



***WILSON SCHOOL DISTRICT***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2021**

## TABLE OF CONTENTS

	Pages
<b>INDEPENDENT AUDITOR'S REPORT .....</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	3 - 19
 <b>BASIC FINANCIAL STATEMENTS</b>	
 <b>Government-Wide Financial Statements</b>	
Statement of Net Position.....	20
Statement of Activities.....	21
 <b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds.....	22
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds ..	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	25
Statement of Net Position - Proprietary Funds.....	26
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	27
Statement of Cash Flows - Proprietary Funds.....	28 - 29
Statement of Fiduciary Net Position - Custodial Funds .....	30
Statement of Changes in Fiduciary Net Position - Custodial Funds.....	31
 <b>Notes to Basic Financial Statements</b>	
Note 1 - Summary of Significant Accounting Policies.....	32
Note 2 - Stewardship, Compliance, and Accountability .....	47
Note 3 - Cash and Investments .....	48
Note 4 - Taxes Receivable and Unavailable Revenue.....	50
Note 5 - Intergovernmental Receivables/Payables.....	52
Note 6 - Interfund Receivables/Payables, and Transfers .....	54
Note 7 - Changes in Capital Assets .....	55
Note 8 - Long-Term Liabilities.....	57
Note 9 - Employee Retirement Plans .....	62
Note 10 - Other Postemployment Benefit Plans.....	69
Note 11 - Joint Venture .....	83
Note 12 - Risk Management.....	84
Note 13 - Commitments.....	84
Note 14 - Contingent Liabilities.....	85
Note 15 - Fund Balance .....	85
Note 16 - New Accounting Pronouncements.....	86

## REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule for the General Fund .....	87
Note to Required Supplementary Information .....	88
Schedule of the District's Proportionate Share of the Net Pension	
Liability and Related Ratios - Pension Plan .....	89
Schedule of District Contributions - Pension Plan .....	90
Schedule of the District's Proportionate Share of the Net OPEB	
Liability and Related Ratios - PSERS OPEB Plan.....	91
Schedule of District Contributions - PSERS OPEB Plan .....	92
Schedule of Changes in Total OPEB Liability and Related Ratios -	
District OPEB Plan.....	93

## SUPPLEMENTARY INFORMATION

### General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual .....	94 - 95
Schedule of Expenditures and Other Financing Uses - Budget and Actual.....	96

### Custodial Funds

Combining Statement of Fiduciary Net Position - Custodial Funds .....	97
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds.....	98

### Single Audit

Schedule of Expenditures of Federal Awards .....	99 - 100
Notes to Schedule of Expenditures of Federal Awards.....	101

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.....

102 - 103

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....

104 - 105

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....

106 - 107

## STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS .....

108

## INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilson School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilson School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective July 1, 2020 Wilson School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 89 through 93, be presented to supplement the basic financial statements. Such information, 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 Wilson School District's basic financial statements. The individual general and custodial fund financial schedules/statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual general and custodial fund financial schedules/statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 individual general and custodial fund financial schedules/statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 6, 2021**

*Succeed With Confidence*



# WILSON SCHOOL DISTRICT

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## Management's Discussion and Analysis (MD&A)

The following is a discussion and analysis of the Wilson School District's annual financial performance during the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

### Financial Highlights

- The District sustained an overall reduction in net position of \$2.5 million for the 2020-21 fiscal year. District-wide revenues totaled \$113.4 million consisting of \$89.6 million or 79% of total revenues in general revenues in the form of property and other taxes, state subsidies, and investment earnings while program specific revenues generated \$23.8 million or 21% of total revenues in the form of charges for services, grants, and contributions. District-wide expenses of \$115.9 million consisted of \$89.6 million or 77% of total expenses related to instruction, instructional student support, and student transportation expenses, with operation and maintenance of plant, administrative, financial support and other services totaling \$26.3 million or 23% of total expenses.
- The District, upon School Board approval of a Reopening Health and Safety Plan as required by the Pennsylvania Department of Education (PDE), opened its doors for Child Care services in July 2020 and to its K-12 students in August 2020. Secondary students attended on a hybrid basis with in-person instruction two days per week for each half of enrolled students and three days of remote learning. Elementary students returned five days per week, with half-day kindergarten. All students K-12 were given the option for full remote learning as well.
- The Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, subjects Pennsylvania Public Schools to a real estate property base tax cap, or adjusted tax cap, if applicable, annually. For fiscal year 2020-21, the District's adjusted tax cap was 3.2% or 0.84 mills. In an effort to assist the District's taxpayers during the COVID-19 pandemic, the School Board did not raise millage for fiscal year 2020-21.
- Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer Relief Act, the School Board passed the 2020-21 Homestead and Farmstead Exclusion Resolution in June 2020 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2020 real estate tax bills of \$6,034 each, which resulted in a \$158.45 tax reduction per homestead and farmstead. This property tax reduction was the result of the District's allocation of gambling tax funds of \$1,366,243 as well as \$22,003 of Philadelphia tax credit reimbursement funds, and \$148 of remaining property tax reduction funds received in 2019-20, totaling \$1,388,394 available during the current year for real estate tax reduction.

- Act 1 also requires each school district to offer homestead and farmstead property owners the option of paying the flat rate of their real estate taxes in installments. Act 25 of 2011 broadened the mandatory real estate tax installment option to include small business owners. The District allows all District property owners to choose the installment option, in which three equal installments are due August 31, October 31, and December 31. In an effort to assist taxpayers during the COVID-19 pandemic, the School Board passed a resolution in June 2020 to extend the flat collection period by one month for the 2020-21 year only. Approximately 5% of District real estate taxpayers elected the installment method for the 2020-21 fiscal year, consistent with the prior year.
- The District recognized approximately \$4.1 million in COVID-19 related federal grant revenues and expenditures during 2020-21, which were awarded to assist with the additional costs associated with reopening schools to address COVID-19-related health, safety, and learning loss needs and includes the National School Lunch and Breakfast programs and Child Care programs.
- The District's collective bargaining agreement with the Wilson Education Association included a 3.1% average salary increase for 2020-21 and expired on June 30, 2021. In anticipation of potential negative economic effects of the COVID-19 pandemic, pay freezes for administration and support staff were enacted for the first half of the fiscal year, with a 1.725% average salary increase for the second half of the fiscal year.
- The required District contribution to the Pennsylvania School Employees Retirement System (PSERS) increased from 34.29% to 34.51% for 2020-21, with additional rate increases projected in future years. As of June 30, 2021, \$19.2 million of the general fund balance is committed by the School Board to be used toward future PSERS contribution increases.
- The District is a member of the Berks County School District Health Trust, which did not raise health insurance premiums over the prior year.
- The USDA extended several nationwide waivers and PDE's Division of Food and Nutrition (DFN) accepted these waivers which allowed the District to provide all K-12 students with subsidized free meals through the entire 2020-21 school year. The District's business-type activities realized a significant decrease in food service revenue and tuition revenue due to the hybrid attendance model in place for 2020-21 and related pandemic effects.
- During 2020-21, capital additions totaled \$5.6 million related to renovations and improvements to buildings, new vehicles and equipment, and a feasibility study. Commitments remaining on construction contracts as of June 30, 2021 total \$3.4 million.
- The District issued three General Obligation Notes (GON) during 2020-21: Series of 2020 in the amount of \$19.5 million; Series A of 2020 in the amount of \$3.5 million; and Series A of 2021 in the amount of \$8.9 million. Proceeds from the issuance of GON Series of 2020 were used to currently refund GON Series B of 2017, Series C of 2017, and Series B of 2018 for a realized savings of \$0.8 million. Proceeds from the issuance of GON Series A of 2020 were used to scoop refund payment on the General Obligation Bond (GOB) Series of 2016, with the purpose of restructuring resulting in no savings on the refunding. Proceeds from the issuance of GON Series A of 2021 were used to currently refund GOB Series B of 2013 and to scoop refund the June 1, 2021 payment on GOB Series C of 2013, for a realized savings of \$0.2 million.

