

# **Williamsport Area School District**

Financial Statements and  
Supplementary Information

June 30, 2020

# Williamsport Area School District

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# Williamsport Area School District

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## Independent Auditors' Report

To the Board of Directors of  
Williamsport Area School District

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Williamsport Area School District, (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Williamsport Area School District, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Notes 1 and 21 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2020 to conform with accounting principles generally accepted in the United States of America, which has resulted in a restatement of the governmental funds' fund balance as of July 1, 2019. Also as a result of this implementation, the government-wide net position and the Student Activity Fund fund balance as of July 1, 2019 were restated. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) as listed in the table of contents is presented for purposes of additional analysis and is 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Williamsport, Pennsylvania  
December 21, 2020

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2020

Our discussion and analysis of the Williamsport Area School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. It should be read in conjunction with the basic financial statements to enhance understanding of the School District's financial performance, which immediately follows this section.

## Financial Highlights

Key financial highlights for the fiscal year 2020 are as follows:

- State revenues are the main source of funding for the Williamsport Area School District. In 2019-20, total General Fund state revenue increased 3.3 percent. The District received \$48,358,048 in State revenue making up 52.7 percent of the total revenue. The District's contribution to the Public School Employees' Retirement System (PSERS) increased from 33.43 percent of salaries to 34.51 percent of salaries. While some of the State revenue increase was due to the state funding a portion of this changing rate, our expenditures for this program also increased. The PSERS rate increase is expected to rise from the 34.51 percent in 2019-20 to over 38 percent in future years.
- Real Estate Tax is the main source of local funding for the District. This revenue comprises 26.0 percent of total General Fund revenues and is the only revenue source over which the School Board has control. The tax revenue received from real estate tax increased from 2019 by \$685,780 or 2.95 percent. Increasing costs for the PSERS, as described above, as well as the cost of other employee benefits are primary factors in the need for a millage increase. The millage rate increased from 16.50 mills to 16.89 mills.
- Federal revenue recorded in the General Fund increased from \$6,247,035 in 2018-19 to \$7,064,342 in 2019-20. Although all federal revenues fluctuated from one year to the next, the largest portion of the increase in federal revenue is due to the receipt of \$687,588 in COVID related grants.
- The total revenues for the General Fund were \$91,823,292. This is an overall increase of \$2,226,880 over the prior year. The major reasons for these increases are described above.
- Expenditure levels in all governmental funds decreased from the prior year \$89,727,394 to \$88,875,372. Instructional and capital outlay expenditures increased by \$2,679,624; while support services, noninstructional services and debt services expenditures decreased by \$3,531,646.
- Capital assets in the Governmental Activities have been reported at \$195,546,058 and accumulated depreciation of \$98,083,695 for a net capital asset value of \$97,462,363. The amount listed represents the estimated historical costs of all sites, site improvements and furniture and equipment with a unit value of at least \$2,500.
- The General Fund's fund balance increased from \$17,621,117 to \$20,286,439. Of this \$556,536 is set aside for various capital projects. It is also important to note that in anticipation of the increase in retirement contributions in subsequent fiscal years, the Board has proactively decided to designate fund balance to "level-out" the financial impact. The current amount committed to fund retirement is \$5,405,184. The District recognizes that with the uncertainty of the impact of COVID-19 on future District expenses such as technology, personal protective supplies, anticipated increases in cyber charter tuition that is it fiscal responsible to set aside funds for these potential expenses. Thus, the District has assigned \$2,000,000 of the fund balance for these expenses. Additional assignments include set asides for technology needs, and capital needs and equipment.

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

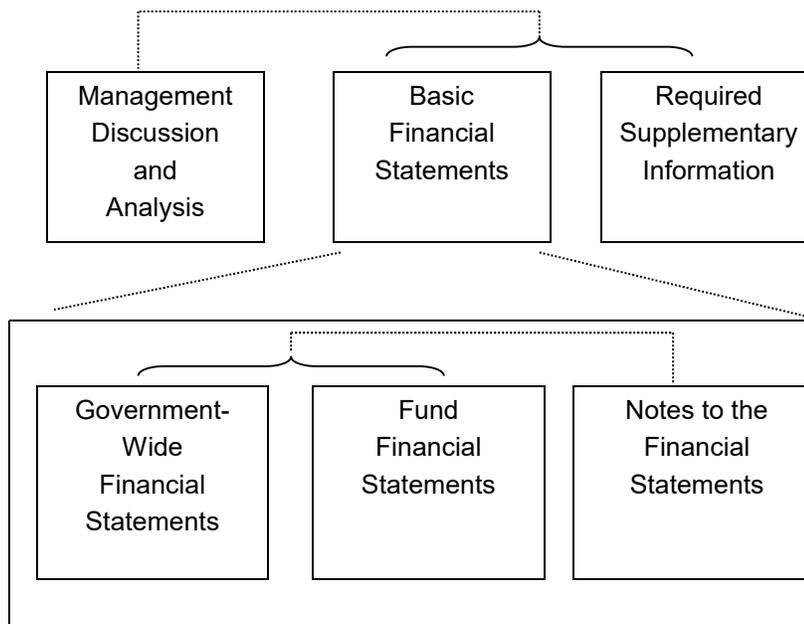
- The School District's governmental fund financial statements report a combined ending fund balance of \$48,481,552. In addition to the \$556,536 noted above, an additional amount of \$7,575,052 of this ending fund balance is saved for future capital expenditures, with \$20,550,070 set aside for future debt service payments.
- The District has six outstanding bond or note series, of which, two are Qualified School Construction Bonds (QSCBs). At the end of the fiscal year, the outstanding bond and note principal was \$84,959,000 with the final payment due in 2035-36.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Figure A-1**  
**Required Components of**  
**Williamsport Area School District's**  
**Financial Report**



# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2  
Major Features of Williamsport Area School District's  
Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business, Food Services
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and change in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, deferred outflows and deferred inflows, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, as well as certain deferred outflows and deferred inflows of resources; no capital assets included	All assets and liabilities, deferred outflows and deferred inflows, both financial and capital, and short-term and long-term
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 payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2020

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## Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business. The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. The *statement of activities* presents all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating, respectively. However, to assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the performance of the students. The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- *Business-type activities* - The District operates a food service operation and charges fees to staff, students and visitors to help cover the costs of the food service operation.

## Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and by bond requirements.

- *Governmental Funds* - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information such as cash flows.

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

## Financial Analysis of the District as a Whole

The District's total net position (deficit) was \$(87,635,641) at June 30, 2020.

**Table A-1**  
**Fiscal Years Ended June 30, 2020 and 2019**  
**Net Position**

	Governmental Activities		Business-Type Activity		Total		Change
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 77,720,269	\$ 68,823,765	\$ 1,198,564	\$ 1,543,179	\$ 78,918,833	\$ 70,366,944	\$ 8,551,889
Capital assets	97,462,363	98,745,598	398,809	257,563	97,861,172	99,003,161	(1,141,989)
Deferred outflow of resources	19,803,390	22,009,152	349,614	423,000	20,153,004	22,432,152	(2,279,148)
Total assets and deferred outflow of resources	194,986,022	189,578,515	1,946,987	2,223,742	196,933,009	191,802,257	5,130,752
Current liabilities	28,721,645	25,824,284	141,683	155,066	28,863,328	25,979,350	2,883,978
Noncurrent liabilities	243,393,441	248,073,780	3,067,615	3,311,628	246,461,056	251,385,408	(4,924,352)
Deferred inflow of resources	8,684,477	6,606,211	559,789	491,014	9,244,266	7,097,225	2,147,041
Total liabilities and deferred inflow of resources	280,799,563	280,504,275	3,769,087	3,957,708	284,568,650	284,461,983	106,667
Net position							
Net investment in capital assets	11,532,996	12,131,739	398,809	257,563	11,931,805	12,389,302	(457,497)
Restricted	28,265,730	24,004,601	-	-	28,265,730	24,004,601	4,261,129
Unrestricted	(125,612,267)	(127,062,100)	(2,220,909)	(1,991,529)	(127,833,176)	(129,053,629)	1,220,453
Total net position	\$ (85,813,541)	\$ (90,925,760)	\$ (1,822,100)	\$ (1,733,966)	\$ (87,635,641)	\$ (92,659,726)	\$ 5,024,085

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position (deficit) is composed of restricted and unrestricted amounts, net of the District's net pension liability pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68.

For fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This standard was designed to improve accounting and financial reporting by state and local governments for pensions. As required by GASB No. 68, a liability was recorded using the actuarial report provided by PSERS and the schedules of employer allocations provided in their audited financial statements. The estimated amount of the PSERS retirement liability recorded was \$135 million as of June 30, 2020 and \$139 million as of June 30, 2019. Refer to Note 13 for further details.

The results of this year's operations as a whole are reported in the Statement of Activities on page 14. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues and expenses of both the Governmental Activities and the Business-Type Activity of the District.

**Table A-2**  
**Fiscal Years Ended June 30, 2020 and 2019**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total		Change
	2020	2019	2020	2019	2020	2019	
Revenues							
Program revenues:							
Charges for services	\$ 2,145,602	\$ 1,974,178	\$ 432,226	\$ 589,198	\$ 2,577,828	\$ 2,563,376	\$ 14,452
Operating grants and contributions	29,537,694	27,889,896	2,150,527	2,625,656	31,688,221	30,515,552	1,172,669
Capital grants and contributions	415,157	757,814	-	-	415,157	757,814	(342,657)
General revenues:							
Property taxes	23,715,979	23,109,544	-	-	23,715,979	23,109,544	606,435
Other taxes	10,471,217	11,181,148	-	-	10,471,217	11,181,148	(709,931)
Grants, subsidies, and contributions, unrestricted	26,873,377	26,112,871	-	-	26,873,377	26,112,871	760,506
Other	2,812,300	1,966,991	16,768	15,942	2,829,068	1,982,933	846,135
<b>Total revenues</b>	<b>95,971,326</b>	<b>92,992,442</b>	<b>2,599,521</b>	<b>3,230,796</b>	<b>98,570,847</b>	<b>96,223,238</b>	<b>2,347,609</b>
Expenses:							
Instruction	54,820,885	53,719,800	-	-	54,820,885	53,719,800	1,101,085
Instructional student support	5,009,103	5,186,956	-	-	5,009,103	5,186,956	(177,853)
Administrative and financial support	12,762,576	12,852,722	-	-	12,762,576	12,852,722	(90,146)
Operation and maintenance of plant	10,843,291	11,171,134	-	-	10,843,291	11,171,134	(327,843)
Pupil transportation	2,897,704	2,930,219	-	-	2,897,704	2,930,219	(32,515)
Student activities	693,297	730,600	-	-	693,297	730,600	(37,303)
Interest on long-term debt	3,886,838	3,643,829	-	-	3,886,838	3,643,829	243,009
Community services	35,659	35,612	-	-	35,659	35,612	47
Food services	-	-	2,687,655	2,925,697	2,687,655	2,925,697	(238,042)
<b>Total expenses</b>	<b>90,949,353</b>	<b>90,270,872</b>	<b>2,687,655</b>	<b>2,925,697</b>	<b>93,637,008</b>	<b>93,196,569</b>	<b>440,439</b>
Increase (decrease) in net position	\$ 5,021,973	\$ 2,721,570	\$ (88,134)	\$ 305,099	\$ 4,933,839	\$ 3,026,669	\$ 1,907,170

