

Williamsport Area School District

Financial Statements and
Supplementary Information

June 30, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Williamsport Area School District as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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), 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 15, 2021 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.

Williamsport, Pennsylvania
December 15, 2021

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2021

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, 2021. 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 2021 are as follows:

- State revenues are the main source of funding for the Williamsport Area School District. In 2020-21, total General Fund state revenue increased 3.3 percent. The District received \$48,803,743 in state revenue making up 50.1 percent of the total revenue. The District's contribution to the Public School Employees' Retirement System (PSERS) increased from 34.29 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 2020-21 to over 38 percent in future years.
- Real Estate Tax is the main source of local funding for the District. This revenue comprises 25 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 2020 by \$452,775 or 1.9 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 remained at 16.89 mills.
- Earned Income is taxed at 1.5%. The District recognized \$11,280,239 in earned income tax revenue in 2020-21 an increase of \$2,208,414 over the 2019-20 receipts.
- Federal revenue recorded in the General Fund increased from \$7,064,342 in 2019-20 to \$9,272,756 in 2020-21. 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 \$3,715,920 in COVID related grants.
- The total revenues for the General Fund were \$97,360,749. This is an overall increase of \$5,537,457 over the prior year. The major reasons for these increases are described above.
- Expenditure levels in all governmental funds increased from the prior year \$88,875,371 to \$90,821,816. Instructional, support services and debt services expenditures increased by \$4,479,320; while capital outlay and noninstructional services expenditures decreased by \$2,532,875.
- Capital assets in the Governmental Activities have been reported at \$198,872,723 and accumulated depreciation of \$102,953,751 for a net capital asset value of \$95,918,972. 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 \$20,286,440 to \$23,435,543. Of this \$5,000,000 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, 2021

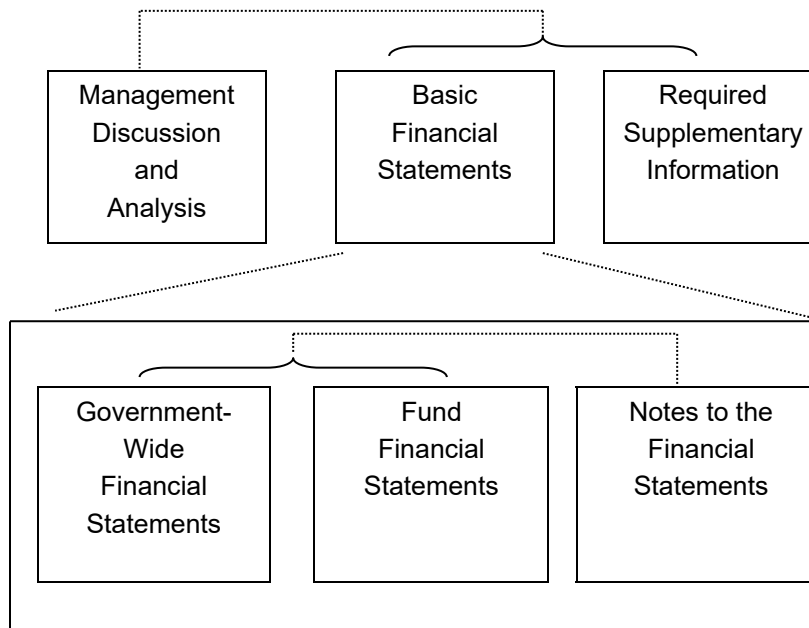
- The School District's governmental fund financial statements report a combined ending fund balance of \$54,433,329. In addition to the \$5,000,000 noted above, an additional amount of \$7,298,826 of this ending fund balance is restricted for future capital expenditures, with \$23,629,517 set aside 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 \$84,434,000 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, 2021

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, 2021

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, 2021

Financial Analysis of the District as a Whole

The District's total net position (deficit) was \$(82,913,494) at June 30, 2021.

Table A-1
Fiscal Years Ended June 30, 2021 and 2020
Net Position

	Governmental Activities		Business-Type Activity		Total		Change
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 80,086,487	\$ 77,720,269	\$ 814,676	\$ 1,198,564	\$ 80,901,163	\$ 78,918,833	\$ 1,982,330
Capital assets	95,918,972	97,462,363	369,223	398,809	96,288,195	97,861,172	(1,572,977)
Deferred outflow of resources	25,322,041	19,803,390	421,423	349,614	25,743,464	20,153,004	5,590,460
Total assets and deferred outflow of resources	201,327,500	194,986,022	1,605,322	1,946,987	202,932,822	196,933,009	5,999,813
Current liabilities	25,278,208	28,721,645	121,337	141,683	25,399,545	28,863,328	(3,463,783)
Noncurrent liabilities	247,976,599	243,393,441	3,164,000	3,067,615	251,140,599	246,461,056	4,679,543
Deferred inflow of resources	8,876,702	8,684,477	429,470	559,789	9,306,172	9,244,266	61,906
Total liabilities and deferred inflow of resources	282,131,509	280,799,563	3,714,807	3,769,087	285,846,316	284,568,650	1,277,666
Net position							
Net investment in capital assets	10,636,287	11,532,996	369,223	398,809	11,005,510	11,931,805	(926,295)
Restricted	31,106,768	28,265,730	-	-	31,106,768	28,265,730	2,841,038
Unrestricted	(122,547,064)	(125,612,267)	(2,478,708)	(2,220,909)	(125,025,772)	(127,833,176)	2,807,404
Total net position	\$ (80,804,009)	\$ (85,813,541)	\$ (2,109,485)	\$ (1,822,100)	\$ (82,913,494)	\$ (87,635,641)	\$ 4,722,147

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 \$140 million as of June 30, 2021 and \$135 million as of June 30, 2020. 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, 2021

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, 2021 and 2020,
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total		Change
	2021	2020	2021	2020	2021	2020	
Revenues							
Program revenues:							
Charges for services	\$ 3,190,257	\$ 2,145,602	\$ 9,813	\$ 432,226	\$ 3,200,070	\$ 2,577,828	\$ 622,242
Operating grants and contributions	32,196,641	29,537,694	2,160,081	2,150,527	34,356,722	31,688,221	2,668,501
Capital grants and contributions	-	415,157	-	-	-	415,157	(415,157)
General revenues:							
Property taxes	24,168,754	23,715,979	-	-	24,168,754	23,715,979	452,775
Other taxes	12,204,348	10,471,217	-	-	12,204,348	10,471,217	1,733,131
Grants, subsidies, and contributions, unrestricted	26,873,348	26,873,377	-	-	26,873,348	26,873,377	(29)
Other	(843,581)	2,812,300	21,722	16,768	(821,859)	2,829,068	(3,650,927)
Total revenues	<u>97,789,767</u>	<u>95,971,326</u>	<u>2,191,616</u>	<u>2,599,521</u>	<u>99,981,383</u>	<u>98,570,847</u>	<u>1,410,536</u>
Expenses:							
Instruction	55,444,150	54,820,885	-	-	55,444,150	54,820,885	623,265
Instructional student support	4,558,089	5,009,103	-	-	4,558,089	5,009,103	(451,014)
Administrative and financial support	13,828,461	12,762,576	-	-	13,828,461	12,762,576	1,065,885
Operation and maintenance of plant	11,336,716	10,843,291	-	-	11,336,716	10,843,291	493,425
Pupil transportation	2,850,089	2,897,704	-	-	2,850,089	2,897,704	(47,615)
Student activities	614,562	693,297	-	-	614,562	693,297	(78,735)
Interest on long-term debt	4,116,809	3,886,838	-	-	4,116,809	3,886,838	229,971
Community services	31,359	35,659	-	-	31,359	35,659	(4,300)
Food services	-	-	2,479,001	2,687,655	2,479,001	2,687,655	(208,654)
Total expenses	<u>92,780,235</u>	<u>90,949,353</u>	<u>2,479,001</u>	<u>2,687,655</u>	<u>95,259,236</u>	<u>93,637,008</u>	<u>1,622,228</u>
Increase (decrease) in net position	<u>\$ 5,009,532</u>	<u>\$ 5,021,973</u>	<u>\$ (287,385)</u>	<u>\$ (88,134)</u>	<u>\$ 4,722,147</u>	<u>\$ 4,933,839</u>	<u>\$ (211,692)</u>