- During 2020-21, the District also issued two General Obligation Bonds (GOB): Series B of 2021 in the amount of \$7.0 million and Series C of 2021 in the amount of \$37.7 million. Proceeds from the issuance of GOB Series B of 2021 were used to currently refund the GOB Series of 2016, GOB Series A of 2016, and GON Series of 2020 for a realized savings of \$0.1 million. Proceeds from the issuance of GOB Series C of 2021 will be used to finance planning, design, construction, additions and improvements to the High School Campus, Athletic Fields and other school facilities, including the acquisition of real property and/or equipment.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures in order to improve accounting and financial reporting for pensions by governments and establishes standards for recording and reporting contributions made to a defined benefit plan after the measurement date of the government's beginning net pension liability. Pension expense recognized in the Statement of Activities for the year ended June 30, 2021 totaled \$22.1 million, with a District-wide net pension liability of \$174.1 million as of June 30, 2021 in the Statement of Net Position. Related deferred outflows of resources of \$34.2 million and related deferred inflows of resources of \$5.2 million as of June 30, 2021 related to the pension calculation in accordance with these GASB statements are recorded in the Statement of Net Position.
- Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the financial statements to reflect an expense and corresponding liability for the normal cost of postemployment benefits (the present value of benefits allocated to the year) and requires the financial statements to reflect the net unfunded liability for other postemployment benefits. The Health Insurance Premium Assistance Program (HIPAP) portion of PSERS and the District OPEB plan are both components of the recognized liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to OPEB. As of June 30, 2021, the HIPAP portion of PSERS and the District OPEB plan liability totaled \$19.6 million, with related deferred inflows of resources of \$1.4 million and related deferred outflows of resources of \$3.2 million included in the Statement of Net Position. The District has not funded the related liabilities, but rather pays these benefits as they become due.
- Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*, which improved guidance regarding the identification of fiduciary activities and the financial reporting thereof. The adoption of this standard required the tax collection fund, previously reported within the general fund, to be reported as a custodial type fiduciary fund. There was no impact to the beginning net position as a result of this change. Also, under this standard, the District's scholarship and student activities funds are now custodial fiduciary funds which reports net position and changes in net position, which resulted in a restatement of beginning net position as of July 1, 2020 of \$199,395.



## Overview of the Financial Statements

This annual report consists of three parts: (1) management's discussion and analysis, (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements include two District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are the fund financial statements that focus on individual parts of the District - reporting the District's operations in more detail than the District-wide statements. The governmental fund statements indicate how basic services such as regular and special education were financed in the short term as well as indicate future spending plans. Proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services and child care. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, such as student activity funds and scholarship funds and taxes collected for underlying municipalities.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure 1 shows how the various parts of this annual report are arranged and related to one another.

**Figure 1**  
**Organization of the Wilson School District Annual Financial Report**

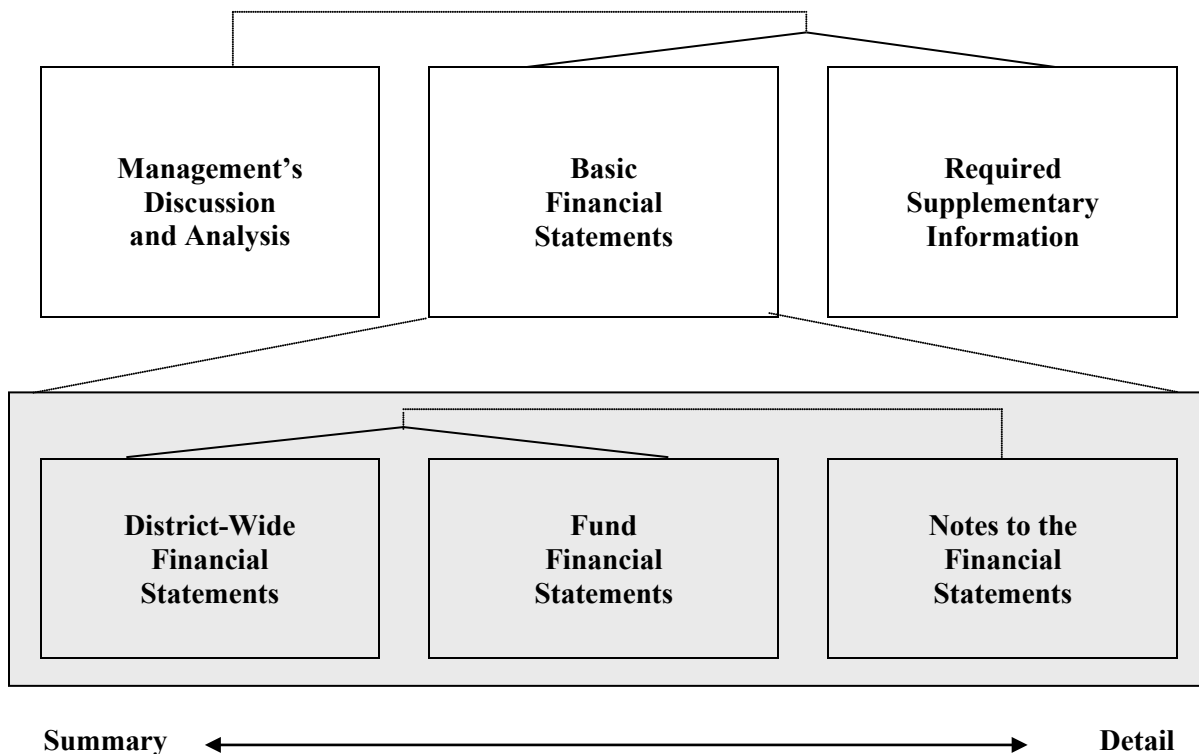


Figure 2 summarizes the major features of the District’s financial statements including the portion of the District activity they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure 2**

<b><u>Major Features of the District-Wide and Fund Financial Statements</u></b>				
	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services and child care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, student activities monies, and tax collections for underlying municipalities
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or noncurrent liabilities included	All assets and liabilities, both financial and capital, current and noncurrent	All assets and liabilities, both current and noncurrent; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position presents all of the District's assets and liabilities, deferred inflows and outflows of resources with the difference reported as "net position." Over time, increases and decreases in net position measure whether the District's financial condition is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods: uncollected taxes, accrued interest expense, retirement incentives, and unused sick leave.

Both statements report two activities:

- **Governmental Activities** - Most of the District's basic services such as regular and special education, maintenance and operation of plant services are reported under this category. Taxes, state subsidies, and state and federal grants generally finance these programs.
- **Business-Type Activities** - The District charges fees to cover the costs of business-type services it provides. For food service operations, these consist of charges for meal purchases, federal and state subsidies, and in-district catering. The child care program is funded by charges for services and state subsidies and state grants.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the major individual funds of the District. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into three categories - (1) governmental, (2) proprietary, and (3) fiduciary.

- **Governmental Funds** - Most of the District's basic services are included in governmental funds that focus on how money flows into and out of these funds and the balances left at the year-end for future spending. The governmental fund financial statements provide a detailed short-term view of the general operations and the basic services provided and provide some direction as to whether there will be more or fewer resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the District-wide statements, an explanation of the relationship (and differences) between the fund statements and District-wide statements is provided on the reconciliations following the fund statements.

