



WYOMISSING AREA SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise Wyomissing Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyomissing Area School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 89 through 93 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wyomissing Area School District's basic financial statements. The accompanying schedule of revenues and expenses - food service fund, the combining fiduciary fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenses - food service fund, the 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 February 26, 2024, on our consideration of Wyomissing Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wyomissing Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wyomissing Area School District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

**Reading, Pennsylvania
February 26, 2024**



Wyomissing Area School District

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Robert L. Scoboria, Superintendent
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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, 2023. 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 2022-23 fiscal year. District-wide revenues of \$44,295,407 exceeded expenses of \$39,082,509 by \$5,212,898, resulting in an increase in net position.
- Overall governmental general revenues were \$35,999,155, which represents \$4,944,242 more than net program expenses.
- The total cost of basic programs increased by less than 4 percent (3.90%) over the previous year to \$39,082,509. The net cost funded by tax and non-program revenues increased by five and a half percent (5.5%) to \$31,054,913.
- The net position of business-type activities (food services) increased by \$268,656 over the course of the year. Operating Revenues had a \$191,708 increase to \$237,538 and expenses increased \$128,339 (21.60%) to \$720,875. The increase in expenses and revenue are largely due to staffing, increase in paid meals and additional governmental funding.
- Outlays for new capital assets increased this year. The total gross capital assets for governmental funds increased by \$10,907,560 (additions net of disposals).

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**

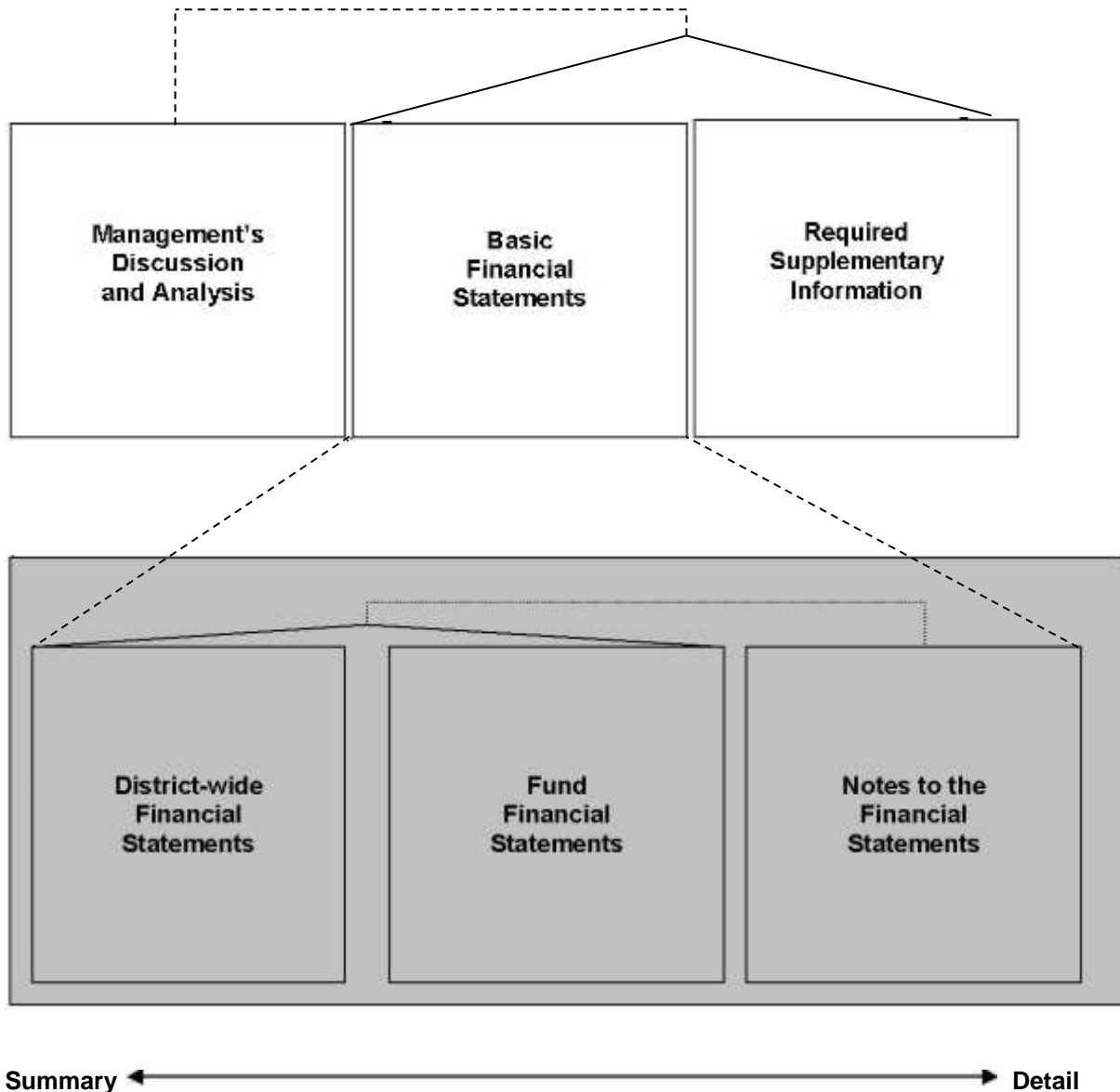


Figure A-2 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

<u>Major Features of the District-wide and Fund Financial Statements</u>				
	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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position.
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, 2022 and 2023.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current Assets	\$ 32,633,178	\$ 22,811,637	\$ 995,118	\$ 1,203,752	33,628,296	\$ 24,015,389
Capital Assets	58,968,110	67,236,633	56,364	62,302	59,024,474	67,298,935
Total Assets	\$ 91,601,288	\$ 90,048,270	\$ 1,051,482	\$ 1,266,054	\$ 92,652,770	\$ 91,314,324
Deferred Outflows of Resources	\$ 9,702,067	\$ 8,641,700	\$ 117,052	\$ 135,929	\$ 9,819,119	\$ 8,777,629
Current Liabilities	10,698,620	9,104,977	30,762	60,665	10,729,382	9,165,642
Long-term Liabilities	97,210,116	96,724,950	474,395	597,469	97,684,511	97,322,419
Total Liabilities	\$ 107,908,736	\$ 105,829,927	\$ 505,157	\$ 658,134	\$ 108,413,893	\$ 106,488,061
Deferred Inflows of Resources	\$ 8,634,275	\$ 3,155,457	\$ 291,610	\$ 103,426	\$ 8,925,885	\$ 3,258,883
Net Position						
Net investment in capital assets	22,363,758	23,515,001	56,364	62,302	22,420,122	23,577,303
Restricted for Other Purposes	176,953	27,323	-	-	176,953	27,323
Unrestricted	(37,780,367)	(33,837,738)	315,403	578,121	(37,464,964)	(33,259,617)
Total Net Position	\$ (15,239,656)	\$ (10,295,414)	\$ 371,767	\$ 640,423	\$ (14,867,889)	\$ (9,654,991)

The District's total revenues increased by \$1,574,489 or 3.69% 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 \$31,550,941 or 71.23% of total revenues. Another 19.1% or \$8,237,728 came from state aid, such as basic education, special education, and student transportation subsidies.

The total cost of all programs and services increased \$1,482,125 or 3.94% to \$39,082,509. The District's expenses are predominately related to instructing, caring for (instructional support services & operation/maintenance of school facilities) and transporting students, which represents 81.90% or \$32,021,915 of total expenses. Increases were due to increases in salaries, operational costs due to inflation, and additional services. See A-4.

Figure A-4
Changes in Net Position from Operating Result

	Governmental Activities		Business Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues						
Charges for services	\$ 51,748	\$ 91,151	\$ 45,830	\$ 237,538	\$ 97,578	\$ 328,689
Operating grants and contributions	7,360,035	7,198,160	984,102	704,886	8,344,137	7,903,046
Capital grants and contributions	178,174	17,410	-	-	178,174	17,410
General Revenues						
Property taxes and other taxes levied for general purposes	30,788,296	31,550,941	-	-	30,788,296	31,550,941
State Formula Aid	3,044,155	3,392,913	-	-	3,044,155	3,392,913
Other	267,451	1,055,301	1,127	47,107	268,578	1,102,408
Total Revenues	41,689,859	43,305,876	1,031,059	989,531	42,720,918	44,295,407
Expenses						
Instruction	22,632,203	22,902,928	-	-	22,632,203	22,902,928
Instructional student support	2,710,457	2,930,170	-	-	2,710,457	2,930,170
Administrative and financial support services	4,753,425	4,951,311	-	-	4,753,425	4,951,311
Operation and maintenance of plant services	4,433,088	4,960,814	-	-	4,433,088	4,960,814
Pupil Transportation	1,120,371	1,228,003	-	-	1,120,371	1,228,003
Other	1,358,304	1,388,408	592,536	720,875	1,950,840	2,109,283
Total Expenses	37,007,848	38,361,634	592,536	720,875	37,600,384	39,082,509
Change in Net Position	4,682,011	4,944,242	438,523	268,656	5,120,534	5,212,898
Beginning Net Position (Deficit)	(19,921,667)	(15,239,626)	(66,756)	371,767	(19,988,423)	(14,867,859)
Ending Net Position (Deficit)	\$ (15,239,656)	\$ (10,295,384)	\$ 371,767	\$ 640,423	\$ (14,867,889)	\$ (9,654,961)

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>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Instructional Services	\$ 22,632,203	\$ 22,902,928	\$ 17,532,035	\$ 17,713,240
Instructional Student Support	2,710,457	2,930,170	2,190,928	2,233,257
Administrative & Financial Support Services	4,753,425	4,951,311	3,760,848	4,157,469
Operation & Maintenance of Plant Services	4,433,088	4,960,814	3,972,524	4,772,071
Pupil Transportation	1,120,371	1,228,003	778,012	996,088
Other	<u>1,358,304</u>	<u>1,388,408</u>	<u>1,183,544</u>	<u>1,182,788</u>
TOTAL EXPENSES	<u>\$ 37,007,848</u>	<u>\$ 38,361,634</u>	<u>\$ 29,417,891</u>	<u>\$ 31,054,913</u>

Figure A-6 represents that total cost and net cost (income) of services in the District's business-type activities. Program revenue supported 130.70% of food services for the year ended June 30, 2023.