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2021

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, 2021 and 2020
Governmental Activities

	Total Cost of Services		Net Cost (Income) of Services		Changes in Net Cost of Services
	2021	2020	2021	2020	
Functions/Programs:					
Instruction	\$ 55,444,150	\$ 54,820,885	\$ 29,559,711	\$ 32,732,739	\$ (3,173,028)
Instructional student support	4,558,089	5,009,103	4,109,583	4,462,263	(352,680)
Administrative and financial support	13,828,461	12,762,576	11,613,845	10,698,325	915,520
Operation and maintenance of plant	11,336,716	10,843,291	10,358,971	9,373,390	985,581
Pupil transportation	2,850,089	2,897,704	1,516,530	1,575,812	(59,282)
Student activities	614,562	693,297	486,272	460,389	25,883
Community services	31,359	35,659	31,359	35,659	(4,300)
Interest on long-term debt	4,116,809	3,886,838	(282,934)	(487,677)	204,743
Total governmental activities	<u>\$ 92,780,235</u>	<u>\$ 90,949,353</u>	57,393,337	58,850,900	(1,457,563)
Less unrestricted grants, subsidies			<u>26,873,348</u>	<u>26,873,377</u>	<u>(29)</u>
Total needs from local taxes and other revenues			<u>\$ 30,519,989</u>	<u>\$ 31,977,523</u>	<u>\$ (1,457,534)</u>

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2021

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, 2021 and 2020
Business-Type Activity

	Total Cost of Services		Net Cost (Income) of Services		Changes in Net Cost of Services
	2021	2020	2021	2020	
Functions/Programs					
Food services	\$ 2,479,001	\$ 2,687,655	\$ 309,107	\$ 104,902	\$ 204,205
Plus investment earnings			(235)	(12,905)	12,670
Plus transfers			(21,487)	(3,863)	(17,624)
 Total business-type activity			<u>\$ 287,385</u>	<u>\$ 88,134</u>	<u>\$ 199,251</u>

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 \$199,251.

The District Funds

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$54,433,329 which is an increase of \$5,951,777.

The General Fund had a beginning fund balance of \$20,286,440 and an ending fund balance of \$23,435,543 at June 30, 2021. Revenues and other financing sources increased from \$92,198,610 to \$97,633,382. Expenditures and other financing uses increased from \$89,533,287 to \$94,484,279.

Table A-5 shows a comparison of General Fund expenditures from 2019-20 to 2020-21. Most functions increased due to an increase in salaries and retirement contributions.

Table A-5
General Fund Expenditure Comparison

Function	Expenditures		Variance	Percent Change
	2021	2020		
Instruction	\$ 55,265,243	\$ 53,793,081	\$ 1,472,162	2.74 %
Support services	28,706,952	25,819,205	2,887,747	11.18 %
Noninstructional services	1,225,660	1,243,399	(17,739)	(1.43) %
Debt service	245,671	255,003	(9,332)	(3.66) %
Capital outlay	99	210,419	(210,320)	(99.95) %
	<u>\$ 85,443,625</u>	<u>\$ 81,321,107</u>	<u>\$ 4,122,518</u>	5.07 %

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2021

The District's General Fund revenues were \$97,360,749 in 2020-21, which were up 6.03 percent from the previous year. General Fund revenues for the District come from three categories. Local sources approximately make up 40.35 percent of the total revenue, state sources make up 50.13 percent and federal sources are 9.52 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>2021</u>	<u>2020</u>	<u>Variance</u>	<u>Percent Change</u>
Local sources 6000	\$ 39,284,250	\$ 36,400,902	\$ 2,883,348	7.92 %
State sources 7000	48,803,743	48,358,048	445,695	0.92 %
Federal sources 8000	9,272,756	7,064,342	2,208,414	31.26 %
Total	<u>\$ 97,360,749</u>	<u>\$ 91,823,292</u>	<u>\$ 5,537,457</u>	6.03 %

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, 2021, the District invested in a broad range of capital assets, including construction in progress, land, buildings and furniture, and equipment. At June 30, 2021, the investment in capital assets, net of depreciation, was \$95,918,972, a decrease of \$1,543,391. For details on the specific line-item changes, see Note 6.

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

	<u>2021</u>	<u>2020</u>
Construction in progress and land	\$ 755,289	\$ 608,287
Site improvements	11,194,390	11,194,390
Buildings	150,896,252	150,455,468
Furniture and equipment	35,165,771	32,156,340
Vehicles	861,021	1,131,576
Less accumulated depreciation	<u>(102,953,751)</u>	<u>(98,083,698)</u>
Capital assets, net	<u>\$ 95,918,972</u>	<u>\$ 97,462,363</u>

Williamsport Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Debt Administration

As of July 1, 2020, the District had total outstanding bond and note principal of \$84,959,000. The District made principal payments of \$525,000 during the year, ending the year with outstanding bond and note principal of \$84,434,000 as of June 30, 2021.

**Table A-8
Outstanding Debt**

	<u>2021</u>	<u>2020</u>
General Obligation Debt:		
Series A of 2005 GON	\$ 300,000	\$ 400,000
Series of 2010 GON	32,750,000	32,750,000
Series of 2011 GON	35,719,000	35,719,000
Series of 2013 GOB	385,000	765,000
Series of 2017 GOB	6,090,000	6,130,000
Series of 2019 GOB	9,190,000	9,195,000
	<u>\$ 84,434,000</u>	<u>\$ 84,959,000</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 DistrictStatement of Net Position
June 30, 2021

	Governmental Activities	Business - Type Activity	Total	Component Unit
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 14,394,557	\$ 530,350	\$ 14,924,907	\$ 317,142
Investments	47,474,027	134,972	47,608,999	2,214,933
Taxes receivable, net	2,827,238	-	2,827,238	-
Due from other governments	7,004,248	92,088	7,096,336	-
Other receivables	661,331	2,680	664,011	1,919
Internal balances	1,207	(1,207)	-	-
Inventories	317,984	55,793	373,777	-
Prepaid expenses	1,143	-	1,143	-
Total current assets	72,681,735	814,676	73,496,411	2,533,994
Capital Assets	95,918,972	369,223	96,288,195	-
Assets Held for Capital Projects	7,404,752	-	7,404,752	272,186
Total assets	176,005,459	1,183,899	177,189,358	2,806,180
Deferred Outflows of Resources				
Unamortized refunding charges	205,289	-	205,289	-
Pension	19,822,688	403,255	20,225,943	-
Other postemployment benefits (OPEB)	5,294,064	18,168	5,312,232	-
Total deferred outflows of resources	25,322,041	421,423	25,743,464	-
Total assets and deferred outflows of resources	\$ 201,327,500	\$ 1,605,322	\$ 202,932,822	\$ 2,806,180
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)				
Liabilities				
Current liabilities:				
Accounts payable	\$ 2,588,038	\$ 769	\$ 2,588,807	\$ -
Current maturities of bonds and notes payable	530,000	-	530,000	-
Current maturities of capital leases payable	55,952	-	55,952	-
Accrued salaries and benefits	13,460,996	57,515	13,518,511	-
Accrued interest payable	1,207,850	-	1,207,850	-
Due to other governments	4,010,294	29,279	4,039,573	-
Unearned revenue	1,073,830	-	1,073,830	-
Other current liabilities	2,351,248	33,774	2,385,022	-
Total current liabilities	25,278,208	121,337	25,399,545	-
Bonds and Notes Payable	84,599,957	-	84,599,957	-
Compensated Absences	329,584	6,317	335,901	-
Capital Leases Payable	96,776	-	96,776	-
Other Postemployment Benefits (OPEB)	26,114,636	154,329	26,268,965	-
Net Pension Liability	136,835,646	3,003,354	139,839,000	-
Total liabilities	273,254,807	3,285,337	276,540,144	-
Deferred Inflows of Resources				
Pension	6,364,967	328,906	6,693,873	-
Other postemployment benefits (OPEB)	2,511,735	100,564	2,612,299	-
Total deferred inflows of resources	8,876,702	429,470	9,306,172	-
Net Position (Deficit)				
Net investment in capital assets	10,636,287	369,223	11,005,510	-
Restricted	31,106,768	-	31,106,768	1,919
Unrestricted	(122,547,064)	(2,478,708)	(125,025,772)	2,804,261
Total net position (deficit)	(80,804,009)	(2,109,485)	(82,913,494)	2,806,180
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 201,327,500	\$ 1,605,322	\$ 202,932,822	\$ 2,806,180