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

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

**Table A-3**  
**Fiscal Years Ended June 30, 2020 and 2019**  
**Governmental Activities**

	Total Cost of Services		Net Cost (Income) of Services		Changes in Net Cost of Services
	2020	2019	2020	2019	
Functions/Programs:					
Instruction	\$ 54,820,885	\$ 53,719,800	\$ 32,732,739	\$ 32,973,386	\$ (240,647)
Instructional student support	5,009,103	5,186,956	4,462,263	4,639,264	(177,001)
Administrative and financial support	12,762,576	12,852,722	10,698,325	10,803,146	(104,821)
Operation and maintenance of plant	10,843,291	11,171,134	9,373,390	9,485,107	(111,717)
Pupil transportation	2,897,704	2,930,219	1,575,812	1,600,272	(24,460)
Student activities	693,297	730,600	460,389	598,482	(138,093)
Community services	35,659	35,612	35,659	35,612	47
Interest on long-term debt	3,886,838	3,643,829	(487,677)	(486,285)	(1,392)
Total governmental activities	<u>\$ 90,949,353</u>	<u>\$ 90,270,872</u>	58,850,900	59,648,984	(798,084)
Less unrestricted grants, subsidies			<u>26,873,377</u>	<u>26,112,871</u>	<u>760,506</u>
Total needs from local taxes and other revenues			<u>\$ 31,977,523</u>	<u>\$ 33,536,113</u>	<u>\$ (1,558,590)</u>

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

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

**Table A-4**  
**Fiscal Years Ended June 30, 2020 and 2019**  
**Business-Type Activity**

	Total Cost of Services		Net Cost (Income) of Services		Changes in Net Cost of Services
	2020	2019	2020	2019	
Functions/Programs					
Food services	\$ 2,687,655	\$ 2,925,697	\$ 104,902	\$ (289,157)	\$ 394,059
Plus investment earnings			(12,905)	(15,942)	3,037
Plus transfers			(3,863)	-	(3,863)
 Total business-type activity			\$ 88,134	\$ (305,099)	\$ 393,233

The Statement of Revenues, Expenses and Changes in Fund Net Position for the proprietary fund will further detail the actual results of operations. This program should be self-supporting. The net return on these services decreased by \$393,233.

## The District Funds

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$48,481,552 which is an increase of \$6,290,686.

The General Fund had a beginning fund balance of \$17,621,117 and an ending fund balance of \$20,286,440 at June 30, 2020. Revenues and other financing sources increased from \$90,059,068 to \$92,198,610. Expenditures and other financing uses decreased from \$90,445,384 to \$89,533,287.

Table A-5 shows a comparison of General Fund expenditures from 2018-19 to 2019-20. Most functions increased due to an increase in salaries and retirement contributions.

**Table A-5**  
**General Fund Expenditure Comparison**

Function	Expenditures		Variance	Percent Change
	2020	2019		
Instruction	\$ 53,793,081	\$ 52,351,291	\$ 1,441,790	2.75 %
Support services	25,819,205	27,768,714	(1,949,509)	(7.02) %
Noninstructional services	1,243,399	1,408,112	(164,713)	(11.7) %
Debt service	255,003	1,292,150	(1,037,147)	(80.27) %
Capital outlay	210,419	41,960	168,459	(11.7) %
	\$ 81,321,107	\$ 82,862,227	\$ (1,541,120)	(11.7) %

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

The District's General Fund revenues were \$91,823,292 in 2019/20, which were up 2.49 percent from the previous year. General Fund revenues for the District come from three categories. Local sources approximately make up 39.64 percent of the total revenue, state sources make up 52.67 percent and federal sources are 7.69 percent. Most of the local revenue comes from tax levies set by School Code, fees, tuition and donations.

**Table A-6**  
**General Fund Revenue Comparison**

<u>Category</u>	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>Percent Change</u>
Local sources 6000	\$ 36,400,902	\$ 36,547,738	\$ (146,836)	(0.4) %
State sources 7000	48,358,048	46,801,639	1,556,409	3.33 %
Federal sources 8000	7,064,342	6,247,035	817,307	13.08 %
Total	<u>\$ 91,823,292</u>	<u>\$ 89,596,412</u>	<u>\$ 2,226,880</u>	2.49 %

## General Fund Budget

During the fiscal year, the Board of Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on page 19.

The District applies for federal, state and local grants. These grants cannot always be anticipated in the budgeting process.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budgetary reserve category to specific expenditure areas.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2020, the District invested in a broad range of capital assets, including construction in progress, land, buildings and furniture, and equipment. At June 30, 2020, the investment in capital assets, net of depreciation, was \$97,462,363, a decrease of \$1,283,235. For details on the specific line-item changes, see Note 6 on page 36.

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

	<u>2020</u>	<u>2019</u>
Construction in progress and land	\$ 608,287	\$ 1,583,242
Site improvements	11,194,390	7,855,105
Buildings	150,455,468	149,672,423
Furniture and equipment	32,156,340	31,118,832
Vehicles	1,131,576	1,228,934
Less accumulated depreciation	<u>(98,083,698)</u>	<u>(92,712,938)</u>
Capital assets, net	<u>\$ 97,462,363</u>	<u>\$ 98,745,598</u>

# Williamsport Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2020

## Debt Administration

As of July 1, 2019, the District had total outstanding bond and note principal of \$85,459,000. The District made principal payments of \$500,000 during the year, ending the year with outstanding bond and note principal of \$84,959,000 as of June 30, 2020.

**Table A-8  
Outstanding Debt**

	<u>2020</u>	<u>2019</u>
General Obligation Debt:		
Series A of 2005 GON	\$ 400,000	\$ 500,000
Series of 2010 GON	32,750,000	32,750,000
Series of 2011 GON	35,719,000	35,719,000
Series of 2013 GOB	765,000	1,135,000
Series of 2017 GOB	6,130,000	6,155,000
Series of 2019 GOB	9,195,000	9,200,000
	<u>\$ 84,959,000</u>	<u>\$ 85,459,000</u>

Other obligations include capital leases, accrued vacation pay and sick leave for specific employees of the District, as well as other post-employment and pension obligations. More detailed information about our long-term liabilities is included in Notes 7 through 13 to the financial statements.

S&P Global Ratings assigned its 'A' long-term rating to Williamsport Area School District, Pa.'s series 2019 general obligation (GO) bonds and affirmed its 'A' underlying rating (SPUR) on the District's existing GO debt. The outlook is stable. Additional security is also provided for the bonds by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

## Contacting the District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact Wanda Erb, Business Administrator/Board Secretary at Williamsport Area School District, 2780 W. Fourth Street, Williamsport, Pennsylvania 17701, (570) 327-5500.

**Williamsport Area School District**

Statement of Net Position

June 30, 2020

	Governmental Activities	Business - Type Activity	Total	Component Unit
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 15,933,251	\$ 48,694	\$ 15,981,945	\$ 521,038
Investments	43,095,811	842,708	43,938,519	1,652,019
Taxes receivable, net	3,424,024	-	3,424,024	-
Due from other governments	6,592,684	9,050	6,601,734	-
Other receivables	470,990	167,549	638,539	2,056
Internal balances	(5,389)	5,389	-	-
Inventories	432,423	125,174	557,597	-
Prepaid expenses	142,874	-	142,874	-
Total current assets	70,086,668	1,198,564	71,285,232	2,175,113
<b>Capital Assets</b>	97,462,363	398,809	97,861,172	-
<b>Assets Held for Capital Projects</b>	7,633,601	-	7,633,601	-
Total assets	175,182,632	1,597,373	176,780,005	2,175,113
<b>Deferred Outflows of Resources</b>				
Unamortized refunding charges	222,396	-	222,396	-
Pension	15,685,936	337,033	16,022,969	-
Other postemployment benefits (OPEB)	3,895,058	12,581	3,907,639	-
Total deferred outflows of resources	19,803,390	349,614	20,153,004	-
Total assets and deferred outflows of resources	<u>\$ 194,986,022</u>	<u>\$ 1,946,987</u>	<u>\$ 196,933,009</u>	<u>\$ 2,175,113</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>				
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 1,428,478	\$ 20,773	\$ 1,449,251	\$ -
Current maturities of bonds and notes payable	525,000	-	525,000	-
Current portion of capital leases payable	70,892	-	70,892	-
Accrued salaries and benefits	13,525,944	40,036	13,565,980	-
Accrued interest payable	1,239,567	-	1,239,567	-
Due to other governments	5,262,842	80,874	5,343,716	-
Unearned revenue	679,341	-	679,341	-
Other current liabilities	5,989,581	-	5,989,581	-
Total current liabilities	28,721,645	141,683	28,863,328	-
<b>Bonds and Notes Payable</b>	85,177,043	-	85,177,043	-
<b>Compensated Absences</b>	494,927	21,132	516,059	-
<b>Capital Leases Payable</b>	156,432	-	156,432	-
<b>Other Postemployment Benefits (OPEB)</b>	25,745,051	132,471	25,877,522	-
<b>Net Pension Liability</b>	131,819,988	2,914,012	134,734,000	-
Total liabilities	272,115,086	3,209,298	275,324,384	-
<b>Deferred Inflows of Resources</b>				
Pension	7,863,817	407,700	8,271,517	-
Other postemployment benefits (OPEB)	820,660	152,089	972,749	-
Total deferred inflows of resources	8,684,477	559,789	9,244,266	-
<b>Net Position (Deficit)</b>				
Net investment in capital assets	11,532,996	398,809	11,931,805	-
Restricted	28,265,730	-	28,265,730	2,056
Unrestricted	(125,612,267)	(2,220,909)	(127,833,176)	2,173,057
Total net position (deficit)	(85,813,541)	(1,822,100)	(87,635,641)	2,175,113
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 194,986,022</u>	<u>\$ 1,946,987</u>	<u>\$ 196,933,009</u>	<u>\$ 2,175,113</u>

See notes to financial statements

**Williamsport Area School District**

Statement of Activities

Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total	
Expenses							
<b>Governmental Activities</b>							
Instruction	\$ (54,820,885)	\$ 1,037,074	\$ 21,051,072	\$ -	\$ (32,732,739)	\$ (32,732,739)	
Administrative and financial support services	(12,762,576)	1,009,975	1,054,276	-	(10,698,325)	(10,698,325)	
Operation and maintenance of plant services	(10,843,291)	-	1,054,744	415,157	(9,373,390)	(9,373,390)	
Instructional student support	(5,009,103)	-	546,840	-	(4,462,263)	(4,462,263)	
Pupil transportation	(2,897,704)	-	1,321,892	-	(1,575,812)	(1,575,812)	
Student activities	(693,297)	98,553	134,355	-	(460,389)	(460,389)	
Community services	(35,659)	-	-	-	(35,659)	(35,659)	
Interest on long-term debt	(3,886,838)	-	4,374,515	-	487,677	487,677	
Total governmental activities	(90,949,353)	2,145,602	29,537,694	415,157	(58,850,900)	(58,850,900)	
<b>Business-Type Activity</b>							
Food service	(2,687,655)	432,226	2,150,527	-	\$ (104,902)	(104,902)	
Total, primary government	\$ (93,637,008)	\$ 2,577,828	\$ 31,688,221	\$ 415,157	(58,850,900)	(58,955,802)	
<b>Component Unit</b>							
Williamsport Area School District Education Foundation	\$ (211,608)	\$ -	\$ 312,177	\$ -			\$ 100,569
<b>General Revenues</b>							
Grants, subsidies and contributions not restricted				26,873,377	-	26,873,377	-
Property taxes levied for general purposes, net				23,715,979	-	23,715,979	-
Other taxes levied				10,471,217	-	10,471,217	-
Loss on the disposal of capital assets				(18)	-	(18)	-
Miscellaneous income				12,965	-	12,965	-
Transfers				(3,863)	3,863	-	-
Investment earnings				2,803,216	12,905	2,816,121	19,640
Total general revenues				63,872,873	16,768	63,889,641	19,640
Change in net position				5,021,973	(88,134)	4,933,839	120,209
<b>Net Position (Deficit), Beginning</b>							
As previously reported				(90,925,760)	(1,733,966)	(92,659,726)	2,054,904
Effect of adoption of GASB No. 84				90,246	-	90,246	-
As restated				(90,835,514)	(1,733,966)	(92,569,480)	2,054,904
<b>Net Position (Deficit), Ending</b>				\$ (85,813,541)	\$ (1,822,100)	\$ (87,635,641)	\$ 2,175,113

