

West Branch Area School District

Financial Statements and
Supplementary Information

June 30, 2022

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the major fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the General Fund budgetary comparison for the for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The General Fund - schedule of revenues, expenditures and change in fund balance (pages 62-63); and the schedule of expenditures of federal awards (page 66), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The combining nonmajor governmental funds financial statements (pages 64-65) 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 December 22, 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
December 22, 2022



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Michelle Dutrow, Superintendent

Management Discussion and Analysis (Unaudited)

June 30, 2022

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, 2022. 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 \$(7,384,565). The capital projects fund restricted fund balance in the amount of \$17,157 remains from the costs of short-term improvements to the District's facilities.

The District's total net position increased by \$2,272,950. Net position of governmental activities increased by \$2,067,148 while net position of the business-type activity increased \$205,802.

As of the close of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$8,738,017, an increase of \$711,624 from the prior year. \$5,760,981 of this amount is available for spending at the District's discretion (General Fund Unassigned Fund Balance) while \$17,157 of this amount must be used for capital projects in accordance with Section 1432 of the Municipal Code. The District has also restricted \$44,229 for student activities and scholarships. The District has committed \$2,670,112 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 \$50,734 for athletics and band uniforms. The District also has \$194,804 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 \$5,760,981, or 30% of the 2021-2022 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, 2022

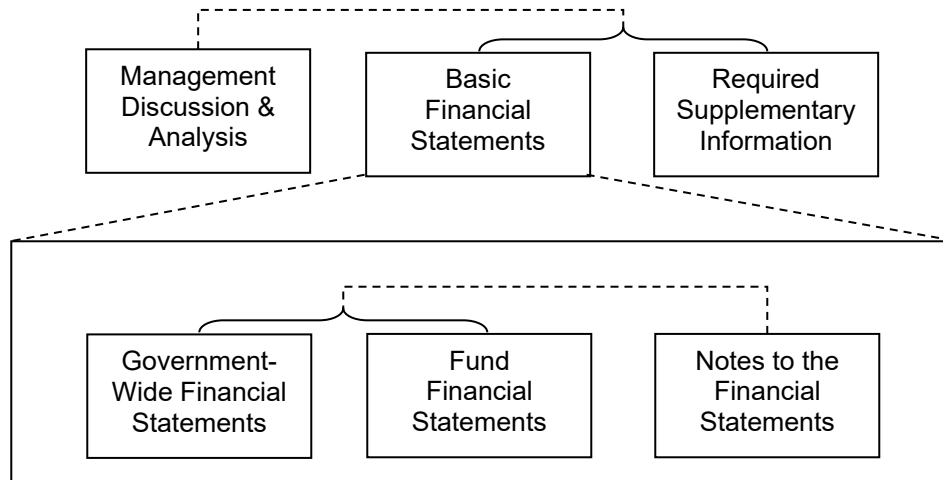
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide financial statements. The governmental fund statements tell how general District services were financed in the short-term as well as what remains 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:

Figure A-1

Required Components of the District's Financial Report



West Branch Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022

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, 2022

Government-Wide Financial Analysis

The District's Total Net Position (Deficit) was **negative (\$7,384,565)** at June 30, 2022 as compared to **negative \$9,657,515** at June 30, 2021. 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 \$7,384,565 in net position (deficit), \$8,720,749 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, 2022: \$256,190 is restricted for the Capital Projects, Dental Care and Compensatory Fund. The remaining negative \$16,361,504 is unrestricted.

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

	2022			2021		
	Governmental Activities	Business-Type Activity	Total	Governmental Activities	Business-Type Activity	Total
Assets						
Current and other assets	\$ 12,131,776	\$ 395,300	\$ 12,527,076	\$ 11,529,981	\$ 165,120	\$ 11,695,101
Noncurrent assets	14,457,297	172,601	14,629,898	14,799,220	184,574	14,983,794
Total assets	26,589,073	567,901	27,156,974	26,329,201	349,694	26,678,895
Deferred Outflows	4,520,116	20,294	4,540,410	4,481,002	17,918	4,498,920
Total assets and deferred outflows	<u>\$ 31,109,189</u>	<u>\$ 588,195</u>	<u>\$ 31,697,384</u>	<u>\$ 30,810,203</u>	<u>\$ 367,612</u>	<u>\$ 31,177,815</u>
Liabilities						
Current liabilities	\$ 2,806,729	\$ 48,373	\$ 2,855,102	\$ 2,892,917	\$ 37,470	\$ 2,930,387
Long-term liabilities:						
Due within one year	1,094,090	-	1,094,090	1,061,212	-	1,061,212
Due after one year	31,056,151	98,785	31,154,936	35,695,610	106,661	35,802,271
Total liabilities	34,956,970	147,158	35,104,128	39,649,739	144,131	39,793,870
Deferred Inflows	3,961,217	16,604	3,977,821	1,036,610	4,850	1,041,460
Net Position (Deficit)						
Net investment in capital assets	8,548,148	172,601	8,720,749	7,888,796	184,574	8,073,370
Restricted	256,190	-	256,190	325,956	-	325,956
Unrestricted (deficit)	(16,613,336)	251,832	(16,361,504)	(18,090,898)	34,057	(18,056,841)
Total net position (deficit)	<u>(7,808,998)</u>	<u>424,433</u>	<u>(7,384,565)</u>	<u>(9,876,146)</u>	<u>218,631</u>	<u>(9,657,515)</u>
Total liabilities, deferred inflows and net position (deficit)	<u>\$ 31,109,189</u>	<u>\$ 588,195</u>	<u>\$ 31,697,384</u>	<u>\$ 30,810,203</u>	<u>\$ 367,612</u>	<u>\$ 31,177,815</u>

West Branch Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2022

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

	2022			2021		
	Governmental Activities	Business-Type Activity	Total	Governmental Activities	Business-Type Activity	Total
Revenues						
Program revenues:						
Charges for services	\$ 29,610	\$ 111,836	\$ 141,446	\$ -	\$ 68,367	\$ 68,367
Operating grants and contributions	7,501,848	788,231	8,290,079	7,100,281	560,924	7,661,205
General revenues:						
General taxes	5,195,716	-	5,195,716	5,143,976	-	5,143,976
Grants, subsidies and contributions, unrestricted	7,749,874	-	7,749,874	7,553,042	-	7,553,042
Other	131,444	45	131,489	84,933	62	84,995
Total revenues	<u>20,608,492</u>	<u>900,112</u>	<u>21,508,604</u>	<u>19,882,232</u>	<u>629,353</u>	<u>20,511,585</u>
Expenses						
Instruction	11,228,596	-	11,228,596	11,706,743	-	11,706,743
Instructional student support	1,471,204	-	1,471,204	1,468,654	-	1,468,654
Administration and financial support	1,454,330	-	1,454,330	1,667,174	-	1,667,174
Operation and maintenance of plant	2,738,206	-	2,738,206	2,382,292	-	2,382,292
Pupil transportation	1,027,495	-	1,027,495	923,623	-	923,623
Student activities	536,515	-	536,515	472,366	-	472,366
Interest of long-term debt	84,998	-	84,998	261,576	-	261,576
Food services	-	694,310	694,310	-	524,812	524,812
Total expenses	<u>18,541,344</u>	<u>694,310</u>	<u>19,235,654</u>	<u>18,882,428</u>	<u>524,812</u>	<u>19,407,240</u>
Increase (decrease) in net position	<u>\$ 2,067,148</u>	<u>\$ 205,802</u>	<u>\$ 2,272,950</u>	<u>\$ 999,804</u>	<u>\$ 104,541</u>	<u>\$ 1,104,345</u>

Operating grants increased in the current year \$628,874 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 \$355,914 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, 2022

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.

