

West Branch Area School District

Financial Statements and
Supplementary Information

June 30, 2021

West Branch Area School District

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Independent Auditors' Report

To the Board of Directors of
West Branch Area School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the major fund and the aggregate remaining fund information of West Branch 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 activity, the major fund and the aggregate remaining fund information of West Branch Area School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our opinions are not modified with respect to this matter.

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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 General Fund - schedule of revenues, expenditures and change in fund balance (pages 58-59); the combining nonmajor governmental funds financial statements (pages 60-61); and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) (page 62), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The General Fund - schedule of revenues, expenditures and change in fund balance and the schedule of expenditures of federal awards have 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 General Fund - schedule of revenues, expenditures and change in fund balance and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining nonmajor governmental funds financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Baker Tilly US, LLP

State College, Pennsylvania
January 6, 2022



Erick L. Johnston
Business Manager
516 Allport Cutoff
Morrisdale PA, 16858
ph: 814.345.5615 x4850 fx: 814.345.5220
www.westbranch.org

Michelle Dutrow, Superintendent

Management Discussion and Analysis (Unaudited)

June 30, 2021

The discussion and analysis of the financial performance of West Branch Area School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion is to review the financial statements and accompanying notes to the financial statements to enhance the reader's understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Total net position (deficit) of the District at the close of the most recent fiscal year was \$(9,657,515). The capital projects fund restricted fund balance in the amount of \$19,577 remains from the costs of short-term improvements to the District's facilities.

The District's total net position increased by \$1,104,345. Net position of governmental activities increased by \$999,804 while net position of the business-type activity increased \$104,541.

As of the close of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$8,026,393, an increase of \$186,933 from the prior year. \$4,192,234 of this amount is available for spending at the District's discretion (General Fund Unassigned Fund Balance) while \$19,577 of this amount must be used for capital projects in accordance with Section 1432 of the Municipal Code. The District has also restricted 39,664 for student activities and scholarships. The District has committed \$3,448,862 of the General Fund Balance for future costs of contributions to the Public School Employees' Retirement System (PSERS) and for future capital projects. The District has assigned \$59,341 for athletics, band uniforms and future capital projects. The District has \$266,715 of restricted funds related to a special education compensatory fund, and for future dental insurance costs.

At the end of the fiscal year, the unassigned fund balance for the General Fund was \$4,192,234, or 23 percent of the 2020-2021 total budgeted General Fund expenditures.

Overview of the Financial Statements

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements, the statement of net position (deficit) and the statement of activities. These provide both long-term and short-term information about the District's overall financial status.

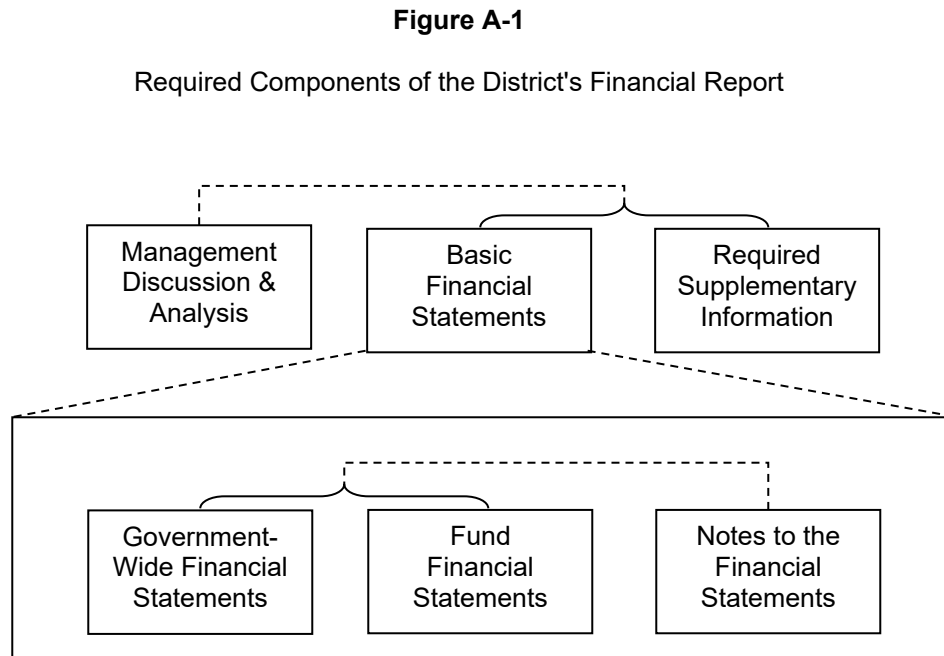
West Branch Area School District

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide financial statements. The governmental fund statements tell how general District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities the District operates similar to business in the private sector, which for the District is the Food Service Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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



West Branch 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 the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of the District's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as education, administration and student activities	The activities the District operates similar to private business - Food Services
Required Financial Statements	Statement of Net Position (Deficit), Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Balance Sheet, Statement of Revenues, Expenses and Change 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, capital assets, deferred outflows of resources, liabilities, deferred inflows of resources, capital leases, and short & long-term notes	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term debt included	All assets, capital assets, liabilities, capital leases, and short & long-term notes
Type of Inflow - Outflow Information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenue for which cash is received during or 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 the year; regardless of when cash is received or paid

West Branch Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Government-Wide Statements

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

The two government-wide statements report the District's net position (deficit) and how it has changed. Net position (deficit), the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position (deficit) are indications of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional nonfinancial factors, such as changes to 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 student activities. Property taxes and state and federal subsidies as well as grants finance most of these activities.

Business-Type Activities - The District operates a food service program and charges fees to staff, students and visitors to help cover the costs of 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 law and by bond issue requirements.

Governmental Funds - Most of the District's activities are reported in the 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 governments activities (reported in the statement of net position (deficit) 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's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in the financial position and a significant portion of funding is received 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 activity we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

West Branch Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Government-Wide Financial Analysis

The District's Total Net Position (Deficit) was **negative \$9,657,515** at June 30, 2021 as compared to **negative \$10,761,860** at June 30, 2020. Table A-1 provides a condensed comparison of the years.

The District does not operate its own pension plan, but is a mandatory participant in the Public School Employees' Retirement System (PSERS). Each year PSERS calculates its own Net Pension Liability and assigns a portion of this Net Pension Liability to the participating employers.

Of the District's \$9,657,515 in net position (deficit), \$8,073,370 is invested in capital assets (buildings, land, land improvements and equipment, net of related debt). The remaining net position (deficit) is a combination of restricted and unrestricted amounts. The District has the following balances as of June 30, 2021: \$325,956 is restricted for the Capital Projects, Dental Care and Compensatory Fund. The remaining negative \$18,056,841 is unrestricted.

Table A-1
Net Position (Deficit) (Government-Wide)
Fiscal Year Ended June 30

	2021			2020		
	Governmental Activities	Business-Type Activity	Total	Governmental Activities	Business-Type Activity	Total
Assets						
Current and other assets	\$ 11,529,981	\$ 165,120	\$ 11,695,101	\$ 11,012,571	\$ 126,065	\$ 11,138,636
Noncurrent assets	14,799,220	184,574	14,983,794	13,722,410	194,967	13,917,377
Total assets	26,329,201	349,694	26,678,895	24,734,981	321,032	25,056,013
Deferred Outflows	4,481,002	17,918	4,498,920	3,554,337	28,733	3,583,070
Total assets and deferred outflows	<u>\$ 30,810,203</u>	<u>\$ 367,612</u>	<u>\$ 31,177,815</u>	<u>\$ 28,289,318</u>	<u>\$ 349,765</u>	<u>\$ 28,639,083</u>
Liabilities						
Current liabilities	\$ 2,892,917	\$ 37,470	\$ 2,930,387	\$ 2,653,630	\$ 46,381	\$ 2,700,011
Long-term liabilities:						
Due within one year	1,061,212	-	1,061,212	976,448	-	976,448
Due after one year	35,695,610	106,661	35,802,271	34,376,650	181,658	34,558,308
Total liabilities	39,649,739	144,131	39,793,870	38,006,728	228,039	38,234,767
Deferred Inflows	1,036,610	4,850	1,041,460	1,206,236	7,636	1,213,872
Net Position (Deficit)						
Net investment in capital assets	7,888,796	184,574	8,073,370	6,520,538	194,967	6,715,505
Restricted	325,956	-	325,956	292,283	-	292,283
Unrestricted (deficit)	(18,090,898)	34,057	(18,056,841)	(17,736,467)	(80,877)	(17,817,344)
Total net position (deficit)	<u>(9,876,146)</u>	<u>218,631</u>	<u>(9,657,515)</u>	<u>(10,923,646)</u>	<u>114,090</u>	<u>(10,809,556)</u>
Total liabilities, deferred inflows and net position (deficit)	<u>\$ 30,810,203</u>	<u>\$ 367,612</u>	<u>\$ 31,177,815</u>	<u>\$ 28,289,318</u>	<u>\$ 349,765</u>	<u>\$ 28,639,083</u>

West Branch Area School District

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

The results of this year's operations as a whole are reported in the statement of activities. 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 Commonwealth of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from the statement of activities and rearranges it slightly so you can see the total revenues for the year.