- **Proprietary Funds (Enterprise)** - Services for which the District charges a fee are generally reported in the proprietary fund and utilize the accrual accounting method - the same method used by private sector businesses.
- **Fiduciary Funds** - The District acts as a trustee or custodian for assets that belong to others, such as scholarship funds, student activities funds and tax collection funds. The District is responsible for ensuring that the assets reported in these funds are used only for the intended purposes and by those to whom the assets belong. These activities are excluded from the District-wide financial statements since these assets cannot be used to finance the District's operations.

## Financial Analysis of the District as a Whole

The Statement of Net Position contains information about what the District owns, owes, i.e., assets, liabilities, deferred inflows and outflows of resources, and the remaining financial position. Figure 3 shows a comparative summary of the District's net position for the fiscal years ended June 30, 2020 and 2021.

**Figure 3**  
**Condensed Statements of Net Position**

Fiscal Years Ended June 30, 2020 and June 30, 2021						
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 54,920,492	\$ 104,725,550	\$ 736,008	\$ 885,942	\$ 55,656,500	\$ 105,611,492
Capital assets	175,833,031	174,854,198	685,474	637,401	176,518,505	175,491,599
<b>Total Assets</b>	<b>230,753,523</b>	<b>279,579,748</b>	<b>1,421,482</b>	<b>1,523,343</b>	<b>232,175,005</b>	<b>281,103,091</b>
<b>Deferred Outflows of Resources</b>	<b>24,470,099</b>	<b>36,410,173</b>	<b>781,451</b>	<b>972,694</b>	<b>25,251,550</b>	<b>37,382,867</b>
Current liabilities	28,026,007	29,074,387	196,151	233,857	28,222,158	29,308,244
Noncurrent liabilities	228,907,250	292,513,225	5,431,517	5,415,880	234,338,767	297,929,105
<b>Total Liabilities</b>	<b>256,933,257</b>	<b>321,587,612</b>	<b>5,627,668</b>	<b>5,649,737</b>	<b>262,560,925</b>	<b>327,237,349</b>
<b>Deferred Inflows of Resources</b>	<b>7,325,600</b>	<b>5,969,153</b>	<b>757,996</b>	<b>968,324</b>	<b>8,083,596</b>	<b>6,937,477</b>
Net Investment in Capital Assets	111,458,306	87,265,558	685,474	637,401	112,143,780	87,902,959
Restricted for Capital Projects	12,417,124	32,246,585	-	-	12,417,124	32,246,585
Restricted - Other	104,101	200,619	-	-	104,101	200,619
Unrestricted (Deficit)	(133,014,766)	(131,279,606)	(4,868,205)	(4,759,425)	(137,882,971)	(136,039,031)
<b>Total Net Position (Deficit)</b>	<b>\$ (9,035,235)</b>	<b>\$ (11,566,844)</b>	<b>\$ (4,182,731)</b>	<b>\$ (4,122,024)</b>	<b>\$ (13,217,966)</b>	<b>\$ (15,688,868)</b>

Total assets increased by \$48.9 million from the prior year primarily due to the increase in cash as a result of proceeds from new debt issuance. Deferred outflows of resources increased \$12.1 million over the prior year, with a \$10.7 million increase in deferred pension, \$1.6 million increase in deferred OPEB, net of a \$0.2 million decrease in charges on bond refunding amortization. The overall increase in liabilities of \$64.7 million is primarily the result of a \$63.6 million net increase in noncurrent liabilities and a \$1.1 million decrease in current liabilities. The increase in noncurrent liabilities was primarily due to a net increase of \$44.5 million in net new debt, \$2.3 million increase in OPEB liability, and \$16.8 million increase in net pension liability related to GASB Statements No. 68 and No. 71. Deferred inflows of resources decreased by \$1.1 million related to the decrease in deferred pension of \$1.5 million and the \$0.1 million increase in OPEB and \$0.3 million increase in deferred charges on bond refunding amortization.

District expenses exceeded revenues by \$2.5 million, which effectively increased the net deficit for the year ended June 30, 2021. Governmental activities' net deficit increased by \$2.5 million, mainly as a result of the increase in salaries and benefits including net pension and OPEB expenses netted against increased revenues over the prior year related to operating grants and contributions. Net deficit in business-type activities remained consistent with the prior year, as a result of the combined net income of the food service and child care funds before operating transfers of \$0.1 million, less \$0.1 million of operating transfers to the general fund.

The results of operations for the fiscal year ended June 30, 2021 as a whole are reported in the Statement of Activities. Figure 4 is a comparative summary of changes in net position for the years ended June 30, 2020 and 2021.

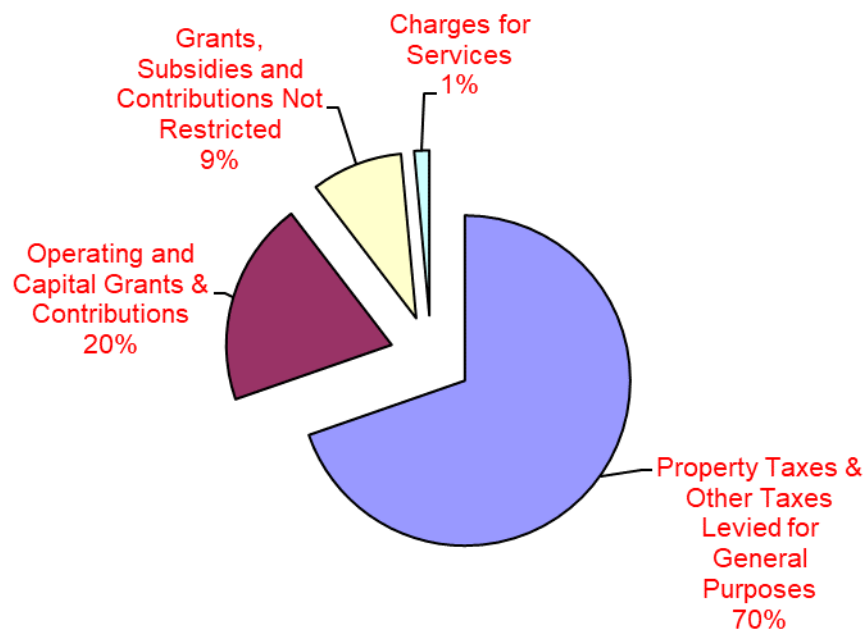
Revenues are defined as either program or general revenues. Program revenues are generated by the services themselves or provided externally for use in a particular function. Program revenues reduce the net expense to the public. Program revenues are categorized as charges for services, operating grants and contributions, and capital grants and contributions. General revenues include the basic education subsidy provided by the State of Pennsylvania, local taxes assessed to community taxpayers, and other general revenues the District uses to finance the total net cost of programs. District-wide revenues totaled \$113.4 million, an increase of \$1.4 million or 1% over the prior year, of which \$1.5 million was governmental activities' revenue representing a 1% increase, while business-type activities' revenue decreased \$0.1 million or 4% compared to the prior year. Figure 5 depicts the 2020-21 sources of revenues as of percentage of District-wide revenues.

District-wide expenses are categorized into six major activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. Figure 6 presents these categories of expenditures as a percentage of 2020-21 District-wide expenses. District-wide expenses totaled \$115.9 million, an increase of \$5.9 million or 5% over the prior year, of which \$6.5 million was governmental activities' expenses representing a 6% increase, while business-type activities' expenses decreased \$0.6 million or 17% compared to the prior year.