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Instruction	\$ 11,228,596	\$ 4,818,909	\$ 11,706,743	\$ 5,538,423
Instruction student support	1,471,204	1,460,400	1,468,654	1,451,282
Administration and financial support	1,454,330	1,454,330	1,667,174	1,667,174
Operation and maintenance of plant	2,738,206	2,738,206	2,382,292	2,382,292
Pupil transportation	1,027,495	280,264	923,623	166,125
Student activities	536,515	441,583	472,366	435,938
Interest of long-term debt	84,998	(183,806)	261,576	140,913
	<u>\$ 18,541,344</u>	11,009,886	<u>\$ 18,882,428</u>	11,782,147
Less unrestricted grants and subsidies		<u>(7,749,874)</u>		<u>(7,553,042)</u>
Total		<u>\$ 3,260,012</u>		<u>\$ 4,229,105</u>

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

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Food services	\$ 694,310	\$ (205,757)	\$ 524,812	\$ (104,479)
Investment earnings		<u>(45)</u>		<u>(62)</u>
Total		<u>\$ (205,802)</u>		<u>\$ (104,541)</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, 2022

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 \$8,738,017 which is an increase of \$711,624 (8.9%) 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 \$5,760,981. 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 28% of the 2022-2023 budgeted expenditures, which is in line with the Government Finance Officers Association recommended range. During the fiscal year, the District's General Fund total fund balances increased by \$714,499. Key factors that contributed to this increase were as follows:

Revenues:

Overall the District received 112.4% of the budgeted revenues. Local, state and federal revenues were greater than budgeted.

Expenditures:

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

- Pre-Kindergarten was \$111,340 less than budgeted.
- Administration was \$104,828 less than budgeted.
- Pupil health was \$30,782 less than budgeted.
- Business was \$17,647 less than budgeted.
- Central was \$29,805 less than budgeted.
- Debt services was \$78,050 less than budgeted.

Overall, the District expended 105.8% 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 \$17,157 at June 30, 2022. It decreased by \$2,420 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, 2022

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 22 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 \$389,261 from the budgetary reserve for the 2021-2022 school year. The 2021-2022 actual results added \$792,549 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	\$ 5,525,229	\$ 5,924,328	\$ 399,099	107.22 %
7000 State sources	12,056,883	12,233,518	176,635	101.47
8000 Federal sources	721,464	2,416,705	1,695,241	334.97
Total revenues and sources	<u>18,303,576</u>	<u>20,574,551</u>	<u>2,270,975</u>	112.41
Expenditures				
1000 Instruction	11,265,843	11,748,693	(482,850)	104.29
2000 Support services	5,815,464	5,830,428	(14,964)	100.26
3000 Noninstructional	374,383	486,039	(111,656)	129.82
4000 Facilities	5,000	562,745	(557,745)	11254.90
5000 Debt Service	1,232,147	1,154,097	78,050	93.67
Total expenditures and uses	<u>18,692,837</u>	<u>19,782,002</u>	<u>(1,089,165)</u>	105.83
(Deficiency) excess of revenues (under) over expenditures	<u>\$ (389,261)</u>	<u>\$ 792,549</u>	<u>\$ 1,181,810</u>	

West Branch Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2022

REVENUES

Local Revenues:

In light of the fiscal impact that the global pandemic was expected to have on the 2021-2022 fiscal year, local revenues were budgeted conservatively for the 2020-2021 and 2021-2022 fiscal years. However, almost all of the local revenue sources were underbudgeted when compared to the actual results of the 2021-2022 fiscal year, and resulted in actual local revenue being 7.2%, or \$399,099, higher than budgeted. Earned income tax revenue was 18.5%, or \$112,916, more than budgeted, and real estate transfer tax was 227%, or \$114,403, more than budgeted. Revenue from public utility reality taxes, per capita taxes, occupation taxes, local service taxes, refunds from prior years, and several other local revenue sources were all higher than budgeted for the 2021-2022 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 1.5% 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 \$1,695,241, or 235%, more in federal funds than had been budgeted for the 2021-2022 fiscal year. The District budgeted \$105,560 of federal coronavirus relief funds in 2021-2022. However, the District recognized \$1,906,034 of federal coronavirus stimulus funds during the 2021-2022 fiscal year. Due to this influx of unbudgeted federal funds, the District only requested \$20,000 of the \$100,000 budgeted SBAP Access funds. The District also received an unbudgeted Title IV allocation of \$22,393 during the 2021-2022 fiscal year.

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. The 2021-2022 Instructional subtotal of expenditures was \$482,850, or 4.3% over budget. The most significant deviation of actual over budgeted expenditures was experienced in special education placement tuition costs which was \$239,866, or 76% over the budgeted figure of \$315,000.

The most significant actual to budget deviation 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 and 2021-2022 fiscal years. 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 2021-2022 fiscal year. The costs for these two project phases resulted in Facilities Acquisition costs being \$557,745 higher than budgeted.

West Branch Area School District

Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022 is summarized below.

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Land, buildings and improvements	\$ 29,937,815	\$ -	\$ 29,937,815
Equipment and other capital assets	2,758,042	589,090	3,347,132
Leased assets	80,616	-	80,616
Total	32,776,473	589,090	33,365,563
Accumulated depreciation	(18,319,176)	(416,489)	(18,735,665)
Net	<u>\$ 14,457,297</u>	<u>\$ 172,601</u>	<u>\$ 14,629,898</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, 2022, the District's long-term liabilities was \$32,249,026. This includes net other postemployment benefit liability of \$5,143,544, compensated absences of \$298,333, general obligation notes payable of \$5,797,485, obligations incurred under installment contracts of \$51,726, obligations incurred under leases of \$59,938 and a net pension liability of \$20,898,000.

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 many years and this trend is expected to continue based on enrollment projections by the Pennsylvania Department of Education. The district administration 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.

The revenue budget for the 2022-2023 year, \$19,933,180 is \$1,629,604 more than the budget for 2021-2022. This represents an 8.9% increase in budgeted revenues. The increase in budgeted revenue is due to the recognition of federal CARES and ARP funds during the 2022-2023 fiscal year. Receipt of these funding streams had not been budgeted for the 2021-2022 fiscal year. The expenditure budget for the 2022-2023 year, \$20,499,957, is \$1,807,120 more than the budget for 2021-2022, which is an increase of 9.7%. The increase in expenditures is primarily the result of the matching of the expenditures that the district will experience with the CARES and ARP funds. The 2022-2023 budget requires the use of \$566,777 from the fund balance to balance.