See notes to financial statements

Williamsport Area School District

Statement of Activities

Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Change in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total	
Governmental Activities								
Instruction	\$ (55,444,150)	\$ 2,078,916	\$ 23,805,523	\$ -	\$ (29,559,711)		\$ (29,559,711)	
Administrative and financial support services	(13,828,461)	1,097,104	1,117,512	-	(11,613,845)		(11,613,845)	
Operation and maintenance of plant services	(11,336,716)	-	977,745	-	(10,358,971)		(10,358,971)	
Instructional student support	(4,558,089)	-	448,506	-	(4,109,583)		(4,109,583)	
Pupil transportation	(2,850,089)	-	1,333,559	-	(1,516,530)		(1,516,530)	
Student activities	(614,562)	14,237	114,053	-	(486,272)		(486,272)	
Community services	(31,359)	-	-	-	(31,359)		(31,359)	
Interest on long-term debt	(4,116,809)	-	4,399,743	-	282,934		282,934	
Total governmental activities	(92,780,235)	3,190,257	32,196,641	-	(57,393,337)		(57,393,337)	
Business-Type Activity								
Food service	(2,479,001)	9,813	2,160,081	-		\$ (309,107)	(309,107)	
Total, primary government	<u>\$ (95,259,236)</u>	<u>\$ 3,200,070</u>	<u>\$ 34,356,722</u>	<u>\$ -</u>	<u>(57,393,337)</u>	<u>(309,107)</u>	<u>(57,702,444)</u>	
Component Unit								
Williamsport Area School District								
Education Foundation	<u>\$ (109,211)</u>	<u>\$ -</u>	<u>\$ 315,937</u>	<u>\$ -</u>				<u>\$ 206,726</u>
General Revenues								
Grants, subsidies and contributions not restricted					26,873,348	-	26,873,348	-
Property taxes levied for general purposes, net					24,168,754	-	24,168,754	-
Other taxes levied					12,204,348	-	12,204,348	-
Loss on the disposal of capital assets					(22,620)	-	(22,620)	-
Miscellaneous income					18,923	-	18,923	-
Transfers					(21,487)	21,487	-	-
Investment (losses) earnings					(818,397)	235	(818,162)	424,341
Total general revenues					62,402,869	21,722	62,424,591	424,341
Change in net position					5,009,532	(287,385)	4,722,147	631,067
Net Position (Deficit), Beginning					<u>(85,813,541)</u>	<u>(1,822,100)</u>	<u>(87,635,641)</u>	<u>2,175,113</u>
Net Position (Deficit), Ending					<u>\$ (80,804,009)</u>	<u>\$ (2,109,485)</u>	<u>\$ (82,913,494)</u>	<u>\$ 2,806,180</u>

See notes to financial statements

Williamsport Area School District

 Balance Sheet - Governmental Funds
 June 30, 2021

	Major Funds			Student Activity (Nonmajor)	Totals
	General	Debt Service	Capital Projects		
Assets					
Cash and cash equivalents	\$ 10,211,740	\$ 837	\$ -	\$ 71,257	\$ 10,283,834
Investments	21,877,940	23,628,680	-	-	45,506,620
Assets held for capital projects	-	-	7,404,752	-	7,404,752
Taxes receivable	2,827,238	-	-	-	2,827,238
Due from other funds	68,489	-	-	-	68,489
Due from other governments	6,070,740	-	-	-	6,070,740
Other receivables	477,184	-	-	-	477,184
Inventories	317,984	-	-	-	317,984
Prepaid expenses	1,143	-	-	-	1,143
Total assets	\$ 41,852,458	\$ 23,629,517	\$ 7,404,752	\$ 71,257	\$ 72,957,984
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,477,847	\$ -	\$ 105,926	\$ 1,814	\$ 2,585,587
Due to other funds	47	-	-	-	47
Accrued salaries and benefits	13,409,148	-	-	-	13,409,148
Unearned revenue	1,073,830	-	-	-	1,073,830
Other current liabilities	23,133	-	-	-	23,133
Total liabilities	16,984,005	-	105,926	1,814	17,091,745
Deferred Inflows of Resources					
Unearned revenue, taxes	1,432,910	-	-	-	1,432,910
Fund Balances					
Nonspendable	319,127	-	-	-	319,127
Restricted	108,982	23,629,517	7,298,826	69,443	31,106,768
Committed	5,405,184	-	-	-	5,405,184
Assigned	8,803,937	-	-	-	8,803,937
Unassigned	8,798,313	-	-	-	8,798,313
Total fund balances	23,435,543	23,629,517	7,298,826	69,443	54,433,329
Total liabilities, deferred inflows of resources and fund balances	\$ 41,852,458	\$ 23,629,517	\$ 7,404,752	\$ 71,257	\$ 72,957,984

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, 2021

Total Fund Balances, Governmental Funds	\$ 54,433,329
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 \$198,872,723 and the accumulated depreciation is \$102,953,751.	95,918,972
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.	1,432,910
Deferred outflows, are not reported in the governmental funds, however are reported in the statement of net position.	25,322,041
Deferred inflows, are not reported in the governmental funds, however are reported in the statement of net position.	(8,876,702)
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	(85,129,957)
Capital leases payable	(152,728)
Accrued interest on bonds and notes payable	(1,207,850)
Compensated absences	(329,584)
Net pension liability	(136,835,646)
Other postemployment benefits	<u>(26,114,636)</u>
	(249,770,401)
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>(187,895)</u>
Total Net Position, Governmental Activities	<u><u>\$ (80,804,009)</u></u>

See notes to financial statements

Williamsport Area School DistrictStatement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021

	Major Funds			Student	
	General	Debt Service	Capital Projects	Activity (Nonmajor)	Totals
Revenues					
Local sources:					
Real estate taxes	\$ 24,317,939	\$ -	\$ -	\$ -	\$ 24,317,939
Other taxes	12,204,348	-	-	-	12,204,348
Other revenue	2,254,351	-	-	14,112	2,268,463
Tuition	476,024	-	-	-	476,024
Earnings (losses) on investments	31,588	(856,100)	3,676	20	(820,816)
Total local sources	39,284,250	(856,100)	3,676	14,132	38,445,958
State sources	48,803,743	-	-	-	48,803,743
Federal sources	9,272,756	-	-	-	9,272,756
Total revenues	97,360,749	(856,100)	3,676	14,132	96,522,457
Expenditures					
Instruction	55,265,243	-	-	-	55,265,243
Support services	28,706,952	-	-	-	28,706,952
Noninstructional services	1,225,660	-	-	15,635	1,241,295
Debt service	245,671	4,426,118	-	-	4,671,789
Capital outlay	99	-	936,438	-	936,537
Total expenditures	85,443,625	4,426,118	936,438	15,635	90,821,816
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	11,917,124	(5,282,218)	(932,762)	(1,503)	5,700,641
Other Financing Sources (Uses)					
Transfers in	-	8,361,665	656,536	956	9,019,157
Proceeds from insurance recovery	11,765	-	-	-	11,765
Refund of prior year expenditures	260,868	-	-	-	260,868
Refund of prior year receipts	(11)	-	-	-	(11)
Transfers out	(9,040,643)	-	-	-	(9,040,643)
Total other financing (uses) sources, net	(8,768,021)	8,361,665	656,536	956	251,136
Net changes in fund balances	3,149,103	3,079,447	(276,226)	(547)	5,951,777
Fund Balances, Beginning	20,286,440	20,550,070	7,575,052	69,990	48,481,552
Fund Balances, Ending	\$ 23,435,543	\$ 23,629,517	\$ 7,298,826	\$ 69,443	\$ 54,433,329