Table A-2
Statement of Activities (Government-Wide)
Fiscal Year Ended June 30

	2021			2020		
	Governmental Activities	Business-Type Activity	Total	Governmental Activities	Business-Type Activity	Total
Revenues						
Program revenues:						
Charges for services	\$ -	\$ 68,367	\$ 68,367	\$ 32,065	\$ 246,965	\$ 279,030
Operating grants and contributions	7,100,281	560,924	7,661,205	5,874,624	539,274	6,413,898
General revenues:						
General taxes	5,143,976	-	5,143,976	5,074,295	-	5,074,295
Grants, subsidies and contributions, unrestricted	7,553,042	-	7,553,042	7,552,715	-	7,552,715
Other	84,933	62	84,995	158,393	176	158,569
Total revenues	19,882,232	629,353	20,511,585	18,692,092	786,415	19,478,507
Expenses						
Instruction	11,706,743	-	11,706,743	11,684,369	-	11,684,369
Instructional student support	1,468,654	-	1,468,654	1,487,470	-	1,487,470
Administration and financial support	1,667,174	-	1,667,174	1,406,726	-	1,406,726
Operation and maintenance of plant	2,382,292	-	2,382,292	1,963,109	-	1,963,109
Pupil transportation	923,623	-	923,623	933,070	-	933,070
Student activities	472,366	-	472,366	444,107	-	444,107
Interest of long-term debt	261,576	-	261,576	226,722	-	226,722
Food services	-	524,812	524,812	-	784,531	784,531
Total expenses	18,882,428	524,812	19,407,240	18,145,573	784,531	18,930,104
Increase (decrease) in net position	\$ 999,804	\$ 104,541	\$ 1,104,345	\$ 546,519	\$ 1,884	\$ 548,403

Operating grants increased in the current year \$1,247,307 compared to the prior year. This was due to the additional federal funds from the various stimulus packages enacted by the federal government.

Operation and maintenance of plant increased in the current year \$419,183 compared to the prior year. This increase is directly related to the fieldhouse project that is currently ongoing at the District.

West Branch Area School District

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

Tables A-3 and **A-4** below present the expenses of both the Governmental Activities and the Business-Type Activity of the District.

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

Table A-3
Governmental Activities
Fiscal Year Ended June 30

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Instruction	\$ 11,706,743	\$ 5,538,423	\$ 11,684,369	\$ 6,872,876
Instruction student support	1,468,654	1,451,282	1,487,470	1,468,512
Administration and financial support	1,667,174	1,667,174	1,406,726	1,406,726
Operation and maintenance of plant	2,382,292	2,382,292	1,963,109	1,963,109
Pupil transportation	923,623	166,125	933,070	183,248
Student activities	472,366	435,938	444,107	412,042
Interest of long-term debt	261,576	140,913	226,722	(67,629)
Total governmental activities	<u>\$ 18,882,428</u>	11,782,147	<u>\$ 18,145,573</u>	12,238,884
Less unrestricted grants and subsidies		<u>(7,553,042)</u>		<u>(7,552,715)</u>
Total		<u>\$ 4,229,105</u>		<u>\$ 4,686,169</u>

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

Table A-4
Business-Type Activity
Fiscal Year Ended June 30

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Food services	\$ 524,812	\$ (104,479)	\$ 784,531	\$ (1,708)
Investment earnings		<u>(62)</u>		<u>(176)</u>
Total		<u>\$ (104,541)</u>		<u>\$ (1,884)</u>

The statement of revenues, expenses and change in net position for this proprietary fund will further detail the actual results of operations.

West Branch Area School District

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

Financial Analysis of the Government Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District's governmental funds is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a district's net resources available for spending at the end of the fiscal year.

As of the end of the year, the District's governmental funds reported combined ending fund balances of \$8,026,393 which is an increase of \$186,993 (2.4 percent) from the prior year.

The General Fund is the chief operating fund of the District. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$4,192,234. As a measure of the General Fund's liquidity, it may be useful to compare the General Fund's unassigned fund balance to total budgeted expenditures of the next fiscal year. The unassigned fund balance represents 21 percent of the 2021-2022 budgeted expenditures, which is in line with the Government Finance Officers Association recommended range. When the district approves a real estate tax increase, the District decreases its unassigned fund balance to 8 percent, per statutory limit. During the fiscal year, the District's General Fund total fund balances increased by \$194,416. Key factors that contributed to this increase were as follows:

Revenues:

Overall the District received 107.6 percent of the budgeted revenues. Local and federal revenues were greater than budgeted and state revenues were less than budgeted.

Expenditures:

Most expenditures were under budget with respect to the budgetary functions. The major exceptions to this are the following:

- Regular programs was \$99,656 more than budgeted.
- Pupil personnel was \$21,826 more than budgeted.
- Business was \$37,809 more than budgeted.
- Operations and maintenance of plant services was \$69,382 more than budgeted.
- Other instruction was \$26,001 more than budgeted.
- Central was \$147,913 more than budgeted.
- Student activities was \$30,603 more than budgeted.
- Facilities acquisition, construction and improvement services was \$1,429,915 more than budgeted.

Overall, the District expended 105.7 percent of the budgeted expenditures.

Significant budget variances are addressed at Table A-5 and the narrative that follows.

The District also operated a Capital Projects Fund which is authorized under Section 1432 of the municipal code. Expenditures from this fund are limited to: capital improvements, replacement of and additions to public works and improvements, for deferred maintenance thereof, and for the purchase or the replacement of school buses, and for no other purpose.

The District's Capital Projects total fund balance was \$19,577 at June 30, 2021. It increased by \$549 over the prior year. The District will allocate the majority of these funds for a new project within the guidelines of Section 1432 in the near future.

West Branch Area School District

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

General Fund Budget

During the fiscal year, the District Board of Directors (the Board) may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed after the Annual Financial Report (AFR) is substantially completed, which is after the end of the fiscal year, as permitted by state law. A schedule showing the District's original and final budget amounts compared with the amounts actually paid and received is provided on page 21 of the financial statements. There were no revisions to the original budget in the current fiscal year.

The District applies for federal, state and local grants and these grants cannot always be anticipated during the budget process. If additional grants are received during the year, these grants are added to the revenue and expenditure budgets.

The Budgetary Reserve is used for opportunities or expenditures for improvements and enhancements to District operations that were unforeseen at the time the budget was adopted. The budget called for the use of \$89,441 from the budgetary reserve for the 2020-2021 school year. The 2020-2021 actual results added \$246,916 to the budgetary reserve before transfers.

Significant Budget Variances

Table A-5 reflects the Budget Variances for both Revenues and Expenditures. In an effort to reduce the need for an increased local tax effort, revenues are budgeted conservatively, while expenditures are budgeted aggressively. An explanation of the differences is stated below.

	Budgeted Amount	Actual Amount	Difference	Actual as % of Budget
Revenues				
6000 Local sources	\$ 5,255,279	\$ 5,836,823	\$ 581,544	111.07 %
7000 State sources	12,237,083	11,966,871	(270,212)	97.79
8000 Federal sources	951,955	2,044,774	1,092,819	214.8
Total revenues and sources	<u>18,444,317</u>	<u>19,848,468</u>	<u>1,404,151</u>	107.61
Expenditures				
1000 Instruction	11,546,243	11,271,599	274,644	97.62
2000 Support services	5,868,993	5,882,991	(13,998)	100.24
3000 Noninstructional	386,650	417,253	(30,603)	107.91
4000 Facilities	563	1,430,478	(1,429,915)	254,081.35
5000 Debt Service	1,231,309	719,231	512,078	58.41
Total expenditures and uses	<u>19,033,758</u>	<u>19,721,552</u>	<u>(687,794)</u>	105.76
(Deficiency) excess of revenues (under) over expenditures	<u>\$ (589,441)</u>	<u>\$ 126,916</u>	<u>\$ 716,357</u>	

West Branch Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2021

REVENUES

Local Revenues:

In light of the trickle-down fiscal impact that the global pandemic was expected to have on the 2020-2021 fiscal year, local revenues were budgeted conservatively for the 2020-2021 fiscal year. However, almost all of the local revenue sources were underbudgeted when compared to the actual results of the 2020-2021 fiscal year, and resulted in actual local revenue being 11%, or \$581,544, higher than budgeted. Earned income tax revenue was 33%, or \$174,860, more than budgeted, and real estate transfer tax was 38%, or \$104,230, more than budgeted. Revenue from real estate taxes, public utility realty taxes, per capita taxes, occupation taxes, local service taxes, and several other local revenue sources were all higher than budgeted for the 2020-2021 fiscal year.

State Revenues:

The state provides reimbursements and grants for several different programs and services that the District provides to students. Each reimbursement or grant is budgeted prior to the final state budget being approved. Due to this timing concern, state revenues, similar to local revenues, are budgeted conservatively. All of state revenue grants and streams were within 2 percent of the budgetary expectations.

Federal Revenues:

The District received a significant amount of unbudgeted federal funds from the Coronavirus Aid, Relief, and Economic Security Act (CARES) of 2020 and the American Rescue Plan Act (ARP) of 2021. This resulted in the District receiving \$1,092,819, or 115%, more in federal funds than had been budgeted for the 2020-2021 fiscal year. The District budgeted \$279,685 of federal coronavirus relief funds in 2020-2021. However, the District recognized \$1,468,795 of federal coronavirus stimulus funds during the 2020-2021 fiscal year. Due to this influx of unbudgeted federal funds, the District only requested \$20,000 of the \$140,000 budgeted SBAP Access funds. The District did not receive a Title VI allocation during the 2020-2021 fiscal year, but did receive its typical Title I, II, and IV allocations.