**Figure 4**  
**Changes in Net Position from Operating Results**

Fiscal Years Ended June 30, 2020 and June 30, 2021						
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 1,165,943	\$ 886,217	\$ 1,960,672	\$ 780,619	\$ 3,126,615	\$ 1,666,836
Operating grants and contributions	16,860,949	19,376,628	1,673,544	2,644,644	18,534,493	22,021,272
Capital grants and contributions	598,923	122,504	-	-	598,923	122,504
General Revenues						
Property taxes and other taxes levied for general purposes	78,493,062	79,209,120	-	-	78,493,062	79,209,120
Grants, subsidies, and contributions not restricted	10,157,634	10,151,683	-	-	10,157,634	10,151,683
Other	1,300,683	361,608	(179,461)	(116,198)	1,121,222	245,410
<b>Total Revenues</b>	<b>108,577,194</b>	<b>110,107,760</b>	<b>3,454,755</b>	<b>3,309,065</b>	<b>112,031,949</b>	<b>113,416,825</b>
<b>Expenses</b>						
Instruction	70,145,867	74,548,721	-	-	70,145,867	74,548,721
Instructional student support	10,845,083	11,756,938	-	-	10,845,083	11,756,938
Administrative and financial support services	8,005,228	9,345,025	-	-	8,005,228	9,345,025
Operation and maintenance of plant services	8,417,812	8,810,728	-	-	8,417,812	8,810,728
Pupil transportation	3,477,247	3,273,439	-	-	3,477,247	3,273,439
Other	5,201,834	4,904,518	3,890,782	3,248,358	9,092,616	8,152,876
<b>Total Expense</b>	<b>106,093,071</b>	<b>112,639,369</b>	<b>3,890,782</b>	<b>3,248,358</b>	<b>109,983,853</b>	<b>115,887,727</b>
<b>Change in Net Position</b>	<b>\$ 2,484,123</b>	<b>\$ (2,531,609)</b>	<b>\$ (436,027)</b>	<b>\$ 60,707</b>	<b>\$ 2,048,096</b>	<b>\$ (2,470,902)</b>
<b>Beginning Net Position (Deficit)</b>	<b>(11,519,358)</b>	<b>(9,035,235)</b>	<b>(3,746,704)</b>	<b>(4,182,731)</b>	<b>(15,266,062)</b>	<b>(13,217,966)</b>
<b>Ending Net Position (Deficit)</b>	<b>\$ (9,035,235)</b>	<b>\$ (11,566,844)</b>	<b>\$ (4,182,731)</b>	<b>\$ (4,122,024)</b>	<b>\$ (13,217,966)</b>	<b>\$ (15,688,868)</b>

**Figure 5**  
**Sources of District-Wide Revenues for Fiscal Year 2021**



**Figure 6**  
**District-Wide Expenses for Fiscal Year 2021**

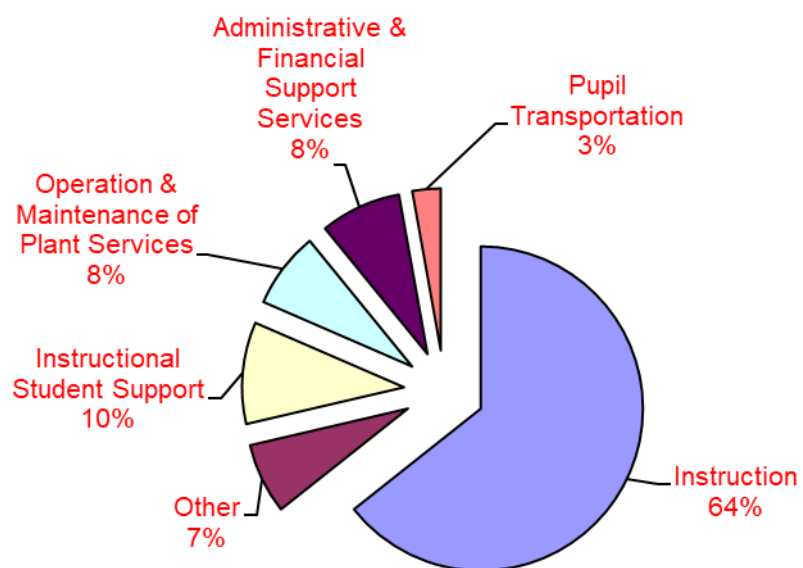


Figure 7 represents the cost of six major District governmental activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). For the year ended, June 30, 2021, general revenue supported 80% of governmental activities' costs, and program revenue supported 20% of governmental activities' costs.

**Figure 7**  
**Net Cost of Governmental Activities**

Fiscal Years Ended June 30, 2020 and June 30, 2021				
	Total Cost of Services		Net Cost of Services	
	2020	2021	2020	2021
Instruction	\$ 70,145,867	\$ 74,548,721	\$ 57,374,147	\$ 60,666,587
Instructional Student Support	10,845,083	11,756,938	9,265,003	9,364,752
Administrative and Financial Support Services	8,005,228	9,345,025	7,168,043	8,455,711
Operation and Maintenance of Plant Services	8,417,812	8,810,728	7,644,759	7,537,023
Pupil Transportation	3,477,247	3,273,439	2,028,743	1,911,173
Other	5,201,834	4,904,518	3,986,561	4,318,774
<b>Total</b>	<b>\$ 106,093,071</b>	<b>\$ 112,639,369</b>	<b>\$ 87,467,256</b>	<b>\$ 92,254,020</b>

Figure 8 represents the total cost and net cost of services in the District's business-type activities. Program revenue supported 100% of both the child care activities and food services activities for the year ended June 30, 2021. The current year net income was relatively break even. Although meal counts were lower than the prior year due to the hybrid instructional model during the 2020-21 school year, the USDA extended several nationwide waivers which allowed the District to provide all K-12 students with subsidized free meals through the entire 2020-21 school year. The food services and child care funds also received COVID-19 related federal funding of approximately \$0.1 million and \$0.3 million, respectively, which provided financial stability during a year of decreased attendance in both areas during 2020-21.

**Figure 8**  
**Net Cost of Business-Type Activities**

Fiscal Years Ended June 30, 2020 and June 30, 2021				
	Total Cost of Services		Net Cost of Services	
	2020	2021	2020	2021
Food Services	\$ 2,733,456	\$ 2,260,148	\$ (161,856)	\$ (106,937)
Child Care	1,157,326	988,210	(94,710)	(69,968)
<b>Total</b>	<b>\$ 3,890,782</b>	<b>\$ 3,248,358</b>	<b>\$ (256,566)</b>	<b>\$ (176,905)</b>



## Financial Analysis of the District's Funds

The District's governmental funds include the general fund, capital projects fund, and debt service fund. Figure 9 details the current and prior year end fund balances and change therein for the fiscal year ended June 30, 2021.