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

	<u>Total Cost of Services</u>		<u>Net Cost (Income) of Services</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Food Services	\$ 592,536	\$ 720,875	\$ (437,397)	\$ (221,549)
TOTAL	<u>\$ 592,536</u>	<u>\$ 720,875</u>	<u>\$ (437,397)</u>	<u>\$ (221,549)</u>

Financial Analysis of the District's Funds

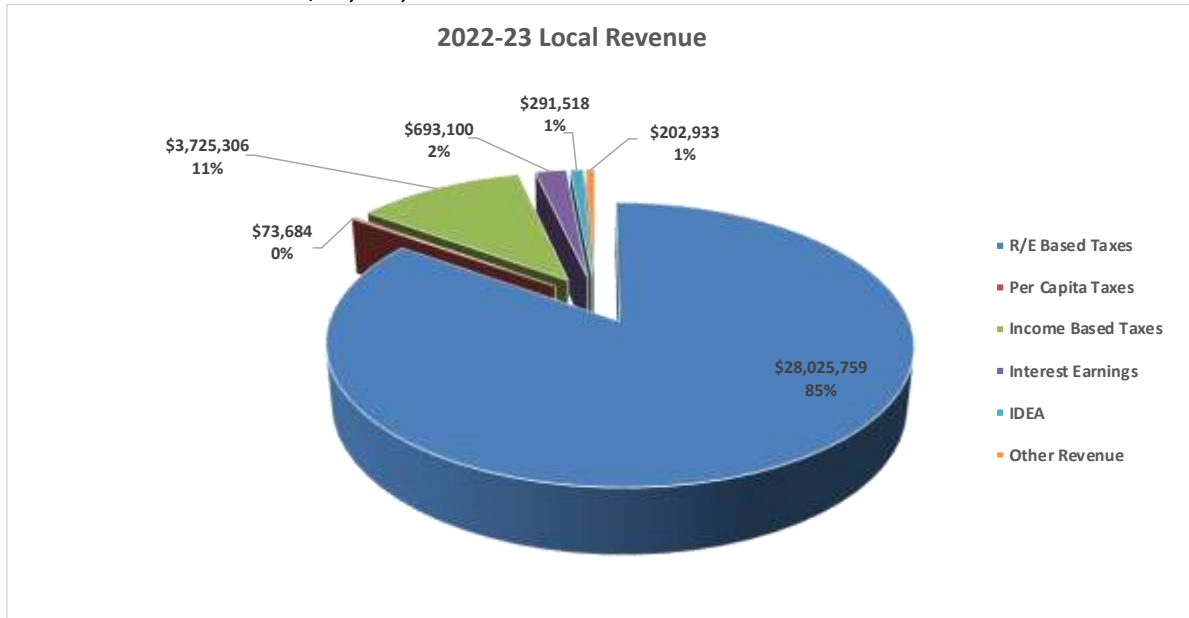
At the end of fiscal 2022-23, governmental funds had total fund balances of \$16,737,994. During 2022-23 the net change in governmental fund balances decreased by \$8,543,646. The decrease of the capital projects fund balance by \$10,257,204 to \$816,146, was due to the spending of the bond proceeds on the District wide renovation project. Total revenue exceeded total expenditures in the general fund, which produced an increase in fund balance by \$1,713,558 over last year. The District's overall general fund balance is a healthy \$15,921,848.

General Fund Budgetary Highlights

The District’s final 2022-23 budget for the general fund anticipated that expenditures would exceed revenue by \$41,539. The actual results for the year reflected a net surplus of \$1,713,558. The surplus was due to an increase in interest income, earned income tax, transfer tax, business privilege tax and additional state funding.

**Figure A-7
Local Sources of Revenue for Fiscal Year 2023
(Based on General Fund financial presentation)**

Total Local Revenues - \$33,012,300



**Figure A-8
Local Sources of Revenue for Fiscal Year 2022
(Based on General Fund financial presentation)**

Total Local Revenues - \$31,561,348

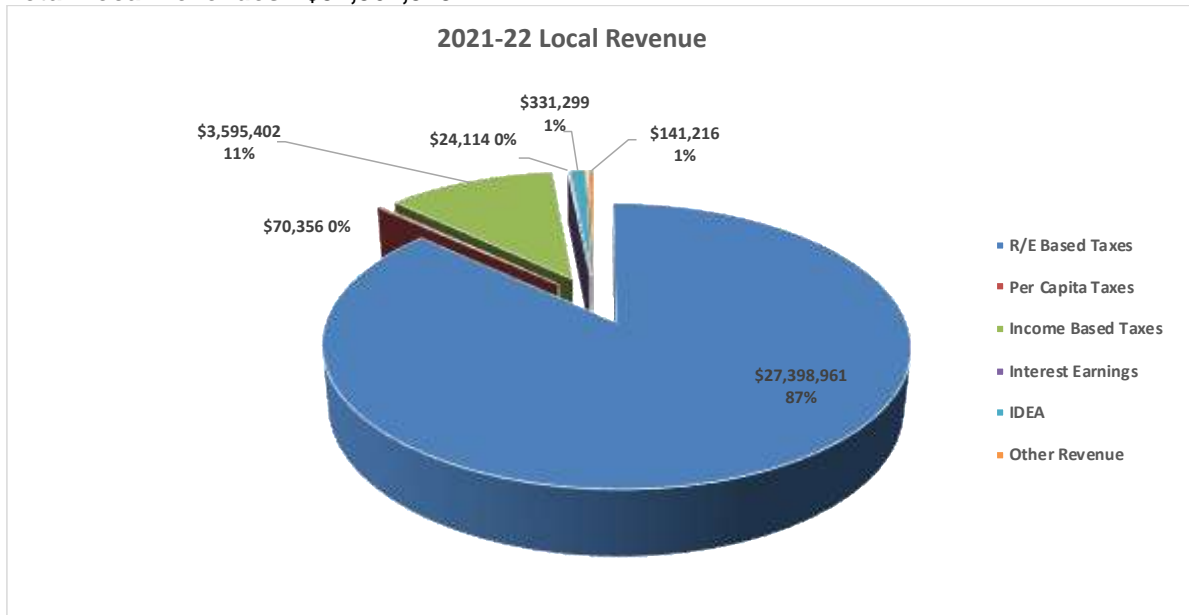


Figure A-9
Expenses for Fiscal Year 2023
(Based on General Fund Financial Presentation)