See notes to financial statements

**Williamsport Area School District**

 Balance Sheet - Governmental Funds  
 June 30, 2020

	Major Funds			Student Activity (Nonmajor)	Totals
	General	Debt Service	Capital Projects		
<b>Assets</b>					
Cash and cash equivalents	\$ 6,815,831	\$ 8,890	\$ -	\$ 78,505	\$ 6,903,226
Investments	20,588,392	20,541,180	-	-	41,129,572
Assets held for capital projects	-	-	7,633,601	-	7,633,601
Taxes receivable	3,424,024	-	-	-	3,424,024
Due from other funds	51,340	-	-	-	51,340
Due from other governments	5,659,175	-	-	-	5,659,175
Other receivables	285,054	-	-	-	285,054
Inventories	432,423	-	-	-	432,423
Prepaid expenses	142,874	-	-	-	142,874
<b>Total assets</b>	<b>\$ 37,399,113</b>	<b>\$ 20,550,070</b>	<b>\$ 7,633,601</b>	<b>\$ 78,505</b>	<b>\$ 65,661,289</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,340,255	\$ -	\$ 58,549	\$ 8,515	\$ 1,407,319
Due to other funds	13,727	-	-	-	13,727
Accrued salaries and benefits	13,472,310	-	-	-	13,472,310
Unearned revenue	679,341	-	-	-	679,341
Other current liabilities	24,945	-	-	-	24,945
<b>Total liabilities</b>	<b>15,530,578</b>	<b>-</b>	<b>58,549</b>	<b>8,515</b>	<b>15,597,642</b>
<b>Deferred Inflows of Resources</b>					
Unearned revenue, taxes	1,582,095	-	-	-	1,582,095
<b>Fund Balances</b>					
Nonspendable	575,297	-	-	-	575,297
Restricted	70,618	20,550,070	7,575,052	69,990	28,265,730
Committed	5,961,720	-	-	-	5,961,720
Assigned	4,203,937	-	-	-	4,203,937
Unassigned	9,474,868	-	-	-	9,474,868
<b>Total fund balances</b>	<b>20,286,440</b>	<b>20,550,070</b>	<b>7,575,052</b>	<b>69,990</b>	<b>48,481,552</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 37,399,113</b>	<b>\$ 20,550,070</b>	<b>\$ 7,633,601</b>	<b>\$ 78,505</b>	<b>\$ 65,661,289</b>

See notes to financial statements

## Williamsport Area School District

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2020

<b>Total Fund Balances, Governmental Funds</b>		<b>\$ 48,481,552</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds. The cost of assets is \$195,546,058 and the accumulated depreciation is \$98,083,695.		97,462,363
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.		1,582,095
Deferred outflows, are not reported in the governmental funds, however are reported in the statement of net position.		19,803,390
Deferred inflows, are not reported in the governmental funds, however are reported in the statement of net position.		(8,684,477)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and notes payable	\$ (85,702,043)	
Capital leases payable	(227,324)	
Accrued interest on bonds and notes payable	(1,239,567)	
Compensated absences	(494,927)	
Net pension liability	(131,819,988)	
Other postemployment benefits	<u>(25,745,051)</u>	
		(245,228,900)
Additional federal rental subsidy receivable related to interest on Qualified School Construction Bonds.		923,737
Internal service funds are used by management to account for the operations of its Tax Office Fund. The residual assets and liabilities of these funds are included in the statement of net position (exclusive of the book value of these funds' capital assets, compensated absences, net pension liability, deferred inflows of resources and deferred outflows of resources which are included in the reconciling items above).		<u>(153,301)</u>
<b>Total Net Position, Governmental Activities</b>		<b><u>\$ (85,813,541)</u></b>

See notes to financial statements

**Williamsport Area School District**

 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 Year Ended June 30, 2020

	Major Funds			Student Activity (Nonmajor)	Totals
	General	Debt Service	Capital Projects		
<b>Revenues</b>					
Local sources:					
Real estate taxes	\$ 23,904,572	\$ -	\$ -	\$ -	\$ 23,904,572
Other taxes	10,471,217	-	-	-	10,471,217
Other revenue	1,247,966	-	-	45,360	1,293,326
Tuition	436,251	-	-	-	436,251
Earnings on investments	340,896	2,304,658	124,599	443	2,770,596
Total local sources	36,400,902	2,304,658	124,599	45,803	38,875,962
State sources	48,358,048	-	415,157	1,021	48,774,226
Federal sources	7,064,342	-	-	-	7,064,342
Total revenues	91,823,292	2,304,658	539,756	46,824	94,714,530
<b>Expenditures</b>					
Instruction	53,793,081	-	-	-	53,793,081
Support services	25,819,205	-	-	-	25,819,205
Noninstructional services	1,243,399	-	-	69,580	1,312,979
Debt service	255,003	4,297,375	-	-	4,552,378
Capital outlay	210,419	-	3,187,309	-	3,397,728
Total expenditures	81,321,107	4,297,375	3,187,309	69,580	88,875,371
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)</b>					
	10,502,185	(1,992,717)	(2,647,553)	(22,756)	5,839,159
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	8,195,644	-	2,500	8,198,144
Proceeds from extended term financing	70,180	-	-	-	70,180
Proceeds from sale of assets	8,213	-	-	-	8,213
Refund of prior year expenditures	296,925	-	-	-	296,925
Refund of prior year receipts	(10,173)	-	-	-	(10,173)
Transfers out	(8,202,007)	-	-	-	(8,202,007)
Total other financing (uses) sources, net	(7,836,862)	8,195,644	-	2,500	361,282
Net changes in fund balances	2,665,323	6,202,927	(2,647,553)	(20,256)	6,200,441
<b>Fund Balances, Beginning</b>					
As previously reported	17,621,117	14,347,143	10,222,605	-	42,190,865
Effect of adoption of GASB No. 84	-	-	-	90,246	90,246
As restated	17,621,117	14,347,143	10,222,605	90,246	42,281,111
<b>Fund Balances, Ending</b>	<b>\$ 20,286,440</b>	<b>\$ 20,550,070</b>	<b>\$ 7,575,052</b>	<b>\$ 69,990</b>	<b>\$ 48,481,552</b>

See notes to financial statements

## Williamsport Area School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2020

### Total Net Change in Fund Balances, Governmental Funds

\$ 6,200,441

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period (this information relates only to governmental fund activity - capital activity related to the District's Internal Service Funds would need to be included in order to reconcile this data to the capital asset note disclosure on page 36):

Capital outlays	\$ 4,246,501	
Depreciation expense	(5,534,790)	(1,288,289)

Capital assets used in governmental activities are not reported as assets in the governmental funds. Thus upon the sale of a capital asset, the governmental fund records revenue for the gross proceeds of the sale, while the statement of activities records an adjustment to the gain (loss) on disposal.

(8,230)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered available revenues in the governmental funds. Unearned tax revenues decreased by this amount this year.

(188,593)

The issuance of long-term debt (e.g. bonds, leases) 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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and prepaid insurance when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. During the fiscal year ended June 30, 2020, the following transactions factor into this reconciliation:

Retirement of principal of bonds payable	\$ 500,000	
Unamortized refunding charges	(17,107)	
Amortization of premium and unamortized refunding charges, net	47,087	
Repayment of principal, capital leases, net	137,405	667,385

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount due over the interest accrued in the statement of activities is shown here, net of federal subsidy for Qualified School Construction Bonds.

(131,404)

In the statement of activities, certain operating expenses, including compensated absences (vacations and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used (including a \$8,209 adjustment to prior year balances).

5,331

Other postemployment benefits payable are considered long-term in nature, and are not reported as liabilities within the funds. Such liabilities are, however, reported within the statement of net position, and changes in these liabilities are reflected within the statement of activities. This amount represents the change in other postemployment benefits payable and deferred outflows and inflows related to other postemployment benefits payable.

(369,250)

Net pension liability is considered long-term in nature, and is not reported as a liability within the Funds. Such liability is, however, reported within the statement of net position, and changes in the liability is reflected within the statement of net position. This represents the change in pension liability and the deferred outflows and inflows related to the pension.

190,932

Internal service funds are used by management to account for the operations in its Tax Office Fund. The change in net position of those activities is included within the District's governmental activities

(56,350)

### Other postemployment benefits (OPEB)

\$ 5,021,973

See notes to financial statements

## Williamsport Area School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources	\$ 36,861,099	\$ 36,861,099	\$ 36,400,902	\$ (460,197)
State sources	48,124,824	48,124,824	48,358,048	233,224
Federal sources	6,965,272	6,965,272	7,064,342	99,070
Total revenues	<u>91,951,195</u>	<u>91,951,195</u>	<u>91,823,292</u>	<u>(127,903)</u>
<b>Expenditures</b>				
Regular programs	36,139,982	36,139,982	35,873,424	266,558
Special programs	14,216,348	14,216,348	14,425,010	(208,662)
Vocational programs	2,451,341	2,451,341	2,358,155	93,186
Other instructional programs	1,206,973	1,206,947	1,106,686	100,261
Nonpublic school programs	35,206	35,232	29,806	5,426
Pupil personnel services	3,234,390	3,234,390	3,029,394	204,996
Instructional staff services	2,244,975	2,244,975	2,255,667	(10,692)
Administrative services	6,118,981	6,118,981	5,888,210	230,771
Pupil health	1,263,482	1,263,482	1,264,099	(617)
Business services	1,140,377	1,140,377	1,066,289	74,088
Operation and maintenance of plant services	8,243,844	8,243,844	7,190,324	1,053,520
Student transportation services	3,111,704	3,111,704	2,897,704	214,000
Central and other support services	2,662,953	2,662,953	2,227,518	435,435
Student activities	1,430,887	1,430,887	1,207,740	223,147
Community services	57,906	57,906	35,659	22,247
Facilities acquisition, construction, improvements	184,350	184,350	210,419	(26,069)
Debt service	263,158	273,158	255,003	18,155
Total expenditures	<u>84,006,857</u>	<u>84,016,857</u>	<u>81,321,107</u>	<u>2,695,750</u>
<b>Excess of Revenues Over Expenditures Before Other Financing Sources (Uses)</b>	<u>7,944,338</u>	<u>7,934,338</u>	<u>10,502,185</u>	<u>2,567,847</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from extended term financing	300,000	300,000	70,180	(229,820)
Proceeds from the sale of assets	-	-	8,213	8,213
Budgetary reserve	(400,000)	(400,000)	-	400,000
Refund of prior year expenditures	-	-	296,925	296,925
Refund of prior year receipts	(10,000)	-	(10,173)	(10,173)
Transfers out	(8,480,487)	(8,505,987)	(8,202,007)	303,980
Total other financing uses, net	<u>(8,590,487)</u>	<u>(8,605,987)</u>	<u>(7,836,862)</u>	<u>769,125</u>
Net changes in fund balances	(646,149)	(671,649)	2,665,323	3,336,972
<b>Fund Balances, Beginning</b>	<u>14,838,239</u>	<u>14,838,239</u>	<u>17,621,117</u>	<u>2,782,878</u>
<b>Fund Balances, Ending</b>	<u>\$ 14,192,090</u>	<u>\$ 14,166,590</u>	<u>\$ 20,286,440</u>	<u>\$ 6,119,850</u>

