$ 113,888	\$ 89,798
Contributions in relation to the contractually required contribution	<u>134,128</u>	<u>135,910</u>	<u>131,726</u>	<u>126,713</u>	<u>119,791</u>	<u>118,860</u>	<u>124,115</u>	<u>126,392</u>	<u>113,888</u>	<u>89,798</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,363,793	\$ 16,156,089	\$ 15,866,897	\$ 15,250,077	\$ 14,381,434	\$ 14,077,519	\$ 13,629,107	\$ 13,474,503	\$ 13,167,353	
Contributions as a percentage of covered payroll	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.91%	0.94%	0.86%	

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

**WYOMISSING AREA SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 153,257	\$ 152,270	\$ 148,888	\$ 143,192
Interest	85,902	73,688	68,402	49,414
Differences between expected and actual experience	(376,192)	-	117,465	-
Changes in assumptions	284,199	(70,667)	1,793	38,140
Benefit payments	<u>(81,679)</u>	<u>(61,437)</u>	<u>(42,036)</u>	<u>(27,988)</u>
Net change in total OPEB liability	65,487	93,854	294,512	202,758
Total OPEB liability, beginning	<u>2,447,606</u>	<u>2,353,752</u>	<u>2,059,240</u>	<u>1,856,482</u>
Total OPEB liability, ending	<u>\$ 2,513,093</u>	<u>\$ 2,447,606</u>	<u>\$ 2,353,752</u>	<u>\$ 2,059,240</u>
<b>Covered Employee Payroll</b>	<u>\$ 15,142,310</u>	<u>\$ 13,971,769</u>	<u>\$ 13,971,769</u>	<u>\$ 13,569,477</u>
<b>Total OPEB liability as a percentage of Covered Employee Payroll</b>	16.60%	17.52%	16.85%	15.18%

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

Significant changes in assumptions for the July 1, 2020 measurement date are as follows:

- The discount rate changed from 3.36% to 1.86%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption was updated each year.

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

**SUPPLEMENTARY INFORMATION**

**WYOMISSING AREA SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND EXPENSES - FOOD SERVICE FUND**

**Year Ended June 30, 2021**

**REVENUES**

Student's payments	\$ 5
Adult's payments/A la Carte	11,643
Federal subsidies	270,979
State subsidies	41,332
Commodities received	38,623
Interest revenue	78
Vending machine sales	499
Special events	<u>1,436</u>

**TOTAL REVENUES** 364,595

**COST OF GOODS SOLD**

Inventory - beginning of year	(28,076)
Purchases - commodities	38,623
Purchases - food and milk	137,526
Less: inventory - end of year	<u>(25,706)</u>

**TOTAL COST OF GOODS SOLD** 122,367

**GROSS PROFIT** 242,228

**OPERATING EXPENSES**

Salaries	151,523
Employee benefits	80,928
Pension and OPEB valuation adjustments	7,084
Repairs and maintenance	7,281
Depreciation expense	5,461
Supplies	19,339
Other expenses	<u>14,798</u>

**TOTAL OPERATING EXPENSES** 286,414

**CHANGE IN NET POSITION** (44,186)

**NET POSITION (DEFICIT) - BEGINNING OF YEAR** (22,570)

**NET POSITION (DEFICIT) - END OF YEAR** \$ (66,756)

WYOMISSING AREA SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS

June 30, 2021

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	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 58,107	\$ 75,067	\$ 133,174
<b>LIABILITIES</b>			
Interfund payable	<u>1,560</u>	<u>9,491</u>	<u>11,051</u>
<b>NET POSITION</b>	<u>\$ 56,547</u>	<u>\$ 65,576</u>	<u>\$ 122,123</u>



**WYOMISSING AREA SCHOOL DISTRICT**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS**

**Year Ended June 30, 2021**

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>			
Contributions and fundraising	\$ -	\$ 56,339	\$ 56,339
Earnings on investments	37	81	118
<b>TOTAL ADDITIONS</b>	<u>37</u>	<u>56,420</u>	<u>56,457</u>
<b>DEDUCTIONS</b>			
Scholarships	1,560	-	1,560
Student activities	-	56,810	56,810
<b>TOTAL DEDUCTIONS</b>	<u>1,560</u>	<u>56,810</u>	<u>58,370</u>
<b>CHANGE IN NET POSITION</b>	(1,523)	(390)	(1,913)
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>58,070</u>	<u>65,966</u>	<u>124,036</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 56,547</u>	<u>\$ 65,576</u>	<u>\$ 122,123</u>