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, 2021

Total Net Change in Fund Balances, Governmental Funds \$ 5,951,777

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 35):

Capital outlays	4,050,507	
Depreciation expense	(5,567,441)	(1,516,934)

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. (22,620)

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. (149,185)

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, 2021, the following transactions factor into this reconciliation:

Retirement of principal of bonds payable	525,000	
Unamortized refunding charges	(17,112)	
Amortization of premium and unamortized refunding charges, net	47,086	
Repayment of principal, capital leases, net	74,596	629,570

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. 31,717

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. 163,519

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. (613,673)

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. 614,173

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 (78,812)

Change in Net Position of Governmental Activities \$ 5,009,532

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, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local sources	\$ 35,558,852	\$ 35,558,852	\$ 39,284,250	\$ 3,725,398
State sources	48,622,421	48,622,421	48,803,743	181,322
Federal sources	6,635,752	6,635,752	9,272,756	2,637,004
Total revenues	90,817,025	90,817,025	97,360,749	6,543,724
Expenditures				
Regular programs	36,325,066	36,327,097	37,516,503	(1,189,406)
Special programs	14,571,937	14,572,117	14,326,651	245,466
Vocational programs	2,444,865	2,444,665	2,352,460	92,205
Other instructional programs	1,227,273	1,227,242	1,017,237	210,005
Nonpublic school programs	45,419	45,450	52,392	(6,942)
Pupil personnel services	2,842,881	2,836,133	2,737,547	98,586
Instructional staff services	2,337,342	2,336,931	1,979,609	357,322
Administrative services	6,188,519	6,186,519	6,202,961	(16,442)
Pupil health	1,351,743	1,358,491	1,676,645	(318,154)
Business services	1,139,330	1,139,330	1,119,855	19,475
Operation and maintenance of plant services	8,119,471	8,200,221	9,343,209	(1,142,988)
Student transportation services	3,175,530	3,175,530	2,883,596	291,934
Central and other support services	2,714,504	2,714,504	2,763,530	(49,026)
Student activities	1,504,095	1,493,495	1,194,301	299,194
Community services	57,906	57,906	31,359	26,547
Facilities acquisition, construction, improvements	80,750	-	99	(99)
Debt service	260,742	266,742	245,671	21,071
Total expenditures	84,387,373	84,382,373	85,443,625	(1,061,252)
Excess of revenues over expenditures before other financing sources (uses)	6,429,652	6,434,652	11,917,124	5,482,472
Other Financing Sources (Uses)				
Proceeds from extended term financing	300,000	300,000	-	(300,000)
Proceeds from insurance recovery	-	-	11,765	11,765
Budgetary reserve	(400,000)	(400,000)	-	400,000
Transfers from Agency funds	(8,500)	-	-	-
Refund of prior year expenditures	-	-	260,868	260,868
Refund of prior year receipts	(10,000)	-	(11)	(11)
Transfers out	(8,526,239)	(8,549,739)	(9,040,643)	(490,904)
Total other financing uses, net	(8,644,739)	(8,649,739)	(8,768,021)	(118,282)
Net changes in fund balances	(2,215,087)	(2,215,087)	3,149,103	5,364,190
Fund Balances, Beginning	16,321,632	16,321,632	20,286,440	3,964,808
Fund Balances, Ending	\$ 14,106,545	\$ 14,106,545	\$ 23,435,543	\$ 9,328,998

See notes to financial statements

Williamsport Area School DistrictStatement of Fund Net Position - Proprietary Funds
June 30, 2021

	Business-Type Activity Food Service	Governmental Activities Internal Service
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 530,350	\$ 4,110,723
Investments	134,972	1,967,407
Due from other funds	24	24
Due from other governments	92,088	9,771
Other receivables	-	350,359
Inventories	55,793	-
Total current assets	<u>813,227</u>	<u>6,438,284</u>
Capital Assets		
Equipment	2,289,040	302,089
Accumulated depreciation	(1,919,817)	(290,031)
Capital assets, net	<u>369,223</u>	<u>12,058</u>
Total assets	<u>1,182,450</u>	<u>6,450,342</u>
Deferred Outflows of Resources		
Pension	403,255	293,171
Other postemployment benefits (OPEB)	18,168	395,721
Total deferred outflows of resources	<u>421,423</u>	<u>688,892</u>
Total assets and deferred outflows of resources	<u>\$ 1,603,873</u>	<u>\$ 7,139,234</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)		
Liabilities		
Current liabilities:		
Accounts payable	\$ 769	\$ 2,451
Due to other funds	1,231	67,259
Due to other governments	29,279	-
Undistributed taxes	-	4,010,294
Accrued salaries and benefits	57,515	51,848
Unallocated taxes	-	2,494,327
Other current liabilities	31,094	-
Total current liabilities	<u>119,888</u>	<u>6,626,179</u>
Noncurrent liabilities:		
Compensated absences	6,317	6,937
Other postemployment benefits (OPEB)	154,329	629,924
Net pension liability	3,003,354	1,993,611
Total noncurrent liabilities	<u>3,164,000</u>	<u>2,630,472</u>
Total liabilities	<u>3,283,888</u>	<u>9,256,651</u>
Deferred Inflows of Resources		
Pension	328,906	155,092
Other postemployment benefits (OPEB)	100,564	66,320
Total deferred inflows of resources	<u>429,470</u>	<u>221,412</u>
Net Position (Deficit)		
Net investment in capital assets	369,223	12,058
Unrestricted	(2,478,708)	(2,350,887)
Total net position (deficit)	<u>(2,109,485)</u>	<u>(2,338,829)</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 1,603,873</u>	<u>\$ 7,139,234</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, 2021

	Business-Type Activity	Governmental Activities
	Food Service	Internal Service
Operating Revenues		
Food service revenue	\$ 9,813	\$ -
Charges for services	-	921,328
Other operating revenue	-	138,352
	<hr/>	<hr/>
Total operating revenues	9,813	1,059,680
Operating Expenses		
Salaries	798,915	585,500
Employee benefits	451,401	480,367
Other purchased services	1,856	105,363
Purchased property services	19,332	71,804
Purchased professional and technical services	912,242	23,900
Dues and fees	2,302	12,180
Supplies	221,935	4,520
Depreciation	44,186	3,836
Other operating expenses	26,830	-
	<hr/>	<hr/>
Total operating expenses	2,478,999	1,287,470
Operating loss	<hr/>	<hr/>
	(2,469,186)	(227,790)
Nonoperating Revenues		
Federal sources	1,893,406	-
State sources	266,674	145,924
Earnings on investments	235	3,054
	<hr/>	<hr/>
Total nonoperating revenues	2,160,315	148,978
Net loss before transfers	<hr/>	<hr/>
	(308,871)	(78,812)
Transfers		
	<hr/>	<hr/>
Changes in net position	21,486	-
	<hr/>	<hr/>
Net Position, Beginning	(287,385)	(78,812)
	<hr/>	<hr/>
Net Position, Beginning	(1,822,100)	(2,260,017)
	<hr/>	<hr/>
Net Position, Ending	\$ (2,109,485)	\$ (2,338,829)
	<hr/>	<hr/>