West Branch Area School District

Management's Discussion and Analysis (Unaudited)

June 30, 2022

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 77 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 53 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%, 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, and information technology coordinator. The secretary to the superintendent, pupil services coordinators, bookkeeper/payroll coordinator, and the network administrator have a separate Act 93 Non-Supervisor compensation plan. The Act 93 Plans run from July 1, 2020 until June 30, 2023. The annual average salary increase for administrative personnel range from 0% to 3.5%. These groups contribute to health insurance costs. The Act 93 Groups contributes the same as the professional staff \$73 to \$167 per month. Other benefits are similar to other district employees.

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, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 8,872,957	\$ 386,754	\$ 9,259,711
Taxes receivable, net	788,288	-	788,288
Due from other governments	2,393,225	7,265	2,400,490
Internal balances	9,820	(9,820)	-
Other receivables	67,486	-	67,486
Inventories	-	11,101	11,101
	<u>12,131,776</u>	<u>395,300</u>	<u>12,527,076</u>
Noncurrent Assets			
Land, buildings and improvements	29,937,815	-	29,937,815
Equipment and other capital assets	2,838,658	589,090	3,427,748
Accumulated depreciation	<u>(18,319,176)</u>	<u>(416,489)</u>	<u>(18,735,665)</u>
	<u>14,457,297</u>	<u>172,601</u>	<u>14,629,898</u>
Total assets	<u>26,589,073</u>	<u>567,901</u>	<u>27,156,974</u>
Deferred Outflows of Resources			
Other postemployment benefits	709,166	4,632	713,798
Pension	<u>3,810,950</u>	<u>15,662</u>	<u>3,826,612</u>
	<u>4,520,116</u>	<u>20,294</u>	<u>4,540,410</u>
Total assets and deferred outflows of resources	<u>\$ 31,109,189</u>	<u>\$ 588,195</u>	<u>\$ 31,697,384</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)			
Liabilities			
Current liabilities:			
Accounts payable	\$ 403,875	\$ 19,887	\$ 423,762
Current portion of notes payable	1,026,485	-	1,026,485
Current portion of installment contract payable	51,726	-	51,726
Current portion lease liability	15,879	-	15,879
Accrued salaries and benefits	2,375,351	-	2,375,351
Unearned revenue	-	28,486	28,486
Accrued interest	<u>27,503</u>	<u>-</u>	<u>27,503</u>
	<u>3,900,819</u>	<u>48,373</u>	<u>3,949,192</u>
Noncurrent liabilities:			
Notes payable	4,771,000	-	4,771,000
Lease liability	44,059	-	44,059
Other postemployment benefits liability	5,135,226	8,318	5,143,544
Compensated absences	293,398	4,935	298,333
Net pension liability	<u>20,812,468</u>	<u>85,532</u>	<u>20,898,000</u>
	<u>31,056,151</u>	<u>98,785</u>	<u>31,154,936</u>
Total liabilities	<u>34,956,970</u>	<u>147,158</u>	<u>35,104,128</u>
Deferred Inflows of Resources			
Other postemployment benefits	279,348	1,473	280,821
Pension	<u>3,681,869</u>	<u>15,131</u>	<u>3,697,000</u>
	<u>3,961,217</u>	<u>16,604</u>	<u>3,977,821</u>
Net Position (Deficit)			
Net investment in capital assets	8,548,148	172,601	8,720,749
Restricted	256,190	-	256,190
Unrestricted (deficit)	<u>(16,613,336)</u>	<u>251,832</u>	<u>(16,361,504)</u>
	<u>(7,808,998)</u>	<u>424,433</u>	<u>(7,384,565)</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 31,109,189</u>	<u>\$ 588,195</u>	<u>\$ 31,697,384</u>

See notes to financial statements

West Branch Area School District

Statement of Activities

Year Ended June 30, 2022

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	\$ (11,228,596)	\$ -	\$ 6,409,687	\$ (4,818,909)		\$ (4,818,909)
Instructional student support	(1,471,204)	-	10,804	(1,460,400)		(1,460,400)
Administration and financial support services	(1,454,330)	-	-	(1,454,330)		(1,454,330)
Operation and maintenance of plant services	(2,738,206)	-	-	(2,738,206)		(2,738,206)
Pupil transportation	(1,027,495)	-	747,231	(280,264)		(280,264)
Student activities	(536,515)	29,610	65,322	(441,583)		(441,583)
Interest on long-term debt	(84,998)	-	268,804	183,806		183,806
Total governmental activities	(18,541,344)	29,610	7,501,848	(11,009,886)		(11,009,886)
Business-Type Activity						
Food service	(694,310)	111,836	788,231		\$ 205,757	205,757
Total	\$ (19,235,654)	\$ 141,446	\$ 8,290,079		205,757	(10,804,129)
General Revenues						
Property taxes, levied for general purposes, net				4,416,701	-	4,416,701
Earned income tax				779,015	-	779,015
Grants, subsidies and contributions not restricted				7,749,874	-	7,749,874
Investment earnings				26,206	45	26,251
Miscellaneous income				105,238	-	105,238
Total general revenues				13,077,034	45	13,077,079
Change in net position (deficit)				2,067,148	205,802	2,272,950
Net Position (Deficit), Beginning				(9,876,146)	218,631	(9,657,515)
Net Position (Deficit), Ending				\$ (7,808,998)	\$ 424,433	\$ (7,384,565)

See notes to financial statements

West Branch Area School District

Balance Sheet - Governmental Funds

June 30, 2022

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 8,816,591	\$ 56,366	\$ 8,872,957
Taxes receivable, net	788,288	-	788,288
Due from other governments	2,393,225	-	2,393,225
Due from other funds	9,820	-	9,820
Other receivables	67,486	-	67,486
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 12,075,410</u>	<u>\$ 56,366</u>	<u>\$ 12,131,776</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	\$ 403,875	\$ -	\$ 403,875
Accrued salaries and benefits	2,375,351	-	2,375,351
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,779,226</u>	<u>-</u>	<u>2,779,226</u>
Deferred Inflows of Resources			
Unearned revenues, taxes	614,533	-	614,533
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Restricted	199,824	56,366	256,190
Committed	2,670,112	-	2,670,112
Assigned	50,734	-	50,734
Unassigned	5,760,981	-	5,760,981
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,681,651</u>	<u>56,366</u>	<u>8,738,017</u>
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 12,075,410</u>	<u>\$ 56,366</u>	<u>\$ 12,131,776</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, 2022