Total Expenditures - \$41,267,012

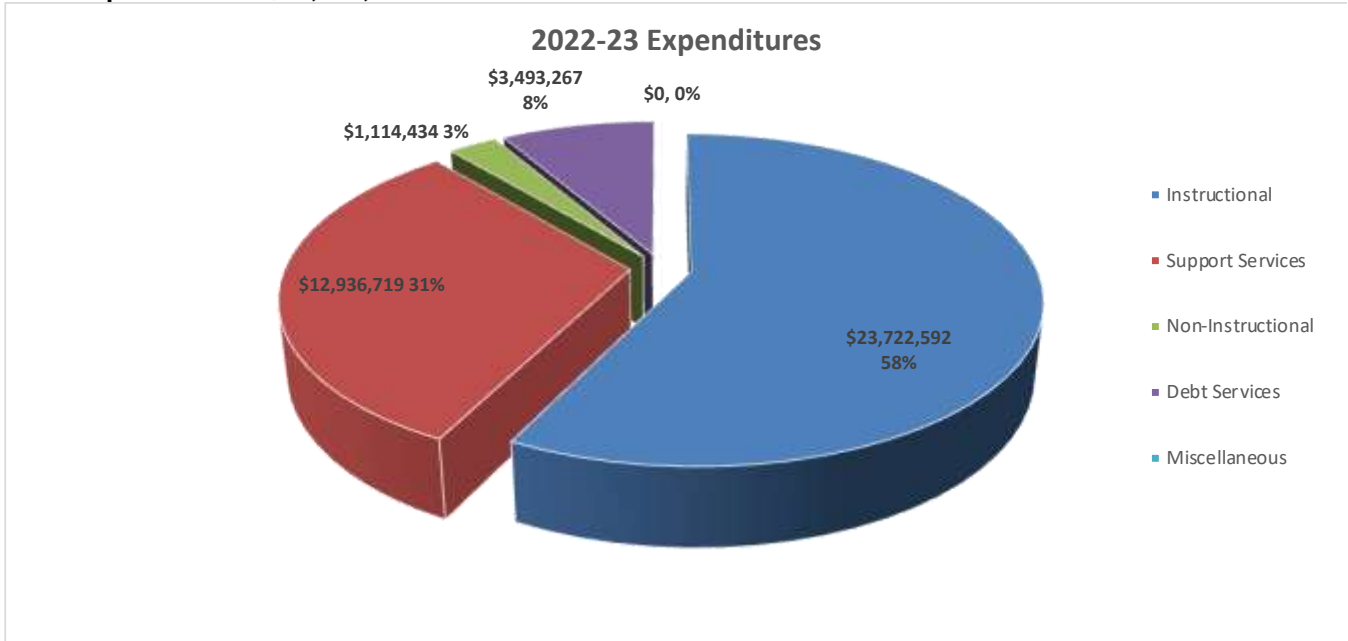
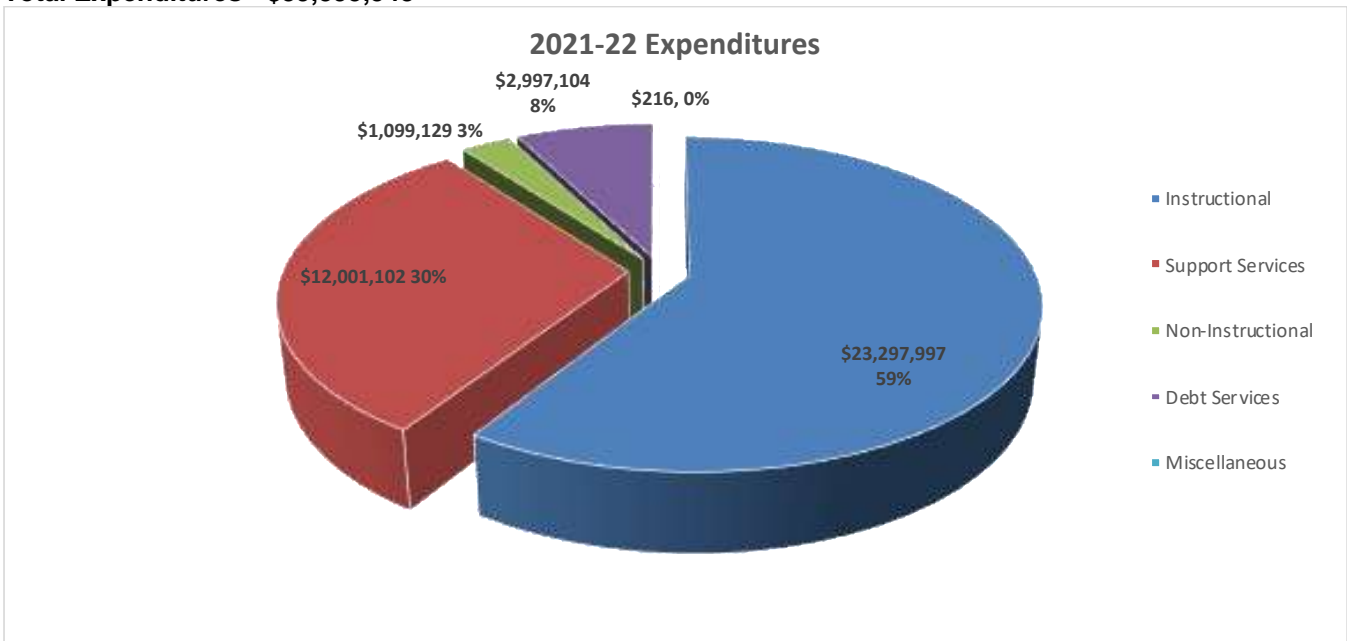


Figure A-10
Expenses for Fiscal Year 2022
(Based on General Fund Financial Presentation)

Total Expenditures - \$39,395,548



Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had investments of \$67,298,935 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 \$8,274,461, which is an increase of 14.02% for the year.

Figure A-11
Capital Assets (net of depreciation and amortization)

	Governmental Activities		Business Type Activities		Totals		Percentage Change
	2022	2023	2022	2023	2022	2023	2022-23
Land	\$ 232,196	\$ 232,196	\$ -	\$ -	\$ 232,196	\$ 232,196	0.00%
Site Improvements	1,326,998	1,271,705	-	-	1,326,998	1,271,705	-4.17%
Building & Building Improvements	40,396,868	38,631,306	-	-	40,396,868	38,631,306	-4.37%
Furniture & Equipment	2,636,836	2,515,941	56,364	62,302	2,693,200	2,578,243	-4.27%
Construction in Progress	14,294,410	24,523,695	-	-	14,294,410	24,523,695	71.56%
Right-to-use Lease Assets	80,802	61,790	-	-	80,802	61,790	0.00%
Ending Net Assets	\$ 58,968,110	\$ 67,236,633	\$ 56,364	\$ 62,302	\$ 59,024,474	\$ 67,298,935	14.02%

More detailed information about capital assets can be found in Note 8 to the financial statements. Depreciation and amortization expense for the year totaled \$2,669,811 for the governmental activities, compared to the prior year depreciation expense total of \$2,567,771.

Long-Term Debt

Outstanding long-term debt totaling \$43.0 million as of June 30, 2023 consists of general obligation bonds and notes of \$42.4 million with varying maturities through year 2040, financed purchases of \$.02 million, lease payable of \$.06 million and long-term compensated absences of \$.5 million. Principal payments totaled \$2.19 million during the fiscal year, with interest payments totaling \$1.31 million. Accrued compensated absences of \$.5 million as of June 30, 2023 consist of certain benefits paid at retirement, including unused sick pay and other retirement benefits, based on specific eligibility requirements. Total long-term liabilities decreased 4.81% 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
	2022	2023	2022-23
General Obligation Bonds/Notes	\$ 44,375,000	\$ 42,390,000	-4.47%
Financed Purchases	209,547	26,761	-87.23%
Lease Payable	81,490	63,239	100.00%
Compensated Absences	511,955	525,793	2.70%
Total	45,177,992	43,005,793	-4.81%

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 34.00% of payroll for 2023-24 and are projected to rise considerably in the future. The five year projected rates are:

- 34.00% in 2023-2024 (estimated cost net of state reimbursement \$3,134,431);
- 33.90% in 2024-2025 (estimated cost net of state reimbursement \$3,290,172);
- 34.72% in 2025-2026 (estimated cost net of state reimbursement \$3,470,533);
- 35.41% in 2026-2027 (estimated cost net of state reimbursement \$3,632,150);
- 35.94% in 2027-2028 (estimated cost net of state reimbursement \$3,781,089)

The escalating rates will continue until they level out at 35.94% in the 2027-2028 year which carries an estimated cost, net of state reimbursement, of \$3,781,089. 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.

Other factors impacting the general fund and proprietary funds are the Berks County School District health insurance premiums increased by 8.75% for 2023-24 over the prior year. Universal free breakfast for students in grades K-12 was implemented by Pennsylvania's Governor in the 2022-23 year and continues for the 2023-24 year.

The District's collective bargaining agreement with the Wyomissing Area Educational Association (WAEA), was renewed for a five (5) year period effective July 1, 2023 through June 30, 2028. 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 and reviews a five year capital plan. For fiscal year 2021, the Board issued \$37,630,000 in General Obligation Bonds that was 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, including building renovations. Building renovations are ongoing at the Wyomissing Hills Elementary Center and have been completed as of the fall of 2023 at the Junior Senior High School.

The budget for the 2023-24 year is \$2,013,470 more than the original budget for 2022-23. The real estate tax increased 0.6310 mills from 33.195 mills to a millage rate of 33.826 mills. This represents a 1.9% increase, which was below the maximum amount of 4.1% 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, 2022 and June 30, 2023. 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.

2021-22 Ten Largest Real Estate Taxpayers in the School District

The ten largest real estate taxpayers in the School District and the 2021 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 2021-22 School District's Estimated Assessed Value at \$841,455,000 is 14.02%

2022-23 Ten Largest Real Estate Taxpayers in the School District

The ten largest real estate taxpayers in the School District and the 2022 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>		<u>Assessed Valuation</u>
Highlands at Wyomissing	Retirement Community	\$40,790,000
Wyomissing Sq Apartment, LP	Apartment Building	17,550,000
Knitting2, LLC	Office Building	15,957,000
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
Metropolitan, LLC	Apartment Building	5,415,300
Knitting1, LLC	Office Building	4,891,500
Penn St. LP	Apartment Building	4,553,400
Lofts at Narrow, LLC	Apartment Building	<u>4,216,800</u>
Total		\$126,838,400

Percentage of Total 2022-23 School District's Estimated Assessed Value at \$844,542,200 or 15.02%

Market and Assessed Valuation of Real Estate

<u>Year</u>	<u>Assessed Valuation</u>	<u>Current Market Value</u>	<u>Common Level Ratio</u>
2021	\$837,914,500	\$1,862,032,222	45.0
2022	839,222,300	2,108,598,744	39.8

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>
2021-22	\$833,782,400	31.9060	\$26,895,041	\$25,781,497	95.86	\$26,380,293	98.09
2022-23	\$841,455,000	32.8260	\$27,423,039	\$26,559,639	96.85	\$27,000,943	98.46

** 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, 2023

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 19,319,146	\$ 1,660,656	\$ 20,979,802
Taxes receivable, net	840,820	-	840,820
Internal balances	514,502	(514,502)	-
Intergovernmental receivables	2,072,922	-	2,072,922
Other receivables	50,193	26,074	76,267
Inventories	-	31,524	31,524
Prepaid expenses	14,054	-	14,054
Capital assets:			
Capital assets not being depreciated	24,755,891	-	24,755,891
Capital assets, net of accumulated depreciation	42,418,952	62,302	42,481,254
Right-to-use lease assets, net of accumulated amortization	61,790	-	61,790
TOTAL ASSETS	<u>90,048,270</u>	<u>1,266,054</u>	<u>91,314,324</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	134,783	-	134,783
Deferred outflows of resources for pension	7,696,519	130,680	7,827,199
Deferred outflows of resources for other postemployment benefits	810,398	5,249	815,647
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,641,700</u>	<u>135,929</u>	<u>8,777,629</u>
LIABILITIES			
Accounts payable	2,504,454	22,970	2,527,424
Accrued interest	532,831	-	532,831
Accrued salaries and benefits	140,698	10,043	150,741
Payroll deductions and withholdings	2,740,515	-	2,740,515
Unearned revenues	7,961	27,652	35,613
Noncurrent liabilities due within one year	3,178,518	-	3,178,518
Noncurrent liabilities:			
Bonds, note, and financed purchase payable, net	41,572,349	-	41,572,349
Lease payable	44,433	-	44,433
Long-term portion of compensated absences	403,054	-	403,054
Net pension liability	50,785,150	564,850	51,350,000
Net other postemployment benefit liabilities	3,919,964	32,619	3,952,583
TOTAL LIABILITIES	<u>105,829,927</u>	<u>658,134</u>	<u>106,488,061</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pension	1,348,007	97,761	1,445,768
Deferred inflows of resources for other postemployment benefits	1,807,450	5,665	1,813,115
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,155,457</u>	<u>103,426</u>	<u>3,258,883</u>
NET POSITION			
Net investment in capital assets	23,515,001	62,302	23,577,303
Restricted for other purposes	27,323	-	27,323
Unrestricted (deficit)	(33,837,738)	578,121	(33,259,617)
TOTAL NET POSITION (DEFICIT)	<u>\$ (10,295,414)</u>	<u>\$ 640,423</u>	<u>\$ (9,654,991)</u>