See notes to financial statements

**Williamsport Area School District**Statement of Fund Net Position - Proprietary Funds  
June 30, 2020

	<b>Business-Type Activity</b>	<b>Governmental Activities</b>
	<b>Food Service</b>	<b>Internal Service</b>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 48,694	\$ 9,030,024
Investments	842,708	1,966,239
Due from other funds	6,056	7,671
Due from other governments	9,050	9,773
Other receivables	167,549	289,175
Inventories	125,174	-
Total current assets	<u>1,199,231</u>	<u>11,302,882</u>
<b>Capital Assets</b>		
Equipment	2,274,440	302,089
Accumulated depreciation	<u>(1,875,631)</u>	<u>(286,194)</u>
Capital assets, net	<u>398,809</u>	<u>15,895</u>
Total assets	<u>1,598,040</u>	<u>11,318,777</u>
<b>Deferred Outflows of Resources</b>		
Pension	337,033	228,551
Other postemployment benefits (OPEB)	<u>12,581</u>	<u>269,995</u>
Total deferred outflows of resources	<u>349,614</u>	<u>498,546</u>
Total assets and deferred outflows of resources	<u>\$ 1,947,654</u>	<u>\$ 11,817,323</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 20,773	\$ 21,159
Due to other funds	667	50,673
Due to other governments	80,874	-
Undistributed taxes	-	5,262,842
Accrued salaries and benefits	40,036	53,634
Unallocated taxes	<u>-</u>	<u>6,067,875</u>
Total current liabilities	<u>142,350</u>	<u>11,456,183</u>
Noncurrent liabilities:		
Compensated absences	21,132	8,761
Other postemployment benefits (OPEB)	132,471	504,852
Net pension liability	<u>2,914,012</u>	<u>1,934,306</u>
Total noncurrent liabilities	<u>3,067,615</u>	<u>2,447,919</u>
Total liabilities	<u>3,209,965</u>	<u>13,904,102</u>
<b>Deferred Inflows of Resources</b>		
Pension	407,700	155,548
Other postemployment benefits (OPEB)	<u>152,089</u>	<u>17,690</u>
Total deferred inflows of resources	<u>559,789</u>	<u>173,238</u>
<b>Net Position (Deficit)</b>		
Net investment in capital assets	398,809	15,895
Unrestricted	<u>(2,220,909)</u>	<u>(2,275,912)</u>
Other postemployment benefits (OPEB)	<u>(1,822,100)</u>	<u>(2,260,017)</u>
Total net position (deficit)	<u>(1,822,100)</u>	<u>(2,260,017)</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 1,947,654</u>	<u>\$ 11,817,323</u>

See notes to financial statements

## Williamsport Area School District

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
Year Ended June 30, 2020

	<u>Business-Type Activity</u>	<u>Governmental Activities</u>
	<u>Food Service</u>	<u>Internal Service</u>
<b>Operating Revenues</b>		
Food service revenue	\$ 432,226	\$ -
Charges for services	-	830,011
Other operating revenue	-	153,248
	<u>432,226</u>	<u>983,259</u>
Total operating revenues	<u>432,226</u>	<u>983,259</u>
<b>Operating Expenses</b>		
Salaries	858,954	570,167
Employee benefits	479,237	449,619
Other purchased services	2,044	88,279
Purchased property services	56,011	63,976
Purchased professional and technical services	1,046,555	29,464
Dues and fees	5,186	11,288
Supplies	194,130	4,082
Depreciation	45,538	4,295
	<u>2,687,655</u>	<u>1,221,170</u>
Total operating expenses	<u>2,687,655</u>	<u>1,221,170</u>
Operating loss	<u>(2,255,429)</u>	<u>(237,911)</u>
<b>Nonoperating Revenues</b>		
Federal sources	1,843,974	-
State sources	306,553	147,372
Earnings on investments	12,905	34,189
	<u>2,163,432</u>	<u>181,561</u>
Total nonoperating revenues	<u>2,163,432</u>	<u>181,561</u>
Net (loss) before transfers	(91,997)	(56,350)
<b>Transfers</b>	<u>3,863</u>	<u>-</u>
Changes in net position	(88,134)	(56,350)
<b>Net Position, Beginning</b>	<u>(1,733,966)</u>	<u>(2,203,667)</u>
<b>Net Position, Ending</b>	<u>\$ (1,822,100)</u>	<u>\$ (2,260,017)</u>

See notes to financial statements

**Williamsport Area School District**

 Statement of Cash Flows - Proprietary Funds  
 Year Ended June 30, 2020

	<b>Business-Type Activity</b>	<b>Governmental Activities</b>
	<b>Food Service</b>	<b>Internal Service</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from users	\$ 263,623	\$ 881,878
Cash payments to employees for services	(1,447,639)	(1,016,998)
Cash paid to suppliers for goods and services	(1,337,219)	(176,406)
Internal activity, payments to other funds	(186)	-
Taxes collected on behalf of other governments	-	47,431,468
Taxes remitted/refunds paid to other governments/taxpayers	-	(44,187,886)
	<u>(2,521,421)</u>	<u>2,932,056</u>
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash Flows From Noncapital Financing Activities</b>		
Federal sources	1,860,536	-
State sources	308,569	148,225
Operating transfers	3,863	-
	<u>2,172,968</u>	<u>148,225</u>
<b>Net cash provided by noncapital financing activities</b>		
<b>Cash Flows Used in Financing Activities</b>		
Purchase of capital assets	(186,784)	(17,589)
<b>Cash Flows From Investing Activities</b>		
Earnings on investments	12,905	34,189
Purchase of investments	276,038	(29,882)
	<u>288,943</u>	<u>4,307</u>
<b>Net cash provided by investing activities</b>		
(Decrease) increase in cash and cash equivalents	(246,294)	3,066,999
<b>Cash and Cash Equivalents, Beginning</b>	<u>294,988</u>	<u>5,963,025</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 48,694</u>	<u>\$ 9,030,024</u>
<b>Supplemental Disclosure of Noncash Transactions</b>		
USDA donated commodities	<u>\$ 139,710</u>	<u>\$ -</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used in) Provided by Operating Activities</b>		
Operating (loss)	\$ (2,255,429)	\$ (237,911)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation expense	45,538	4,295
Change in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
Receivables, net	(167,549)	(86,992)
Due to other funds, net	(6,242)	(14,389)
Inventories	(22,504)	-
Deferred outflow of resources	73,386	(136,198)
Accounts payable	(10,789)	20,682
Accrued expenses	(9,153)	(5,306)
Due to other governments	5,002	-
Undistributed taxes	-	(499,029)
Unallocated taxes	-	3,672,699
Refunds payable	-	69,910
Other current liabilities	(1,495)	-
Net pension liability	(133,053)	(87,644)
Other postemployment benefits (OPEB)	(107,908)	166,983
Deferred inflow of resources	68,775	64,956
Other postemployment benefits (OPEB)		
Net cash (used in) provided by operating activities	<u>\$ (2,521,421)</u>	<u>\$ 2,932,056</u>

See notes to financial statements

# Williamsport Area School District

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Notes to Financial Statements

June 30, 2020

## 1. Nature of Operations and Summary of Significant Accounting Policies

The significant accounting principles and practices followed by the Williamsport Area School District (the District) are summarized below:

### Nature of Operations

The District is located in north-central Pennsylvania along the West Branch of the Susquehanna River, and includes six municipalities in Lycoming County. The District covers an area of approximately 98 square miles and serves a population of approximately 45,000 in the City of Williamsport and Hepburn, Lewis, Lycoming, Old Lycoming and Woodward Townships. Approximately 70 percent of the District population and 62 percent of the taxable real property are in the City of Williamsport.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

### Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, the District has determined that the Williamsport Area School District Education Foundation (the Foundation) should be included in the District's financial statements as a discretely presented component unit, as: the Foundation is a legally separate entity; the District appoints a voting majority of the Foundation's Board of Directors, and; the District is able to significantly influence the programs, projects and activities of the Foundation.

The Foundation is a not-for-profit organization formed to provide support for District schools, its students and faculty, and to promote, sponsor and carry out educational objectives within the District's schools. The Foundation receives contributions from individuals and businesses located mainly in Lycoming County, Pennsylvania.

The financial activity of the Foundation is presented as of and for the fiscal year ended June 30, 2020. During the year ended June 30, 2020, the Foundation distributed approximately \$179,000 in scholarships and awards to District students, fitness and musical equipment for District schools, and mini-grants to District teachers.

Separate financial statements are not issued by the Foundation.

### Basis of Presentation, Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General, Capital Projects, Debt Service and Student Activity funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity. In addition, the District maintains an internal service fund, the Williamsport Area School District Municipal and School Income Tax Office (the Tax Office). Pursuant to GASB 34, paragraph 62, the District reports internal service fund asset and liability balances that are not eliminated in the statement of net position within the governmental activities column, as the activities reported within these internal service funds are more governmental than business-type in nature, and the District is the predominant participant in the internal service fund.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

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The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

## **Basis of Presentation, Fund Financial Statements**

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

### **Governmental Fund Types**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

#### **General Fund**

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund. The General Fund is always a major fund.

#### **Debt Service Fund**

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations. The Debt Service Fund is a major fund.

#### **Capital Projects Fund**

The Capital Projects Fund accounts for receipt and disbursement of resources for the purpose of building or buying major capital assets. The Capital Projects Fund is a major fund.

#### **Student Activity Fund**

The Student Activity Fund accounts for the operations of the various student activity programs. The Student Activity Fund is a nonmajor fund.

### **Proprietary Fund Types**

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. Proprietary funds distinguish operating revenues 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.

# Williamsport Area School District

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Notes to Financial Statements  
June 30, 2020

The following is a description of the proprietary funds of the District:

## **Food Service Fund (Enterprise Fund Type)**

The Food Service Fund accounts for the operations of the District's food service operations. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

## **Tax Office (Internal Service Fund)**

The Tax Office collects and administers earned income tax on behalf of the Williamsport Area School District, the City of Williamsport and various boroughs, townships and School Districts within Lycoming County. Deficiencies of revenues over expenses are financed through operating subsidies from participating districts. Operating revenues consist mainly of subsidies provided by participating districts. Operating expenses consist primarily of the salaries, wages and benefits of Tax Office employees, other purchased services and depreciation.

## **Measurement Focus**

### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's net position.

### **Fund Financial Statements**

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are also accounted for using the economic resources measurement focus.

## **Basis of Accounting**

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

### **Accrual Basis**

Government-wide financial statements and the proprietary financial statements are prepared using the accrual basis of accounting. For exchange transactions, revenues are recognized when earned and expenses are recognized when incurred (i.e., when each party gives and receives essentially equal value when the exchange takes place). For nonexchange transactions, in which the District receives value without directly giving equal value in return, tax revenues are recognized in the year levied while grant revenue, entitlements and appropriations are recognized when grantor eligibility requirements are met.

# Williamsport Area School District

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Notes to Financial Statements  
June 30, 2020

## Modified Accrual Basis

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures, other than principal and interest on bonds payable, compensated absences and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences and claims and judgments are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue on its fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

## Allocation of Indirect Expenses

The District allocates certain building-related costs to the proprietary fund. It does not allocate any other indirect costs, with the exception of depreciation expense.

## Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

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

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to have the budget printed, or otherwise made available for public inspection at least twenty (20) days prior to the date set for the adoption of the budget. Final action may not be taken on any proposed budget in which the estimated expenditures exceed two thousand dollars \$(2,000), until after ten (10) days public notice.
- The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the Board is required.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year's end are reported as assignments of fund balance.
- Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding these programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- Capital budgets are implemented for capital improvements and capital projects in the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the Board prior to commitment thereby constructively achieving budgetary control.
- An Enterprise Fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

# Williamsport Area School District

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Notes to Financial Statements  
June 30, 2020

## Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances at year-end are reported as assignments of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year.

## Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cash management liquid asset funds that are carried at cost. The District considers all investments purchased with an original maturity of three months or less (excluding certain short-term instruments which are classified as investments) to be cash equivalents.

## Investments

### Primary Government

Marketable securities are stated at their fair values. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported as investment income. The District considers its deposits with the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF) to be held for investment purposes. These deposits are carried at fair market value, as reported by PLGIT and PSDLAF, which approximates cost.

### Component Unit

The Foundation's investments are reported at fair value based on quoted market prices. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the statement of activities as a nonoperating change. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in fair value of investments, and all income from investments, are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor imposed stipulations, or by law.

## Inventories

General Fund inventories are comprised of art supplies, auto parts, custodial supplies, fuel oil and school opening supplies, specifically acquired for use in the subsequent fiscal year. These supplies are delivered to schools and other locations prior to the end of the fiscal year but are recognized as expenditures in the following fiscal year.

Enterprise fund inventories consisting of food service inventories include food commodities donated by the federal government, which are valued at an estimated market value. All other food or supply inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the Enterprise Fund are reported both in the business-type activities of the government-wide statement of net position and in the fund financial statements; capital assets used by the Internal Service Funds are reported in the governmental activities of the government-wide statement of net position and in the fund financial statements.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their acquisition value at date of receipt. The District maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except land and construction in progress, are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land improvements	15-20 years	N/A
Buildings and improvements	20-40 years	N/A
Furniture and equipment	5-20 years	5-15 years

The District does not have any infrastructure capital assets.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

## Assets Held for Capital Projects

Assets held for capital projects represent unspent funds from the District's various capital project funds.

## Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the District will sometimes report a separate section for deferred outflows (inflows) of resources. This separate financial statement element represents a consumption (acquisition) of net position that applies to a future period and so will not be recognized as an outflow (inflow) of resources until that time.

## **Williamsport Area School District**

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Notes to Financial Statements

June 30, 2020

### **Compensated Absences, Vacation**

The District's collective bargaining agreements with its professional and support employees specify the vacation leave policies. District employees who are required to work on a 12 schedule are credited with vacation at rates which vary with length of service or job classification. Vacation must be taken during the year of entitlement; however, five to 20 days of such leave may be carried over and used by June 30 of the subsequent year. Unused vacation is nonvesting; therefore, no liability is recorded.

### **Compensated Absences, Early Retirement Incentive**

The District offers early retirement incentive programs to teachers. A single, lump-sum payment is made to the retiree on the last working day prior to retirement. Administrators and supervisory personnel who elect to retire early are not offered early retirement incentives. Administrative and supervisory personnel who elect to retire early are instead entitled to post-retirement healthcare benefits and continuation of life insurance coverage. Life insurance coverage is extended for 15 years, or until the retiree reaches 70 years of age, whichever occurs first.

### **Sick Leave and Personal Leave**

Most District employees are credited annually with ten sick days, one personal day and two emergency days. Unused sick leave is accumulated from year to year, without limitation. However, accumulation of this item is payable limited to a maximum of 200 days of sick leave upon retirement.

### **Pension**

The District provides eligible employees with retirement benefits through the Public School Employer's Retirement System (PSERS), a governmental cost-sharing, multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343.

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

### **Other Postemployment Benefits (OPEB)**

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 Health Insurance Premium Assistance Program (PSERS OPEB Plan) and the Williamsport Area School District Other Postemployment Benefits Plan (the Williamsport OPEB Plan) and additions to/deductions from the PSERS OPEB and the Williamsport OPEB plans' fiduciary net position have been determined on the same basis as they are reported by PSERS and the Williamsport OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# Williamsport Area School District

Notes to Financial Statements

June 30, 2020

## Governmental Fund Balance Classifications/Policies and Procedures

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its governmental fund balances as follows:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints, such as inventory
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District's "highest level of decision making authority" which do not lapse at year-end
  - The School Board of the District is its highest level of decision-making authority and commits funds through a formal board motion
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District
  - The School Board of the District authorized the District Business Administrator to assign funds to specific purposes
  - The School Board passed a board motion authorizing assignments for activities as contemplated by the Board
- *Unassigned* - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to unrestricted resources. When an expenditure is incurred that can be paid using either committed, assigned or unassigned amounts, the District's policy is to use committed resources, then to use assigned resources, then to use unassigned resources.

## Eliminations and Internal Balances

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled "internal balances" on the statement of net position.

## Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Williamsport Area School District

Notes to Financial Statements

June 30, 2020

## Adoption of New Accounting Standards

The District adopted GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented July 1, 2019 and resulted in a restatement of government-wide net position and the Student Activity Fund's fund balance increasing beginning fund balance by \$90,246.

The District adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, for the year ended June 30, 2020. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this standard did not have a significant impact on the District's financial statements.

## 2. Joint Ventures

The District and other surrounding educational agencies created a joint venture, the Lycoming County Insurance Consortium Pooled Trust (the Trust). The District self-insures through the Trust for certain health care benefits it provides to current and former employees. The Trust has purchased an excess policy which covers employee health benefit claims in excess of \$375,000. Claims are recognized as an expense when paid (cash basis), which management believes is not materially different from the accrual basis for the year ended June 30, 2020. The District made payments for health care benefit claims approximating \$9,619,000 to the Trust during the fiscal year ended June 30, 2020. Audited financial statements of the Trust are available in the District's Business Office.

## 3. Deposits With Financial Institutions and Investments

### Primary Government

The District's investment policy was established pursuant to the Public School Code of 1949, Section 440.1, which requires monies to be invested in: U.S. Treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and, for any amounts above the insured maximum provided that the approved collateral as provided by law therefore shall be pledged by the depository; obligations of 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, and; the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. At June 30, 2020, the District's cash and cash equivalents and restricted assets include deposits with local financial institutions, the PLGIT and the PSDLAF and various petty cash balances (\$2,500) held throughout the District.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## Investments, Primary Government

The following table provides a summary, by fund, of the District's investments at June 30, 2020:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>EIT Fund</u>	<u>Total</u>
U.S. Treasury bonds	\$ -	\$ -	\$ -	\$ 20,541,180	\$ -	\$ 20,541,180
PLGIT certificates of deposit	493,000	-	-	-	-	493,000
PLGIT money market fund	14,255,465	7,633,601	842,708	-	1,966,239	24,698,013
PSDLAF	5,839,927	-	-	-	-	5,839,927
Total	<u>\$ 20,588,392</u>	<u>\$ 7,633,601</u>	<u>\$ 842,708</u>	<u>\$ 20,541,180</u>	<u>\$ 1,966,239</u>	<u>\$ 51,572,120</u>

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 the 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.

The District has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury securities totaling \$20,541,180 are valued at fair value based upon quoted prices for similar securities. (Level 2).

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similarly to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and 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 is pledged by the depository. Shares may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. PLGIT/PLGIT PLUS have received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. At June 30, 2020, the carrying amount and bank balance of the District's deposits with PLGIT was \$25,191,012 and \$25,322,637, respectively.

PSDLAF is a common law trust organized to provide Pennsylvania School Districts with a convenient method of pooling their cash for temporary investment. Assets with PSDLAF are invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PSDLAF, which invests the pooled assets. Such assets are not considered deposits pursuant to GASB Nos. 3 and 40, and as such are not subject to custodial credit risk. Due to the short-term nature and liquidity of the investments held within these pools, the fair value of the underlying investments approximates amortized cost. Shares with PSDLAF may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. At June 30, 2020, the carrying amount and bank balance of the District's deposits with PSDLAF was \$5,839,927.

The District places no limits on the amount it may invest in any one issuer.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosures related to the following deposit and investment risks; credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

# Williamsport Area School District

Notes to Financial Statements

June 30, 2020

The following is a description of the District's deposit and investment risks.

## Deposits

**Custodial Credit Risk** is the risk that in the event of a bank failure, the District will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, the carrying amount of the District's deposits with local financial institutions was \$15,981,943 and the bank balance was \$16,042,107. Of the bank balance, \$15,753,984 was exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized by the financial institution via a pool of pledged securities.

## Investments

As of June 30, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT	N/A	\$ 24,698,013
Certificates of deposit	Average of less than 1 year	493,000
U.S. treasury securities	Average of 12 years	20,541,180
PSDLAF	N/A	5,839,927

## Credit Ratings

The District's investments had the following credit ratings:

<u>Investment</u>	<u>Maturities</u>	<u>Percentage</u>
PLGIT	AAAm	47.9 %
Certificates of deposit	N/A	1.0
U.S. treasury securities	N/A	39.8
PSDLAF	N/A	11.3

## Interest Rate Risk

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

## 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 securities that are in the possession of an outside party. At June 30, 2020, all of the District's investments, outside of PLGIT and PSDLAF, were held by Wells Fargo, and were insured by SIPC up to \$500,000 per account.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## Component Unit

The carrying values of the Foundation's investments are summarized by investment type as follows:

Equity-based mutual funds	\$	878,388
Fixed income-based mutual funds		435,940
Alternative mutual funds		161,109
Corporate bonds		107,942
U.S. government bonds and notes		<u>68,640</u>
Total	\$	<u>1,652,019</u>

The Foundation carries its investments at fair value. Mutual funds totaling \$1,475,437 are carried at fair value based upon quoted prices in active markets for identical assets (Level 1). Corporate and U.S. government debt securities totaling \$176,582 are carried at fair value based upon quoted prices for similar securities (Level 2). For the year ended June 30, 2020, unrestricted investment gain totaled \$19,640, including interest and dividends of \$59,508 and net realized and unrealized securities loss of \$(39,868).

## 4. Property Taxes

The District's tax rate for the year ended June 30, 2020 was 16.89 mills (\$16.89 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The Board of School Directors also levies real estate transfer tax, earned income tax and net profits tax. The tax rates under Act 511 are 0.5 percent of each real estate transaction in the District and 1 percent of all income earned by the residents of the District. 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 - June 30	10% Penalty Period
June 30	Lien Date

Estimated collectible delinquent real estate taxes at June 30, 2020 were as follows:

<u>Outstanding Balance</u>	<u>Estimated Uncollectible</u>	<u>Estimated Collectible</u>
\$ 2,297,568	\$ 221,171	\$ 2,076,397

Taxes receivable, net, on the statement of net position also includes \$1,347,627 of earned income and transfer taxes receivable, in addition to the real estate taxes receivable shown above.

## Tax Abatement Programs

The District provides property tax abatements under three programs: the Keystone Opportunity Zone Program, the Local Economic Revitalization Tax Assistance Program and the Clean and Green Program.

The Keystone Opportunity Zone Program (KOZ) provides property tax abatements to encourage businesses and residents to locate in designated zones in the District. The KOZ Program is established by a Pennsylvania state statute and is administered by the Pennsylvania Department of Community and Economic Development. The abatements equal 100 percent of the property tax, are administered as a reduction in the tax bill, and last for varying periods through 2020.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

The Local Economic Revitalization Tax Assistance Program (LERTA) provides property tax abatements to provide a tax break to new commercial properties in certain sections of the District for five years as a way to stimulate business and economic growth. The abatements apply to the assessed value of improvements to a property. For the first year, 100 percent of the improvements are abated, subsequent years are reduced by 20 percent each year in the five year period.