EXPENDITURES

The majority of the budgeted expenditure figures are estimates. Furthermore, the District has limited or no control over several significantly large expenditures such as, tuition for cyber schools and tuition for approved special education private schools. Therefore, any variances in these costs can lead to sizable discrepancies between actual and budgeted expenses.

The most significant actual to budget difference among the expenditure function groups was experienced in the function codes that comprise Facilities Acquisition, Construction, and Improvement Services. The District embarked on a fieldhouse and athletic field improvement project that broke ground and was substantially completed during the 2020-2021 fiscal year. There are two phases to this facility improvement project. The first phase consisted primarily of improvements to the football press box, the community and physical education running loop, and the addition of track running lanes. Except for some planning costs, all of phase one was started and completed during the 2020-2021 fiscal year. Phase two was focused on upgrading the District's fieldhouse. Approximately half of the phase two expenses were incurred and recognized during the 2020-2021 fiscal year. The costs for these two project phases resulted in Facilities Acquisition costs being \$1,429,915 higher than budgeted.

West Branch Area School District

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

Capital Asset and Debt Administration

Capital Assets:

The District's investment in capital assets for its governmental and business-type activity as of June 30, 2021 is summarized below.

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Land, buildings and improvements	\$ 29,234,766	\$ -	\$ 29,234,766
Equipment and other capital assets	2,636,740	577,624	3,214,364
Construction in progress	463,155	-	463,155
Total	32,334,661	577,624	32,912,285
Accumulated depreciation	(17,535,441)	(393,050)	(17,928,491)
Net	<u>\$ 14,799,220</u>	<u>\$ 184,574</u>	<u>\$ 14,983,794</u>

Over the past several years, the District has completed several construction projects as well as other improvements to District property. The values of these projects, net of depreciation, are included in the Capital Assets.

Debt Administration:

As of June 30, 2021, the District's long-term liabilities was \$36,863,483. This includes net other postemployment benefit liability of \$4,921,343, compensated absences of \$313,716, general obligation notes payable of \$6,809,010, obligations incurred under capital leases of \$101,414 and a net pension liability of \$24,718,000.

Detailed information about long-term liabilities is included in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

The tax base in Clearfield and Clinton Counties has remained level with only minimal growth in the local tax base. The District has been experiencing a slightly declining student enrollment for several years and this trend is expected to continue based on enrollment projections by the Pennsylvania Department of Education. We will need to continue to monitor the building capacity, participation in various programs and class size when making facility, staffing and program decisions based on district enrollment trends.

In years past, the District has received at or near minimum state subsidy increases which does not cover the increases in operating costs. The District is exploring all options in order to control cost increases and reduce the increasing burden being placed on community members.

The revenue budget for the 2021-2022 year, \$18,486,217, is \$41,900 more than the budget for 2020-2021. This represents a 0 percent increase in budgeted revenues. The expenditure budget for the 2021-2022 year, \$19,360,013, is \$826,255 more than the budget for 2020-2021, which is an increase of 4.5 percent. The increase in expenditures is primarily the result of contractual cost increases in salaries and benefits (healthcare and pension). The 2021-2022 budget requires the use of \$873,796 from the fund balance to balance.

West Branch Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Labor Relations

The West Branch Education Association, an affiliation of Pennsylvania State Education Association (PSEA), represents the professional staff of the District. This group represents 76 employees, including teachers, librarians, counselors and nurses. The District entered into a contract, effective July 1, 2020 through June 30, 2025. Health insurance contributions by District employees range from \$73 -\$167 per month for the duration of the contract. It should be noted that the District School Board and PSEA have reached an agreement on a new labor contract with a term of July 1, 2020 to June 30, 2025.

The West Branch Education Support Professionals Association (the Association) represents the support staff of the District. The Association represents 51 employees. This group includes custodians, secretaries, paraeducators and cafeteria personnel. The current contract runs from July 1, 2019 until June 30, 2024. The contract provides average annual hourly increases of 3 percent, longevity payments, health insurance for employee and family, personal days, bereavement, emergency, vacation, life insurance and sick leave. Health insurance contributions by District employees range from \$35.42 -\$75.00 annually.

The remaining administrative and noninstructional personnel of the District are represented under ACT 93 Compensation plan for principals, supervisor of special education, supervisor of buildings and grounds, school psychologist, technology coordinator and network administrators. The secretary to the superintendent, pupil services coordinators, bookkeeper, and the two tech aides have a separate plan. The plans and agreement with the District run from July 1, 2020 until June 30, 2023. The annual average salary increase for administrative personnel range from 0 percent to 3.5 percent. These groups contribute to health insurance costs. The Act 93 Group contributes the same as the professional staff \$73 to \$167 per month. Other benefits are similar to other district employees.

COVID-19

The District has been allocated approximately \$5.3 million of federal funds from the various stimulus packages enacted by the federal government in 2020 and 2021 for the specific purposes of providing emergency relief to address the impact that COVID-19 has had, and continues to have on elementary and secondary schools. These funds must be used to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students. In fiscal 2021, the District spent approximately \$1.25 million of these funds. The remaining funds must be expended by September 2023.

Contacting the District Financial Management

The West Branch Area School District financial report is designed to provide 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 Erick L. Johnston, Business Manager for the West Branch Area School District, 516 Allport Cutoff, Morrisdale, Pennsylvania 16858, and (814) 345-5615 x4850.

West Branch Area School District

Statement of Net Position (Deficit)

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 8,956,312	\$ 161,646	\$ 9,117,958
Taxes receivable, net	804,820	-	804,820
Due from other governments	1,684,753	7,192	1,691,945
Internal balances	9,726	(9,726)	-
Other receivables	74,370	-	74,370
Inventories	-	6,008	6,008
Total current assets	<u>11,529,981</u>	<u>165,120</u>	<u>11,695,101</u>
Noncurrent Assets			
Construction in progress	463,155	-	463,155
Land, buildings and improvements	29,234,766	-	29,234,766
Equipment and other capital assets	2,636,740	577,624	3,214,364
Accumulated depreciation	<u>(17,535,441)</u>	<u>(393,050)</u>	<u>(17,928,491)</u>
Total noncurrent assets	<u>14,799,220</u>	<u>184,574</u>	<u>14,983,794</u>
Total assets	<u>26,329,201</u>	<u>349,694</u>	<u>26,678,895</u>
Deferred Outflows of Resources			
Other postemployment benefits	649,183	3,214	652,397
Pension	<u>3,831,819</u>	<u>14,704</u>	<u>3,846,523</u>
Total deferred outflows of resources	<u>4,481,002</u>	<u>17,918</u>	<u>4,498,920</u>
Total assets and deferred outflows of resources	<u>\$ 30,810,203</u>	<u>\$ 367,612</u>	<u>\$ 31,177,815</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)			
Liabilities			
Current liabilities:			
Accounts payable	\$ 525,812	\$ 22,797	\$ 548,609
Current portion of notes payable	1,011,524	-	1,011,524
Current portion of capital lease obligation	49,688	-	49,688
Accrued salaries and benefits	2,331,716	-	2,331,716
Unearned revenue	-	14,673	14,673
Accrued interest	<u>35,389</u>	<u>-</u>	<u>35,389</u>
Total current liabilities	<u>3,954,129</u>	<u>37,470</u>	<u>3,991,599</u>
Noncurrent liabilities:			
Notes payable	5,797,486	-	5,797,486
Capital lease obligation	51,726	-	51,726
Other postemployment benefits liability	4,913,774	7,569	4,921,343
Compensated absences	309,111	4,605	313,716
Net pension liability	<u>24,623,513</u>	<u>94,487</u>	<u>24,718,000</u>
Total noncurrent liabilities	<u>35,695,610</u>	<u>106,661</u>	<u>35,802,271</u>
Total liabilities	<u>39,649,739</u>	<u>144,131</u>	<u>39,793,870</u>
Deferred Inflows of Resources			
Other postemployment benefits	199,821	1,639	201,460
Pension	<u>836,789</u>	<u>3,211</u>	<u>840,000</u>
Total deferred inflows of resources	<u>1,036,610</u>	<u>4,850</u>	<u>1,041,460</u>
Net Position (Deficit)			
Net investment in capital assets	7,888,796	184,574	8,073,370
Restricted	325,956	-	325,956
Unrestricted (deficit)	<u>(18,090,898)</u>	<u>34,057</u>	<u>(18,056,841)</u>
Total net position (deficit)	<u>(9,876,146)</u>	<u>218,631</u>	<u>(9,657,515)</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 30,810,203</u>	<u>\$ 367,612</u>	<u>\$ 31,177,815</u>