See notes to financial statements

Williamsport Area School District

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2021

	Business-Type Activity	Governmental Activities
	Food Service	Internal Service
Cash Flows From Operating Activities		
Cash received from users	\$ 131,799	\$ 1,022,729
Cash payments to employees for services	(1,307,486)	(1,027,271)
Cash paid to suppliers for goods and services	(1,135,120)	(236,475)
Internal activity, payments to other funds	564	-
Taxes collected on behalf of other governments	-	39,361,791
Taxes remitted/refunds paid to other governments/taxpayers	-	(44,187,886)
	<u>(2,310,243)</u>	<u>(5,067,112)</u>
Net cash used in operating activities		
Cash Flows From Noncapital Financing Activities		
Federal sources	1,817,960	-
State sources	259,082	145,924
Operating transfers	21,486	-
	<u>2,098,528</u>	<u>145,924</u>
Net cash provided by noncapital financing activities		
Cash Flows Used in Capital and Related Financing Activities		
Purchase of capital assets	(14,600)	-
Cash Flows From Investing Activities		
Sales (purchases) of investments	707,736	(1,167)
Earnings on investments	235	3,054
	<u>707,971</u>	<u>1,887</u>
Net cash provided by investing activities		
Increase (decrease) in cash and cash equivalents		
	481,656	(4,919,301)
Cash and Cash Equivalents, Beginning		
	48,694	9,030,024
Cash and Cash Equivalents, Ending		
	<u>\$ 530,350</u>	<u>\$ 4,110,723</u>
Supplemental Disclosure of Noncash Transactions		
USDA donated commodities	<u>\$ 143,343</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (2,469,186)	\$ (227,790)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	44,186	3,836
Change in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
Receivables, net	167,549	(61,184)
Due to other funds, net	6,596	24,233
Inventories	69,381	-
Deferred outflow of resources	(71,809)	(190,344)
Accounts payable	(20,004)	(18,708)
Accrued expenses	2,664	(3,611)
Due to other governments	(51,595)	-
Undistributed taxes	-	(1,252,547)
Unallocated taxes	-	(3,573,548)
Other current liabilities	31,094	-
Net pension liability	89,342	59,305
Other postemployment benefits (OPEB)	21,858	125,072
Deferred inflow of resources	(130,319)	48,174
	<u>(2,310,243)</u>	<u>(5,067,112)</u>
Net cash used in operating activities		

See notes to financial statements

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

1. Nature of Operations and Summary of Significant Accounting Policies

The financial statements of the Williamsport Area School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described 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 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, 2021. During the year ended June 30, 2021, the Foundation distributed approximately \$92,000 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, 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, 2021

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

Notes to Financial Statements
June 30, 2021

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 governments. Operating revenues consist mainly of subsidies provided by participating governments. 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.

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.

Williamsport Area School District

Notes to Financial Statements

June 30, 2021

- 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.

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.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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.

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

Notes to Financial Statements

June 30, 2021

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, 5 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 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, 2021

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 GAAP 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, 2021

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, 2021. The District made payments for health care benefit claims approximating \$8,918,000 to the Trust during the fiscal year ended June 30, 2021. 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 permits 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, 2021, 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.

Investments, Primary Government

The following table provides a summary, by fund, of the District's investments at June 30, 2021:

Investments	General Fund	Capital Projects	Food Service	Debt Service	EIT Fund	Total
U.S. Treasury Bonds	\$ -	\$ -	\$ -	\$ 23,628,680	\$ -	\$ 23,628,680
PLGIT Certificates of Deposit	500,000	-	-	-	-	500,000
PLGIT Money Market	15,534,246	7,404,752	134,972	-	1,967,407	25,041,377
PSDLAF	5,843,694	-	-	-	-	5,843,694
Total	<u>\$ 21,877,940</u>	<u>\$ 7,404,752</u>	<u>\$ 134,972</u>	<u>\$ 23,628,680</u>	<u>\$ 1,967,407</u>	<u>\$ 55,013,751</u>

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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, 2021:

- U.S. Treasury securities totaling \$23,628,680 are valued at fair value based upon quoted prices for similar securities. (Level 2).

Williamsport Area School District

Notes to Financial Statements

June 30, 2021

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, 2021, the carrying amount and bank balance of the District's deposits with PLGIT was \$25,541,377 and \$25,695,359, 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, 2021, the carrying amount and bank balance of the District's deposits with PSDLAF was \$5,843,694.

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.

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

Deposits

Custodial Credit Risk - 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, 2021, the carrying amount of the District's deposits with local financial institutions was \$14,922,407 and the bank balance was \$15,118,790. Of the bank balance, \$14,804,370 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, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PLGIT	N/A	\$ 25,041,377
Certificates of deposit	Average of less than 1 year	500,000
U.S. treasury securities	Average of 7 years	23,628,680
PSDLAF	N/A	5,843,694

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

Credit Ratings

The District's investments had the following credit ratings:

Investment	Maturities	Percentage
PLGIT	AAAm	43.0 %
Certificates of deposit	N/A	0.9
U.S. treasury securities	N/A	45.5
PSDLAF	N/A	10.6

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, 2021, 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.

Component Unit

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

Equity based mutual funds	\$ 1,142,886
Fixed income based mutual funds	823,110
Alternative mutual funds	135,107
U.S. government bonds and notes	67,260
Corporate bonds	46,570
Total	<u>\$ 2,214,933</u>

The Foundation carries its investments at fair value. Mutual funds totaling \$2,101,103 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 \$113,830 are carried at fair value based upon quoted prices for similar securities (Level 2). For the year ended June 30, 2021, unrestricted investment gain totaled \$424,341, including interest and dividends of \$44,469 and net realized and unrealized securities gain of \$379,872.

4. Property Taxes

The District's tax rate for the year ended June 30, 2021 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

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

Estimated collectible delinquent real estate taxes at June 30, 2021 were as follows:

<u>Outstanding Balance</u>	<u>Estimated Uncollectible</u>	<u>Estimated Collectible</u>
\$ 2,016,276	\$ 206,159	\$ 1,810,117

Taxes receivable, net, on the statement of net position also includes \$1,017,121 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 (LERTA) and the Clean and Green Program.

The 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 ten 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, 2021, is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During Fiscal 2021</u>
LERTA Program	\$ 50,288
Clean and Green Program	312,927
Total	<u>\$ 363,215</u>

5. Due From Other Governments

Due from other governments at June 30, 2021 is summarized below:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ 1,495,684	\$ 4,270,977	\$ 304,079	\$ 6,070,740
Food Service	83,038	9,050	-	92,088
Internal Service Fund	-	9,771	-	9,771
Total	<u>\$ 1,578,722</u>	<u>\$ 4,289,798</u>	<u>\$ 304,079</u>	<u>\$ 6,172,599</u>

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

The amount due from local governments consists of IDEA revenues (federal funding passed through the local intermediate unit) earned during fiscal 2021 that had yet to be provided to the District at June 30, 2021 (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, 2021, 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.