**Figure 9**  
**Fund Balances**

**For Fiscal Years Ended June 30, 2020 and June 30, 2021**

	<b>Fund Balance</b>		<b>Increase (Decrease)</b>
	<b>2020</b>	<b>2021</b>	
General Fund	\$ 20,077,939	\$ 27,221,060	\$ 7,143,121
Capital Projects Fund	15,179,853	55,986,347	40,806,494
Debt Service Fund	-	6,008	6,008
<b>Total</b>	<b>\$ 35,257,792</b>	<b>\$ 83,213,415</b>	<b>\$ 47,955,623</b>

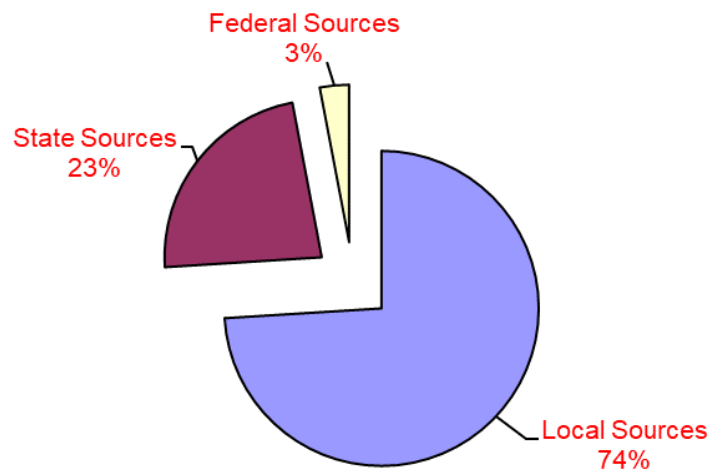
The District's governmental funds reported combined fund balances as of June 30, 2021 of \$83.2 million. The overall increase in fund balances of \$48.0 million was the combined result of strong current year local revenues and fiscal control over expenditures as well as \$7.8 million of debt scoop refunding proceeds, \$38.6 million of net proceeds of new debt issuances and existing debt refunding, net of \$3.7 million of debt service payments and \$4.4 million in capital spending.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are required to be classified into the following categories - nonspendable, restricted, committed, assigned, and unassigned. As of June 30, 2021, general fund balance of \$27.2 million consisted of \$0.1 million in nonspendable fund balance related to prepaid expenses, \$0.2 million in restricted fund balance related to special education settlements, \$19.2 million in committed fund balance for anticipated increases in PSERS contributions, \$1.0 million in assigned fund balance which represents the 2021-22 budgeted deficit, and unassigned fund balance of \$6.6 million. The capital projects fund had \$56.0 million in restricted fund balance, consisting of \$47.4 million of unspent general obligation notes' funds and \$8.6 million of reserve funds for capital expenditures.

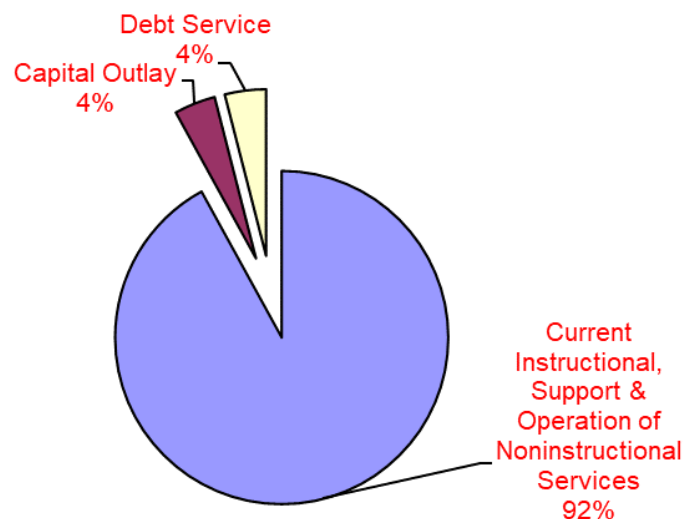
## Governmental Funds' Revenues and Expenditures

In the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds, for the year ended June 30, 2021, total revenues of \$110.3 million are comprised of local revenues of 74% with state and federal revenues contributing 23% and 3%, respectively. Expenditures of governmental funds totaling \$108.9 million are categorized as current (instructional, support and operation of noninstructional services) representing 92% of the total, with both debt service and capital outlay comprising 4% each of total expenditures. Other Financing Sources (Uses) of \$46.5 million consists of the net proceeds of new debt as well as debt refundings totaling \$46.4 million and the sale of fixed assets and net transfers in totaling \$0.1 million. Figures 10 and 11 depict the percentages of total governmental revenue and expenditure categories for the fiscal year 2020-21.

**Figure 10**  
**Sources of Governmental Funds' Revenues for Fiscal Year 2021**



**Figure 11**  
**Governmental Funds' Expenditures for Fiscal Year 2021**



## Capital Assets and Debt Administration

### Capital Assets

In total, net capital assets decreased \$1.0 million as a result of \$5.6 million of net capital additions related to renovations and improvements to buildings, new vehicles and equipment, less current year depreciation of \$6.6 million. Contractual commitments related to capital projects total \$3.4 million as of June 30, 2021. See additional capital asset information in the notes to the financial statements.

**Figure 12**  
**Capital Assets (net of depreciation)**

Fiscal Years Ended June 30, 2020 and June 30, 2021						
	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 10,872,388	\$ 10,872,388	\$ -	\$ -	\$ 10,872,388	\$ 10,872,388
Site Improvements	4,116,018	3,255,471	-	-	4,116,018	3,255,471
Building and Building Improvements	153,319,738	151,268,726	503,673	474,046	153,823,411	151,742,772
Machinery and Equipment	3,694,674	3,579,682	181,801	163,355	3,876,475	3,743,037
Vehicles	2,094,203	2,274,072	-	-	2,094,203	2,274,072
Construction-in-Progress	1,736,010	3,603,859	-	-	1,736,010	3,603,859
<b>Total</b>	<b>\$ 175,833,031</b>	<b>\$ 174,854,198</b>	<b>\$ 685,474</b>	<b>\$ 637,401</b>	<b>\$ 176,518,505</b>	<b>\$ 175,491,599</b>

## Long-Term Liabilities

Long-term liabilities totaling \$300.7 million as of June 30, 2021, consist of general obligation bonds and direct borrowings/general obligation notes of \$111.0 million with varying maturities through year 2033, long-term compensated absences of \$1.4 million, net pension liability of \$169.3 million, and net OPEB of \$19.0 million. See more detailed information on long-term liabilities in the notes to the financial statements.

Principal payments on general obligation bonds and notes totaled \$1.6 million during the fiscal year, with interest payments totaling \$2.0 million.

Accrued compensated absences of \$1.4 million as of June 30, 2021 consist of certain benefits paid at retirement, including unused sick pay and other retirement benefits, based on specific eligibility requirements.

Net pension liability increased by \$16.8 million and net OPEB liability increased by \$2.3 million over the prior year. As of June 30, 2021, the District's OPEB plan portion of the net OPEB liability of \$11.9 million, increased by \$1.8 million or 18%, with the PSERS OPEB plan portion of the net liability of \$7.7 million, increased by \$0.5 million or 7% over the prior year. The net pension and the PSERS OPEB plan portion liabilities are allocated to the District based on plan performance of PSERS and District plan contributions and covered payroll. Fluctuations are based on the allocation percentage, market performance, and changes in assumptions or benefits used to determine these liabilities.

**Figure 13**  
**Long-Term Liabilities**

	For Fiscal Years Ended June 30, 2020 and June 30, 2021		
	Total		Change
	2020	2021	
General Obligation Bonds, Net	\$ 35,327,574	\$ 68,503,127	\$ 33,175,553
Direct Borrowings	32,010,000	42,545,000	10,535,000
Compensated Absences	1,392,008	1,367,145	(24,863)
Net Pension Liability	152,470,140	169,286,181	16,816,041
Net Other Postemployment Benefit Liabilities	16,668,906	18,957,995	2,289,089
<b>Total</b>	<b>\$ 237,868,628</b>	<b>\$ 300,659,448</b>	<b>\$ 62,790,820</b>

## Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future financial growth.