See notes to financial statements

West Branch Area School District

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental Activities						
Instruction	\$ (11,706,743)	\$ -	\$ 6,168,320	\$ (5,538,423)		\$ (5,538,423)
Instructional student support	(1,468,654)	-	17,372	(1,451,282)		(1,451,282)
Administration and financial support services	(1,667,174)	-	-	(1,667,174)		(1,667,174)
Operation and maintenance of plant services	(2,382,292)	-	-	(2,382,292)		(2,382,292)
Pupil transportation	(923,623)	-	757,498	(166,125)		(166,125)
Student activities	(472,366)	-	36,428	(435,938)		(435,938)
Interest on long-term debt	(261,576)	-	120,663	(140,913)		(140,913)
Total governmental activities	(18,882,428)	-	7,100,281	(11,782,147)		(11,782,147)
Business-Type Activity						
Food service	(524,812)	68,367	560,924		\$ 104,479	104,479
Total	\$ (19,407,240)	\$ 68,367	\$ 7,661,205		104,479	(11,677,668)
General Revenues						
Property taxes, levied for general purposes, net				4,380,470	-	4,380,470
Earned income tax				763,506	-	763,506
Grants, subsidies and contributions not restricted				7,553,042	-	7,553,042
Investment earnings				20,374	62	20,436
Miscellaneous income				64,559	-	64,559
Total general revenues				12,781,951	62	12,782,013
Change in net position (deficit)				999,804	104,541	1,104,345
Net Position (Deficit), Beginning				(10,923,646)	114,090	(10,809,556)
Restatement for Adoption of GASB Statement No. 84				47,696	-	47,696
Net Deficit, Beginning, As Restated				(10,875,950)	114,090	(10,761,860)
Net Position (Deficit), Ending				\$ (9,876,146)	\$ 218,631	\$ (9,657,515)

See notes to financial statements

West Branch Area School District

Balance Sheet - Governmental Funds

June 30, 2021

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 8,897,071	\$ 59,241	\$ 8,956,312
Taxes receivable, net	804,820	-	804,820
Due from other governments	1,684,753	-	1,684,753
Due from other funds	9,726	-	9,726
Other receivables	74,370	-	74,370
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 11,470,740</u>	<u>\$ 59,241</u>	<u>\$ 11,529,981</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	\$ 157,511	\$ -	\$ 157,511
Construction contracts and retainage payable	368,301	-	368,301
Accrued salaries and benefits	2,331,716	-	2,331,716
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,857,528</u>	<u>-</u>	<u>2,857,528</u>
Deferred Inflows of Resources			
Unearned revenues, taxes	646,060	-	646,060
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Restricted	266,715	59,241	325,956
Committed	3,448,862	-	3,448,862
Assigned	59,341	-	59,341
Unassigned	4,192,234	-	4,192,234
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>7,967,152</u>	<u>59,241</u>	<u>8,026,393</u>
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 11,470,740</u>	<u>\$ 59,241</u>	<u>\$ 11,529,981</u>

See notes to financial statements

West Branch Area School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)

June 30, 2021

Total Fund Balance - Governmental Funds	\$ 8,026,393
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are long-term financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$32,334,661 and the accumulated depreciation is \$17,535,441.	14,799,220
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 unearned in the governmental funds.	646,060
Deferred outflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	3,831,819
Deferred inflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	(836,789)
Deferred outflows related to net OPEB liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	649,183
Deferred inflows related to net OPEB liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	(199,821)
Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:	
Notes payable	(6,809,010)
Capital lease obligation	(101,414)
Accrued interest on long-term debt	(35,389)
Other postemployment benefits liability (OPEB)	(4,913,774)
Compensated absences	(309,111)
Net pension liability	<u>(24,623,513)</u>
Total Net Deficit - Governmental Activities	<u>\$ (9,876,146)</u>

See notes to financial statements

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

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues			
Local sources	\$ 5,836,823	\$ 36,477	\$ 5,873,300
State sources	11,966,871	-	11,966,871
Federal sources	2,044,774	-	2,044,774
Total revenues	<u>19,848,468</u>	<u>36,477</u>	<u>19,884,945</u>
Expenditures			
Instruction	11,271,599	-	11,271,599
Support services	5,882,991	-	5,882,991
Noninstructional services	417,253	44,501	461,754
Facilities acquisition, construction and improvement services	1,430,478	51,959	1,482,437
Debt service	719,231	-	719,231
Total expenditures	<u>19,721,552</u>	<u>96,460</u>	<u>19,818,012</u>
Excess (deficit) of revenues over expenditures before other financing (uses) sources	<u>126,916</u>	<u>(59,983)</u>	<u>66,933</u>
Other Financing (Uses) Sources			
Transfer out	(52,500)	-	(52,500)
Transfer in	-	52,500	52,500
Proceeds from refunding notes	6,880,000	-	6,880,000
Refunded notes	(6,760,000)	-	(6,760,000)
Total other financing sources, net	<u>67,500</u>	<u>52,500</u>	<u>120,000</u>
Net changes in fund balances	<u>194,416</u>	<u>(7,483)</u>	<u>186,933</u>
Fund Balances, Beginning	7,772,736	19,028	7,791,764
Restatement for Adoption of GASB Statement No. 84	<u>-</u>	<u>47,696</u>	<u>47,696</u>
Fund Balances, Beginning, As Restated	<u>7,772,736</u>	<u>66,724</u>	<u>7,839,460</u>
Fund Balances, Ending	<u>\$ 7,967,152</u>	<u>\$ 59,241</u>	<u>\$ 8,026,393</u>

See notes to financial statements

West Branch Area School District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2021

Total Net Changes in Fund Balances - Governmental Funds \$ 186,933

Amounts reported for governmental activities in the statement of net position (deficit) 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:

Capital outlays	\$ 1,813,858	
Depreciation expense	<u>(737,048)</u>	1,076,810

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

(2,713)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. The transaction, however, does not have an effect on net position. Also, governmental funds report the effect of premiums, discounts and other similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended June 30, 2020 are as follows:

Issuance of long-term debt	\$ (6,880,000)	
Refunded debt	6,760,000	
Scheduled principal payments on long-term debt	363,717	
Scheduled principal payments on capital lease	<u>47,731</u>	291,448

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 net additional interest accrued in the statement of activities over the amount due is shown here.

46,207

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 (deficit), and changes in the liability is reflected within the statement of net position (deficit). This represents the change in pension liability and the deferred outflows and inflows related to the pension.

(345,837)

Net OPEB 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 (deficit), and changes in the liability is reflected within the statement of net position (deficit). This represents the change in OPEB liability and the deferred outflows and inflows related to the OPEB.

(253,285)

In the statement of activities, certain operating expenses - 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.

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Change in Net Position (Deficit) of Governmental Activities \$ 999,804

See notes to financial statements

West Branch Area School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

Year Ended June 30, 2021

	Budgeted Amount Original and Final	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues			
Local sources	\$ 5,255,279	\$ 5,836,823	\$ 581,544
State sources	12,237,083	11,966,871	(270,212)
Federal sources	951,955	2,044,774	1,092,819
Total revenues	<u>18,444,317</u>	<u>19,848,468</u>	<u>1,404,151</u>
Expenditures			
Instruction:			
Regular programs	7,532,705	7,632,361	(99,656)
Special programs	2,795,337	2,626,372	168,965
Vocational education programs	886,746	764,268	122,478
Pre-Kindergarten	276,398	167,540	108,858
Other instructional programs	55,057	81,058	(26,001)
Total instruction	<u>11,546,243</u>	<u>11,271,599</u>	<u>274,644</u>
Support services:			
Pupil personnel	587,050	608,876	(21,826)
Instructional staff	642,996	578,540	64,456
Administration	1,139,444	1,096,740	42,704
Pupil health	263,201	235,659	27,542
Business	319,370	357,179	(37,809)
Operation and maintenance of plant services	1,865,079	1,934,461	(69,382)
Student transportation services	1,051,853	923,623	128,230
Central	-	147,913	(147,913)
Total support services	<u>5,868,993</u>	<u>5,882,991</u>	<u>(13,998)</u>
Noninstructional services, Student activities	<u>386,650</u>	<u>417,253</u>	<u>(30,603)</u>
Facilities acquisition, construction and improvement services	<u>563</u>	<u>1,430,478</u>	<u>(1,429,915)</u>
Debt service	<u>1,231,309</u>	<u>719,231</u>	<u>512,078</u>
Total expenditures	<u>19,033,758</u>	<u>19,721,552</u>	<u>(687,794)</u>
Excess of revenues (under) over expenditures before other financing uses	<u>(589,441)</u>	<u>126,916</u>	<u>716,357</u>
Other Financing Sources (Uses)			
Proceeds from refunding notes	500,000	6,880,000	6,380,000
Refunded notes	-	(6,760,000)	(6,760,000)
Transfer out	-	(52,500)	(52,500)
Total other financing sources (uses)	<u>500,000</u>	<u>67,500</u>	<u>(432,500)</u>
Net changes in fund balances	<u>\$ (89,441)</u>	<u>194,416</u>	<u>\$ 283,857</u>
Fund Balance, Beginning		<u>7,772,736</u>	
Fund Balance, Ending		<u>\$ 7,967,152</u>	

See notes to financial statements

West Branch Area School District

Balance Sheet - Proprietary Fund - Food Service

June 30, 2021

Assets and Deferred Outflows of Resources

Assets

Current assets:

Cash	\$	161,646
Due from other governments		7,192
Inventories		6,008
Total current assets		<u>174,846</u>

Noncurrent assets:

Machinery and equipment		577,624
Accumulated depreciation		<u>(393,050)</u>
Total noncurrent assets		<u>184,574</u>

Total assets		<u>359,420</u>
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Deferred Outflows of Resources