Total Fund Balance - Governmental Funds	\$ 8,738,017
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 \$32,776,473 and the accumulated depreciation is \$18,319,176.	14,457,297
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.	614,533
Deferred outflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	3,810,950
Deferred inflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	(3,681,869)
Deferred outflows related to net OPEB liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	709,166
Deferred inflows related to net OPEB liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	(279,348)
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	(5,797,485)
Installment contract payable	(51,726)
Lease liability	(59,938)
Accrued interest on long-term debt	(27,503)
Other postemployment benefits liability (OPEB)	(5,135,226)
Compensated absences	(293,398)
Net pension liability	<u>(20,812,468)</u>
Total Net Deficit - Governmental Activities	<u><u>\$ (7,808,998)</u></u>

See notes to financial statements

West Branch Area School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2022

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues			
Local sources	\$ 5,924,328	\$ 65,467	\$ 5,989,795
State sources	12,233,518	-	12,233,518
Federal sources	2,416,705	-	2,416,705
	<u>20,574,551</u>	<u>65,467</u>	<u>20,640,018</u>
Expenditures			
Instruction	11,748,693	-	11,748,693
Support services	5,830,428	-	5,830,428
Noninstructional services	486,039	65,916	551,955
Facilities acquisition, construction and improvement services	562,745	80,476	643,221
Debt service	1,154,097	-	1,154,097
	<u>19,782,002</u>	<u>146,392</u>	<u>19,928,394</u>
Excess (deficit) of revenues over expenditures before other financing (uses) sources	<u>792,549</u>	<u>(80,925)</u>	<u>711,624</u>
Other Financing (Uses) Sources			
Transfer out	(78,050)	-	(78,050)
Transfer in	-	78,050	78,050
	<u>(78,050)</u>	<u>78,050</u>	<u>-</u>
Total other financing sources, net	<u>(78,050)</u>	<u>78,050</u>	<u>-</u>
Net changes in fund balances	714,499	(2,875)	711,624
Fund Balances, Beginning	<u>7,967,152</u>	<u>59,241</u>	<u>8,026,393</u>
Fund Balances, Ending	<u>\$ 8,681,651</u>	<u>\$ 56,366</u>	<u>\$ 8,738,017</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, 2022

Total Net Changes in Fund Balances - Governmental Funds \$ 711,624

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	408,675	
Loss on disposal	(10,479)	
Depreciation expense	<u>(815,594)</u>	(417,398)

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. (31,527)

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, 2022 are as follows:

Scheduled principal payments on long-term debt	1,011,525	
Scheduled principal payments on lease liabilities	15,537	
Scheduled principal payments on installment contract payable	<u>49,688</u>	1,076,750

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. 7,886

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. 945,096

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. (240,996)

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. 15,713

Change in Net Position (Deficit) of Governmental Activities \$ 2,067,148

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, 2022

	Budgeted Amount Original and Final	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues			
Local sources	\$ 5,525,229	\$ 5,924,328	\$ 399,099
State sources	12,056,883	12,233,518	176,635
Federal sources	721,464	2,416,705	1,695,241
Total revenues	<u>18,303,576</u>	<u>20,574,551</u>	<u>2,270,975</u>
Expenditures			
Instruction:			
Regular programs	7,589,283	7,955,960	(366,677)
Special programs	2,451,340	2,629,377	(178,037)
Vocational education programs	886,569	924,593	(38,024)
Pre-Kindergarten	277,446	166,106	111,340
Other instructional programs	61,205	72,657	(11,452)
Total instruction	<u>11,265,843</u>	<u>11,748,693</u>	<u>(482,850)</u>
Support services:			
Pupil personnel	601,250	612,014	(10,764)
Instructional staff	573,750	690,743	(116,993)
Administration	1,205,936	1,101,108	104,828
Pupil health	261,721	230,939	30,782
Business	336,383	318,736	17,647
Operation and maintenance of plant services	1,702,855	1,741,426	(38,571)
Student transportation services	995,797	1,027,495	(31,698)
Central	137,772	107,967	29,805
Total support services	<u>5,815,464</u>	<u>5,830,428</u>	<u>(14,964)</u>
Noninstructional services, Student activities	<u>374,383</u>	<u>486,039</u>	<u>(111,656)</u>
Facilities acquisition, construction and improvement services	<u>5,000</u>	<u>562,745</u>	<u>(557,745)</u>
Debt service	<u>1,154,097</u>	<u>1,154,097</u>	<u>-</u>
Total expenditures	<u>18,614,787</u>	<u>19,782,002</u>	<u>(1,167,215)</u>
Excess of revenues (under) over expenditures before other financing uses	<u>(311,211)</u>	<u>792,549</u>	<u>1,103,760</u>
Other Financing Uses			
Transfer out	<u>(78,050)</u>	<u>(78,050)</u>	<u>-</u>
Net changes in fund balances	<u>\$ (389,261)</u>	<u>714,499</u>	<u>\$ 1,103,760</u>
Fund Balance, Beginning		<u>7,967,152</u>	
Fund Balance, Ending		<u>\$ 8,681,651</u>	

See notes to financial statements

West Branch Area School District

Balance Sheet - Proprietary Fund - Food Service

June 30, 2022

Assets and Deferred Outflows of Resources

Assets

Current assets:

Cash	\$	386,754
Due from other governments		7,265
Inventories		11,101
		<u>11,101</u>
Total current assets		<u>405,120</u>

Noncurrent assets:

Machinery and equipment		589,090
Accumulated depreciation		(416,489)
		<u>(416,489)</u>
Total noncurrent assets		<u>172,601</u>
Total assets		<u>577,721</u>

Deferred Outflows of Resources

Other postemployment benefits		4,632
Pension		15,662
		<u>15,662</u>
Total deferred outflows of resources		<u>20,294</u>
Total	\$	<u>598,015</u>

Liabilities, Deferred Inflows of Resources and Net Position

Liabilities

Current liabilities:

Accounts payable	\$	19,887
Due to other funds		9,820
Unearned revenue		28,486
		<u>28,486</u>
Total current liabilities		<u>58,193</u>

Noncurrent liabilities:

Compensated absences		4,935
Other postemployment benefits		8,318
Net pension liability		85,532
		<u>85,532</u>
Total noncurrent liabilities		<u>98,785</u>

Total liabilities		<u>156,978</u>
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Deferred Inflows of Resources

Other postemployment benefits		1,473
Pension		15,131
		<u>15,131</u>
Total deferred inflows of resources		<u>16,604</u>

Net Position

Net investment in capital assets		172,601
Unrestricted		251,832
		<u>251,832</u>
Total net position		<u>424,433</u>
Total	\$	<u>598,015</u>

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, 2022

Operating Revenues

Food service revenues	\$ 111,836
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Operating Expenses

Food, milk and supplies	304,155
Other purchased services	245,249
Salaries and employee benefits	106,609
Depreciation	23,439
Operation and maintenance	13,521
Miscellaneous	1,337

Total operating expenses	<u>694,310</u>
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Operating loss	<u>(582,474)</u>
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Nonoperating Revenues

State sources	23,709
Federal sources	764,522
Earnings on investments	45

Total nonoperating revenues	<u>788,276</u>
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Change in net position	205,802
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Net Position, Beginning	<u>218,631</u>
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Net Position, Ending	<u><u>\$ 424,433</u></u>
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West Branch Area School District