6. Capital Assets

The changes in the District's capital assets in 2021 are summarized as follows:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance, June 30, 2021</u>
Governmental Activities					
Capital assets not being depreciated:					
Construction in process	\$ 146,250	\$ 293,252	\$ -	\$ (146,250)	\$ 293,252
Land	462,037	-	-	-	462,037
Total nondepreciable assets	<u>608,287</u>	<u>293,252</u>	<u>-</u>	<u>(146,250)</u>	<u>755,289</u>
Land improvements	11,194,390	-	-	-	11,194,390
Buildings and improvements	150,455,468	294,534	-	146,250	150,896,252
Furniture and equipment	33,287,913	3,462,724	(723,845)	-	36,026,792
Total depreciable capital assets	194,937,771	3,757,258	(723,845)	146,250	198,117,434
Less accumulated depreciation	<u>(98,083,695)</u>	<u>(5,571,281)</u>	<u>701,225</u>	<u>-</u>	<u>(102,953,751)</u>
Total depreciable capital assets, net	<u>96,854,076</u>	<u>(1,814,023)</u>	<u>(22,620)</u>	<u>146,250</u>	<u>95,163,683</u>
Governmental activities capital assets, net	<u>\$ 97,462,363</u>	<u>\$ (1,520,771)</u>	<u>\$ (22,620)</u>	<u>\$ -</u>	<u>\$ 95,918,972</u>
	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance, June 30, 2021</u>
Business-Type Activity					
Furniture and equipment	\$ 2,274,440	\$ 14,600	\$ -	\$ -	\$ 2,289,040
Less accumulated depreciation	<u>(1,875,631)</u>	<u>(44,186)</u>	<u>-</u>	<u>-</u>	<u>(1,919,817)</u>
Capital assets, net	<u>\$ 398,809</u>	<u>\$ (29,586)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,223</u>

The District had active construction projects as of June 30, 2021. Outstanding construction commitments on these projects amounted to approximately \$110,500 (which includes retainage payable of \$20,659) at June 30, 2021.

Williamsport Area School District

Notes to Financial Statements

June 30, 2021

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.

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 \$17,525,000 through June 30, 2021.

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 \$4,560,000 through June 30, 2021.

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.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

The changes in long-term debt during fiscal 2021, by debt instrument, are as follows:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2021</u>	<u>Current Portion June 30, 2021</u>
Series A of 2005 GON	\$ 400,000	\$ -	\$ 100,000	\$ 300,000	\$ 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	765,000	-	380,000	385,000	385,000
Series of 2017 GOB	6,130,000	-	40,000	6,090,000	40,000
Series of 2019 GOB	9,195,000	-	5,000	9,190,000	5,000
Subtotal	84,959,000	-	525,000	84,434,000	530,000
Plus unamortized bond premium	743,043	-	47,086	695,957	-
Total	<u>\$ 85,702,043</u>	<u>\$ -</u>	<u>\$ 572,086</u>	<u>\$ 85,129,957</u>	<u>\$ 530,000</u>

Total interest expense paid on these Bonds and Notes in 2021 was \$3,998,147. No interest was capitalized in 2021.

Debt service to maturity on the General Obligation Bonds and Notes at June 30, 2021 is summarized as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Sinking Fund Activity</u>	<u>Total Cash Requirements</u>
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	480,000	3,937,894	4,417,894	5,105,000	9,522,894
2027 - 2031	72,399,000	11,068,449	83,467,449	(10,391,000)	73,076,449
2032 - 2036	9,450,000	1,007,300	10,457,300	(35,719,000)	(25,261,700)
Subtotal	84,434,000	31,890,557	116,324,557	(22,085,000)	94,239,557
Sinking funds on deposit prior to June 30, 2021	-	-	-	22,085,000	22,085,000
Total	<u>\$ 84,434,000</u>	<u>\$ 31,890,557</u>	<u>\$ 116,324,557</u>	<u>\$ -</u>	<u>\$ 116,324,557</u>

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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, 2021, 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, 2021, as related to the District's governmental and business-type activities:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance, June 30, 2021</u>
Capital leases, various	\$ 227,324	\$ -	\$ (74,596)	\$ 152,728
Years ending June 30:				
2022			\$ 55,952	
2023			55,952	
2024			29,005	
2025			<u>11,819</u>	
Total minimum lease payments			152,728	
Current portion			<u>55,952</u>	
Long-term portion			<u>\$ 96,776</u>	

9. Compensated Absences

Changes in the District's compensated absences in 2021, including early retirement incentives for the District's governmental activities and business-type activities, are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance, July 1, 2020	\$ 494,927	\$ 21,132
Increase	12,172	-
Decrease	<u>(177,515)</u>	<u>(14,815)</u>
Balance, June 30, 2021	<u>\$ 329,584</u>	<u>\$ 6,317</u>

10. Accrued Salaries and Benefits

General Fund accrued salaries and benefits in the amount of \$13,409,148 is comprised of the following: accrued salaries of \$6,220,990, accrued healthcare costs of \$846,739, the District's share of Social Security taxes of \$460,707, retirement plan expense of \$2,146,289, other accrued employee benefits of \$113,116 and the employees share of payroll deductions of \$3,621,307. These liabilities relate primarily to teachers' services rendered during the 2020-2021 school term, which were paid during July and August 2021. In addition, the District's governmental activities includes \$51,848 in accrued salaries and benefits related to the District's internal service fund.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	109
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>584</u>
Total	<u><u>693</u></u>

Total OPEB Liability

The District's total OPEB liability as of June 30, 2021 was \$20,112,965, which was measured as of July 1, 2020, and was determined by an actuarial valuation as of that date.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

Actuarial Assumptions and Other Inputs

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

Interest rate	1.86%
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	1.86%
Healthcare cost trend rates	5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the society of Actuaries Long-Run Medical Cost Trend Model
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, 2020.

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.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, July 1, 2020	\$ 19,752,524
Changes for the year:	
Service cost	972,961
Interest	672,498
Changes in benefit terms	-
Differences between expected and actual experience	(1,947,085)
Changes of assumptions	1,973,999
Benefit payments	<u>(1,311,932)</u>
Net changes	<u>360,441</u>
Balance, June 30, 2021	<u>\$ 20,112,965</u>

Changes in assumptions or other inputs reflect a change in the discount rate from 3.36 percent in 2019 to 1.86 percent in 2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study (census information) as of January 2021.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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 (0.86 percent) or 1-percentage-point higher (2.86 percent) than the current discount rate:

	<u>1% Decrease (.86%)</u>	<u>Discount Rate (1.86%)</u>	<u>1% Increase (2.86%)</u>
Total OPEB Liability	\$ 21,440,501	\$ 20,112,965	\$ 18,839,221

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 18,019,244	\$ 20,112,965	\$ 22,587,852

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,817,573. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion between Governmental and Business-Type Activities	\$ 82,610	\$ 82,610
Difference between expected and actual experience	1,173,225	1,770,077
Changes of assumptions	2,271,175	399,682
Benefit payments subsequent to the measurement date	1,125,919	-
Total	<u>\$ 4,652,929</u>	<u>\$ 2,252,369</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:	
2022	\$ 172,114
2023	172,114
2024	172,114
2025	172,114
2026	172,114
Thereafter	414,071
Total	<u>\$ 1,274,641</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, 2020, 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.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82 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 \$329,373 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$6,156,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.2849 percent, which was a decrease of 0.0031 percent from its proportion measured as of June 30, 2020.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

For the year ended June 30, 2021, the District recognized OPEB expense of \$264,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion between Governmental and Business-Type Activities	\$ 10,930	\$ 10,930
Difference between expected and actual experience	57,000	-
Changes of assumptions	251,000	135,000
Net difference between projected and actual earnings on pension plan investments	11,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	214,000
Benefit payments subsequent to the measurement date	329,373	-
Total	\$ 659,303	\$ 359,930

\$329,373 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2022	\$ (29,000)
2023	(30,000)
2024	(32,000)
2025	23,000
2026	27,000
Thereafter	11,000
Total	\$ (30,000)

Actuarial Assumptions

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

- Actuarial cost method, Entry Age Normal, level percent of pay
- Investment return 2.79 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

Williamsport Area School District

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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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020
- Cost method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset valuation method: Market value
- Participation rate: 63 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.