Other postemployment benefits		3,214
Pension		<u>14,704</u>
Total deferred outflows of resources		<u>17,918</u>

Total	\$	<u>377,338</u>
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Liabilities, Deferred Inflows of Resources and Net Position

Liabilities

Current liabilities:

Accounts payable	\$	22,797
Due to other funds		9,726
Unearned revenue		<u>14,673</u>
Total current liabilities		<u>47,196</u>

Noncurrent liabilities:

Compensated absences		4,605
Other postemployment benefits		7,569
Net pension liability		<u>94,487</u>

Total noncurrent liabilities		<u>106,661</u>
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Total liabilities		<u>153,857</u>
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Deferred Inflows of Resources

Other postemployment benefits		1,639
Pension		<u>3,211</u>
Total deferred inflows of resources		<u>4,850</u>

Net Position

Net investment in capital assets		184,574
Unrestricted		<u>34,057</u>

Total net position		<u>218,631</u>
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Total	\$	<u>377,338</u>
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See notes to financial statements

West Branch Area School District

Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund - Food Service
Year Ended June 30, 2021

Operating Revenues

Food service revenues	\$ 68,367
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Operating Expenses

Food, milk and supplies	232,149
Other purchased services	212,318
Salaries and employee benefits	40,677
Depreciation	22,269
Operation and maintenance	16,080
Miscellaneous	1,319

Total operating expenses	<u>524,812</u>
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Operating loss	<u>(456,445)</u>
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Nonoperating Revenues

State sources	20,709
Federal sources	540,215
Earnings on investments	62

Total nonoperating revenues	<u>560,986</u>
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Change in net position	104,541
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Net Position, Beginning	<u>114,090</u>
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Net Position, Ending	<u><u>\$ 218,631</u></u>
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West Branch Area School District

Statement of Cash Flows - Proprietary Fund - Food Service
Year Ended June 30, 2021

Cash Flows From Operating Activities

Cash received from customers	\$ 64,625
Cash paid to employees	(40,677)
Cash paid to vendors	<u>(536,460)</u>
Net cash used in operating activities	<u>(512,512)</u>

Cash Flows From Noncapital Financing Activities

State sources	22,260
Federal sources	<u>578,524</u>
Net cash provided by noncapital financing activities	<u>600,784</u>

Cash Flows From Investing Activities

Purchase of machinery and equipment	(11,876)
Earnings on investments	<u>62</u>
Net cash used in investing activities	<u>(11,814)</u>
Increase in cash	76,458

Cash, Beginning

85,188

Cash, Ending

\$ 161,646

Supplemental Disclosure of Noncash Transactions

USDA Donated Commodities	<u><u>\$ 36,763</u></u>
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Reconciliation of Operating Loss to Net Cash

Used in Operating Activities

Operating loss	\$ (456,445)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	22,269
Pension changes	(64,322)
OPEB changes	(2,886)
Changes in assets and liabilities resulting in the provisions (use) of cash:	
Inventories	(1,369)
Accounts payable	(7,022)
Due to other funds	765
Unearned revenue	(3,742)
Compensated absences	<u>240</u>
Net cash used in operating activities	<u><u>\$ (512,512)</u></u>

See notes to financial statements

West Branch 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 West Branch Area School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-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 provides public education services to residents of Clearfield and Clinton Counties. The District operates a combined elementary and secondary school located in Morrisdale, Pennsylvania.

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

The reporting entity has been defined in accordance with the criteria established in GASB Statement No. 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

Basic Financial Statements, Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's General, School Sponsored Activity and Scholarships and Capital Projects Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

In the government-wide statement of net position (deficit), both the governmental and business-type activity columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources, as well as long-term debt and obligations and deferred inflows of resources. The District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position (deficit). The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue.

The District does not allocate indirect costs.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements, Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property and earned income taxes, and state and federal appropriations. Many of the more significant activities of the District, including instruction, administration and certain noninstructional services are accounted for in this fund. The General Fund is reported as a major fund.

Capital Projects Fund

The Capital Projects Fund accounts for the financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund is a nonmajor fund.

School Sponsored Activity and Scholarships Fund

The School Sponsored Activity and Scholarships Fund accounts for the monies authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. The District's activity funds are Special Revenue Funds. The School Sponsored Activity and Scholarships Fund is a nonmajor fund.

Proprietary Fund

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The applicable GAAP are those similar to businesses in the private sector.

Food Service Fund

The Food Service Fund accounts for all revenues and expenditures pertaining to cafeteria operations since such operations are financed and operated in a manner similar to private business enterprises. It is the intent of the government body that the cost of providing such goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

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, all 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 and current liabilities are generally 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

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Inventories are valued on a first-in, first-out basis.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period (next fiscal year) or, for real estate taxes, within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. During 2021, the District made no budgetary transfers.

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 revenue 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.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund in accordance with law.

The budget is maintained on a modified accrual basis by fund, function and object, with expenditures controlled by line item. Appropriations lapse at the end of each year and must be reappropriated

The School Board approves budget transfers between departments within District funds. Budgeted amounts are reported as most recently adopted by the School Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The General Fund budget for the year ended June 30, 2021 was approved by the Board of Directors on June 22, 2020 in the amount of \$19,033,758 with a tax millage of 101.8 mills for Clearfield County and 12.5 mills for Clinton County.

Capital Assets

Capital assets, purchased or acquired with an original cost of \$5,000 or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	15 - 50 years
Equipment and other capital assets	5 - 20 years

The District does not have any infrastructure capital assets.

Assets under capital lease were recorded at the lower of the present value of minimum lease payments or fair value of the asset. Amortization of assets under capital lease is included in depreciation.

Jointly Governed Organizations

Clearfield County Career and Technology Center

West Branch Area School District and five neighboring districts jointly participate in the operation of the Clearfield County Career and Technology Center (CCCTC). The purpose of the CCCTC is to provide students with training in various fields of education. The CCCTC Board is comprised of one member from each sponsoring school for a total of six with another member from each school as alternates. This Board, called the Joint Operating Committee, is the governing board for policy making decisions. The CCCTC receives its funding for operations from the member schools based on the number of students in attendance times the money needed to operate. During the year ended June 30, 2021, the District paid the CCCTC \$836,072 for operating expenses. The results of the operation of the CCCTC are not included with the financial statements of the District.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

Central Intermediate Unit #10

The District is a participating member of the Central Intermediate Unit #10 (CIU). The CIU is run by a joint committee of members from each of the 17 participating districts. The participating districts annually approve the CIU's annual operating budget. The CIU is a self - sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with the participating districts to supply special education services, computer services and acts as a conduit for certain federal programs.

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Deferred Outflows/Inflows of Resources

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

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

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 and 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 and the West Branch Area School District Postemployment Benefits Plan (the West Branch OPEB Plan) and additions to/deductions from PSERS and the West Branch OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by PSERS and the West Branch 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.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

Governmental Fund Balances

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
- *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 through formal action of the School Board which do not lapse at year-end
 - The School Board of the District is its highest level of decision-making authority, and
 - The School Board 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, but not through a formal action of the School Board
 - The School Board of the District authorized the District Business manager to assign funds to specific purposes.
 - The School Board passed a board motion authorizing assignments for activities as contemplated by the Board.
- *Unassigned* - includes position fund balances within the General Fund which have not been classified within the above mentioned categories and negative fund balances in other governmental funds

Restricted Net Position/Fund Balances

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 balances and then to other, less-restrictive classifications - committed, assigned and then unassigned fund balances.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Principle

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement established criteria for identifying fiduciary activities of all state and local governments. This standard was implemented July 1, 2020 and resulted in a restatement of the government-wide net position and the School Sponsored Activity and Scholarships Fund's fund balance as of July 1, 2020 with increases of \$47,696.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

2. Cash and Cash Equivalents

At June 30, 2021, the District's cash and cash equivalents include deposits with local financial institutions and the Pennsylvania School District Liquid Asset Fund (PSDLAF).

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes. Act 72 requires all governmental (public funds) deposits not insured by the Federal Depository Insurance Corporation (FDIC) to be collateralized by the financial institution.

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 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 \$8,636,237 and the bank balance was \$9,032,394. Of this balance, \$8,282,394 was exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by the pledging financial institution, but not in the District's name.

Pennsylvania School District Liquid Asset Fund

The PSDLAF contains assets 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. At June 30, 2021, the carrying amount and bank balances of the District's investment in PSDLAF were \$481,721. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost.

West Branch Area School District

Notes to Financial Statements
June 30, 2021

3. Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are collected at a 2 percent discount through October 15; face amount due from October 16 through December 15; and 10 percent penalty added after December 15. The County Assessment Offices calculate the yearly tax levy and distributes the individual tax duplicates to the school district's appointed tax collectors. The tax collectors are responsible for tax collections. Tax revenues are recognized in the period in which they are remitted by the tax collectors.

The District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollected taxes as determined by the administration. A portion of the net amount estimated to be collected which was measurable and available within 60 days was recognized as revenue and the balance deferred in the governmental fund financial statements.