Statement of Cash Flows - Proprietary Fund - Food Service
Year Ended June 30, 2022

Cash Flows From Operating Activities

Cash received from customers	\$ 108,118
Cash paid to employees	(106,609)
Cash paid to vendors	(570,669)
	<u>(569,160)</u>
Net cash used in operating activities	<u>(569,160)</u>

Cash Flows From Noncapital Financing Activities

State sources	23,777
Federal sources	781,912
	<u>805,689</u>
Net cash provided by noncapital financing activities	<u>805,689</u>

Cash Flows From Investing Activities

Purchase of machinery and equipment	(11,466)
Earnings on investments	45
	<u>(11,421)</u>
Net cash used in investing activities	<u>(11,421)</u>

Increase in cash 225,108

Cash, Beginning

161,646

Cash, Ending

\$ 386,754

Supplemental Disclosure of Noncash Transactions

USDA Donated Commodities	<u><u>\$ 49,196</u></u>
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Reconciliation of Operating Loss to Net Cash

Used in Operating Activities

Operating loss	\$ (582,474)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	23,439
Pension changes	2,007
OPEB changes	(835)
Changes in assets and liabilities resulting in the provisions (use) of cash:	
Inventories	(5,093)
Accounts payable	(2,910)
Due to other funds	94
Unearned revenue	(3,718)
Compensated absences	330
	<u>(569,160)</u>
Net cash used in operating activities	<u><u>\$ (569,160)</u></u>

See notes to financial statements

West Branch Area School District

Notes to Financial Statements
June 30, 2022

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.

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.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

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, 2022

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 2022, 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, 2022

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, 2022 was approved by the Board of Directors on June 24, 2021 in the amount of \$19,360,012 with a tax millage of 101.16 mills for Clearfield County and 12.61 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, 2022, the District paid the CCCTC \$828,435 for operating expenses and a roof replacement project. 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, 2022

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, 2022

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 Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases, and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the District's leasing activities. This standard was implemented on July 1, 2021, which resulted in the recognition of leased assets and associated lease liabilities of approximately \$75,000.

West Branch Area School District

Notes to Financial Statements

June 30, 2022

2. Cash and Cash Equivalents

At June 30, 2022, 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, 2022, the carrying amount of the District's deposits with local financial institutions was \$9,112,784 and the bank balance was \$9,378,402. Of this balance, \$8,628,402 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, 2022, the carrying amount and bank balances of the District's investment in PSDLAF were \$146,927. 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, 2022

3. Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are collected at a 2% discount through October 15; face amount due from October 16 through December 15; and 10% 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, 2022 follows:

Property taxes receivable	\$	989,400
Earned income taxes receivable		<u>2,643</u>
Total		992,043
Estimated uncollectible taxes at June 30, 2022		<u>(203,755)</u>
Total	\$	<u><u>788,288</u></u>

5. Due From Other Governments

The amount reported in the governmental funds at June 30, 2022 as due from other governments is summarized below:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ 1,616,131	\$ 490,420	\$ 286,674	\$ 2,393,225
Food Service Fund	<u>7,052</u>	<u>213</u>	<u>-</u>	<u>7,265</u>
Total	<u>\$ 1,623,183</u>	<u>\$ 490,633</u>	<u>\$ 286,674</u>	<u>\$ 2,400,490</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, 2022. 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, 2022.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

6. Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021 (as Restated)	Increases	Transfer/ Decreases	Balance June 30, 2022
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>475,447</u>	<u>-</u>	<u>(463,155)</u>	<u>12,292</u>
Capital assets, being depreciated:				
Buildings and improvements	29,222,474	242,754	460,295	29,925,523
Leased assets	80,616	-	-	80,616
Equipment and other capital assets	2,636,740	165,921	(44,619)	2,758,042
Total capital assets, being depreciated	<u>31,939,830</u>	<u>408,675</u>	<u>415,676</u>	<u>32,764,181</u>
Accumulated depreciation for:				
Buildings and improvements	(15,494,497)	(649,963)	2,431	(16,142,029)
Leased assets	(5,141)	(15,537)	-	(20,678)
Equipment and other capital assets	(2,040,944)	(150,094)	34,569	(2,156,469)
Total accumulated depreciation	<u>(17,540,582)</u>	<u>(815,594)</u>	<u>37,000</u>	<u>(18,319,176)</u>
Total capital assets being depreciated, net	<u>14,399,248</u>	<u>(406,919)</u>	<u>452,676</u>	<u>14,445,005</u>
Governmental activities capital assets, net	<u>\$ 14,874,695</u>	<u>\$ (406,919)</u>	<u>\$ (10,479)</u>	<u>\$ 14,457,297</u>
Business-Type Activity				
Capital assets being depreciated:				
Equipment and other capital assets	\$ 577,624	\$ 11,466	\$ -	\$ 589,090
Accumulated depreciation for:				
Equipment and other capital assets	(393,050)	(23,439)	-	(416,489)
Business-type activity capital assets, net	<u>\$ 184,574</u>	<u>\$ (11,973)</u>	<u>\$ -</u>	<u>\$ 172,601</u>
Depreciation was allocated as follows:				
Governmental activities, instruction	\$ 815,594			
Business-type activity, food service	23,439			
Total depreciation expense	<u>\$ 839,033</u>			

West Branch Area School District

Notes to Financial Statements
June 30, 2022

7. Accrued Salaries and Benefits

Accrued salaries and benefits in the General Fund totaling \$2,375,351 represent salaries of \$1,168,373, the District's share of Social Security taxes of \$94,168 for teachers' services during the 2021-2022 school term, which are paid during July and August 2022 and retirement plan expense of \$1,112,810 applicable to the accrued salaries at June 30, 2022.

8. Interfund Receivables, Payables and Transfers

At June 30, 2022, the following interfund balances were unpaid:

Amounts due from other funds:	
General Fund	<u>\$ 9,820</u>
Amounts due to other funds:	
Food Service Fund	<u>\$ 9,820</u>

Interfund balances primarily arise between the General Fund and Food Service Fund due to payroll expenses being paid out of the General Fund and reimbursed by the Food Service Fund.

The composition of interfund transfers, used to move cash between funds at June 30, 2022 is as follows:

Transfers in:	
Capital Projects	<u>\$ 78,050</u>
Transfers out:	
General Fund	<u>\$ 78,050</u>

The General fund transferred \$78,050 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 \$293,398 at June 30, 2022. The change in the District's compensated absences in 2022 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>
Balance, July 1, 2021	\$ 309,111	\$ 4,605
Increase	73,972	660
Decrease	<u>(89,685)</u>	<u>(330)</u>
Balance, June 30, 2022	<u>\$ 293,398</u>	<u>\$ 4,935</u>

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.pa.gov.

Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, 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% or 2.5%, 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.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

Member Contributions

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

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

Shared Risk Program Summary

Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50 %	+/- 0.50 %	5.50 %	9.50 %
T-F	10.30	+/- 0.50	8.30	12.30
T-G	5.50	+/- 0.75	2.50	8.50
T-H	4.50	+/- 0.75	1.50	7.50

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 34.14%* 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 \$2,450,612 for the year ended June 30, 2022.

*This includes the defined contribution rate of 0.15% which is an estimated rate.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

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

At June 30, 2022, the District reported a liability of \$20,898,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the District's proportion was 0.0509%, which was an increase of 0.0007% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$1,540,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,000	\$ 275,000
Net difference between projected and actual earnings on pension plan investments	-	3,326,000
Changes in proportion and differences between District contributions and proportionate share of contributions	347,000	96,000
Change in assumptions	1,014,000	-
District contributions subsequent to the measurement date	<u>2,450,612</u>	<u>-</u>
Total	<u>\$ 3,826,612</u>	<u>\$ 3,697,000</u>

\$2,450,612 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, 2023.

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:	
2023	\$ (556,000)
2024	(369,000)
2025	(320,000)
2026	<u>(1,076,000)</u>
Total	<u>\$ (2,321,000)</u>

West Branch Area School District

Notes to Financial Statements
June 30, 2022

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2021 (the 2021 measurement date) was determined by rolling forward the District's total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date - June 30, 2020
- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return - 7.00%, includes inflation at 2.50%;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale;
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

The 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.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0 %	5.2 %
Fixed income	35.0	1.8
Commodities	10.0	2.0
Absolute return	8.0	3.1
Private equity	12.0	7.3
Infrastructure/MLPs	8.0	5.1
Real estate	10.0	4.7
Cash	3.0	0.1
Leverage	(13.0)	0.1
	100.00 %	

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, 2021.

Discount Rate

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

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 27,429,000	\$ 20,898,000	\$ 15,388,000

Pension Plan Fiduciary Net Position

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

West Branch Area School District

Notes to Financial Statements
June 30, 2022

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 \$3,938,544 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022.

West Branch Area School District

Notes to Financial Statements

June 30, 2022

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, 2022 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest rate	2.28%
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	2.28%
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, 2021.

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, 2021	\$ 3,836,343
Changes for the year:	
Service cost	235,341
Interest	74,813
Changes of assumptions	(116,587)
Changes of benefit terms	-
Differences between expected and actual experience	-
Benefit payments	(91,366)
Net changes	102,201
Balance at June 30, 2022	\$ 3,938,544

Changes in assumptions or other inputs reflect a change in the discount rate from 1.86% in 2021 to 2.28% in 2022.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

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 (1.28%) or 1-percentage-point higher (3.28%) than the current discount rate:

	<u>1% Decrease (1.28%)</u>	<u>Discount Rate (2.28%)</u>	<u>1% Increase (3.28%)</u>
Total OPEB Liability	\$ 4,218,763	\$ 3,938,544	\$ 3,668,405

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	\$ 3,579,143	\$ 3,938,544	\$ 4,364,480

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$324,259. At June 30, 2022, 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)	\$ 103,809	\$ -
Change in assumptions	383,564	179,746
Difference between expected and actual experience	-	71,075
Total	<u>\$ 487,373</u>	<u>\$ 250,821</u>

\$103,809 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, 2023.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

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:		
2023	\$	14,105
2024		14,105
2025		14,105
2026		14,105
2027		14,105
Thereafter		<u>62,218</u>
Total	\$	<u>132,743</u>

PSERS Health Insurance Premium Assistance Program

General Information About the PSERS Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

- Have 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, 2022 was .80% 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 \$57,425 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$1,205,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the District's proportion was 0.0508%, which was an increase of 0.0006% from its proportion measured as of June 30, 2021.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

For the year ended June 30, 2022, the District recognized OPEB expense of \$76,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 128,000	\$ 16,000
Net differences between projected and actual investment earnings	2,000	-
Changes in proportion	28,000	14,000
Differences between expected and actual experience	11,000	-
Contributions subsequent to the measurement date	<u>57,425</u>	<u>-</u>
	<u>\$ 226,425</u>	<u>\$ 30,000</u>

\$57,425 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, 2023. 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:	
2023	\$ 24,000
2024	24,000
2025	28,000
2026	26,000
2027	20,000
Thereafter	<u>17,000</u>
Total	<u>\$ 139,000</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, 2.18%, S&P 20 Year Municipal Bond Rate
- Salary growth, Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

West Branch Area School District

Notes to Financial Statements
June 30, 2022

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ended June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021;
- Cost method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date;
- Asset valuation method: Market Value;
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance;
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8 %	0.1 %
U.S. core fixed income	17.5	0.7
Non U.S. developed fixed	2.7	(0.3)
	<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, 2021.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%, a decrease from the 2.66% used in the previous valuation. 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 2.18% which represents the S&P 20 Year Municipal Bond Rate at June 30, 2021, 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, 2021, 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, 2021, 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	\$ 1,205,000	\$ 1,205,000	\$ 1,205,000

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 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

	<u>1% Decrease 1.18%</u>	<u>Discount Rate 2.18%</u>	<u>1% Increase 3.18%</u>
District's proportionate share of the net OPEB liability	\$ 1,383,000	\$ 1,205,000	\$ 1,058,000

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, 2022

12. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Notes from direct borrowings	\$ 199,010	\$ -	\$ (97,525)	\$ 101,485	\$ 101,485
General Obligation Note, Series of 2021	<u>6,610,000</u>	<u>-</u>	<u>(914,000)</u>	<u>5,696,000</u>	<u>925,000</u>
Total long-term debt	<u>\$ 6,809,010</u>	<u>\$ -</u>	<u>\$ (1,011,525)</u>	<u>\$ 5,797,485</u>	<u>\$ 1,026,485</u>

Long-term debt at June 30, 2022 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%.	\$ 101,485
\$6,880,000 General Obligation Note, Series of 2021, due in varying annual installments through March 2030, interest rate of 1.22%.	<u>5,696,000</u>
Total	5,797,485
Current portion	<u>1,026,485</u>
Long-term debt	<u>\$ 4,771,000</u>

The District's outstanding note from direct borrowings of \$101,485 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.