OPEB, Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3 %	(1.0) %
U.S. Core fixed income	46.5	(0.1)
Non U.S. developed fixed	3.2	(0.1)
	<u>100.0 %</u>	

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, 2020.

Discount Rate

The discount rate used to measure the Total OPEB liability was 2.66 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 2.66 percent which represents the S&P 20 Year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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

The following presents PSERS' net OPEB liability for June 30, 2020 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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
PSERS Net OPEB Liability	\$ 6,155,000	\$ 6,156,000	\$ 6,156,000

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66 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 (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current rate:

	<u>1% Decrease 1.66%</u>	<u>Current 2.66%</u>	<u>1% Increase 3.66%</u>
District's proportionate share of the net OPEB liability	\$ 7,019,000	\$ 6,156,000	\$ 5,441,000

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.

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, 2021, there were two participants covered under COBRA.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

13. Retirement Plan

As of June 30, 2021, the District reported the following amounts in the accompanying financial statements related to its participation in PSERS:

	Governmental Activities	Business-Type Activity	Total
Deferred outflow of resources	\$ 19,822,688	\$ 403,255	\$ 20,225,943
Net pension liability	136,835,646	3,003,354	139,839,000
Deferred inflow of resources	6,364,967	328,906	6,693,873

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.

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.

Williamsport Area School District

Notes to Financial Statements

June 30, 2021

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.

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.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 33.69 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 \$13,460,070 for the year ended June 30, 2021.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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

At June 30, 2021, the District reported a liability of \$139,839,000 for the proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .2840 percent, which was a decrease from its proportion measured as of June 30, 2020 of .0040 percent.

For the year ended June 30, 2021, the District recognized pension expense of approximately \$12,627,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion between Governmental and Business-Type Activities	\$ 253,873	\$ 253,873
Difference between expected and actual experience	366,000	3,352,000
Net difference between projected and actual earnings on pension plan investments	6,146,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	3,088,000
District contributions subsequent to the measurement date	<u>13,460,070</u>	<u>-</u>
Total	<u>\$ 20,225,943</u>	<u>\$ 6,693,873</u>

\$13,460,070 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2022	\$ (2,701,000)
2023	(394,000)
2024	1,341,000
2025	<u>1,826,000</u>
Total	<u>\$ 72,000</u>

Williamsport Area School District

Notes to Financial Statements

June 30, 2021

Actuarial Assumptions

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

- Actuarial cost method, Entry Age Normal, level percent of pay.
- Investment return, 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, 2020 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	15.0 %	5.2 %
Private equity	15.0	7.2
Fixed income	36.0	1.1
Commodities	8.0	1.8
Absolute return	10.0	2.5
Risk parity	8.0	3.3
Infrastructure/MLPs	6.0	5.7
Real estate	10.0	5.5
Cash	6.0	(1.0)
Financing (LIBOR)	(14.0)	(0.7)
	<u>100.0 %</u>	

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, 2020.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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	\$ 173,010,000	\$ 139,839,000	\$ 111,738,000

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.

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	\$ 68,489	\$ 47
Food Service Fund	24	1,231
Internal Service Fund	24	67,259
Total	<u>\$ 68,537</u>	<u>\$ 68,537</u>

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

The following summarizes the interfund transfers in 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Capital Projects Fund	\$ -	\$ 656,536
Debt Service Fund	-	8,361,665
Food Service Fund	-	21,486
Student Activities Fund	-	956
Capital Projects Fund:		
General Fund	656,536	
Food Service Fund:		
General Fund	21,486	-
Debt Service Fund:		
General Fund	8,361,665	-
Student Activities Fund:		
General Fund	956	-
Total	<u>\$ 9,040,643</u>	<u>\$ 9,040,643</u>

The General Fund transferred \$8,361,665 to the Debt Service Fund to cover required debt service payments.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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 Activity (Nonmajor)</u>	<u>Total</u>
Nonspendable for:					
Inventories	\$ 317,984	\$ -	\$ -	\$ -	\$ 317,984
Prepaid expenses	1,143	-	-	-	1,143
Total	<u>\$ 319,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,127</u>
Restricted for:					
Capital projects and other	<u>\$ 108,982</u>	<u>\$ 7,298,826</u>	<u>\$ 23,629,517</u>	<u>\$ 69,443</u>	<u>\$ 31,106,768</u>
Committed for:					
Capital projects	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Future PSERS rate increases	5,380,184	-	-	-	5,380,184
Total	<u>\$ 5,405,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,405,184</u>
Assigned for:					
Athletic facility	\$ 500,000	-	-	-	\$ 500,000
Capital projects	5,000,000	-	-	-	5,000,000
COVID pandemic	2,000,000	-	-	-	2,000,000
Encumbrances	100,000	-	-	-	100,000
Health insurance	500,000	-	-	-	500,000
OPEB costs	500,000	-	-	-	500,000
Technology	203,937	-	-	-	203,937
Total	<u>\$ 8,803,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,803,937</u>

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.

Williamsport Area School District

Notes to Financial Statements
June 30, 2021

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 2021 totaled \$194,939.

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.

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

The (GASB) has approved the following:

Statement No. 87, *Leases*

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

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*

Statement No. 98, *The Annual Comprehensive Financial Report*

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.

Williamsport Area School District

Schedule of the District's Proportionate Share of the Net Pension Liability
 Year Ended June 30, 2021
 (Unaudited)

	<u>2021</u>	<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	0.2840%	0.2880%	0.2894%	0.2981%	0.3015%	0.2983%	0.3000%
District's proportionate share of the net pension liability	\$ 139,839,000	\$ 134,734,000	\$ 138,926,000	\$ 147,227,000	\$ 149,414,000	\$ 129,209,000	\$ 118,742,000
District's covered-employee payroll	\$ 39,993,760	\$ 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	349.65%	339.25%	356.49%	370.94%	382.64%	336.65%	318.11%
PSERS plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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 Pension Contributions

Year Ended June 30, 2021

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 13,460,070	\$ 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>(13,460,070)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 39,993,760	\$ 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	33.66%	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 PSERS OPEB Liability

Year Ended June 30, 2021

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability	0.2849%	0.2880%	0.2894%	0.2981%	0.3015%
District's proportionate share of the OPEB liability	\$ 6,156,000	\$ 6,125,000	\$ 6,034,000	\$ 6,074,000	\$ 6,494,000
District's covered-employee payroll	\$ 39,993,760	\$ 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	15.39%	15.42%	15.48%	15.30%	16.63%
PSERS OPEB plan net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

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 PSERS OPEB Contributions

Year Ended June 30, 2021

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 329,373	\$ 333,607	\$ 323,454	\$ 329,429	\$ 324,099
Contributions in relation to the contractually required contribution	<u>(329,373)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 39,993,760	\$ 39,715,158	\$ 38,970,392	\$ 39,690,189	\$ 39,048,071
Contributions as a percentage of covered-employee payroll	0.82%	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 - District Plan

Year Ended June 30, 2021

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 972,961	\$ 981,516	\$ 875,671	\$ 848,701
Interest cost	672,498	603,190	575,452	442,957
Changes of benefit terms	-	-	1,386	-
Differences between expected and actual experience	(1,947,085)	-	1,613,184	-
Changes in assumptions	1,973,999	(488,499)	51,356	690,301
Benefit payments, including refunds of member contributions	<u>(1,311,932)</u>	<u>(1,316,685)</u>	<u>(1,425,771)</u>	<u>(1,398,582)</u>
Net change in total OPEB liability	360,441	(220,478)	1,691,278	583,377
Total OPEB Liability, Beginning	<u>19,752,524</u>	<u>19,973,002</u>	<u>18,281,724</u>	<u>17,698,347</u>
Total OPEB Liability, Ending	<u>\$ 20,112,965</u>	<u>\$ 19,752,524</u>	<u>\$ 19,973,002</u>	<u>\$ 18,281,724</u>
Covered-Employee Payroll	<u>\$ 37,497,317</u>	<u>\$ 36,410,882</u>	<u>\$ 36,410,882</u>	<u>\$ 36,184,850</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	<u>53.64%</u>	<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.