- Under Act 1, Pennsylvania Public Schools are subject to a real estate property base tax cap of 3.0% for fiscal years 2021-22 and 3.4% for 2022-23. Due to the District's aid ratio exceeding 0.4 for both the 2021-22 and the 2022-23 fiscal years, the District's millage is limited to the Act 1 Adjusted Index of 3.7% and a 4.2% increase, respectively. The District's 2021-22 millage of 27.66 represented a 5.3% increase, which included 0.43 mills of exceptions approved by PDE. The District's 2022-23 millage is limited to 28.82 mills. In October 2021, the School Board passed the accelerated opt out resolution to not raise real estate millage above the Act 1 Adjusted Index for 2022-23.
- All real estate taxpayers have the payment option of three equal installments due August 31, October 31, and December 31. Approximately 5% of eligible District real estate taxpayers elected the installment method for the 2021-22 fiscal year, consistent with the prior year.
- COVID-19 related federal funds totaling approximately \$4.5 million were included in the 2021-22 general fund budget, to assist with the additional costs associated with reopening school to address COVID-19-related health and safety needs and learning loss.
- In April 2021, the USDA announced that it extended several nationwide waivers and PDE's DFN accepted these waivers which allows schools to provide all K-12 students with subsidized free meals through the entire 2021-22 school year.
- In August 2021, the School Board approved a District Health and Safety Plan as required by the PDE which included a return to five days per week of in-person instruction for all K-12 students for the 2021-22 school year.
- The District's collective bargaining agreement with the Wilson Education Association included a 3.0% average salary increase for 2021-22 and expires on June 30, 2023.
- The required District contribution to the Pennsylvania School Employees Retirement System increased from 34.51% to 34.94% for 2021-22 with rate increases projected in future years. The District has committed approximately \$19.2 million of fund balance as of June 30, 2021 in the General Fund for future retirement contribution increases, with approximately \$3.0 million budgeted to be used to balance the 2021-22 budget.
- Health Trust insurance premiums for 2021-22 remained flat with no increase over the prior year.
- Contractual commitments related to school expansion and renovation projects including the High School campus renovation and athletic fields, total approximately \$3.4 million.
- The District will be required to implement the following new GASB Statements in future fiscal years: Statement No. 87, *Leases*, Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, and Statement No. 96, *Subscription-Based IT Arrangements*. The District has not yet completed the analysis necessary to estimate the financial statement impact of these new pronouncements.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, Wilson School District, 2601 Grandview Blvd., West Lawn, PA 19609.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 96,690,554	\$ 726,712	\$ 97,417,266
Restricted cash	194,611	-	194,611
Internal balances	12,911	(12,911)	-
Taxes receivable, net	1,601,732	-	1,601,732
Intergovernmental receivables	5,865,610	89,985	5,955,595
Other receivables	104,754	18,363	123,117
Inventories	-	63,793	63,793
Prepaid expenses	255,378	-	255,378
Capital assets not being depreciated	14,476,247	-	14,476,247
Capital assets, net of accumulated depreciation	160,377,951	637,401	161,015,352
<b>TOTAL ASSETS</b>	<b>279,579,748</b>	<b>1,523,343</b>	<b>281,103,091</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources for pension	33,357,665	858,546	34,216,211
Deferred outflows of resources for other postemployment benefits	3,052,508	114,148	3,166,656
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>36,410,173</b>	<b>972,694</b>	<b>37,382,867</b>
<b>LIABILITIES</b>			
Accounts payable	4,613,684	19,292	4,632,976
Intergovernmental payables	360,890	-	360,890
Accrued interest	262,860	-	262,860
Accrued salaries and benefits	15,455,516	58,148	15,513,664
Unearned revenues	235,214	156,417	391,631
Noncurrent liabilities due within one year	8,146,223	-	8,146,223
Noncurrent liabilities:			
Bonds and notes payable, net	102,978,127	-	102,978,127
Long-term portion of compensated absences	1,290,922	-	1,290,922
Net pension liability	169,286,181	4,822,819	174,109,000
Net other postemployment benefit liabilities	18,957,995	593,061	19,551,056
<b>TOTAL LIABILITIES</b>	<b>321,587,612</b>	<b>5,649,737</b>	<b>327,237,349</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	280,275	-	280,275
Deferred inflows of resources for pension	4,341,319	871,483	5,212,802
Deferred inflows of resources for other postemployment benefits	1,347,559	96,841	1,444,400
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,969,153</b>	<b>968,324</b>	<b>6,937,477</b>
<b>NET POSITION</b>			
Net investment in capital assets	87,265,558	637,401	87,902,959
Restricted for capital projects	32,246,585	-	32,246,585
Restricted - other	200,619	-	200,619
Unrestricted (deficit)	(131,279,606)	(4,759,425)	(136,039,031)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (11,566,844)</b>	<b>\$ (4,122,024)</b>	<b>\$ (15,688,868)</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 74,548,721	\$ 468,740	\$ 13,413,394	\$ -	\$ (60,666,587)	\$ -	\$ (60,666,587)
Instructional student support	11,756,938	-	2,392,186	-	(9,364,752)	-	(9,364,752)
Administrative and financial support services	9,345,025	-	889,314	-	(8,455,711)	-	(8,455,711)
Operation and maintenance of plant services	8,810,728	125,716	1,147,989	-	(7,537,023)	-	(7,537,023)
Pupil transportation	3,273,439	78,535	1,283,731	-	(1,911,173)	-	(1,911,173)
Student activities	3,383,056	191,494	232,332	-	(2,959,230)	-	(2,959,230)
Community services	86,145	21,732	17,682	-	(46,731)	-	(46,731)
Interest on long-term debt	1,435,317	-	-	122,504	(1,312,813)	-	(1,312,813)
<b>Total Governmental Activities</b>	112,639,369	886,217	19,376,628	122,504	(92,254,020)	-	(92,254,020)
<b>Business-Type Activities:</b>							
Food services	2,260,148	130,393	2,236,692	-	-	106,937	106,937
Child care	988,210	650,226	407,952	-	-	69,968	69,968
<b>Total Business-Type Activities</b>	3,248,358	780,619	2,644,644	-	-	176,905	176,905
<b>Total Primary Government</b>	<u>\$ 115,887,727</u>	<u>\$ 1,666,836</u>	<u>\$ 22,021,272</u>	<u>\$ 122,504</u>	(92,254,020)	176,905	(92,077,115)
<b>General Revenues</b>							
Taxes:							
Property taxes					68,586,421	-	68,586,421
Public utility realty, earned income, local services, and mercantile/business privilege taxes					10,622,699	-	10,622,699
Grants, subsidies, and contributions not restricted for a specific program					10,151,683	-	10,151,683
Investment earnings					160,466	2,930	163,396
Miscellaneous revenue					82,014	-	82,014
<b>Transfers</b>					119,128	(119,128)	-
<b>Total General Revenues and Transfers</b>					89,722,411	(116,198)	89,606,213
<b>Change in Net Position</b>					(2,531,609)	60,707	(2,470,902)
<b>Net Position (Deficit) - Beginning of Year</b>					(9,035,235)	(4,182,731)	(13,217,966)
<b>Net Position (Deficit) - End of Year</b>					<u>\$ (11,566,844)</u>	<u>\$ (4,122,024)</u>	<u>\$ (15,688,868)</u>

See accompanying notes.