4. Taxes Receivable, Net

A summary of the taxes receivable and related amounts at June 30, 2021 follows:

Property taxes receivable	\$	982,279
Earned income taxes receivable		<u>9,249</u>
Total		991,528
Estimated uncollectible taxes at June 30, 2021		<u>(186,708)</u>
Total	\$	<u><u>804,820</u></u>

5. Due From Other Governments

The amount reported in the governmental funds at June 30, 2021 as due from other governments is summarized below:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ 1,088,583	\$ 497,996	\$ 98,174	\$ 1,684,753
Food Service Fund	<u>6,912</u>	<u>280</u>	<u>-</u>	<u>7,192</u>
Total	<u>\$ 1,095,495</u>	<u>\$ 498,276</u>	<u>\$ 98,174</u>	<u>\$ 1,691,945</u>

Amounts due from the federal and state government are primarily federal grants and state subsidies receivable from the Commonwealth of Pennsylvania, Department of Education at June 30, 2021. The amount due from local governments represents receivables earned by the District for vocational education, but not yet remitted to the District as of June 30, 2021.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

6. Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Transfer/ Decreases</u>	<u>Balance June 30, 2021</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 12,292	\$ -	\$ -	\$ 12,292
Construction in progress	-	463,155	-	463,155
Total capital assets, not being depreciated	<u>12,292</u>	<u>463,155</u>	<u>-</u>	<u>475,447</u>
Capital assets, being depreciated:				
Buildings and improvements	28,092,947	1,129,527	-	29,222,474
Equipment and other capital assets	<u>2,415,564</u>	<u>221,176</u>	<u>-</u>	<u>2,636,740</u>
Total capital assets, being depreciated	<u>30,508,511</u>	<u>1,350,703</u>	<u>-</u>	<u>31,859,214</u>
Accumulated depreciation for:				
Buildings and improvements	(14,876,003)	(618,494)	-	(15,494,497)
Equipment and other capital assets	<u>(1,922,390)</u>	<u>(118,554)</u>	<u>-</u>	<u>(2,040,944)</u>
Total accumulated depreciation	<u>(16,798,393)</u>	<u>(737,048)</u>	<u>-</u>	<u>(17,535,441)</u>
Total capital assets being depreciated, net	<u>13,710,118</u>	<u>613,655</u>	<u>-</u>	<u>14,323,773</u>
Governmental activities capital assets, net	<u>\$ 13,722,410</u>	<u>\$ 1,076,810</u>	<u>\$ -</u>	<u>\$ 14,799,220</u>
Business-Type Activity				
Capital assets being depreciated:				
Equipment and other capital assets	\$ 565,748	\$ 11,876	\$ -	\$ 577,624
Accumulated depreciation for: Equipment and other capital assets	<u>(370,781)</u>	<u>(22,269)</u>	<u>-</u>	<u>(393,050)</u>
Business-type activity capital assets, net	<u>\$ 194,967</u>	<u>\$ (10,393)</u>	<u>\$ -</u>	<u>\$ 184,574</u>
Depreciation was allocated as follows:				
Governmental activities, instruction	\$ 737,048			
Business-type activity, food service	<u>22,269</u>			
Total depreciation expense	<u>\$ 759,317</u>			

West Branch Area School District

Notes to Financial Statements
June 30, 2021

7. Accrued Salaries and Benefits

Accrued salaries and benefits in the General Fund totaling \$2,331,716 represent salaries of \$1,131,523, the District's share of Social Security taxes of \$91,099 for teachers' services during the 2020-2021 school term, which are paid during July and August 2021 and retirement plan expense of \$1,109,094 applicable to the accrued salaries at June 30, 2021.

8. Interfund Receivables, Payables and Transfers

At June 30, 2021, the following interfund balances were unpaid:

Amounts due from other funds:	
General Fund	<u>\$ 9,726</u>
Amounts due to other funds:	
Food Service Fund	<u>\$ 9,726</u>

Interfund balances primarily arise between the General Fund and other funds due to expenses being paid out of the General Fund and reimbursed by the applicable fund.

The composition of interfund transfers, used to move cash between funds at June 30, 2021 is as follows:

Transfers in:	
Capital Projects	<u>\$ 52,500</u>
Transfers out:	
General Fund	<u>\$ 52,500</u>

The General fund transferred \$52,500 to the Capital Projects fund to provide funding for planned major capital projects.

9. Compensated Absences

Vacation

District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification.

Vacation (for most employee categories) may be taken or accumulated within certain limits and are paid prior to retirement or termination at the employee's current rate of pay.

The liability for compensated absences, including early retirement incentives, recorded in the governmental activities column on the statement of net position (deficit) was \$309,111 at June 30, 2021. The change in the District's compensated absences in 2021 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>
Balance July 1, 2020	\$ 309,352	\$ 4,365
Increase	309,111	4,605
Decrease	<u>(309,352)</u>	<u>(4,365)</u>
Balance June 30, 2021	<u>\$ 309,111</u>	<u>\$ 4,605</u>

West Branch Area School District

Notes to Financial Statements

June 30, 2021

10. Retirement Plan

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.us.

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 salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25 percent (Membership Class T-C) or at 6.5 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS 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 7.5 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.5 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.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

Members who joined PSERS 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 \$2,388,523 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$24,718,000 for its 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 covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .0502 percent, which was a decrease of .0004 percent from its proportion measured as of June 30, 2020.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$2,686,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,000	\$ 592,000
Net difference between projected and actual earnings on pension plan investments	1,086,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	307,000	248,000
Change in assumptions	-	-
District contributions subsequent to the measurement date	<u>2,388,523</u>	<u>-</u>
Total	<u>\$ 3,846,523</u>	<u>\$ 840,000</u>

\$2,388,523 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	\$ (70,000)
2023	91,000
2024	274,000
2025	<u>323,000</u>
Total	<u>\$ 618,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the District's total pension liability as of the June 30, 2019 actuarial valuation 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.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

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 PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0 %	5.2 %
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
Alternative investments	15.0	7.2
Cash	6.0	(1.0)
Financing (LIBOR)	(14.0)	(0.7)
	<u>100.00 %</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 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 30,581,000	\$ 24,718,000	\$ 19,751,000

West Branch Area School District

Notes to Financial Statements

June 30, 2021

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 PSERS website at www.psers.pa.gov.

11. Other Postemployment Benefits (OPEB)

West Branch Area School District Postemployment Benefits Plan

General Information About the OPEB Plan

Plan Description

The District's single employer defined benefit OPEB plan, West Branch Area School District Postemployment Benefits Plan (the West Branch OPEB Plan), provides postemployment benefits for all eligible retirees who qualify and elect to participate. The minimum requirements of the West Branch OPEB Plan are established by Pennsylvania Act 110 of 1988 and Act 43 of 1989. The School Board could choose to improve upon the minimum requirements in the future. The West Branch OPEB Plan is unfunded and no financial report is prepared. The West Branch OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The West Branch OPEB Plan provides the opportunity to purchase postemployment health insurance benefits to employees upon retirement with 30 years of PSERS service or through COBRA. Retired employees are allowed to continue coverage for themselves and their eligible dependents in the group health care plan until the retired employee reaches Medicare age, generally 65, as per their contracts.

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	9
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>149</u>
Total	<u><u>158</u></u>

Total OPEB Liability

The District's total OPEB liability of \$3,836,343 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, rolled forward to June 30, 2021 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.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 3,271,167
Changes for the year:	
Service cost	202,483
Interest	114,984
Changes of assumptions	413,470
Changes of benefit terms	-
Differences between expected and actual experience	(70,653)
Benefit payments	(95,108)
Net changes	565,176
Balance at June 30, 2021	\$ 3,836,343

Changes in assumptions or other inputs reflect a change in the discount rate from 3.36 percent in 2020 to 1.86 percent in 2021.

West Branch 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 (0.86%)</u>	<u>Discount Rate (1.86%)</u>	<u>1% Increase (2.86%)</u>
Total OPEB Liability	\$ 4,115,550	\$ 3,836,343	\$ 3,566,960

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	\$ 4,238,599	\$ 3,836,343	\$ 3,496,446

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 \$341,288.

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>
Benefit payments subsequent to the measurement date (July 1, 2020)	\$ 91,366	\$ -
Change in assumptions	422,895	80,972
Difference between expected and actual experience	-	78,488
Total	<u>\$ 514,261</u>	<u>\$ 159,460</u>

\$91,366 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 during the year ending June 30, 2021.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

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	\$	23,821
2023		23,821
2024		23,821
2025		23,821
2026		23,821
Thereafter		<u>144,330</u>
Total	\$	<u>263,435</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, 2021, 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 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was .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 the OPEB plan from the District were \$58,136 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,085,000 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 .0502 percent, which was a decrease of .0004 percent from its proportion measured as of June 30, 2020.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized OPEB expense of \$57,000. 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 assumptions	\$ 44,000	\$ 24,000
Net differences between projected and actual investment earnings	2,000	-
Changes in proportion	24,000	18,000
Differences between expected and actual experience	10,000	-
Contributions subsequent to the measurement date	58,136	-
	<u>\$ 138,136</u>	<u>\$ 42,000</u>

\$58,136 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2022	\$ 6,000
2023	6,000
2024	6,000
2025	10,000
2026	8,000
Thereafter	<u>2,000</u>
Total	<u>\$ 38,000</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the PSERS' 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, 2.66 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

West Branch Area School District

Notes to Financial Statements

June 30, 2021

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 three 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>100.00 %</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.

West Branch Area School District

Notes to Financial Statements
June 30, 2021

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.