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

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
Governmental Activities:							
Instruction	\$ 22,902,928	\$ 1,075	\$ 5,188,613	\$ -	\$ (17,713,240)	\$ -	\$ (17,713,240)
Instructional student support	2,930,170	-	696,913	-	(2,233,257)	-	(2,233,257)
Administrative and financial support services	4,951,311	-	793,842	-	(4,157,469)	-	(4,157,469)
Operation and maintenance of plant services	4,960,814	3,392	185,351	-	(4,772,071)	-	(4,772,071)
Pupil transportation	1,228,003	-	231,915	-	(996,088)	-	(996,088)
Student activities	1,017,495	86,684	101,526	-	(829,285)	-	(829,285)
Community services	29,354	-	-	-	(29,354)	-	(29,354)
Interest on long-term debt	341,559	-	-	17,410	(324,149)	-	(324,149)
Total Governmental Activities	38,361,634	91,151	7,198,160	17,410	(31,054,913)	-	(31,054,913)
Business-Type Activities:							
Food service	720,875	237,538	704,886	-	-	221,549	221,549
Total Primary Government	\$ 39,082,509	\$ 328,689	\$ 7,903,046	\$ 17,410	(31,054,913)	221,549	(30,833,364)
General Revenues:							
Taxes:							
Property taxes					27,135,635	-	27,135,635
Public utility realty, earned income, and mercantile taxes					4,415,306	-	4,415,306
Grants, subsidies, and contributions not restricted to specific programs					3,392,913	-	3,392,913
Investment earnings					883,714	47,107	930,821
Miscellaneous income					171,587	-	171,587
Total General Revenues					35,999,155	47,107	36,046,262
Change in Net Position					4,944,242	268,656	5,212,898
Net Position (Deficit) - Beginning of year					(15,239,656)	371,767	(14,867,889)
Net Position (Deficit) - End of year					\$ (10,295,414)	\$ 640,423	\$ (9,654,991)

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2023

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments	\$ 16,825,902	\$ 2,493,244	\$ 19,319,146
Taxes receivable	852,193	-	852,193
Interfund receivables	575,292	-	575,292
Intergovernmental receivables	2,072,922	-	2,072,922
Other receivables	45,060	5,133	50,193
Prepaid expenditures	14,054	-	14,054
	<u>20,385,423</u>	<u>2,498,377</u>	<u>22,883,800</u>
TOTAL ASSETS	\$ 20,385,423	\$ 2,498,377	\$ 22,883,800
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Interfund payables	\$ -	\$ 60,790	\$ 60,790
Accounts payable	883,013	1,621,441	2,504,454
Current portion of compensated absences	122,739	-	122,739
Accrued salaries and benefits	140,698	-	140,698
Payroll deductions and withholdings	2,740,515	-	2,740,515
Unearned revenues	7,961	-	7,961
	<u>3,894,926</u>	<u>1,682,231</u>	<u>5,577,157</u>
TOTAL LIABILITIES	3,894,926	1,682,231	5,577,157
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	568,649	-	568,649
FUND BALANCES			
Nonspendable	14,054	-	14,054
Restricted	27,323	816,146	843,469
Committed for:			
Retirement rate increases	4,193,192	-	4,193,192
Capital purchases	4,821,488	-	4,821,488
Curriculum enhancements	1,100,000	-	1,100,000
Vehicle/equipment replacements	801,000	-	801,000
FFE/Athletic Improvements	1,342,614	-	1,342,614
Assigned	161,004	-	161,004
Unassigned	3,461,173	-	3,461,173
	<u>15,921,848</u>	<u>816,146</u>	<u>16,737,994</u>
TOTAL FUND BALANCES	15,921,848	816,146	16,737,994
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,385,423	\$ 2,498,377	\$ 22,883,800

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

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

June 30, 2023

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 16,737,994

Capital and right to use 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 \$106,670,894 and the accumulated depreciation and amortization is \$39,434,261. 67,236,633

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. 557,276

Long-term liabilities, including bonds and note 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, note, and financed purchase payable	\$ (42,416,761)	
Unamortized bond premium	(2,192,561)	
Deferred charge on bond refunding	134,783	
Accrued interest on long-term debt	(532,831)	
Leases payable	(63,239)	
Long-term portion of compensated absences	<u>(403,054)</u>	(45,473,663)

The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements. (44,436,638)

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. (4,917,016)

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES \$ (10,295,414)

WYOMISSING AREA SCHOOL DISTRICT

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

Year Ended June 30, 2023

	General	Capital Projects	Total Governmental Funds
REVENUES			
Local sources	\$ 33,012,299	\$ 190,614	\$ 33,202,913
States sources	8,237,728	-	8,237,728
Federal sources	1,668,479	-	1,668,479
TOTAL REVENUES	42,918,506	190,614	43,109,120
EXPENDITURES			
Current:			
Instructional services	23,722,592	-	23,722,592
Support services	12,936,719	-	12,936,719
Operation of noninstructional services	1,114,434	-	1,114,434
Facilities acquisition, construction, and improvement services	-	10,447,818	10,447,818
Debt service:			
Principal	2,186,037	-	2,186,037
Interest	1,307,230	-	1,307,230
TOTAL EXPENDITURES	41,267,012	10,447,818	51,714,830
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,651,494	(10,257,204)	(8,605,710)
OTHER FINANCING SOURCES			
Sale of capital assets	53,537	-	53,537
Insurance recoveries	8,527	-	8,527
TOTAL OTHER FINANCING SOURCES	62,064	-	62,064
NET CHANGES IN FUND BALANCES	1,713,558	(10,257,204)	(8,543,646)
FUND BALANCES - BEGINNING OF YEAR	14,208,290	11,073,350	25,281,640
FUND BALANCES - END OF YEAR	\$ 15,921,848	\$ 816,146	\$ 16,737,994

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, 2023

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (8,543,646)

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 or

Capital outlays	\$ 10,952,869	
Less: depreciation and amortization expense	(2,669,811)	
Net loss on disposal of capital assets	(14,535)	8,268,523

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. 134,692

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.

Repayment of bonds, note, and financed purchase payable	2,167,786	
Repayment of lease payable	18,251	
Amortization of bond premium	1,039,014	
Amortization of deferred charge on bond refunding	(85,127)	3,139,924

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. 11,784

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:

Compensated absences	(21,729)	
Net pension liability and related deferred outflows and inflows	2,029,755	
Net OPEB liability and related deferred outflows and inflows	(75,061)	1,932,965

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ 4,944,242

WYOMISSING AREA SCHOOL DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2023

	<u>Enterprise Fund Food Service</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 1,660,656
Other receivables	26,074
Inventories	<u>31,524</u>
TOTAL CURRENT ASSETS	1,718,254
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	<u>62,302</u>
TOTAL ASSETS	<u>1,780,556</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	130,680
Deferred outflows of resources for other postemployment benefits	<u>5,249</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>135,929</u>
LIABILITIES	
CURRENT LIABILITIES	
Interfund payables	529,882
Accounts payable	7,590
Accrued salaries and benefits	10,043
Unearned revenues	<u>27,652</u>
TOTAL CURRENT LIABILITIES	575,167
NONCURRENT LIABILITIES	
Net pension liability	564,850
Net other postemployment benefit liabilities	<u>32,619</u>
TOTAL NONCURRENT LIABILITIES	<u>597,469</u>
TOTAL LIABILITIES	<u>1,172,636</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	97,761
Deferred inflows of resources for other postemployment benefits	<u>5,665</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>103,426</u>
NET POSITION	
Investment in capital assets	62,302
Unrestricted	<u>578,121</u>
TOTAL NET POSITION	<u>\$ 640,423</u>

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

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

Year Ended June 30, 2023

	<u>Enterprise Fund Food Service</u>
OPERATING REVENUES	
Food service revenue	\$ 237,538
OPERATING EXPENSES	
Salaries	222,867
Employee benefits	115,772
Pension and OPEB valuation adjustments	(83,987)
Supplies	396,581
Depreciation	5,286
Other expenses	<u>64,356</u>
	TOTAL OPERATING EXPENSES
	<u>720,875</u>
	OPERATING LOSS
	(483,337)
NONOPERATING REVENUES	
Earnings on investments	47,107
State sources	122,746
Federal sources	<u>582,140</u>
	TOTAL NONOPERATING REVENUES
	<u>751,993</u>
	CHANGE IN NET POSITION
	268,656
NET POSITION - BEGINNING OF YEAR	<u>371,767</u>
	NET POSITION - END OF YEAR
	<u><u>\$ 640,423</u></u>

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

Year Ended June 30, 2023

	<u>Enterprise Fund Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from users	\$ 221,719
Payments to employees for services	(48,808)
Payments to suppliers for goods and services	<u>(386,712)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(213,801)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	125,808
Federal sources	<u>611,914</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	737,722
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(11,224)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>47,107</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	559,804
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,100,852</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,660,656</u></u>

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

Year Ended June 30, 2023

	Enterprise Fund Food Service
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating loss	\$ (483,337)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	5,286
Donated commodities used	70,549
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Interfund receivables/payables	292,143
Other receivables	(25,064)
Inventories	(3,914)
Deferred outflows of resources for pension	(19,422)
Deferred outflows of resources for other postemployment benefits	545
Accounts payable	7,590
Accrued salaries and benefits	(2,312)
Unearned revenues	9,245
Net pension liability	129,718
Net other postemployment benefit liabilities	(6,644)
Deferred inflows of resources for pension	(193,481)
Deferred inflows of resources for other postemployment benefits	5,297
Total adjustments	269,536
NET CASH USED FOR OPERATING ACTIVITIES	\$ (213,801)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$70,549 of commodities from the U.S. Department of Agriculture.