**WILSON SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2021**

	General	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 38,750,660	\$ 57,933,886	\$ 6,008	\$ 96,690,554
Restricted cash	194,611	-	-	194,611
Interfund receivables	16,183	999,225	-	1,015,408
Taxes receivable	1,819,753	-	-	1,819,753
Intergovernmental receivables	5,865,610	-	-	5,865,610
Other receivables	104,754	-	-	104,754
Prepaid expenditures	181,628	73,750	-	255,378
<b>TOTAL ASSETS</b>	<u>\$ 46,933,199</u>	<u>\$ 59,006,861</u>	<u>\$ 6,008</u>	<u>\$ 105,946,068</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Interfund payables	\$ 1,037,468	\$ -	\$ -	\$ 1,037,468
Accounts payable	1,558,199	3,020,514	-	4,578,713
Intergovernmental payables	360,890	-	-	360,890
Accrued salaries and benefits	15,531,739	-	-	15,531,739
Unearned revenues	235,214	-	-	235,214
<b>TOTAL LIABILITIES</b>	18,723,510	3,020,514	-	21,744,024
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	988,629	-	-	988,629
<b>FUND BALANCES</b>				
Nonspendable	181,628	-	-	181,628
Restricted	194,611	55,986,347	6,008	56,186,966
Committed	19,213,547	-	-	19,213,547
Assigned	1,000,000	-	-	1,000,000
Unassigned	6,631,274	-	-	6,631,274
<b>TOTAL FUND BALANCES</b>	<u>27,221,060</u>	<u>55,986,347</u>	<u>6,008</u>	<u>83,213,415</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 46,933,199</u>	<u>\$ 59,006,861</u>	<u>\$ 6,008</u>	<u>\$ 105,946,068</u>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

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

**June 30, 2021**

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		\$ 83,213,415
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$276,400,057 and the accumulated depreciation is \$101,545,859.		174,854,198
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 reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		770,608
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds and notes payable	\$ (100,610,000)	
Accrued interest	(262,860)	
Unamortized bond premium	(10,464,181)	
Unamortized bond discount	26,054	
Deferred charge on bond refunding	(280,275)	
Long-term portion of compensated absences	<u>(1,290,922)</u>	(112,882,184)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(140,269,835)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		<u>(17,253,046)</u>
<b>TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ (11,566,844)</u></u>

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2021**

	General	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 81,892,701	\$ 43,479	\$ 2	\$ 81,936,182
State sources	25,139,097	-	-	25,139,097
Federal sources	3,260,857	-	-	3,260,857
<b>TOTAL REVENUES</b>	110,292,655	43,479	2	110,336,136
<b>EXPENDITURES</b>				
Current:				
Instructional services	67,251,027	-	-	67,251,027
Support services	29,407,380	1,242,911	280,814	30,931,105
Operation of noninstructional services	2,282,027	47,787	-	2,329,814
Capital outlay	-	4,408,273	-	4,408,273
Debt service:				
Principal	-	-	1,690,000	1,690,000
Interest	170,425	-	1,873,251	2,043,676
Refund of prior year revenue	252,329	-	-	252,329
<b>TOTAL EXPENDITURES</b>	99,363,188	5,698,971	3,844,065	108,906,224
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	10,929,467	(5,655,492)	(3,844,063)	1,429,912
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond and note proceeds	-	37,685,000	-	37,685,000
Issuance of refunding bonds and notes	7,814,984	-	31,100,016	38,915,000
Bond Premium	-	7,776,986	1,302,097	9,079,083
Transfers in	119,128	1,000,000	3,207,958	4,327,086
Sale of capital assets	2,500	-	-	2,500
Payment to refunded bond escrow agent	(7,515,000)	-	(31,760,000)	(39,275,000)
Transfers out	(4,207,958)	-	-	(4,207,958)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(3,786,346)	46,461,986	3,850,071	46,525,711
<b>NET CHANGE IN FUND BALANCES</b>	7,143,121	40,806,494	6,008	47,955,623
<b>FUND BALANCES - BEGINNING OF YEAR</b>	20,077,939	15,179,853	-	35,257,792
<b>FUND BALANCES - END OF YEAR</b>	\$ 27,221,060	\$ 55,986,347	\$ 6,008	\$ 83,213,415

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2021**

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 47,955,623**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 5,560,999	
Less: disposal of capital assets	(41,352)	
Less: depreciation expense	<u>(6,498,480)</u>	(978,833)

Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. (95,175)

Issuance of long-term debt (eg. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Issuance of bonds and notes	(76,600,000)	
Bond premium	(9,079,083)	
Repayment of debt principal	1,690,000	
Payment to escrow agent for bond and note refunding	39,275,000	
Amortization of bond premium	542,319	
Amortization of bond discount	(10,190)	
Amortization of deferred charge on bond refunding	<u>(8,994)</u>	(44,190,948)

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. 76,230

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Compensated absences	29,708	
Net pension liability and related deferred outflows and inflows	(4,595,707)	
Net OPEB liability and related deferred outflows and inflows	<u>(732,507)</u>	(5,298,506)

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** **\$ (2,531,609)**

WILSON SCHOOL DISTRICT

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2021

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 359,816	\$ 366,896	\$ 726,712
Interfund receivables (payables)	893	(13,804)	(12,911)
Intergovernmental receivables	84,879	5,106	89,985
Other receivables	14,980	3,383	18,363
Inventories	63,793	-	63,793
<b>TOTAL CURRENT ASSETS</b>	<b>524,361</b>	<b>361,581</b>	<b>885,942</b>
<b>NONCURRENT ASSETS</b>			
Building improvements, net	1,748	472,298	474,046
Machinery and equipment, net	99,342	64,013	163,355
<b>TOTAL NONCURRENT ASSETS</b>	<b>101,090</b>	<b>536,311</b>	<b>637,401</b>
<b>TOTAL ASSETS</b>	<b>625,451</b>	<b>897,892</b>	<b>1,523,343</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources for pension	482,304	376,242	858,546
Deferred outflows of resources for other postemployment benefits	77,319	36,829	114,148
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>559,623</b>	<b>413,071</b>	<b>972,694</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	16,314	2,978	19,292
Accrued salaries and benefits	16,651	41,497	58,148
Unearned revenues	154,218	2,199	156,417
<b>TOTAL CURRENT LIABILITIES</b>	<b>187,183</b>	<b>46,674</b>	<b>233,857</b>
<b>NONCURRENT LIABILITIES</b>			
Net pension liability	2,890,209	1,932,610	4,822,819
Net other postemployment benefit liabilities	294,410	298,651	593,061
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>3,184,619</b>	<b>2,231,261</b>	<b>5,415,880</b>
<b>TOTAL LIABILITIES</b>	<b>3,371,802</b>	<b>2,277,935</b>	<b>5,649,737</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	406,421	465,062	871,483
Deferred inflows of resources for other postemployment benefits	18,694	78,147	96,841
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>425,115</b>	<b>543,209</b>	<b>968,324</b>
<b>NET POSITION</b>			
Investment in capital assets	101,090	536,311	637,401
Unrestricted (deficit)	(2,712,933)	(2,046,492)	(4,759,425)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (2,611,843)</b>	<b>\$ (1,510,181)</b>	<b>\$ (4,122,024)</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2021**

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b>OPERATING REVENUES</b>			
Food service revenue	\$ 130,393	\$ -	\$ 130,393
Tuition and fee revenue	-	650,226	650,226
<b>TOTAL OPERATING REVENUES</b>	130,393	650,226	780,619
<b>OPERATING EXPENSES</b>			
Salaries	654,026	520,908	1,174,934
Employee benefits	457,972	346,912	804,884
Pension and OPEB valuation adjustments	988	2,460	3,448
Supplies and other operating expenses	1,129,702	82,341	1,212,043
Depreciation	16,808	35,589	52,397
<b>TOTAL OPERATING EXPENSES</b>	2,259,496	988,210	3,247,706
<b>OPERATING LOSS</b>	(2,129,103)	(337,984)	(2,467,087)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Earnings on investments	1,180	1,750	2,930
State sources	207,190	157,552	364,742
Federal sources	2,029,502	250,400	2,279,902
Loss on disposal of assets	(652)	-	(652)
<b>TOTAL NONOPERATING REVENUES</b>	2,237,220	409,702	2,646,922
<b>INCOME BEFORE TRANSFERS</b>	108,117	71,718	179,835
<b>TRANSFERS OUT</b>	(24,628)	(94,500)	(119,128)
<b>CHANGE IN NET POSITION</b>	83,489	(22,782)	60,707
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	(2,695,332)	(1,487,399)	(4,182,731)
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	\$ (2,611,843)	\$ (1,510,181)	\$ (4,122,024)