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. 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 it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Trends Cost</u>	<u>1% Increase</u>
PSERS Net OPEB Liability	\$ 1,085,000	\$ 1,085,000	\$ 1,085,000

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>Discount Rate 2.66%</u>	<u>1% Increase 3.66%</u>
District's proportionate share of the net OPEB liability	\$ 1,237,000	\$ 1,085,000	\$ 959,000

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 PSERS website at www.psers.pa.gov.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

12. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Notes from direct borrowings	\$ 292,727	\$ -	\$ (93,717)	\$ 199,010	\$ 97,524
General Obligation Note, Series of 2015	1,290,000	-	(1,290,000)	-	-
General Obligation Note, Series of 2016	5,470,000	-	(5,470,000)	-	-
General Obligation Note, Series of 2021	-	6,880,000	(270,000)	6,610,000	914,000
Total long-term debt	<u>\$ 7,052,727</u>	<u>\$ 6,880,000</u>	<u>\$ (7,123,717)</u>	<u>\$ 6,809,010</u>	<u>\$ 1,011,524</u>

Long-term debt at June 30, 2021 consists of the following:

\$1,200,000 Note from direct borrowing for energy efficient equipment, due in varying annual installments through November 2022, interest rate of 4.06%.	\$ 199,010
\$6,880,000 General Obligation Note, Series of 2021, due in varying annual installments through March 2030, interest rate of 1.22%.	<u>6,610,000</u>
Total	6,809,010
Current portion	<u>1,011,524</u>
Long-term debt	<u>\$ 5,797,486</u>

The District's outstanding note from direct borrowings of \$199,010 is secured by the financed equipment. The outstanding note from direct borrowings contains a provision that if the District is unable to make payment, outstanding amounts are due immediately.

The refunding with the 2021 General Obligation Note decreased the District's total debt service payments over the next 9 years by approximately \$517,000, resulting in a net economic gain of approximately \$535,000.

Debt service requirements at June 30, 2021 are as follows:

	Direct Borrowings		General Obligation Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Years ending June 30:						
2022	\$ 97,524	\$ 8,084	\$ 914,000	\$ 80,642	\$ 1,011,524	\$ 88,726
2023	101,486	4,122	925,000	69,491	1,026,486	73,613
2024	-	-	990,000	58,206	990,000	58,206
2025	-	-	1,006,000	46,128	1,006,000	46,128
2026	-	-	1,018,000	33,855	1,018,000	33,855
2027 - 2030	-	-	1,757,000	39,223	1,757,000	39,223
Total	<u>\$ 199,010</u>	<u>\$ 12,206</u>	<u>\$ 6,610,000</u>	<u>\$ 327,545</u>	<u>\$ 6,809,010</u>	<u>\$ 339,751</u>

West Branch Area School District

Notes to Financial Statements
June 30, 2021

13. Capital Lease Obligation

In May 2008, the District entered into a 15 year lease agreement with Municipal Capital Corporation, for an energy efficient heating and cooling system. The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2021:

Years ending June 30:		
2022	\$	53,847
2023		<u>53,847</u>
Total minimum lease payments		107,694
Less amount representing interest		<u>(6,280)</u>
Present value of future minimum lease payments		101,414
Current portion		<u>(49,688)</u>
Long-term portion	\$	<u><u>51,726</u></u>

14. 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>Nonmajor Funds</u>	<u>Total</u>
Restricted for:			
Dental care	\$ 248,728	\$ -	\$ 248,728
Compensatory fund	17,387	-	17,387
Student activities	600	39,664	40,264
Capital projects	-	19,577	19,577
Total	<u>\$ 266,715</u>	<u>\$ 59,241</u>	<u>\$ 325,956</u>
Committed for:			
PSERS and buildings	<u>\$ 3,448,862</u>	<u>\$ -</u>	<u>\$ 3,448,862</u>
Assigned for:			
Athletics	\$ 15,209	\$ -	\$ 15,209
Band uniforms	44,132	-	44,132
Total	<u>\$ 59,341</u>	<u>\$ -</u>	<u>\$ 59,341</u>

15. Nonmonetary Transactions

The District receives USDA Donated Commodities in the enterprise (food service) fund, which is a proprietary fund type. 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 donated by the federal government and used by the District for fiscal year 2021 totaled \$34,909.

West Branch Area School District

Notes to Financial Statements

June 30, 2021

16. Construction Commitments

The District had several active construction projects as of June 30, 2021. Outstanding construction commitments on these projects amounted to approximately \$370,000 (which includes retainage payable of approximately \$24,000) at June 30, 2021.

17. Pending Changes in Accounting Principles

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.

**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
West Branch 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 activity, each major fund, and the aggregate remaining fund information of West Branch 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 January 6, 2022. Our report disclosed an emphasis of matter paragraph as more fully discussed in Note 1 to the financial statements, to address the District's adoption of a new accounting standard. Our opinions were not modified with respect to this matter.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Baker Tilly US, LLP

State College, Pennsylvania
January 6, 2022

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

To the Board of Directors of
West Branch Area School District

Report on Compliance for the Major Federal Program

We have audited West Branch Area School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, West Branch Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of This Report

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

Baker Tilly US, LLP

State College, Pennsylvania
January 6, 2022

West Branch Area School District

Schedule of the District's Proportionate Share of the PSERS Net Pension Liability (Unaudited)
 Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0502%	0.0506%	0.0498%	0.0507%	0.0494%	0.0483%	0.0497%	0.0505%
District's proportionate share of the net pension liability	\$ 24,718,000	\$ 23,672,000	\$ 23,906,000	\$ 25,040,000	\$ 24,485,000	\$ 20,928,000	\$ 19,672,000	\$ 20,673,000
District's covered-employee payroll	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421	\$ 6,336,533
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	350.92%	339.04%	356.43%	350.94%	352.60%	336.43%	316.91%	326.25%
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%	57.24%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*,

West Branch Area School District

Schedule of the District's PSERS Pension Contributions (Unaudited)

Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,388,523	\$ 2,334,038	\$ 2,278,068	\$ 2,333,974	\$ 1,963,067	\$ 1,596,249	\$ 1,251,279	\$ 1,013,844	\$ 745,713	\$ 543,561
Contributions in relation to the contractually required contribution	<u>(2,388,523)</u>	<u>(2,334,038)</u>	<u>(2,278,068)</u>	<u>(2,333,974)</u>	<u>(1,963,067)</u>	<u>(1,596,249)</u>	<u>(1,251,279)</u>	<u>(1,013,844)</u>	<u>(745,713)</u>	<u>(543,561)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421	\$ 6,336,533	\$ 6,484,161	\$ 6,794,482
Contributions as a percentage of covered-employee payroll	33.91%	33.43%	33.96%	32.71%	28.27%	25.66%	20.16%	16.00%	11.50%	8.00%

West Branch Area School District

Schedule of the District's Proportionate Share of the PSERS Net OPEB Liability (Unaudited)

Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0502%	0.0506%	0.0498%	0.0507%	0.0494%
District's proportionate share of the net OPEB liability	\$ 1,085,000	\$ 1,076,000	\$ 1,038,000	\$ 1,033,000	\$ 1,064,000
District's covered-employee payroll	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	15.40%	15.41%	15.48%	14.48%	15.32%
PSERS Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

Note: Data is not available for years prior to June 30, 2017

West Branch Area School District

Schedule of the District's PSERS OPEB Contributions (Unaudited)

Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 58,136	\$ 58,613	\$ 58,000	\$ 61,025	\$ 55,799	\$ 53,634	\$ 54,934	\$ 58,930	\$ 55,766	\$ 44,164
Contributions in relation to the contractually required contribution	<u>(58,136)</u>	<u>(58,613)</u>	<u>(58,000)</u>	<u>(61,025)</u>	<u>(55,799)</u>	<u>(53,634)</u>	<u>(54,934)</u>	<u>(58,930)</u>	<u>(55,766)</u>	<u>(44,164)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421	\$ 6,336,533	\$ 6,484,161	\$ 6,794,482
Contributions as a percentage of covered-employee payroll	0.83%	0.84%	0.86%	0.86%	0.80%	0.86%	0.88%	0.93%	0.86%	0.65%

West Branch Area School District

Schedule of Changes in Total OPEB Liability and Related Ratios - District Plan (Unaudited)

Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 202,483	\$ 197,025	\$ 211,358	\$ 208,818
Interest cost	114,984	98,787	102,604	75,878
Changes of benefit terms	-	-	(154,405)	-
Differences between expected and actual experience	(70,653)	-	(18,298)	-
Changes of assumptions	413,470	(97,166)	8,501	54,172
Benefit payments, including refunds of member contributions	<u>(95,108)</u>	<u>(99,155)</u>	<u>(97,820)</u>	<u>(125,780)</u>
Net change in total OPEB liability	565,176	99,491	51,940	213,088
Total OPEB Liability, Beginning	<u>\$ 3,271,167</u>	<u>3,171,676</u>	<u>3,119,736</u>	<u>2,906,648</u>
Total OPEB Liability, Ending	<u><u>\$ 3,836,343</u></u>	<u><u>\$ 3,271,167</u></u>	<u><u>\$ 3,171,676</u></u>	<u><u>\$ 3,119,736</u></u>
Covered-Employee Payroll	<u><u>\$ 6,802,828</u></u>	<u><u>\$ 6,575,889</u></u>	<u><u>\$ 6,575,889</u></u>	<u><u>\$ 7,113,089</u></u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	<u><u>56.39%</u></u>	<u><u>49.74%</u></u>	<u><u>48.23%</u></u>	<u><u>43.86%</u></u>

The District implemented GASB Statement No. 75 during its year ended June 30, 2018. Information prior to 2018 year is not available.