Debt service requirements at June 30, 2022 are as follows:

	Direct Borrowings		General Obligation Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Years ending June 30:						
2023	\$ 101,485	\$ 4,122	\$ 925,000	\$ 69,491	\$ 1,026,485	\$ 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	-	-	1,031,000	21,435	1,031,000	21,435
2028 - 2030	-	-	<u>726,000</u>	<u>17,788</u>	<u>726,000</u>	<u>17,788</u>
Total	<u>\$ 101,485</u>	<u>\$ 4,122</u>	<u>\$ 5,696,000</u>	<u>\$ 246,903</u>	<u>\$ 5,797,485</u>	<u>\$ 251,025</u>

West Branch Area School District

Notes to Financial Statements
June 30, 2022

13. Installment Contract Payable

In May 2008, the District entered into a 15 year agreement with Municipal Capital Corporation, for an energy efficient heating and cooling system. The following is a schedule of future minimum contract payments under the contract and the present value of the net minimum lease payments at June 30, 2022:

Years ending June 30:	
2023	\$ 53,847
Total minimum contract payments	53,847
Less amount representing interest	(2,121)
Present value of future minimum contract payments	51,726
Current portion	(51,726)
Long-term portion	\$ -

14. Lessee - Lease Liability

Governmental Activities

Lease Liability Description	Date of Issue	Final Maturity Interest Rates	Original Indebtedness	Balance
Copiers	March 2021 - February 2026	2.0	\$ 80,616	\$ 59,938

Debt service requirements to maturity for governmental activities are as follows:

Years	Principal	Interest	Total
2023	\$ 15,879	\$ 1,257	\$ 17,136
2024	16,222	914	17,136
2025	16,565	571	17,136
2026	11,272	152	11,424
Total	\$ 59,938	\$ 2,894	\$ 62,832

West Branch Area School District

Notes to Financial Statements
June 30, 2022

15. Fund Balance Classifications

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

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Restricted for:			
Dental care	\$ 177,417	\$ -	\$ 177,417
Compensatory fund	17,387	-	17,387
Student activities	5,020	39,209	44,229
Capital projects	-	17,157	17,157
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 199,824</u>	<u>\$ 56,366</u>	<u>\$ 256,190</u>
Committed for:			
PSERS and buildings	<u>\$ 2,670,112</u>	<u>\$ -</u>	<u>\$ 2,670,112</u>
Assigned for:			
Athletics	\$ 6,489	\$ -	\$ 6,489
Band uniforms	44,245	-	44,245
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 50,734</u>	<u>\$ -</u>	<u>\$ 50,734</u>

16. 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 2022 totaled \$44,125.

West Branch Area School District

Notes to Financial Statements
June 30, 2022

17. Pending Changes in Accounting Principles

The GASB has approved the following:

Statement No. 91, *Conduit Debt Obligations*

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, an Amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

Statement No. 99, *Omnibus 2022*

Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*

Statement No. 101, *Compensated Absences*

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.

**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***

Independent Auditors' Report

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, 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

State College, Pennsylvania
December 22, 2022

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

Independent Auditors' Report

To the Board of Directors of
West Branch Area School District

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited West Branch Area School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Baker Tilly US, LLP

State College, Pennsylvania
December 22, 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0509%	0.0502%	0.0506%	0.0498%	0.0507%	0.0494%	0.0483%	0.0497%
District's proportionate share of the net pension liability	\$ 20,898,000	\$ 24,718,000	\$ 23,672,000	\$ 23,906,000	\$ 25,040,000	\$ 24,485,000	\$ 20,928,000	\$ 19,672,000
District's covered-employee payroll	\$ 7,206,581	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	289.98%	350.92%	339.04%	356.43%	350.94%	352.60%	336.43%	316.91%
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*, an amendment of GASB Statement No. 27, for the year ended June 30, 2015 to conform with accounting principles generally accepted in United State of America. Therefore, information for years prior to 2014 is not available for reporting.

West Branch Area School District

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

Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,450,612	\$ 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
Contributions in relation to the contractually required contribution	<u>(2,450,612)</u>	<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>
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	\$ 7,206,581	\$ 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
Contributions as a percentage of covered-employee payroll	34.01%	33.91%	33.43%	33.96%	32.71%	28.27%	25.66%	20.16%	16.00%	11.50%

West Branch Area School District

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

Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0508%	0.0502%	0.0506%	0.0498%	0.0507%	0.0494%
District's proportionate share of the net OPEB liability	\$ 1,205,000	\$ 1,085,000	\$ 1,076,000	\$ 1,038,000	\$ 1,033,000	\$ 1,064,000
District's covered-employee payroll	\$ 7,206,581	\$ 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	16.72%	15.40%	15.41%	15.48%	14.48%	15.32%
PSERS Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 57,425	\$ 58,136	\$ 58,613	\$ 58,000	\$ 61,025	\$ 55,799	\$ 53,634	\$ 54,934	\$ 58,930	\$ 55,766
Contributions in relation to the contractually required contribution	<u>(57,425)</u>	<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>
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	\$ 7,206,581	\$ 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
Contributions as a percentage of covered-employee payroll	0.80%	0.83%	0.84%	0.86%	0.86%	0.80%	0.86%	0.88%	0.93%	0.86%

West Branch Area School District

Schedule of Changes in Total OPEB Liability and Related Ratios - District Plan (Unaudited)
Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 235,341	\$ 202,483	\$ 197,025	\$ 211,358	\$ 208,818
Interest cost	74,813	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	(116,587)	413,470	(97,166)	8,501	54,172
Benefit payments, including refunds of member contributions	(91,366)	(95,108)	(99,155)	(97,820)	(125,780)
	<u>102,201</u>	<u>565,176</u>	<u>99,491</u>	<u>51,940</u>	<u>213,088</u>
Net change in total OPEB liability					
Total OPEB Liability, Beginning	<u>3,836,343</u>	<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>\$ 3,938,544</u>	<u>\$ 3,836,343</u>	<u>\$ 3,271,167</u>	<u>\$ 3,171,676</u>	<u>\$ 3,119,736</u>
Covered-Employee Payroll	<u>\$ 6,802,828</u>	<u>\$ 6,802,828</u>	<u>\$ 6,575,889</u>	<u>\$ 6,575,889</u>	<u>\$ 7,113,089</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	<u>57.90%</u>	<u>56.39%</u>	<u>49.74%</u>	<u>48.23%</u>	<u>43.86%</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% in 2020 to 1.86% in 2021 to 2.28% percent in 2022. 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, 2022

Revenues

Local sources:

Taxation:

Current taxation:

Real estate	\$ 3,893,572
Earned income tax	779,015
Payments in lieu of taxes	49,167
Public utility realty tax	5,031
Real estate transfers	164,903

Total current taxation 4,891,688

Delinquent taxation 335,555

Total from taxation 5,227,243

Earnings from temporary investments and deposits	26,061
Receipts from other LEA's	323,329
IDEA	219,093
Athletic admissions	30,130
Miscellaneous revenue	98,472

Total local sources 5,924,328

State sources:

Basic instructional subsidy	7,749,874
Special education	888,022
Transportation	747,231
Rental and sinking fund payments	268,804
Medical and dental services	10,804
Supplemental reimbursement	282,677
Social Security subsidy	300,904
Retirement subsidy	1,721,419
Other state grants	263,783

Total state sources 12,233,518

Federal sources:

ECIA Title I	391,173
Title II	39,293
Title IV	33,429
NCLB Title IV	22,393
ESSER	1,906,034
Medical access	24,383

Total federal sources 2,416,705

Total revenues \$ 20,574,551

West Branch Area School District

General Fund - Schedule of Revenues, Expenditures and Change in Fund Balance
Year Ended June 30, 2022