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

June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 121,159
Interfund receivables	<u>16,815</u>
TOTAL ASSETS	137,974
LIABILITIES	
Interfund payable	1,435
Accounts payable	<u>3,332</u>
TOTAL LIABILITIES	<u>4,767</u>
NET POSITION	<u><u>\$ 133,207</u></u>

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUNDS

Year Ended June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions and fundraising	\$ 162,305
Earnings on investments	<u>1,342</u>
TOTAL ADDITIONS	163,647
DEDUCTIONS	
Scholarships	2,435
Student activities	<u>145,378</u>
TOTAL DEDUCTIONS	<u>147,813</u>
CHANGE IN NET POSITION	15,834
NET POSITION - BEGINNING OF YEAR	<u>117,373</u>
NET POSITION - END OF YEAR	<u><u>\$ 133,207</u></u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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, fiduciary activities, 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 12 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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: The food service fund is authorized under Section 504 of the Public School Code of 1949 to account 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, proprietary fund, and fiduciary fund 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.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 leases are reported as other financing sources.

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.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process - continued

Accelerated Budget Process Option - continued

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.

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*.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

2. Investments - continued

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 net 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, utilize the purchase method; that is, they are charged to expenditures when purchased.

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, 2023, consist of the following:

Purchased food and supplies	\$ 27,697
Donated commodities	<u>3,827</u>
	<u>\$ 31,524</u>

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 costs of prepaid items are recorded as expenses/expenditures when consumed rather than when purchased.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

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. Right-to-use lease assets are reported when a qualifying lease liability is incurred.

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 and amortizable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 - 50
Land improvements	15 - 20
Furniture and equipment	3 - 10
Right-to-use lease assets	5

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2023.

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.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

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.

10. Leases

Wyomissing Area School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the District is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

10. Leases - continued

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

11. 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.

12. 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

12. Other Postemployment Benefits (OPEB) - continued

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.

13. 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources - continued

Deferred outflows of resources for other postemployment benefits 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.

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 pension relates 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources - continued

Deferred inflows of resources for other postemployment benefits 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.

14. Net Position and Flow Assumptions

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/amortization, 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. If there are unspent related debt proceeds at year end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of 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.

15. 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 nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Fund Balance Policies and Flow Assumptions - continued

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.

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 administrator 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 administrator.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Adoption of Accounting Standard

During the year ended June 30, 2023, the District adopted new accounting guidance, GASB Statement No. 96, retroactive to July 1, 2022. GASB Statement No. 96 was issued to (1) define subscription-based information technology arrangements (SBITAs); (2) establish that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. There was no impact on the financial statements as a result of this standard implementation.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

For the year ended June 30, 2023, no individual fund had a deficit fund balance or net position.

C. Excess of Expenditures over Appropriations in Individual Funds

For the year ended June 30, 2023, the general fund had an excess of expenditures over appropriations of \$585,823. The District used revenues in excess of budgeted amounts to fund the excess expenditures.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 - CASH AND INVESTMENTS

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

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

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, 2023, is as follows:

Petty cash	\$ 2,201
Demand deposits	4,502,766
Certificates of deposit	12,000
Pooled cash and investments	<u>16,583,994</u>
	<u>\$ 21,100,961</u>

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, 2023, the carrying amount of the District's deposits was \$4,514,766 and the bank balance was \$4,842,254. Of the bank balance, \$763,482 was covered by federal depository insurance, and \$4,078,772 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 \$12,000 of 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled Cash and Investments

As of June 30, 2023, the District had the following pooled cash and investments:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Level</u>
Pooled Cash and Investments:				
PA School District Liquid Asset Fund (PSDLAF):				
MAX account balance		\$ 7,862,475	\$ 7,862,475	N/A
Full Flex Pool		7,723,294	7,723,294	N/A
U.S. Treasury and Government Agency Securities	1 - 5 years	470,176	500,000	N/A
PA Local Government Investment Trust (PLGIT):				
PLGIT/Reserve-Class		<u>548,131</u>	<u>548,131</u>	
	Total		16,633,900	
Less: reconciling items			<u>(49,906)</u>	
	Total pooled cash and investments		<u>\$ 16,583,994</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 \$548,131 (PLGIT) and \$16,085,769 (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, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled Cash and 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 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.

The PSDLAF Full Flex Pool and U.S Treasury and Government Agency Securities, 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.

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, 2023, the entire PLGIT and PSDLAF book balance of \$16,583,994 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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, 2023, the District had no investments subject to interest rate risk.

Credit Risk

The District has an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments were rated as:

<u>Investments</u>	<u>Standard & Poor's</u>
PSDLAF	AAAm
PLGIT	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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

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 \$844,542,200. In accordance with Act 1 of 2006, the District received \$611,539 in property tax reduction funds for the 2022/2023 fiscal year. The District tax rate for the year ended June 30, 2023, was 33.1950 mills (\$33.1950 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.

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, 2023, 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	\$ 658,921	\$ 11,373	\$ 647,548	\$ 90,272	\$ 568,649
Real Estate Transfer	47,492	-	47,492	47,492	-
Earned Income Tax	145,174	-	145,174	145,174	-
Other	606	-	606	606	-
	<u>\$ 852,193</u>	<u>\$ 11,373</u>	<u>\$ 840,820</u>	<u>\$ 283,544</u>	<u>\$ 568,649</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2023. 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, 2023, the foregone real estate tax revenue as a result of the TIF tax abatement was \$44,752.

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

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 575,292	\$ -
Capital Projects Fund	-	60,790
Enterprise Fund - Food Service	-	529,882
Fiduciary Funds - Custodial Funds	16,815	1,435
	<u>\$ 592,107</u>	<u>\$ 592,107</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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 7 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables as of June 30, 2023:

<u>Name of Governmental Unit</u>	<u>General Fund</u>
Commonwealth of Pennsylvania Department of Education:	
Social Security	\$ 227,758
Retirement	1,133,624
Commonwealth of Pennsylvania: Other	800
Federal Subsidies:	
Title I Grants to Local Educational Agencies	77,279
English Language Acquisition State Grant	827
Student Support and Academic Enrichment	2,156
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	253,143
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	4,143
Medical Assistance Program	244,451
Berks County Intermediate Unit:	
Special Education Grants to States	42,360
Special Education Preschool Grants	2,800
Lancaster-Lebanon Intermediate Unit:	
Special Education Grants to States	9,217
Borough of Wyomissing: Crossing Guards	3,294
Borough of West Reading: Crossing Guards	71,070
	<hr/>
TOTAL	<u>\$ 2,072,922</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>(Reclass) Decrease</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 232,196	\$ -	\$ -	\$ 232,196
Construction in progress	14,294,410	10,266,279	(36,994)	24,523,695
Totals not being depreciated	<u>14,526,606</u>	<u>10,266,279</u>	<u>(36,994)</u>	<u>24,755,891</u>
Capital assets being depreciated:				
Buildings and improvements	67,364,107	207,154	(20,765)	67,550,496
Land improvements	4,657,711	-	-	4,657,711
Furniture and equipment	9,119,849	479,436	12,450	9,611,735
Totals being depreciated	<u>81,141,667</u>	<u>686,590</u>	<u>(8,315)</u>	<u>81,819,942</u>
Less accumulated depreciation for:				
Buildings and improvements	26,967,239	1,958,181	(6,230)	28,919,190
Land improvements	3,330,713	55,293	-	3,386,006
Furniture and equipment	6,483,013	637,325	(24,544)	7,095,794
Total accumulated depreciation	<u>36,780,965</u>	<u>2,650,799</u>	<u>(30,774)</u>	<u>39,400,990</u>
Total capital Assets being depreciated, net	44,360,702	(1,964,209)	22,459	42,418,952
Right-to-use lease assets being amortized:				
Equipment	95,061	-	-	95,061
Less accumulated amortization for:				
Equipment	14,259	19,012	-	33,271
Total right-to-use lease assets being amortized, net	<u>80,802</u>	<u>(19,012)</u>	<u>-</u>	<u>61,790</u>
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	<u><u>\$ 58,968,110</u></u>	<u><u>\$ 8,283,058</u></u>	<u><u>\$ (14,535)</u></u>	<u><u>\$ 67,236,633</u></u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and equipment	\$ 199,448	\$ 11,224	\$ -	\$ 210,672
Accumulated depreciation for:				
Furniture and equipment	143,084	5,286	-	148,370
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	<u><u>\$ 56,364</u></u>	<u><u>\$ 5,938</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,302</u></u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - CHANGES IN CAPITAL ASSETS - CONTINUED

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

Instruction	\$ 543,418
Instructional student support	3,079
Administrative and financial support services	421,571
Operation and maintenance of plant services	1,682,513
Pupil transportation	8,460
Student activities	<u>10,770</u>

TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ <u>2,669,811</u>
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WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - LONG-TERM LIABILITIES

Bonds, Note, and Financed Purchase Payable

The District issues general obligation bonds, note, and financed purchases payable to provide resources for major capital improvements and equipment financed purchases. The bonds and note are issued on a pledge of the full faith and credit of the District as well as its general taxing authority. The financed purchases are secured by the related equipment.