Note:

Changes of Assumptions

The discount rate changed from 3.13 in 2018 to 2.98 in 2019 to 3.36 percent in 2020 to 1.86 percent in 2021. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

West Branch Area School District

General Fund - Schedule of Revenues, Expenditures and Change in Fund Balance
Year Ended June 30, 2021

Revenues

Local sources:

Taxation:

Current taxation:

Real estate	\$ 3,862,276
Earned income tax	763,506
Payments in lieu of taxes	49,167
Public utility realty tax	4,803
Real estate transfers	78,511

Total current taxation 4,758,263

Delinquent taxation 388,426

Total from taxation 5,146,689

Earnings from temporary investments and deposits	20,325
Receipts from other LEA's	362,722
IDEA	240,619
Athletic admissions	4,871
Miscellaneous revenue	61,597

Total local sources 5,836,823

State sources:

Basic instructional subsidy	7,553,042
Private placement	-
Special education	859,505
Transportation	757,498
Rental and sinking fund payments	120,663
Medical and dental services	17,372
Supplemental reimbursement	283,034
Social Security subsidy	393,186
Retirement subsidy	1,707,953
Other state grants	274,618

Total state sources 11,966,871

Federal sources:

ECIA Title I	435,766
Title II	61,282
Title IV	29,718
NCLB Title IV	18,968
Special education	7,595
ESSER	1,468,795
Medical access	22,650

Total federal sources 2,044,774

Total revenues 19,848,468

West Branch Area School District

General Fund - Schedule of Revenues, Expenditures and Change in Fund Balance
Year Ended June 30, 2021

Expenditures

Instruction:	
Regular programs	\$ 7,632,361
Special programs	2,626,372
Vocational education programs	764,268
Pre-Kindergarten	167,540
Other instructional programs	81,058
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Total instruction	11,271,599
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Support services:	
Pupil personnel	608,876
Instructional staff	578,540
Administration	1,096,740
Pupil health	235,659
Business	357,179
Operation and maintenance of plant services	1,934,461
Student transportation	923,623
Central	147,913
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Total support services	5,882,991
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Noninstructional services	417,253
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Facilities acquisition, construction and improvement services	1,430,478
	<hr/>
Debt service	719,231
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Total expenditures	19,721,552
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Excess of revenues over expenditures before other financing uses	126,916
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Other Financing Sources (Uses)	
Proceeds from refunding notes	6,880,000
Refunded notes	(6,760,000)
Transfer out	(52,500)
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Total other financing sources, net	67,500
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Net change in fund balance	194,416
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Fund Balance, Beginning	7,772,736
	<hr/>
Fund Balance, Ending	\$ 7,967,152
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West Branch Area School District

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2021

(Unaudited)

	<u>Capital Projects</u>	<u>School Sponsored Activity and Scholarships</u>	<u>Total</u>
Assets			
Assets			
Cash and cash equivalents	\$ 19,577	\$ 39,664	\$ 59,241
Liabilities, Deferred Inflows of Resources and Fund Balances			
Fund Balances			
Restricted	\$ 19,577	\$ 39,664	\$ 59,241

West Branch Area School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Fund
 Year Ended June 30, 2021
 (Unaudited)

	Capital Projects	School Sponsored Activity and Scholarships	Total
Revenues			
Local sources	\$ 8	\$ 36,469	\$ 36,477
Expenditures			
Noninstructional services	-	44,501	44,501
Facilities acquisition, construction and improvement services	51,959	-	51,959
Total expenditures	51,959	44,501	96,460
Deficiency of revenues over expenditures before other financing sources (uses)	(51,951)	(8,032)	(59,983)
Other Financing Sources			
Transfer in	52,500	-	52,500
Changes in fund balances	549	(8,032)	(7,483)
Fund Balances, Beginning	19,028	-	19,028
Restatement for Adoption of GASB Statement No. 84	-	47,696	47,696
Fund Balances, Beginning, As Restated	19,028	47,696	66,724
Fund Balances, Ending	\$ 19,577	\$ 39,664	\$ 59,241

West Branch Area School District

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

Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Assistance Listing Number	Pass- Through Grantors Number	Grant Period Code	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue at July 1, 2020	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June, 30 2021	Expenditures to Subrecipients
U.S. Department of Education											
Passed through PA Department of Education:											
Title I Grants to Local Educational Agencies	I	84.010	013-210469	A	\$ 449,637	\$ 329,734	\$ -	\$ 382,933	\$ 382,933	\$ 53,199	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-200469	B	391,855	78,213	25,380	52,833	52,833	-	-
Total Title I Grants to Local Educational Agencies						407,947	25,380	435,766	435,766	53,199	-
Rural Education Title IV	I	84.358	007-21-0469	A	18,968	18,968	-	18,968	18,968	-	-
Supporting Effective Instruction State Grant	I	84.367	020-210469	A	56,515	49,029	-	56,515	56,515	7,486	-
Supporting Effective Instruction State Grant	I	84.367	020-200469	B	50,984	13,621	8,854	4,767	4,767	-	-
Total Supporting Effective Instruction State Grant						62,650	8,854	61,282	61,282	7,486	-
Student Support and Academic Enrichment Programs	I	84.424	144-210469	A	29,718	23,774	-	29,718	29,718	5,944	-
Student Support and Academic Enrichment Programs	I	84.424	144-200469	B	30,991	14,462	14,462	-	-	-	-
Total Student Support and Academic Enrichment Programs						38,236	14,462	29,718	29,718	5,944	-
COVID-19 - American Rescue Plan - Elementary And Secondary School Emergency Relief Fund	I	84.425U	233-21-0469	A	3,320,231	-	-	661,372	661,372	661,372	-
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425D	200-21-0469	A	1,641,476	-	-	305,511	305,511	305,511	-
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425C	200-20-0469	B	321,848	287,969	13,940	279,685	279,685	5,656	-
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425	254-20-0469	A	20,357	3,214	-	20,208	20,208	16,994	-
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425	253-20-0469	A	14,750	2,329	-	14,750	14,750	12,421	-
Passed through Pennsylvania Commission on Crime and Delinquency:											
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425	2020-CS-0134214	A	159,922	159,922	-	159,922	159,922	-	-
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425	2020-ES-0135430	A	27,347	27,347	-	27,347	27,347	-	-
Total Education Stabilization Funds						480,781	13,940	1,468,795	1,468,795	1,001,954	-
Total PA Department of Education						1,008,582	62,636	2,014,529	2,014,529	1,068,583	-
Passed through Central Intermediate Unit #10:											
Special Education Cluster (IDEA):											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-21-0010	A	238,219	186,199	-	238,219	238,219	52,020	-
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	131-20-0010	A	2,400	1,159	-	2,400	2,400	1,241	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-20-0010	B	252,890	252,890	252,890	-	-	-	-
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	131-19-0010	B	4,056	1,480	1,480	-	-	-	-
Passed through PA Department of Education:											
Special Education - Grants to States	I	84.027	252-20-0469	A	7,595	7,595	-	7,595	7,595	-	-
Total Special Education Cluster (IDEA)						449,323	254,370	248,214	248,214	53,261	-
Total U.S. Department of Education						1,457,905	317,006	2,262,743	2,262,743	1,121,844	-
U.S. Department of Agriculture											
Child Nutrition Cluster:											
Passed Through PA Department of Education:											
National School Lunch Program	I	10.555	362-0000	A	Note 3	343,917	-	348,772	348,772	4,855	-
School Breakfast Program	I	10.553	365-0000	A	Note 3	154,477	-	156,534	156,534	2,057	-
National School Lunch Program	I	10.555	362-0000	B	Note 3	26,570	26,570	-	-	-	-
School Breakfast Program	I	10.553	365-0000	B	Note 3	16,797	16,797	-	-	-	-
Total PA Department of Education						541,761	43,367	505,306	505,306	6,912	-
Passed Through PA Department of Agriculture											
National School Lunch Program	I	10.555	2-05-17-900	A	N/A	36,763	(876)	34,909	34,909	(2,730)	-
Total Child Nutrition Cluster and Total Total U.S. Department of Agriculture						578,524	42,491	540,215	540,215	4,182	-
Total						\$ 2,036,429	\$ 359,497	\$ 2,802,958	\$ 2,802,958	\$ 1,126,026	\$ -

See notes to schedule of expenditures of federal awards

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

2. Summary of Significant Accounting Policies

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

3. National School Lunch Program

The program amount for the National School Lunch Program is based on a set per meal reimbursement rate.

4. Source Code and Grant Period Codes

Source code used in the schedule of expenditures of federal awards is as follows:

I = Indirect funding

Grant period codes used in the schedule of expenditures of federal awards are as follows:

A = 07/01/20 - 06/30/21

B = 07/01/19 - 06/30/20

5. Indirect Cost Rate

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

West Branch 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 the auditor issued on whether the financial statements audited were prepared in accordance 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 the major federal program:

Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major federal program:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Funds

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 Schedule of Prior Year Audit Findings

No audit findings reported in prior year.