**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williamsport, Pennsylvania
December 15, 2021

Independent Auditors' Report on Compliance for Each 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 Each 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 each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2021.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

Williamsport, Pennsylvania
January XX, 2022

Williamsport Area School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Grantor/Program Title	Assistance Listing Number	Pass-Through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2020	Revenue Recognized	Total Federal Expenditures	Adjustments	Accrued (Deferred) Revenue 6/30/2021	Passed Through to Subrecipients
U.S. Department of Education:											
Passed through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	84.010	013-21-0487	7/1/20-9/30/21	\$ 2,405,167	\$ 1,971,428	\$ -	\$ 1,592,829	\$ 1,592,829	\$ -	\$ (378,599)	\$ -
Title I Grants to Local Educational Agencies	84.010	013-20-0487	7/1/19-9/30/20	2,490,431	830,025	144,088	685,937	685,937	-	-	-
Improving Teacher Quality State Grants	84.367	020-21-0487	7/1/20-9/30/21	278,773	227,678	-	210,917	210,917	-	(16,761)	-
Improving Teacher Quality State Grants	84.367	020-20-0487	7/1/19-9/30/20	281,727	132,785	24,134	108,651	108,651	-	-	-
Title IV - Student Support and Academic Enrichment	84.424	144-21-0487	7/1/20-9/30/21	186,047	111,628	-	132,302	132,302	-	20,674	-
Title IV - Student Support and Academic Enrichment	84.424	144-20-0487	7/1/19-9/30/20	186,902	87,221	(15,514)	102,735	102,735	-	-	-
Career and Technical Education - Basic Grants to State	84.048	380-21-0085	8/18/20-6/30/21	136,403	136,403	-	136,403	136,403	-	-	-
Education Stabilization Funds:											
COVID 19 Elementary and Secondary School Emergency Relief Fund - ESSER II	84.425D	200-21-0487	3/13/20-9/30/23	8,743,995	-	-	1,221,054	1,221,054	-	1,221,054	-
COVID 19 Elementary and Secondary School Emergency Relief Fund	84.425D	200-20-0487	3/13/20-9/30/22	2,014,910	1,908,862	673,340	1,015,428	1,015,428	-	(220,094)	-
COVID 19 American Rescue Plan - ARP - ESSER III	84.425U	223-21-0487	3/13/20-9/30/24	17,686,571	-	-	41,510	41,510	-	41,510	-
Continuity of Education Equity Grant - GEER	84.425C	253-20-0487	3/13/20-9/30/21	167,750	-	-	167,750	167,750	-	167,750	-
Passed through the Pennsylvania Commission on Crime and Delinquency											
COVID 19 School Health & Safety Grant - #2	84.425D	ES-01-35105	3/1/20-9/30/22	143,676	1,184	-	1,184	1,184	-	-	-
Sub-total, Education Stabilization Fund				28,756,902	1,910,046	673,340	2,446,926	2,446,926	-	1,210,220	-
Passed through the Pennsylvania Department of Education:											
COVID 19 Governor's Emergency Education Relief Fund - Special Education	84.027	252-20-0487	3/13/20-9/30/21	8,778	2,926	-	7,388	7,388	-	4,462	-
Passed through Lancaster/Lebanon Intermediate Unit 13 :											
Special Education Cluster (IDEA):											
Special Education Grants to States	84.027	062-21-0-033	7/1/20-6/30/21	4,500	4,500	-	4,500	4,500	-	-	-
Passed through BLAST Intermediate Unit #17:											
Special Education Cluster (IDEA):											
Special Education Grants to States	84.027	062-21-0-017	7/1/20-9/30/21	859,208	663,213	-	859,208	859,208	(7,531)	188,464	-
Special Education Grants to States	84.027	062-20-0-017	7/1/19-9/30/20	836,832	135,261	135,261	-	-	-	-	-
Special Education Grants to States	84.173	131-20-0-017	7/1/20-6/30/21	9,048	-	-	9,048	9,048	-	9,048	-
Special Education Grants to States	84.173	131-19-0-017	7/1/19-6/30/20	11,490	11,490	11,490	-	-	-	-	-
Sub-total, Special Education Cluster (IDEA)					817,390	146,751	880,144	880,144	(7,531)	201,974	-
Total U.S. Department Of Education					6,224,604	972,799	6,296,844	6,296,844	(7,531)	1,037,508	-
U.S. Department Of Labor											
Passed through the Central Pennsylvania Workforce Development Corporation											
Teacher in the Workplace:											
Future Ready in Williamsport PA	17.259		07/1/19-12/31/20	26,020	13,260	13,260	-	-	-	-	-
Total U.S. Department Of Labor					13,260	13,260	-	-	-	-	-

See notes to schedule of expenditures of federal awards

Williamsport Area School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Grantor/Program Title	Assistance Listing Number	Pass-Through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2020	Revenue Recognized	Total Federal Expenditures	Adjustments	Accrued (Deferred) Revenue 6/30/2021	Passed Through to Subrecipients
U.S. Department of Treasury											
Passed through the Lycoming County Commissioners COVID 19 School Health & Safety Grant	21.019	C00003983		\$ 966,400	\$ 966,400	\$ -	\$ 966,400	\$ 966,400	\$ -	\$ -	\$ -
Passed through the Pennsylvania Commission on Crime and Delinquency COVID 19 School Health & Safety Grant	21.019	CS-01-33901	3/1/20-10/30/20	309,454	309,454	14,248	295,206	295,206	-	-	-
Total U.S. Department of Treasury					1,275,854	14,248	1,261,606	1,261,606	-	-	-
U.S. Department of Health And Human Services											
Passed through the Pennsylvania Department of Public Welfare: Medical Assistance Program/Medicaid Cluster	93.778	184344	7/1/20-6/30/21	N/A	18,564	-	58,797	58,797	-	40,233	-
Medical Assistance Program/Medicaid Cluster	93.778	184344	7/1/19-6/30/20	N/A	59,699	59,699	-	-	-	-	-
Total U.S. Department of Health And Human Services					78,263	59,699	58,797	58,797	-	40,233	-
U.S. Department of Agriculture:											
Passed through the Pennsylvania Department of Education: Child Nutrition Cluster											
National School Lunch Program	10.555	362	7/1/20-6/30/21	N/A	1,176,973	-	1,234,778	1,234,778	-	57,805	-
National School Lunch Program	10.555	362	7/1/19-6/30/20	N/A	4,662	4,662	-	-	-	-	-
School Breakfast Program	10.553	365	7/1/20-6/30/21	N/A	438,456	-	463,689	463,689	-	25,233	-
School Breakfast Program	10.553	365	7/1/19-6/30/20	N/A	2,930	2,930	-	-	-	-	-
Passed through the Pennsylvania Department of Agriculture: National School Lunch Program (Donated Commodities)											
	10.555	N/A	7/1/20-6/30/21	N/A	143,343 (a)	(80,875) (b)	194,939	194,939 (c)	-	(29,279) (d)	-
Sub-total, Child Nutrition Cluster					1,766,364	(73,283)	1,893,406	1,893,406	-	53,759	-
Total U.S. Department of Agriculture					1,766,364	(73,283)	1,893,406	1,893,406	-	53,759	-
Total Federal Awards					\$ 9,358,345	\$ 986,723	\$ 9,510,653	\$ 9,510,653	\$ (7,531)	\$ 1,131,500	\$ -

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

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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, 2021. 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 basis (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, if any, 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, 2021

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 programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary of Prior Year Audit Findings

None.