The Clean and Green Program is a preferential tax assessment program that bases property taxes on use values rather than fair market values. This ordinarily results in a tax savings for landowners. The Pennsylvania General Assembly enacted the program in 1974 as a tool to encourage protection of the Commonwealth's valuable farmland, forestland and open spaces. A property must be ten acres in size and in Agricultural Use, Agricultural Reserve or Forest Reserve. Agricultural Use applications may be less than 10 acres in size if the property is capable of generating at least \$2,000 annually in farm income.

Information relevant to the disclosure of these programs for the fiscal year ended June 30, 2020, is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During Fiscal 2020</u>
KOZ Program	\$ 31,887
LERTA Program	68,232
Clean and Green Program	<u>315,517</u>
Total	<u>\$ 415,636</u>

## 5. Due From Other Governments

Due from other governments at June 30, 2020 is summarized below:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ 928,770	\$ 4,253,649	\$ 476,756	\$ 5,659,175
Food Service	7,592	1,458	-	9,050
Internal Service Fund	<u>-</u>	<u>9,773</u>	<u>-</u>	<u>9,773</u>
Total	<u>\$ 936,362</u>	<u>\$ 4,264,880</u>	<u>\$ 476,756</u>	<u>\$ 5,677,998</u>

The amount due from local governments consists of IDEA revenues (federal funding passed through the local intermediate unit) earned during fiscal 2020 that had yet to be provided to the District at June 30, 2020 (General Fund). State sources receivables consist of basic, vocational and transportation subsidies as well as social security/retirement and rental sinking fund reimbursements due from the Pennsylvania Department of Education (PDE). Federal source receivables consist of federal programs passed through PDE, wherein the District incurred related expenditures prior to June 30, 2020, but had yet to be reimbursed at year-end. In addition to the above, the District's governmental activities includes a \$923,737 federal subsidy receivable on accrued interest payable on the District's federally subsidized Qualified School Construction Bonds.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## 6. Capital Assets

The changes in the District's capital assets in 2020 are summarized as follows:

	Balance, July 1, 2019	Additions	Disposals	Transfers	Balance, June 30, 2020
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Construction in process	\$ 1,121,205	\$ 146,250	\$ -	\$ (1,121,205)	\$ 146,250
Land	462,037	-	-	-	462,037
Total nondepreciable assets	1,583,242	146,250	-	(1,121,205)	608,287
Land improvements	7,855,105	2,545,696	-	793,589	11,194,390
Buildings and improvements	149,672,423	455,429	-	327,616	150,455,468
Furniture and equipment	32,347,766	1,116,714	(176,567)	-	33,287,913
Total depreciable capital assets	189,875,294	4,117,839	(176,567)	1,121,205	194,937,771
Less accumulated depreciation	(92,712,938)	(5,539,094)	168,337	-	(98,083,695)
Total depreciable capital assets, net	97,162,356	(1,421,255)	(8,230)	1,121,205	96,854,076
Governmental activities capital assets, net	<u>\$ 98,745,598</u>	<u>\$ (1,275,005)</u>	<u>\$ (8,230)</u>	<u>\$ -</u>	<u>\$ 97,462,363</u>
<b>Business-Type Activities</b>					
Furniture and equipment	\$ 2,128,524	\$ 186,784	\$ (40,868)	\$ -	\$ 2,274,440
Less accumulated depreciation	(1,870,961)	(45,538)	40,868	-	(1,875,631)
Total nondepreciable assets	<u>\$ 257,563</u>	<u>\$ 141,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,809</u>

The District had active construction projects as of June 30, 2020. Outstanding construction commitments on these projects amounted to approximately \$146,250 (which includes retainage payable of \$14,625) at June 30, 2020.

## 7. Long-Term Debt

In January 2005, the District issued its General Obligation Note, Series A of 2005, in the amount of \$12,000,000, to provide funds for the purpose of making capital improvements to its Lycoming Valley Intermediate and Hepburn-Lycoming Primary Schools, capitalize interest on the Note, and to pay the costs of issuance, and to pay the remarketing costs. The Note is due in varying annual installments plus interest at a variable rate equal to the federal funds rate plus 0.55 percent per annum with final maturity scheduled for August 2023.

## Williamsport Area School District

### Notes to Financial Statements

June 30, 2020

In October 2010, the District issued its General Obligation Note, in the amount of \$32,750,000 to provide funds for the purpose of making capital improvements to the Williamsport Area Middle School and to pay the costs of issuing the Note. The Note was issued in connection with the State Public School Building Authority, Federally Taxable Revenue Bonds, Series A of 2010, Qualified School Construction Bonds, Direct Subsidy, whereby interest payments are due semi-annually at a rate of 5 percent which is subsidized by the Federal government at a rate of 4.48 percent. Bonds mature on September 15, 2027 and will be redeemed with the use of a sinking fund to which the District has contributed \$15,350,000 through June 30, 2020.

In November 2011, the District issued its General Obligation Note, in the amount of \$35,719,000 to provide funds for the purpose of making capital improvements to the Williamsport Area Middle School, the High School and to pay the costs of issuing the Note. The Note was issued in connection with the State Public School Building Authority, Federally Taxable Revenue Bonds, Series C of 2011, Qualified School Construction Bonds, Direct Subsidy, whereby interest payments are due semi-annually at a rate of 5.088 percent which is subsidized by the Federal government at a rate of 4.72 percent. Bonds mature on September 15, 2029 and will be redeemed with the use of a sinking fund to which the District has contributed \$2,325,000 through June 30, 2020.

In November 2013, the District issued its General Obligation Bonds, in the amount of \$8,285,000 to provide funds to finance capital projects at existing school facilities, including the purchase of certain capital equipment in connection with an energy performance contract and to pay the costs of issuing the note. The Bonds are due in varying annual installments plus interest ranging from 1.85 percent to 4.05 percent with final maturity scheduled for September 2033. During the year ended June 30, 2018, the Bonds were partially advance refunded by the District's General Obligation Bond, Series of 2017.

In July 2017, the District issued \$6,160,000 of General Obligation Bonds, Series 2017, to partially advance refund its General Obligation Bonds, Series of 2013, and to pay the costs of issuing the Bonds. The Bonds are due in varying annual installments plus interest ranging from 1.00 percent to 3.00 percent with final maturity scheduled for August 2033.

In June 2019, the District issued \$9,200,000 of General Obligation Bonds, Series 2019, to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping additions, renovations and improvements to its existing school buildings and grounds, including but not limited to the High School and Stevens Primary School and pay the costs of issuing the Bonds. The Bonds are due in varying annual installments plus interest ranging from 2.00 percent to 4.00 percent with final maturity scheduled for March 2036.

The changes in long-term debt during fiscal 2020, by debt instrument, are as follows:

	Balance, July 1, 2019	Additions	Retirements	Balance, June 30, 2020	Current Portion June 30, 2020
Series A of 2005 GON	\$ 500,000	\$ -	\$ 100,000	\$ 400,000	\$ 100,000
Series of 2010 GON	32,750,000	-	-	32,750,000	-
Series of 2011 GON	35,719,000	-	-	35,719,000	-
Series of 2013 GOB	1,135,000	-	370,000	765,000	380,000
Series of 2017 GOB	6,155,000	-	25,000	6,130,000	40,000
Series of 2019 GOB	9,200,000	-	5,000	9,195,000	5,000
Total	85,459,000	-	500,000	84,959,000	525,000
Bond Premium	790,130	-	47,087	743,043	-
	<u>\$ 86,249,130</u>	<u>\$ -</u>	<u>\$ 547,087</u>	<u>\$ 85,702,043</u>	<u>\$ 525,000</u>

Total interest expense paid on these Bonds and Notes in 2020 was \$3,886,838. No interest was capitalized in 2020.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

Debt service to maturity on the General Obligation Bonds and Notes at June 30, 2020 is summarized as follows:

Year Ending June 30:	Principal	Interest	Total Debt Service	Sinking Fund Activity	Total Cash Requirements
2021	\$ 525,000	\$ 4,006,135	\$ 4,531,135	\$ 4,410,000	\$ 8,941,135
2022	530,000	3,992,851	4,522,851	4,525,000	9,047,851
2023	545,000	3,977,067	4,522,067	4,645,000	9,167,067
2024	560,000	3,959,502	4,519,502	4,765,000	9,284,502
2025	470,000	3,947,494	4,417,494	4,985,000	9,402,494
2026 - 2030	70,964,000	14,581,893	85,545,893	(5,286,000)	80,259,893
2031 - 2035	10,295,000	1,388,950	11,683,950	(35,719,000)	(24,035,050)
2036	1,070,000	42,800	1,112,800	-	1,112,800
Subtotal	84,959,000	35,896,692	120,855,692	(17,675,000)	103,180,692
Sinking funds on deposit prior to June 30, 2020	-	-	-	17,675,000	17,675,000
Total	<u>\$ 84,959,000</u>	<u>\$ 35,896,692</u>	<u>\$ 120,855,692</u>	<u>\$ -</u>	<u>\$ 120,855,692</u>

## 8. Capital Leases

The District is obligated under certain leases accounted for as capital leases. Following is a schedule of changes in capital leases for the year ended June 30, 2020, as well as a schedule, by year, of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2020, as related to the District's governmental activities:

	Balance, July 1, 2019	Additions	Payments	Balance, June 30, 2020
Capital leases, various	\$ 364,729	\$ 70,180	\$ (207,585)	\$ 227,324
Years ending June 30:				
2021			\$ 70,892	
2022			70,892	
2023			70,892	
2024			14,648	
Total minimum lease payments			227,324	
Current portion			70,892	
Long-term portion			<u>\$ 156,432</u>	

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## 9. Compensated Absences

Changes in the District's compensated absences in 2020, including early retirement incentives for the District's governmental activities, are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance, July 1, 2019	\$ 499,706	\$ 24,184
Increase	147,395	-
Decrease	<u>(152,174)</u>	<u>(3,052)</u>
Balance, June 30, 2020	<u>\$ 494,927</u>	<u>\$ 21,132</u>

## 10. Accrued Salaries and Benefits

General Fund accrued salaries and benefits in the amount of \$13,472,310 is comprised of the following: accrued salaries of \$6,240,404, accrued healthcare costs of \$1,009,687, the District's share of Social Security taxes of \$462,301, retirement plan expense of \$2,139,765, other accrued employee benefits of \$141,261 and the employees share of payroll deductions of \$3,478,892. These liabilities relate primarily to teachers' services rendered during the 2019-2020 school term, which were paid during July and August 2020. In addition, the District's governmental activities includes \$53,634 in accrued salaries and benefits related to the District's internal service fund.

## 11. Other Postemployment Benefits (OPEB)

### Williamsport Area School District Other Postemployment Benefits Plan

#### General Information About the OPEB Plan

#### Plan Description and Benefits Provided

The District's single employer defined benefit OPEB plan, the Williamsport Area School District Other Postemployment Benefits Plan, provides certain postemployment medical, prescription drug and life insurance coverage for its administrators, teachers, confidential administrative support personnel (secretaries), support personnel and dependent spouses, with defined premium sharing requirements. In addition, if such personnel are not eligible for the District subsidy but are otherwise eligible for Act 110/43 (COBRA) benefits, the member and spouse may continue benefits by paying the full premium. Administrators must complete five years with the District, teachers must complete 25 years with PSERS and 15 years with the District, secretaries must complete 15 years with the District, and support personnel must complete 15 years with the District and retire under superannuation (age 60 with 30 years of service, age 62 with one year of service, or 35 years of service regardless of age). The cost of such coverage for retirees and spouses is primarily funded through annual appropriations from the District's General Fund. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Retired employees who are ineligible under the above requirements and choose to participate in the medical plan must pay 100 percent of the composite rate cost of such coverage. The Williamsport Area School District OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## Employees Covered by Benefit Terms

At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	112
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>602</u>
Total	<u><u>714</u></u>

## Total OPEB Liability

The District's total OPEB liability as of June 30, 2020 was \$19,752,524, which was measured as of July 1, 2018, and was determined by an actuarial valuation as of that date.

## Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest rate	3.36%
Salary increases	2.5% cost of living adjustment, 1% real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
Discount rate	3.36%
Healthcare cost trend rates	6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term rate caps

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2019.

For mortality rates, separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

## Williamsport Area School District

Notes to Financial Statements

June 30, 2020

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance, July 1, 2019	\$ 19,973,002
Changes for the year:	
Service cost	981,516
Interest	603,190
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(488,499)
Benefit payments	(1,316,685)
Net changes	(220,478)
Balance, June 30, 2020	\$ 19,752,524

Changes in assumptions or other inputs reflect a change in the discount rate from 2.98 percent in 2018 to 3.36 percent in 2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study (census information) as of April 2019.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.36 percent) or 1-percentage-point higher (4.36 percent) than the current discount rate:

	<b>1% Decrease (2.36%)</b>	<b>Discount Rate (3.36%)</b>	<b>1% Increase (4.36%)</b>
Total OPEB Liability	\$ 21,058,962	\$ 19,752,524	\$ 18,516,778

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

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 17,685,753	\$ 19,752,524	\$ 22,193,380

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,754,374. At June 30, 2020, 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 proportion between Governmental and Business-Type Activities	\$ 133,845	\$ 133,844
Differences between expected and actual experience	1,319,878	-
Changes of assumptions or other inputs	544,054	444,090
Benefit payments subsequent to the measurement date	1,311,932	-
Total	<u>\$ 3,309,709</u>	<u>\$ 577,934</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2021	\$ 169,668
2022	169,668
2023	169,668
2024	169,668
2025	169,668
Thereafter	<u>571,502</u>
Total	<u>\$ 1,419,842</u>

## PSERS Health Insurance Premium Assistance Program

### General Information About the PSERS Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

### Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84 percent 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 PSERS from the District were \$337,115 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$6,125,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2018 to June 30, 2019. 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, 2020, the District's proportion was 0.2880 percent, which was a decrease of .0014 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expense of \$259,000. At June 30, 2020, 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 proportion between Governmental and Business-Type Activities	\$ 12,815	\$ 12,815
Difference between expected and actual experience	34,000	-
Changes of assumptions	203,000	182,000
Net difference between projected and actual earnings on pension plan investments	10,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	200,000
Benefit payments subsequent to the measurement date	<u>338,115</u>	<u>-</u>
Total	<u>\$ 597,930</u>	<u>\$ 394,815</u>

\$338,115 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2021	\$ (40,000)
2022	(40,000)
2023	(41,000)
2024	(43,000)
2025	13,000
Thereafter	<u>16,000</u>
Total	<u>\$ (135,000)</u>

## Williamsport Area School District

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Notes to Financial Statements  
June 30, 2020

### Actuarial Assumptions

The Total OPEB liability as of June 30, 2019, was determined by rolling forward the System's Total OPEB liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method, Entry Age Normal, level percent of pay
- Investment return 2.79 percent, S&P 20 Year Municipal Bond Rate
- Salary growth, effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50 percent
  - Eligible retirees will elect to participate Post age 65 at 70 percent

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019
- Cost method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset valuation method: Market value
- Participation rate: 63 percent of eligible retirees are assumed to elect premium assistance
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back seven years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both genders assuming the population consists of 25 percent males and 75 percent females is used to determine actuarial equivalent benefits).

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

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

## Williamsport Area School District

Notes to Financial Statements

June 30, 2020

OPEB, Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2 %	0.02 %
U.S. non fixed income	83.1	1.00
Non U.S. developed fixed	3.7	0.00
	100.0 %	

The above was 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, 2019.

### Discount Rate

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

### Sensitivity of PSERS Net OPEB Liability to Change 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, 2019, 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. 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 PSERS' net OPEB liability for June 30, 2019 calculated using current Healthcare cost trends as well as what PSERS' net OPEB liability would be if its health cost trends were 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Healthcare Trends Cost	1% Increase
PSERS Net OPEB Liability	\$ 6,124,000	\$ 6,125,000	\$ 6,126,000

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

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

The following presents the net OPEB liability, calculated using the discount rate of 2.79 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current rate:

	<b>1% Decrease 1.79%</b>	<b>Discount Rate 2.79%</b>	<b>1% Increase 3.79%</b>
District's proportionate share of the net OPEB liability	\$ 6,978,000	\$ 6,125,000	\$ 5,419,000

## OPEB Plan Fiduciary Net Position

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

## 12. Termination Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes available health care benefits to eligible former employees and their dependents. Requirements are outlined by the federal government for this coverage. This program is offered up to a period of 18 months (36 months for an employee with dependents) after an employee's termination date. At June 30, 2020, there were four participants covered under COBRA.

## 13. Retirement Plan

As of June 30, 2020, the District reported the following amounts in the accompanying financial statements related to its participation in PSERS:

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Total</b>
Deferred outflow of resources	\$ 15,685,936	\$ 337,033	\$ 16,022,969
Net pension liability	131,819,988	2,914,012	134,734,000
Deferred inflow of resources	7,863,817	407,700	8,271,517

## 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 PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.gov](http://www.psers.state.pa.gov).

# Williamsport Area School District

Notes to Financial Statements

June 30, 2020

## Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2 percent or 2.5 percent, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2 percent or 2.5 percent, 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.

## Member Contributions

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

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

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

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

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

## Act 5 of 2017

Act 5 of 2017 created additional classes of service (Class T-G, T-H and DC) that reduce the defined benefit formula but add a defined contribution component to the employee benefit. These plans are effective for employees who join PSERS on or after July 1, 2019. Total member contributions between the two plans range from 7.5 percent to 8.25 percent, depending on the class selection. The employer contribution to the defined contribution plan ranges from 2.0 percent to 2.25 percent, with the balance of the contractually required PSERS contribution rate paid to the defined benefit plan. The defined contribution component of a PSERS retirement benefit will be based on the amount of contributions made by the member and the District and the investment performance on those contributions. Contributions have the potential to grow based on investment earnings but are not guaranteed against loss in declining investment markets.

Since pension liabilities are determined based upon the District's proportion of the overall liability measured as of the PSERS valuation date, additional details will be provided by PSERS with the actuarial valuation for June 30, 2020 which will be incorporated in the District's June 30, 2021 financial statements.

## Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 33.45 percent 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 PSERS from the District were \$13,438,452 for the year ended June 30, 2020.

## Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the District reported a liability of \$134,734,000 for the proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2018 to June 30, 2019. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was .2880 percent, which was a decrease from its proportion measured as of June 30, 2018 of .0014 percent.

For the year ended June 30, 2020, the District recognized pension expense of approximately \$13,060,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion between Governmental and Business-Type Activities	\$ 275,517	\$ 275,517
Difference between expected and actual experience	742,000	4,466,000
Changes of assumptions	1,288,000	-
Net difference between projected and actual earnings on pension plan investments	-	386,000
Changes in proportion and differences between District contributions and proportionate share of contributions	279,000	3,144,000
District contributions subsequent to the measurement date	13,438,452	-
Total	<u>\$ 16,022,969</u>	<u>\$ 8,271,517</u>

# Williamsport Area School District

Notes to Financial Statements

June 30, 2020

\$13,438,452 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:		
2021	\$	(565,000)
2022		(3,840,000)
2023		(1,520,000)
2024		238,000
		238,000
Total	\$	(5,687,000)

## Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0 %	5.6 %
Fixed income	36.0	1.9
Commodities	8.0	2.7
Absolute return	10.0	3.4
Risk parity	10.0	4.1
Infrastructure/MLPs	8.0	5.5
Real estate	10.0	4.1
Alternative investments	15.0	7.4
Cash	3.0	0.3
Financing (LIBOR)	(20.0)	0.7
	100.0 %	

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

The above was 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, 2019.

## Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of the net pension liability	\$ 167,826,000	\$ 134,734,000	\$ 106,713,000

## Pension Plan Fiduciary Net Position

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

## 14. Internal Balances/Interfund Balances and Transfers

Throughout the course of the year, various interfund activities result in amounts due to and from other funds. These amounts, which represent short-term borrowings that are expected to be repaid within the next fiscal year, consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 51,340	\$ 13,727
Food Service Fund	6,056	667
Internal Service Fund	7,671	50,673
Total	<u>\$ 65,067</u>	<u>\$ 65,067</u>

# Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

The following summarizes the interfund transfers in 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Debt Service Fund	\$ -	\$ 8,195,644
Food Service Fund	-	3,863
Student Activities Fund	-	2,500
Food Service Fund:		
General Fund	3,863	-
Debt Service Fund:		
General Fund	8,195,644	-
Student Activities Fund:		
General Fund	<u>2,500</u>	<u>-</u>
Total	<u>\$ 8,202,007</u>	<u>\$ 8,202,007</u>

The General Fund transferred \$8,195,644 to the Debt Service Fund to cover required debt service payments.

## 15. Fund Balance Classifications

The District presents its governmental fund balances by level of constraint in the aggregate on its balance sheet - governmental funds. The individual specific purposes of each constraint are presented below:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service</u>	<u>Student Activities Fund</u>	<u>Total</u>
Nonspendable for:					
Inventories	\$ 432,423	\$ -	\$ -	\$ -	\$ 432,423
Prepaid expenses	<u>142,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,874</u>
Total	<u>\$ 575,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,297</u>
Restricted for:					
Capital projects, debt service and other	<u>\$ 70,618</u>	<u>\$ 7,575,052</u>	<u>\$ 20,550,070</u>	<u>\$ 69,990</u>	<u>\$ 28,265,730</u>
Committed for:					
Capital projects	\$ 556,536	\$ -	\$ -	\$ -	\$ 556,536
Future PSERS rate increases	<u>5,405,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,405,184</u>
Total	<u>\$ 5,961,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,961,720</u>
Assigned for:					
Encumbrances	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Health insurance	500,000	-	-	-	500,000
OPEB costs	500,000	-	-	-	500,000
Capital projects	900,000	-	-	-	900,000
Future COVID impacts	2,000,000	-	-	-	2,000,000
Technology	<u>203,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,937</u>
Total	<u>\$ 4,203,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,203,937</u>

# Williamsport Area School District

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Notes to Financial Statements  
June 30, 2020

## 16. Significant Group Concentrations of Credit Risk

The District's operations are located in the County of Lycoming, Pennsylvania. Its service area is located within the geographic bounds of the District. The District assesses taxpayers, within its service area, based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.

## 17. Contingencies

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures.

In January 2020, an outbreak of a new strain of coronavirus disease, COVID-19, was identified. The World Health Organization declared COVID-19 a public health emergency on March 11, 2020. In response, all public schools in the Commonwealth were closed on March 13, 2020 and remained closed through the remainder of the 2019/2020 school year, with District students, staff and faculty transitioned to remote operations. For the fiscal year ended June 30, 2020, the COVID-19 outbreak has resulted in expenditures coming in below budget. In September 2020, the District began its 2020/2021 school year with in person, hybrid and virtual learning model options available to its students. While this disruption is anticipated to be temporary, the extent of the impact of COVID-19 on District's operational and financial performance will depend on the development of COVID-19, including the duration and spread of the outbreak, the development of a vaccine and the ongoing impact on students, employees and vendors, all of which are uncertain and cannot be reasonably predicted at the current time. The District's Board of Directors and management are monitoring the outbreak and potential financial impact, which remains uncertain.