Bonds, note, and financed purchase payable were as follows at June 30, 2023:

General Obligation Bonds, Series of 2021: The General Obligation Bonds, Series of 2021, aggregate principal of \$9,995,000, were issued on October 14, 2021, for the purpose of financing various capital projects of the District. The bonds mature from February 1, 2023 through February 1, 2040. Interest is payable semi-annually on February 1 and August 1. Interest rates range from 1% - 4%. \$ 9,690,000

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 Note, Series of 2020B: The General Obligation Note, Series of 2020B, aggregate principal of \$6,930,000, was issued on September 8, 2020, for the purpose of advance refunding the outstanding General Obligation Bonds, Series of 2018. The note matures 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. 2,000,000

Financed purchase:

The District is liable for a financed purchase agreement for projectors, with monthly payments of \$2,108, with final payment due in June 2024. The agreement has an effective interest rate of 4.12%. 26,761

Total bonds, note, and financed purchase payable \$ 42,416,761

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

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

Year Ended June 30	General Obligation Bonds -		Total General Obligation Bonds			
	Series of 2021	Series of 2020A	Principal	Interest		
2024	\$ 315,000	\$ -	\$ 315,000	\$ 1,258,550		
2025	355,000	1,405,000	1,760,000	1,245,950		
2026	365,000	1,740,000	2,105,000	1,214,300		
2027	370,000	1,775,000	2,145,000	1,175,850		
2028	370,000	1,815,000	2,185,000	1,134,800		
2029-2033	1,970,000	9,745,000	11,715,000	4,882,750		
2034-2038	2,280,000	11,610,000	13,890,000	2,710,350		
2039-2040	3,665,000	2,610,000	6,275,000	309,450		
TOTAL	\$ 9,690,000	\$ 30,700,000	\$ 40,390,000	\$ 13,932,000		
	Direct Borrowings					
	General Obligation Note -					
	Series of 2020B	Financed Purchase	Total Direct Borrowings		Total Long-Term Debt	
			Principal	Interest	Principal	Interest
2024	\$ 1,695,000	\$ 24,660	\$ 1,719,660	\$ 20,440	\$ 2,034,660	\$ 1,278,990
2025	305,000	2,101	307,101	3,027	2,067,101	1,248,977
2026	-	-	-	-	2,105,000	1,214,300
2027	-	-	-	-	2,145,000	1,175,850
2028	-	-	-	-	2,185,000	1,134,800
2029-2033	-	-	-	-	11,715,000	4,882,750
2034-2038	-	-	-	-	13,890,000	2,710,350
2039-2040	-	-	-	-	6,275,000	309,450
TOTAL	\$ 2,000,000	\$ 26,761	\$ 2,026,761	\$ 23,467	\$ 42,416,761	\$ 13,955,467

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Lease Payable

The District has entered into a lease agreement for copiers. The lease has a termination date of September 2026. The lease includes monthly payments of principal and interest at a rate of 3.0%. The lease is secured by the copier equipment.

Future lease maturities as of June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 18,806	\$ 1,640	\$ 20,446
2025	19,378	1,068	20,446
2026	19,968	478	20,446
2027	<u>5,087</u>	<u>26</u>	<u>5,113</u>
TOTAL	<u>\$ 63,239</u>	<u>\$ 3,212</u>	<u>\$ 66,451</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balances and activity for the year ended June 30, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General obligation bonds:					
Bonds payable	\$ 40,695,000	\$ -	\$ 305,000	\$ 40,390,000	\$ 315,000
Premiums	3,231,575	-	1,039,014	2,192,561	1,002,313
Total general obligation bonds	<u>43,926,575</u>	<u>-</u>	<u>1,344,014</u>	<u>42,582,561</u>	<u>1,317,313</u>
Direct borrowings:					
Note payable	3,680,000	-	1,680,000	2,000,000	1,695,000
Financed purchase payable	209,547	-	182,786	26,761	24,660
Total direct borrowings	<u>3,889,547</u>	<u>-</u>	<u>1,862,786</u>	<u>2,026,761</u>	<u>1,719,660</u>
Total bonds, note and financed purchase payable, net	47,816,122	-	3,206,800	44,609,322	3,036,973
Lease payable	81,490	-	18,251	63,239	18,806
Compensated absences	511,955	13,838	-	525,793	122,739
Net pension liability	46,861,868	9,646,073	5,722,791	50,785,150	-
Net other postemployment benefit liabilities	<u>5,294,362</u>	<u>-</u>	<u>1,374,398</u>	<u>3,919,964</u>	<u>-</u>
Total Governmental Long-Term Liabilities	<u>\$ 100,565,797</u>	<u>\$ 9,659,911</u>	<u>\$ 10,322,240</u>	<u>\$ 99,903,468</u>	<u>\$ 3,178,518</u>
Business-Type Activities					
Net pension liability	\$ 435,132	\$ 193,321	\$ 63,603	\$ 564,850	\$ -
Net other postemployment benefit liabilities	<u>39,263</u>	<u>-</u>	<u>6,644</u>	<u>32,619</u>	<u>-</u>
Total Business-Type Long-Term Liabilities	<u>\$ 474,395</u>	<u>\$ 193,321</u>	<u>\$ 70,247</u>	<u>\$ 597,469</u>	<u>\$ -</u>

Payments for bonds, note, financed purchase, and lease payable are made by the general fund. Total interest paid during the year ended June 30, 2023, was \$1,307,230. 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Events of Default

The District's general obligation bonds and note 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. The financed purchase provisions for default include all principal remaining due immediately, as well as surrendering of the pledged equipment.

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, 2023, outstanding general obligation bonds of the District in the amount of \$6,090,000 were considered to be defeased with a related \$6,210,636 (market value at June 30, 2023) held in escrow funds.

NOTE 10 - EMPLOYEE RETIREMENT PLANS

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1% 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 5 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 10 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, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31% 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 \$6,015,724 for the year ended June 30, 2023. Contributions to the defined contribution pension plan from the District were \$35,067 for the year ended June 30, 2023.

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, 2023, for pension and OPEB benefits was \$3,093,638.

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

At June 30, 2023, the District reported a liability of \$51,350,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2023, the District's proportion was 0.1155%, which was an increase of 0.0003% from its proportion measured as of June 30, 2022.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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, 2023, the District recognized pension expense of \$3,902,784. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,000	\$ 444,000
Changes in assumptions	1,533,000	-
Net difference between projected and actual investment earnings	-	871,000
Changes in proportion - plan level	140,000	48,000
Changes in proportion - internal	82,768	82,768
Difference between employer contributions and proportionate share of total contributions	32,707	-
Contributions made subsequent to the measurement date	<u>6,015,724</u>	<u>-</u>
	<u><u>\$ 7,827,199</u></u>	<u><u>\$ 1,445,768</u></u>

The \$6,015,724 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, 2024. 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:

2024	\$ 239,164
2025	201,204
2026	(1,296,119)
2027	<u>1,221,458</u>
	<u><u>\$ 365,707</u></u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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, 2022, was determined by rolling forward the System's total pension liability at June 30, 2021 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The PSERS 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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 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, 2022 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	<u>(11.0%)</u>	0.5%
	<u>100.0%</u>	

Discount Rate

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 66,417,000	\$ 51,350,000	\$ 38,646,000

Pension Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2023, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,271,983. This amount represents the District's contractually obligated contributions for wages earned in April 2023 through June 2023.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS

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, 2023 are as follows:

Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	\$ 2,124,000	\$ 446,501	\$ 515,000
District OPEB Plan	1,828,583	369,146	1,298,115
Total	\$ 3,952,583	\$ 815,647	\$ 1,813,115

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, 2022, there were no assumed future benefit increases to participating eligible retirees.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

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.

For Class DC members to become eligible for Premium Assistance, they must satisfy the following criteria:

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

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.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

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, 2023, was 0.75% 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 \$131,501 for the year ended June 30, 2023.