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Federal Pass-through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts For the Year	Accrued (Unearned) Revenue at July 1, 2020	Revenue Recognized/Expenditures	Accrued (Unearned) Revenue June 30, 2021
<b>U.S. DEPARTMENT OF EDUCATION</b>									
Passed through the Pennsylvania Department of Education:									
Title I - Grants to Local Educational Agencies	I	84.010	013-20-0497	07/08/19-09/30/20	\$ 268,402	\$ 89,462	\$ 89,462	\$ -	\$ -
Title I - Grants to Local Educational Agencies	I	84.010	013-21-0497	07/01/20-09/30/21	265,542	194,731	-	261,331	66,600
Subtotal ALN 84.010						284,193	89,462	261,331	66,600
Supporting Effective Instruction State Grants	I	84.367	020-19-0497	08/01/18-09/30/19	56,362	15,963	15,963	-	-
Supporting Effective Instruction State Grants	I	84.367	020-20-0497	07/08/19-09/30/20	53,786	10,834	3,205	11,240	3,611
Supporting Effective Instruction State Grants	I	84.367	020-21-0497	07/01/20-09/30/21	51,217	30,730	-	51,217	20,487
Subtotal ALN 84.367						57,527	19,168	62,457	24,098
Student Support and Academic Enrichment	I	84.424	144-20-0497	07/08/19-09/30/20	20,443	2,726	13,629	-	10,903
Student Support and Academic Enrichment	I	84.424	144-21-0497	07/01/20-09/30/21	20,355	5,428	-	13,250	7,822
Subtotal ALN 84.424						8,154	13,629	13,250	18,725
English Language Acquisition State Grant	I	84.365	010-21-0497	07/01/20-09/30/21	10,099	10,099	-	10,099	-
<b>Education Stabilization Fund</b>									
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	200-20-0497	03/13/20-09/30/21	220,451	162,438	-	160,335	(2,103)
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	200-21-0497	03/13/20-09/30/23	979,196	68,316	-	193,075	124,759
Passed through the Pennsylvania Commission on Crime and Delinquency:									
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	2020-ES-01-35506	03/13/20-09/30/22	56,506	56,506	-	56,506	-
Total Education Stabilization Fund						287,260	-	409,916	122,656
<b>Special Education Cluster (IDEA)</b>									
Passed through Berks County Intermediate Unit:									
Special Education Grants to States	I	84.027	N/A	07/01/19-09/30/20	286,744	92,274	92,274	-	-
Special Education Grants to States	I	84.027	N/A	07/01/20-09/30/21	284,508	194,534	-	284,508	89,974
Subtotal ALN 84.027						286,808	92,274	284,508	89,974
Special Education Preschool Grants	I	84.173	N/A	07/01/20-06/30/21	4,830	-	-	4,830	4,830
Total Special Education Cluster (IDEA)						286,808	92,274	289,338	94,804
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						934,041	214,533	1,046,391	326,883

See notes to schedule of expenditures of federal awards.

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2021

Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Federal Pass-through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts For the Year	Accrued (Unearned) Revenue at July 1, 2020	Revenue Recognized/Expenditures	Accrued (Unearned) Revenue June 30, 2021
<b>U.S. DEPARTMENT OF TREASURY</b>									
Passed through the Pennsylvania Commission on Crime and Delinquency:									
COVID-19 - Coronavirus Relief Fund	I	21.019	2020-CS-01-33584	03/01/20-10/30/20	195,413	195,413	-	195,413	-
Passed through the County of Berks:									
COVID-19 - Coronavirus Relief Fund	I	21.019	N/A	03/01/20-09/30/20	99,938	99,938	-	99,938	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>						295,351	-	295,351	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>									
<b>Medicaid Cluster</b>									
Passed through the Pennsylvania Department of Human Services:									
Medical Assistance Program	I	93.778	N/A	07/01/20-06/30/21	N/A	6,563	3,717	10,609	7,763
<b>TOTAL MEDICAID CLUSTER AND U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						6,563	3,717	10,609	7,763
<b>U.S. DEPARTMENT OF AGRICULTURE</b>									
<b>Child Nutrition Cluster</b>									
Passed through the Pennsylvania Department of Agriculture:									
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	38,355	(9,019)	38,622	(8,752)
Passed through the Pennsylvania Department of Education:									
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	8,815	8,815	-	-
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	221,691	-	228,339	6,648
Subtotal ALN 10.555						268,861	(204)	266,961	(2,104)
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	5,667	5,667	-	-
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	40,129	-	42,640	2,511
Subtotal ALN 10.553						45,796	5,667	42,640	2,511
<b>TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE</b>						314,657	5,463	309,601	407
<b>TOTAL FEDERAL AWARDS</b>						<b>\$ 1,550,612</b>	<b>\$ 223,713</b>	<b>\$ 1,661,952</b>	<b>\$ 335,053</b>

Source Codes: I = Indirect funding

Note: No funds were passed through to subrecipients in the year ended June 30, 2021.

**WYOMISSING AREA SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2021**

**NOTE 1 - BASIS OF ACCOUNTING**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Wyomissing Area School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Wyomissing Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Wyomissing Area School District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business for amounts reported as expenditures in prior years.

**NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS**

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The District did not elect to use the De Minimis rate for indirect costs.

**NOTE 4 - ACCESS PROGRAM**

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The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding classified as fee-for-service and recognized for the year ended June 30, 2021 was \$189,588.

**NOTE 5 - FOOD COMMODITIES**

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Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District has \$8,752 of food commodity inventory.

**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**

**To the Board of School Directors  
Wyomissing Area School District  
Wyomissing, 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 Wyomissing Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Wyomissing Area School District's basic financial statements, and have issued our report thereon dated January 20, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**January 20, 2022**



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

**To the Board of School Directors  
Wyomissing Area School District  
Wyomissing, Pennsylvania**

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
January 20, 2022**



WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued: Unmodified  
Internal Control Over Financial Reporting:  
Material weakness(es) identified?      yes   X   no  
Significant deficiency(ies) identified not considered to be  
material weaknesses?      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 not considered to be  
material weaknesses?      yes   X   none reported  
Type of Auditor's Report Issued on Compliance  
for Major Programs: Unmodified  
Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR, Section 200.516(a)?      yes   X   no

**Identification of Major Program(s):**

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	<u>Education Stabilization Fund</u> COVID-19 - Elementary and Secondary School Emergency Relief Fund

Dollar Threshold used to distinguish between Type A and Type B  
Programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes      no

**WYOMISSING AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

There were no financial statement findings.

**Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings or questioned costs.



**WYOMISSING AREA SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

There were no financial statement findings reported for the year ended June 30, 2020.

**Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings or questioned costs reported for the year ended June 30, 2020.