## 18. Non Monetary Transactions

The District receives USDA donated commodities in the Food Service Fund. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total food commodities recognized as revenue in connection with this program for fiscal year 2020 totaled \$134,707.

## 19. Transactions With Other LEAs

The District is a member of B.L.a.S.T. Intermediate Unit 17. Through the membership, the District is able to secure various special services, including special education.

## Williamsport Area School District

Notes to Financial Statements  
June 30, 2020

### 20. Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 83, *Certain Asset Retirement Obligations*

Statement No. 84, *Fiduciary Activities*

Statement No. 87, *Leases*

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Statement No. 96, *Subscription-Based Information Technology Arrangements*

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

GASB Statement No. 95 postpones the effective dates of Statements No. 83, 84, 89, 90, 91, 92 and 93 for a period of one year, and Statement No. 87 for a period of 18 months.

District management is in the process of evaluating these standards. When they become effective, application of these standards may restate portions of these financial statements.

### 21. Restatement of Beginning Fund Balance and Net Position Implementation of GASB No. 84, *Fiduciary Activities*

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of financial statements by redefining the Student Activities Fund, previously a fiduciary fund, to a governmental special revenue fund. Beginning net position/fund balance has been restated to reflect this change. The adjustment to beginning net position/fund balance are as follows:

Special Revenue Fund:	
Fund balance, June 30, 2019, as previously reported	\$ -
Restatement due to change in accounting principle	<u>90,246</u>
Fund balance, July 1, 2019	<u><u>\$ 90,246</u></u>
Governmental activities:	
Net position, June 30, 2019, as previously reported	\$ (90,925,760)
Restatement due to change in accounting principle	<u>90,246</u>
Net position, July 1, 2019, as restated	<u><u>\$ (90,835,514)</u></u>

## Williamsport Area School District

### Schedule of the District's Proportionate Share of the Net Pension Liability

Year Ended June 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.2880%	0.2894%	0.2981%	0.3015%	0.2983%	0.3000%
District's proportionate share of the net pension liability	\$ 134,734,000	\$ 138,926,000	\$ 147,227,000	\$ 149,414,000	\$ 129,209,000	\$ 118,742,000
District's covered-employee payroll	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071	\$ 38,381,067	\$ 37,327,195
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	339.25%	356.49%	370.94%	382.64%	336.65%	318.11%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, for the year ended June 30, 2015 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting.

## Williamsport Area School District

### Schedule of the District's Contributions

Year Ended June 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 13,284,720	\$ 12,704,348	\$ 12,597,666	\$ 11,402,037	\$ 9,595,267	\$ 7,652,075
Contributions in relation to the contractually required contribution	<u>(13,284,720)</u>	<u>(12,704,348)</u>	<u>(12,597,666)</u>	<u>(11,402,037)</u>	<u>(9,595,267)</u>	<u>(7,652,075)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071	\$ 38,381,067	\$ 37,327,195
Contributions as a percentage of covered-employee payroll	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, for the year ended June 30, 2015 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting.

## Williamsport Area School District

### Schedule of the District's Proportionate Share of the Net OPEB Liability

Year Ended June 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability	0.2880%	0.2894%	0.2981%	0.3015%
District's proportionate share of the OPEB liability	\$ 6,125,000	\$ 6,034,000	\$ 6,074,000	\$ 6,494,000
District's covered-employee payroll	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071
District's proportionate share of the OPEB liability as a percentage of its covered-employee payroll	15.42%	15.48%	15.30%	16.63%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2017 is not available for reporting.

**Williamsport Area School District**

## Schedule of the District's OPEB Contributions

Year Ended June 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 333,607	\$ 323,454	\$ 329,429	\$ 324,099
Contributions in relation to the contractually required contribution	<u>(333,607)</u>	<u>(323,454)</u>	<u>(329,429)</u>	<u>(324,099)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%	0.83%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2017 is not available for reporting.

**Williamsport Area School District**

Required Supplementary Information

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Year Ended June 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 981,516	\$ 875,671	\$ 848,701
Interest cost	603,190	575,452	442,957
Changes of benefit terms	-	1,386	-
Differences between expected and actual experience	-	1,613,184	-
Changes in assumptions	(488,499)	51,356	690,301
Benefit payments, including refunds of member contributions	<u>(1,316,685)</u>	<u>(1,425,771)</u>	<u>(1,398,582)</u>
Net change in total OPEB liability	(220,478)	1,691,278	583,377
<b>Total OPEB Liability, Beginning</b>	<u>19,973,002</u>	<u>18,281,724</u>	<u>17,698,347</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 19,752,524</u>	<u>\$ 19,973,002</u>	<u>\$ 18,281,724</u>
<b>Covered-Employee Payroll</b>	<u>\$ 36,410,882</u>	<u>\$ 36,410,882</u>	<u>\$ 36,184,850</u>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<u>54.25%</u>	<u>54.85%</u>	<u>50.52%</u>

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - an amendment of GASB Statement No. 45*, for the year ended June 30, 2018 to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting.

Other postemployment benefits (OPEB)

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

To the Board of Directors of  
Williamsport Area School District

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Williamsport Area School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Williamsport, Pennsylvania  
December 21, 2020

**Independent Auditors' Report on Compliance  
for the Major Federal Program and Report on  
Internal Control Over Compliance Required  
by the Uniform Guidance**

To the Board of Directors of  
Williamsport Area School District

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

We have audited the Williamsport Area School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

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

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

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

### Purpose of This Report

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.

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Williamsport, Pennsylvania  
December 21, 2020

**Williamsport Area School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	Pass-Through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2019	Revenue Recognized	Total Federal Expenditures	Adjustments	Accrued (Deferred) Revenue 6/30/2020	Passed Through to Subrecipients
<b>U.S. Department of Education</b>											
Passed through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	84.010	013-20-0487	7/1/19-9/30/20	\$ 2,490,431	\$ 1,660,406	\$ -	\$ 1,804,494	\$ 1,804,494	\$ -	\$ 144,088	\$ -
Title I Grants to Local Educational Agencies	84.010	013-19-0487	10/9/18-9/30/20	2,497,232	396,134	(137,115)	533,249	533,249	-	-	-
Improving Teacher Quality State Grants	84.367	020-20-0487	7/1/19-9/30/20	281,727	148,942	-	173,076	173,076	-	24,134	-
Improving Teacher Quality State Grants	84.367	020-19-0487	10/9/18-9/30/19	320,569	(2,551)	(40,047)	37,496	37,496	-	-	-
Title IV - Student Support and Academic Enrichment	84.424	144-20-0487	7/1/19-9/30/20	186,902	99,681	-	84,167	84,167	-	(15,514)	-
Title IV - Student Support and Academic Enrichment	84.424	144-19-0487	10/9/18-9/30/19	159,802	-	(11,751)	11,751	11,751	-	-	-
Career and Technical Education - Basic Grants to State	84.048	380-20-0090	8/21/19-6/30/20	141,168	141,168	-	141,168	141,168	-	-	-
Elementary and Secondary School Emergency Relief Fund	84.425D	200-20-0487	3/13/20-9/30/22	2,014,910	-	-	673,340	673,340	-	673,340	-
COVID 19 School Health and Safety Grant	21.019	CS-01-33901	3/1/20-10-30-20	309,454	-	-	14,248	14,248	-	14,248	-
Passed through BLAST Intermediate Unit #17:											
Special Education Cluster (IDEA):											
Special Education Grants to States	84.027	062-20-0-017	7/1/19-9/30/20	836,832	701,571	-	836,832	836,832	-	135,261	-
Special Education Grants to States	84.027	062-19-0-017	7/1/18-9/30/19	801,197	365,811	365,811	-	-	-	-	-
Special Education Grants to States	84.173	131-19-0-017	7/1/19-6/30/20	11,490	-	-	11,490	11,490	-	11,490	-
Special Education Grants to States	84.173	131-18-0-017	7/1/18-6/30/19	10,875	10,875	10,875	-	-	-	-	-
Sub-total, Special Education Cluster (IDEA)					1,078,257	376,686	848,322	848,322	-	146,751	-
Total U.S. Department of Education					3,522,037	187,773	4,321,311	4,321,311	-	987,047	-
<b>U.S. Department of Labor</b>											
Passed through the Central Pennsylvania Workforce Development Corporation											
WIOA Youth Activities/WIOA Cluster	17.259		07/1/19-12/31/20	13,260	-	-	13,260	13,260	-	13,260	-
Total U.S. Department of Labor					-	-	13,260	13,260	-	13,260	-
<b>U.S. Department of Health and Human Services</b>											
Passed through the Pennsylvania Department of Public Welfare:											
Medical Assistance Program/Medicaid Cluster	93.778	184344	7/1/19-6/30/20	N/A	13,823	-	73,522	73,522	-	59,699	-
Medical Assistance Program/Medicaid Cluster	93.778	184344	7/1/18-6/30/19	N/A	29,695	29,695	-	-	-	-	-
Total U.S. Department of Health and Human Services					43,518	29,695	73,522	73,522	-	59,699	-

See notes to schedule of expenditures of federal awards

**Williamsport Area School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	Pass-Through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2019	Revenue Recognized	Total Federal Expenditures	Adjustments	Accrued (Deferred) Revenue 6/30/2020	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>											
Passed through the Pennsylvania Department of Education:											
Child Nutrition Cluster:											
National School Lunch Program	10.555	362	7/1/19-6/30/20	N/A	\$ 1,209,744	\$ -	\$ 1,214,406	\$ 1,214,406	\$ -	\$ 4,662	\$ -
National School Lunch Program	10.555	362	7/1/18-6/30/19	N/A	15,418	15,418	-	-	-	-	-
School Breakfast Program	10.553	365	7/1/19-6/30/20	N/A	491,931	-	494,861	494,861	-	2,930	-
School Breakfast Program	10.553	365	7/1/18-6/30/19	N/A	8,736	8,736	-	-	-	-	-
Passed through the Pennsylvania of Department of Agriculture,											
National School Lunch Program (Donated Commodities)	10.555	N/A	7/1/19-6/30/20	N/A	139,710 (a)	(75,872) (b)	134,707	134,707 (c)	-	(80,875) (d)	-
Sub-total, Child Nutrition Cluster					1,865,539	(51,718)	1,843,974	1,843,974	-	(73,283)	-
Total U.S. Department of Agriculture					1,865,539	(51,718)	1,843,974	1,843,974	-	(73,283)	-
Total Federal Awards					\$ 5,431,094	\$ 165,750	\$ 6,252,067	\$ 6,252,067	\$ -	\$ 986,723	\$ -

**FOOTNOTES:**

- (a) - Total amount of commodities received
- (b) - Beginning inventory at July 1
- (c) - Total amount of commodities used
- (d) - Ending inventory at June 30

See notes to schedule of expenditures of federal awards

# Williamsport Area School District

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Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Williamsport Area School District (the District) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual (U.S. Department of Agriculture programs) or modified accrual basis of accounting (all other programs). Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs, primarily those involving governmental activities (i.e., General Fund), are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs, including those involving business-type activities (i.e., Food Service Fund), are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

## 3. Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Williamsport Area School District**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report auditor issued on whether the financial statements audited were prepared with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

**Federal Awards**

Internal control over major federal program:

Material weakness(es) identified? \_\_\_\_\_ yes       X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Type of auditors' report issued on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes       X  no

Identification of major federal program:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee?  X  yes      \_\_\_\_\_ no

**Section II - Financial Statement Findings**

None.

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

None.

**Section IV - Summary of Prior Year Audit Findings**

None.