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, 2023, for pension and OPEB benefits was \$3,093,638.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

At June 30, 2023, the District reported a liability of \$2,124,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2023, the District’s proportion was 0.1154%, which was an increase of 0.0003% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$83,191. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes in assumptions	\$ 235,000	\$ 502,000
Difference between expected and actual experience	20,000	11,000
Net difference between projected and actual investment earnings	6,000	-
Changes in proportion	54,000	2,000
Contributions made subsequent to the measurement date	<u>131,501</u>	<u>-</u>
	<u>\$ 446,501</u>	<u>\$ 515,000</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

The \$131,501 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, 2024. 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:

2024	\$ (33,000)
2025	(13,000)
2026	(38,000)
2027	(53,000)
2028	(63,000)
Thereafter	-
	<u>\$ (200,000)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2021.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- 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 blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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, 2023

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- 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, 2022 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. 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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, 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, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 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, 2022 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</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 2,124,000	\$ 2,124,000	\$ 2,124,000

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.09%) or one-percentage point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$ 2,402,000	\$ 2,124,000	\$ 1,892,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2023, the District had an accrued balance due to PSERS of \$2,271,983, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2023 through June 2023.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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"> • Member coverage ceases upon attainment of age 65. • Spouse coverage ceases upon attainment of age 65.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2023

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 retirement if he (or she) is eligible for either:
 - i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 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 retirement if he (or she) is eligible for either:
 - i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either:
 - i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a 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 retirement if he (or she) is eligible for either:
 - i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees Covered by Benefit Terms

At July 1, 2022, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	236
Retired participants	<u>7</u>
Total	<u><u>243</u></u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2022, was determined by rolling forward the District's total OPEB liability as of July 1, 2021 to July 1, 2022, 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, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 4.06% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.
- Mortality rates - PubT-2010 headcount - weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount - weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates - 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% 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 a 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, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2022	\$ 2,605,625
Changes for the year:	
Service cost	196,042
Interest	62,997
Difference between expected and actual experience	(385,531)
Changes in assumptions	(579,182)
Benefit payments	<u>(71,368)</u>
	<u>(777,042)</u>
Balance at June 30, 2023	<u>\$ 1,828,583</u>

Changes in assumptions reflect the following changes: (1) the discount rate changed from 2.28% to 4.06%, (2) the trend assumptions were updated, and (3) assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

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 (3.06%) or one-percentage point higher (5.06%) than the current discount rate:

	<u>1% Decrease 3.06%</u>	<u>Current Discount Rate 4.06%</u>	<u>1% Increase 5.06%</u>
District's proportionate share of the net OPEB liability	\$ 1,975,131	\$ 1,828,583	\$ 1,689,525

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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	\$ 1,620,746	\$ 1,828,583	\$ 2,072,067

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$177,915. At June 30, 2023, 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	\$ 241,515	\$ 652,862
Difference between expected and actual experience	72,285	645,253
Contributions made subsequent to the measurement date	55,346	-
	<u>\$ 369,146</u>	<u>\$ 1,298,115</u>

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

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

The \$55,346 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, 2024. 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:

2024	\$ (81,124)
2025	(81,124)
2026	(81,124)
2027	(81,124)
2028	(81,124)
Thereafter	<u>(578,695)</u>
	<u>\$ (984,315)</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 12 - JOINT VENTURE

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 2022/2023 year was \$547,593.

Summary financial information as of June 30, 2022 (the most recent information available), is as follows:

<u>Berks Career & Technology Center - Governmental Activities</u>	
Total assets and deferred outflows of resources	\$ 33,587,790
Total liabilities and deferred inflows of resources	<u>30,523,935</u>
Total net position	<u>\$ 3,063,855</u>

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

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 2022/2023 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, 2023

NOTE 14 - CONTINGENT LIABILITIES

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 30th each year.

NOTE 15 - COMMITMENTS

At June 30, 2023, 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>
JR/SR High School renovations	\$ 10,465,225	\$ 10,343,853	\$ 121,372
Wyomissing Hills Elementary Center renovations	11,419,033	11,199,619	219,414
West Reading Elementary Center renovations	495,549	460,098	35,451
Total commitments	<u>\$ 22,379,807</u>	<u>\$ 22,003,570</u>	<u>\$ 376,237</u>

These commitments will be liquidated by funds in the capital projects funds.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 16 - FUND BALANCE

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, 2023, were as follows:

	General	Capital Projects	Totals
	<u> </u>	<u> </u>	<u> </u>
Nonspendable - prepaid items	\$ 14,054	\$ -	\$ 14,054
Restricted:			
Lacrosse program	4,440	-	4,440
Fence project donations	12,766	-	12,766
KURR grant	264	-	264
Post graduate events	650	-	650
Instrument rentals	1,349	-	1,349
Camp Conrad Weiser	869	-	869
Special education books	6,985	-	6,985
Capital projects	-	816,146	816,146
Committed:			
Retirement rate increases	4,193,192	-	4,193,192
Capital purchases	4,821,488	-	4,821,488
Curriculum enhancements	1,100,000	-	1,100,000
Vehicle/equipment replacements	801,000	-	801,000
FFE/Athletic Improvements	1,342,614	-	1,342,614
Assigned	161,004	-	161,004
Unassigned	3,461,173	-	3,461,173
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	\$ 15,921,848	\$ 816,146	\$ 16,737,994

The general fund assigned funds are for the purpose of balancing the 2023/2024 budget. All commitments and assignments were authorized by the board of school directors’ resolution to set aside resources for specific purposes.

The capital projects fund restricted funds consist of unspent bond funds.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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, 2023

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
REVENUES				
Local sources	\$ 31,562,084	\$ 31,562,084	\$ 33,012,299	\$ 1,450,215
State sources	8,113,100	8,113,100	8,237,728	124,628
Federal sources	1,534,466	1,534,466	1,668,479	134,013
TOTAL REVENUES	41,209,650	41,209,650	42,918,506	1,708,856
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular programs - elementary/secondary	16,807,395	16,806,380	16,783,119	23,261
Special programs - elementary/secondary	6,488,926	6,488,926	6,356,047	132,879
Vocational education	525,288	525,288	547,593	(22,305)
Other instructional programs - elementary/secondary	28,063	28,063	35,833	(7,770)
TOTAL INSTRUCTIONAL SERVICES	23,849,672	23,848,657	23,722,592	126,065
SUPPORT SERVICES:				
Students	1,497,120	1,497,120	1,541,243	(44,123)
Instructional staff	1,301,286	1,301,286	1,029,556	271,730
Administration	2,655,984	2,656,999	2,522,914	134,085
Pupil health	543,314	543,314	550,752	(7,438)
Business	734,474	734,474	737,552	(3,078)
Operation and maintenance of plant	2,953,093	2,953,093	3,561,731	(608,638)
Student transportation	1,150,831	1,150,831	1,219,542	(68,711)
Central	1,318,419	1,318,419	1,744,585	(426,166)
Other	27,500	27,500	28,844	(1,344)
TOTAL SUPPORT SERVICES	12,182,021	12,183,036	12,936,719	(753,683)
OPERATION OF NONINSTRUCTIONAL SERVICES:				
Student activities	1,101,903	1,101,903	1,084,615	17,288
Community services	73,532	73,532	29,069	44,463
Scholarships and awards	700	700	750	(50)
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	1,176,135	1,176,135	1,114,434	61,701
DEBT SERVICE	3,473,361	3,473,361	3,493,267	(19,906)
TOTAL EXPENDITURES	40,681,189	40,681,189	41,267,012	(585,823)
EXCESS OF REVENUES OVER EXPENDITURES	528,461	528,461	1,651,494	1,123,033

See note to required supplementary information.

WYOMISSING AREA SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - CONTINUED

Year Ended June 30, 2023

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	53,537	53,537
Insurance recoveries	-	-	8,527	8,527
Transfers out	(296,000)	(296,000)	-	296,000
Budgetary reserve	(274,000)	(274,000)	-	274,000
TOTAL OTHER FINANCING SOURCES	(570,000)	(570,000)	62,064	632,064
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (41,539)	\$ (41,539)	1,713,558	\$ 1,755,097
FUND BALANCE - BEGINNING OF YEAR			14,208,290	
FUND BALANCE - END OF YEAR			\$ 15,921,848	

WYOMISSING AREA SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

BUDGETARY DATA

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 2022/2023 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2023, the general fund had an excess of expenditures over appropriations of \$585,823. The District used revenues in excess of budgeted amounts to fund the excess expenditures.

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, 2023. 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.1155%	0.1152%	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	\$ 51,350,000	\$ 47,297,000	\$ 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	\$ 16,967,356	\$ 16,318,229	\$ 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	302.64%	289.84%	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	61.34%	63.67%	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 in benefit terms

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

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an 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 modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,015,724	\$ 5,786,394	\$ 5,481,247	\$ 5,397,587	\$ 5,173,808	\$ 4,845,614	\$ 4,214,323	\$ 3,537,495	\$ 2,827,068	\$ 2,174,478
Contributions in relation to the contractually required contribution	6,015,724	5,786,394	5,481,247	5,397,587	5,173,808	4,845,614	4,214,323	3,537,495	2,827,068	2,174,478
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 17,605,353	\$ 16,967,356	\$ 16,318,229	\$ 16,156,089	\$ 15,866,897	\$ 15,250,077	\$ 14,381,434	\$ 14,077,519	\$ 13,629,107	\$ 13,474,503
Contributions as a percentage of covered payroll	34.17%	34.10%	33.59%	33.41%	32.61%	31.77%	29.30%	25.13%	20.74%	16.14%

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

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.1154%	0.1151%	0.1151%	0.1151%	0.1132%	0.1080%	0.1087%
District's proportionate share of the collective net PSERS OPEB liability	\$ 2,124,000	\$ 2,728,000	\$ 2,487,000	\$ 2,448,000	\$ 2,360,000	\$ 2,200,000	\$ 2,341,000
District's covered payroll	\$ 16,967,356	\$ 16,318,229	\$ 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	12.52%	16.72%	15.39%	15.43%	15.48%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	6.86%	5.30%	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 in benefit terms

None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an 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 modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 131,501	\$ 136,191	\$ 134,128	\$ 135,910	\$ 131,726	\$ 126,713	\$ 119,791	\$ 118,860	\$ 124,115	\$ 126,392
Contributions in relation to the contractually required contribution	<u>131,501</u>	<u>136,191</u>	<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>
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	\$ 17,605,353	\$ 16,967,356	\$ 16,318,229	\$ 16,156,089	\$ 15,866,897	\$ 15,250,077	\$ 14,381,434	\$ 14,077,519	\$ 13,629,107	\$ 13,474,503
Contributions as a percentage of covered payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.91%	0.94%