Expenditures

Instruction:	
Regular programs	\$ 7,955,960
Special programs	2,629,377
Vocational education programs	924,593
Pre-Kindergarten	166,106
Other instructional programs	72,657
	<hr/>
Total instruction	11,748,693
Support services:	
Pupil personnel	612,014
Instructional staff	690,743
Administration	1,101,108
Pupil health	230,939
Business	318,736
Operation and maintenance of plant services	1,741,426
Student transportation	1,027,495
Central	107,967
	<hr/>
Total support services	5,830,428
Noninstructional services	486,039
Facilities acquisition, construction and improvement services	562,745
Debt service	1,154,097
	<hr/>
Total expenditures	19,782,002
Excess of revenues over expenditures before other financing uses	792,549
Other Financing Uses	
Transfer out	<hr/> (78,050)
Net change in fund balance	714,499
Fund Balance, Beginning	<hr/> 7,967,152
Fund Balance, Ending	<hr/> <hr/> \$ 8,681,651

West Branch Area School District

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2022

(Unaudited)

	<u>Capital Projects</u>	<u>School Sponsored Activity and Scholarships</u>	<u>Total</u>
Assets			
Assets			
Cash and cash equivalents	\$ 17,157	\$ 39,209	\$ 56,366
	<u> </u>	<u> </u>	<u> </u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Fund Balances			
Restricted	\$ 17,157	\$ 39,209	\$ 56,366
	<u> </u>	<u> </u>	<u> </u>

West Branch Area School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2022
(Unaudited)

	<u>Capital Projects</u>	<u>School Sponsored Activity and Scholarships</u>	<u>Total</u>
Revenues			
Local sources	\$ 6	\$ 65,461	\$ 65,467
Expenditures			
Noninstructional services	-	65,916	65,916
Facilities acquisition, construction and improvement services	80,476	-	80,476
Total expenditures	80,476	65,916	146,392
Deficiency of revenues over expenditures before other financing sources (uses)	(80,470)	(455)	(80,925)
Other Financing Sources			
Transfer in	78,050	-	78,050
Changes in fund balances	(2,420)	(455)	(2,875)
Fund Balances, Beginning	19,577	39,664	59,241
Fund Balances, Ending	<u>\$ 17,157</u>	<u>\$ 39,209</u>	<u>\$ 56,366</u>

West Branch Area School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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, 2021	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June, 30 2022	Expenditures to Subrecipients
U.S. Department of Education											
Passed Through PA Department of Education:											
Title I Grants to Local Educational Agencies	I	84.010	013-220469	A	\$ 439,889	\$ 322,593	\$ -	\$ 329,585	\$ 329,585	\$ 6,992	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-210469	B	444,521	114,787	53,199	61,588	61,588	-	-
Total Title I Grants to Local Educational Agencies						437,380	53,199	391,173	391,173	6,992	-
Rural Education Title IV	I	84.358	007-22-0469	A	22,568	6,448	-	22,393	22,393	15,945	-
Supporting Effective Instruction State Grant	I	84.367	020-220469	A	39,323	23,974	-	39,293	39,293	15,319	-
Supporting Effective Instruction State Grant	I	84.367	020-210469	B	56,515	7,486	7,486	-	-	-	-
Total Supporting Effective Instruction State Grant						31,460	7,486	39,293	39,293	15,319	-
Student Support and Academic Enrichment Programs	I	84.424	144-220469	A	33,429	33,408	-	33,429	33,429	21	-
Student Support and Academic Enrichment Programs	I	84.424	144-210469	B	29,718	5,944	5,944	-	-	-	-
Total Student Support and Academic Enrichment Programs						39,352	5,944	33,429	33,429	21	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund	I	84.425U	223-21-0469	A	3,320,231	181,104	661,372	922,409	922,409	1,402,677	-
COVID-19 - CARES/Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-21-0469	A	1,641,476	1,030,694	305,511	828,926	828,926	103,743	-
COVID-19 - CARES/Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-20-0469	B	321,848	-	5,656	(5,656)	(5,656)	-	-
COVID-19 - Governor's Emergency Education Relief Fund	I	84.425C	254-20-0469	A	20,357	17,143	16,994	149	149	-	-
COVID-19 - Governor's Emergency Education Relief Fund	I	84.425C	253-20-0469	A	14,750	12,421	-	-	-	-	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund	I	84.425U	225-21-0469	A	258,057	107,915	-	134,314	134,314	26,399	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief - Homeless Children & Youth	I	84.425W	181-21-2472	A	11,135	857	-	7,215	7,215	6,358	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief - Homeless Children & Youth	I	84.425W	181-21-2472	A	18,677	-	-	18,677	18,677	18,677	-
Total Education Stabilization Funds						1,350,134	1,001,954	1,906,034	1,906,034	1,557,854	-
Total PA Department of Education						1,864,774	1,068,583	2,392,322	2,392,322	1,596,131	-
Passed Through Central Intermediate Unit #10:											
Special Education Cluster (IDEA):											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-22-0010	A	216,069	-	-	216,069	216,069	216,069	-
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	131-21-0010	A	3,024	3,024	-	3,024	3,024	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-21-0010	B	238,219	52,020	52,020	-	-	-	-
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	131-20-0010	B	2,400	1,241	1,241	-	-	-	-
Total Special Education Cluster (IDEA)						56,285	53,261	219,093	219,093	216,069	-
Total U.S. Department of Education						1,921,059	1,121,844	2,611,415	2,611,415	1,812,200	-
U.S. Department of Agriculture											
Passed Through PA Department of Education:											
COVID-19 - Pandemic EBT Administrative Costs	I	10.649	358-0000	A	Note 3	614	-	614	614	-	-
Child Nutrition Cluster:											
Passed Through PA Department of Education:											
National School Lunch Program	I	10.555	362-0000	A	Note 3	521,364	-	527,163	527,163	5,799	-
School Breakfast Program	I	10.553	365-0000	A	Note 3	180,515	-	181,768	181,768	1,253	-
National School Lunch Program	I	10.555	362-0000	B	Note 3	4,855	4,855	-	-	-	-
School Breakfast Program	I	10.553	365-0000	B	Note 3	2,057	2,057	-	-	-	-
COVID-19 - National School Lunch Program	I	10.555	356-0000	A	Note 3	23,267	-	10,807	10,807	(12,460)	-
COVID-19 - National School Lunch Program	I	10.555	357-0000	A	Note 3	45	-	45	45	-	-
Passed Through PA Department of Agriculture:											
National School Lunch Program	I	10.555	2-05-17-900	A	Note 3	49,196	(2,730)	44,125	44,125	(7,801)	-
Total Child Nutrition Cluster						781,299	4,182	763,908	763,908	(13,209)	-
Total U.S. Department of Agriculture						781,913	4,182	764,522	764,522	(13,209)	-
Total						\$ 2,702,972	\$ 1,126,026	\$ 3,375,937	\$ 3,375,937	\$ 1,798,991	\$ -

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, 2022

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, 2022. 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 = 07/01/21 - 06/30/22

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

5. Indirect Cost Rate

The District has not elected to use the 10% 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, 2022

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.