WYOMISSING AREA SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 196,042	\$ 197,724	\$ 153,257	\$ 152,270	\$ 148,888	\$ 143,192
Interest	62,997	49,686	85,902	73,688	68,402	49,414
Differences between expected and actual experience	(385,531)	-	(376,192)	-	117,465	-
Changes in assumptions	(579,182)	(81,911)	284,199	(70,667)	1,793	38,140
Benefit payments	(71,368)	(72,967)	(81,679)	(61,437)	(42,036)	(27,988)
Net change in total OPEB liability	(777,042)	92,532	65,487	93,854	294,512	202,758
Total OPEB liability, beginning	2,605,625	2,513,093	2,447,606	2,353,752	2,059,240	1,856,482
Total OPEB liability, ending	\$ 1,828,583	\$ 2,605,625	\$ 2,513,093	\$ 2,447,606	\$ 2,353,752	\$ 2,059,240
Covered Employee Payroll	\$ 15,526,384	\$ 15,142,310	\$ 15,142,310	\$ 13,971,769	\$ 13,971,769	\$ 13,569,477
Total OPEB liability as a percentage of Covered Employee Payroll	11.78%	17.21%	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, 2022 measurement date are as follows:

- The discount rate changed from 2.28% to 4.06%.
- The trend assumption was updated.
- Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

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, 2023

REVENUES

Student's payments	\$ 172,210
Adult's payments/A la Carte	53,980
Federal subsidies	511,591
State subsidies	122,746
Commodities received	70,549
Interest revenue	47,107
Vending machine sales	8,835
Special events	<u>2,513</u>

TOTAL REVENUES 989,531

COST OF GOODS SOLD

Inventory - beginning of year	27,610
Purchases - commodities	70,549
Purchases - food and milk	285,022
Less: inventory - end of year	<u>(31,524)</u>

TOTAL COST OF GOODS SOLD 351,657

GROSS PROFIT 637,874

OPERATING EXPENSES

Salaries	222,867
Employee benefits	115,772
Pension and OPEB valuation adjustments	(83,987)
Repairs and maintenance	9,035
Supplies	44,924
Depreciation	5,286
Other expenses	<u>55,321</u>

TOTAL OPERATING EXPENSES 369,218

CHANGE IN NET POSITION 268,656

NET POSITION - BEGINNING OF YEAR 371,767

NET POSITION - END OF YEAR \$ 640,423

WYOMISSING AREA SCHOOL DISTRICT

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

June 30, 2023

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total Custodial Funds</u>
ASSETS			
Cash and investments	\$ 55,055	\$ 66,104	\$ 121,159
Interfund receivable	-	16,815	16,815
	<u>55,055</u>	<u>82,919</u>	<u>137,974</u>
TOTAL ASSETS			
LIABILITIES			
Interfund payable	1,435	-	1,435
Accounts payable	1,000	2,332	3,332
	<u>2,435</u>	<u>2,332</u>	<u>4,767</u>
TOTAL LIABILITIES			
NET POSITION	<u>\$ 52,620</u>	<u>\$ 80,587</u>	<u>\$ 133,207</u>

WYOMISSING AREA SCHOOL DISTRICT

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

Year Ended June 30, 2023

	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total Custodial Funds</u>
ADDITIONS			
Contributions and fundraising	\$ -	\$ 162,305	\$ 162,305
Earnings on investments	9	1,333	1,342
TOTAL ADDITIONS	9	163,638	163,647
DEDUCTIONS			
Scholarships	2,435	-	2,435
Student activities	-	145,378	145,378
TOTAL DEDUCTIONS	2,435	145,378	147,813
CHANGE IN NET POSITION	(2,426)	18,260	15,834
NET POSITION - BEGINNING OF YEAR	55,046	62,327	117,373
NET POSITION - END OF YEAR	<u>\$ 52,620</u>	<u>\$ 80,587</u>	<u>\$ 133,207</u>

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

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, 2022	Revenue Recognized/Expenditures	Accrued (Unearned) Revenue June 30, 2023
U.S. DEPARTMENT OF EDUCATION									
Passed through the Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I	84.010	013-21-0497	07/01/20-09/30/21	\$ 265,330	\$ (212)	\$ (212)	\$ -	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-22-0497	07/21/21-09/30/22	293,793	83,220	83,220	-	-
Title I Grants to Local Educational Agencies	I	84.010	013-23-0497	07/11/22-09/30/23	289,807	212,528	-	289,807	77,279
Subtotal - ALN 84.010						295,536	83,008	289,807	77,279
Supporting Effective Instruction State Grants	I	84.367	020-21-0497	07/01/20-09/30/21	49,931	15,787	15,787	-	-
Supporting Effective Instruction State Grants	I	84.367	020-22-0497	07/21/21-09/30/22	52,397	21,582	4,804	16,778	-
Supporting Effective Instruction State Grants	I	84.367	020-23-0497	07/11/22-09/30/23	46,611	46,948	-	46,611	(337)
Subtotal - ALN 84.367						84,317	20,591	63,389	(337)
Student Support and Academic Enrichment	I	84.424	144-20-0497	07/08/19-09/30/20	20,443	8,177	8,177	-	-
Student Support and Academic Enrichment	I	84.424	144-22-0497	07/21/21-09/30/22	19,953	6,659	468	6,191	-
Student Support and Academic Enrichment	I	84.424	144-23-0497	07/11/22-09/30/23	23,052	14,822	-	16,978	2,156
Subtotal - ALN 84.424						29,658	8,645	23,169	2,156
English Language Acquisition State Grant	I	84.365	010-22-0497	07/21/21-09/30/22	11,777	-	147	-	147
English Language Acquisition State Grant	I	84.365	010-23-0497	07/11/22-09/30/23	11,945	11,265	-	11,945	680
Subtotal - ALN 84.365						11,265	147	11,945	827
Education Stabilization Fund									
COVID-19 - Elementary and Secondary School Emergency Relief	I	84.425D	200-21-0497	03/13/20-09/30/23	979,196	45,544	(38,215)	83,759	-
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief	I	84.425U	223-21-0497	03/13/20-09/30/24	1,981,814	1,369,253	746,639	841,947	219,333
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0497	03/13/20-09/30/24	154,033	72,816	2,097	104,529	33,810
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	I	84.425W	181-21-2496	07/01/21-09/30/24	10,774	6,078	5,970	4,251	4,143
Subtotal - ALN 84.425 Education Stabilization Fund						1,493,691	716,491	1,034,486	257,286
Special Education Cluster (IDEA)									
Passed through Lancaster-Lebanon Intermediate Unit:									
Special Education Grants to States	I	84.027	N/A	07/01/21-09/30/22	10,000	-	9,217	-	9,217
Passed through Berks County Intermediate Unit:									
Special Education Grants to States	I	84.027	N/A	07/01/21-09/30/22	275,711	76,299	76,299	-	-
Special Education Grants to States	I	84.027	N/A	07/01/22-09/30/23	267,512	225,228	-	267,512	42,284
COVID-19 - Special Education Grants to States	I	84.027X	N/A	07/01/21-09/30/23	64,354	32,273	11,143	21,206	76
Subtotal - ALN 84.027						333,800	96,659	288,718	51,577
Special Education Preschool Grants	I	84.173	N/A	07/01/21-06/30/22	3,222	3,222	3,222	-	-
Special Education Preschool Grants	I	84.173	N/A	07/01/22-06/30/23	2,800	-	-	2,800	2,800
Subtotal - ALN 84.173						3,222	3,222	2,800	2,800
Total Special Education Cluster (IDEA)						337,022	99,881	291,518	54,377
TOTAL U.S. DEPARTMENT OF EDUCATION						2,251,489	928,763	1,714,314	391,588

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, 2023

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, 2022	Revenue Recognized/Expenditures	Accrued (Unearned) Revenue June 30, 2023
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Medicaid Cluster									
Passed through the Pennsylvania Department of Human Services:									
Medical Assistance Program	I	93.778	N/A	07/01/21-06/30/22	N/A	3,000	3,000	-	-
Medical Assistance Program	I	93.778	N/A	07/01/22-06/30/23	N/A	1,232	-	1,232	-
TOTAL MEDICAID CLUSTER AND									
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						4,232	3,000	1,232	-
U.S. DEPARTMENT OF AGRICULTURE									
Child Nutrition Cluster									
Passed through the Pennsylvania Department of Agriculture:									
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	70,186	(4,190)	70,549	(3,827)
Passed through the Pennsylvania Department of Education:									
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	81,760	81,760	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	351,161	-	351,161	-
COVID-19 - National School Lunch Program - Supply Chain Assistance Funding	I	10.555	N/A	07/01/22-06/30/23	N/A	54,739	-	54,739	-
Subtotal - ALN 10.555						557,846	77,570	476,449	(3,827)
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	18,563	18,563	-	-
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	105,063	-	105,063	-
Subtotal - ALN 10.553						123,626	18,563	105,063	-
TOTAL CHILD NUTRITION CLUSTER						681,472	96,133	581,512	(3,827)
COVID-19 - State Pandemic Electronic Benefit Transfer Administrative Costs	I	10.649	N/A	07/01/22-06/30/23	N/A	628	-	628	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						682,100	96,133	582,140	(3,827)
TOTAL FEDERAL AWARDS						\$ 2,937,821	\$ 1,027,896	\$ 2,297,686	\$ 387,761

Source Codes: I = Indirect funding

Note: No funds were passed through to subrecipients in the year ended June 30, 2023.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Wyomissing Area School District under programs of the federal government for the year ended June 30, 2023. 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 Wyomissing Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Wyomissing Area School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

NOTE 4 - ACCESS PROGRAM

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, 2023 was \$244,451.

NOTE 5 - FOOD COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District has \$3,827 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, 2023, 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 February 26, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
February 26, 2024

**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

Opinion on Each Major Federal Program

We have audited Wyomissing Area School District’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wyomissing Area School District’s major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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
February 26, 2024

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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>
84.425	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes no

WYOMISSING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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, 2023

Section II - Financial Statement Findings

There were no financial statement findings reported for the year ended June 30, 2022.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs reported for the year ended June 30, 2022.