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2021**

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 151,842	\$ 652,055	\$ 803,897
Payments to employees for services	(1,106,720)	(863,878)	(1,970,598)
Payments for supplies and other operating expenses	(964,605)	(70,591)	(1,035,196)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	(1,919,483)	(282,414)	(2,201,897)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State sources	208,007	156,839	364,846
Federal sources	1,853,927	250,400	2,104,327
Transfers out	(24,628)	(94,500)	(119,128)
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	2,037,306	312,739	2,350,045
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(3,426)	(1,550)	(4,976)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on investments	1,180	1,750	2,930
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	115,577	30,525	146,102
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	244,239	336,371	580,610
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 359,816	\$ 366,896	\$ 726,712

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2021**

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b><u>Reconciliation of Operating Loss to Net Cash Used For Operating Activities:</u></b>			
Operating loss	\$ (2,129,103)	\$ (337,984)	\$ (2,467,087)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	16,808	35,589	52,397
Donated commodities used	166,206	-	166,206
Changes in assets, deferred outflows of resources, liabilities, and deferred Inflows of resources:			
Interfund balances	11,686	9,451	21,137
Intergovernmental and other receivables	(1,160)	2,596	1,436
Inventories	(1,647)	-	(1,647)
Deferred outflows of resources for pension	(101,831)	(78,200)	(180,031)
Deferred outflows of resources for other postemployment benefits	11,935	(23,147)	(11,212)
Accounts payable	538	2,299	2,837
Accrued salaries and benefits	(6,408)	3,942	(2,466)
Unearned revenues	22,609	(767)	21,842
Net pension liability	106,300	(96,341)	9,959
Net other postemployment benefit liabilities	(17,683)	(7,913)	(25,596)
Deferred inflows of resources for pension	(8,022)	151,161	143,139
Deferred inflows of resources for other postemployment benefits	10,289	56,900	67,189
Total adjustments	209,620	55,570	265,190
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>\$ (1,919,483)</b>	<b>\$ (282,414)</b>	<b>\$ (2,201,897)</b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the District used \$166,206 of commodities  
from the U.S. Department of Agriculture.



WILSON SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS

June 30, 2021

	Custodial Funds
<b>ASSETS</b>	
Cash and investments	\$ 224,230
Interfund receivable	34,971
<b>TOTAL ASSETS</b>	259,201
<b>LIABILITIES</b>	
Accounts payable	5,516
Intergovernmental payables	34,971
<b>TOTAL LIABILITIES</b>	40,487
<b>NET POSITION</b>	<u>\$ 218,714</u>

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2021**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Contributions and fundraisers	\$ 262,367
Mercantile/business privilege tax collections	3,759,813
Per capita tax collections	29,139
Investment income	<u>1,337</u>
<b>TOTAL ADDITIONS</b>	<b>4,052,656</b>
<b>DEDUCTIONS</b>	
Scholarships	20,000
Student activities	263,375
Payments of mercantile/business privilege tax collections	3,759,813
Payments of per capita tax collections	<u>29,139</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>4,072,327</u></b>
<b>CHANGE IN NET POSITION</b>	<b>(19,671)</b>
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<b><u>238,385</u></b>
<b>NET POSITION - END OF YEAR</b>	<b><u><u>\$ 218,714</u></u></b>

## **WILSON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

Wilson School District ("School District" or the "District") is located in Berks County, Pennsylvania. The District tax base consists of Sinking Spring Borough, Spring Township, Lower Heidelberg Township, and a portion of the Wyomissing Borough.

The District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term. The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of the Wilson School District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### **A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### A. Reporting Entity - continued

Based on the foregoing criteria, the District has determined it has no component units.

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

**Joint Venture:** The District is a participating member of the Berks Career and Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

**Jointly Governed Organizations:** The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of school directors of each participating district must approve the BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

##### B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### B. Basis of Presentation - Government-Wide Financial Statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

##### C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type.

##### The District Reports the Following Major Governmental Funds:

**General Fund:** This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

**Capital Projects Fund:** This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

**Debt Service Fund:** This fund accounts for the resources accumulated and payments made for principal and interest on general obligation debt of governmental funds.

##### The District has the Following Major Enterprise Funds:

**Food Service Fund:** This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is an enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

**Child Care Fund:** This fund accounts for all revenues and expenses for the child care program. The child care fund is an enterprise fund where the intent of the governing body is that the costs of providing child care services are covered by user charges and subsidies received.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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C. Basis of Presentation - Fund Financial Statements - continued

**Additionally, the District Reports the Following Fund Type:**

***Fiduciary Funds:*** The District's fiduciary funds are custodial funds. Custodial funds are fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The District's custodial funds are the scholarship, student activities and tax funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### D. Measurement Focus and Basis of Accounting - continued

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund and child care fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered non-operating revenues as no exchange transaction occurs.

The custodial funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

##### E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

## **WILSON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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##### **E. Budgetary Process - continued**

###### **Accelerated Budget Process Option**

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. The preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

###### **Board Resolution Option**

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**2. Investments**

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized cost if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

**3. Interfund Transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

**4. Inventories and Prepaid Items**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, utilize the purchase method; that is, they are charged to expenditure when purchased.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**4. Inventories and Prepaid Items - continued**

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2021, consist of the following:

Purchased food	\$ 35,486
Supplies	11,037
Donated commodities	<u>17,270</u>
	<u>\$ 63,793</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

**5. Capital Assets, Depreciation, and Amortization**

The District's capital assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their acquisition value at the date of its donation.

The District generally capitalizes assets with costs of \$1,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### F. Financial Position - continued

##### 5. Capital Assets, Depreciation, and Amortization - continued

Estimated useful lives for depreciable assets are as follows:

Buildings and building improvements	15 - 65 years
Site improvements	20 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 10 years

##### 6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2021.

##### 7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

##### 8. Compensated Absences

District policies permit employees to accumulate earned but unused sick days based on employment agreements. Certain classes of employees are also entitled to a retirement bonus. Payments for sick pay and retirement bonuses are expensed as paid in the governmental fund statements. Accumulated sick leave and retirement bonuses that are expected to be liquidated with expendable available financial resources and that has matured are reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated sick leave and retirement bonuses that are not expected to be liquidated with expendable available financial resources and that have not matured are reported as a long-term liability in the proprietary funds and the government-wide financial statements and are expensed as incurred.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**9. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Pension**

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**11. Other Postemployment Benefits (OPEB)**

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### F. Financial Position - continued

###### 12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has two items that qualify for reporting in this category:

*Deferred outflows of resources for pension* relates to the District's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

*Deferred outflows of resources for other postemployment benefit liabilities* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

12. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items that qualify for reporting in this category:

*Unavailable revenue* arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*A deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred inflows of resources for pension* relates to the District's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

*Deferred inflows of resources for other postemployment benefit liabilities* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

## **WILSON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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##### **F. Financial Position - continued**

###### **13. Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

###### **14. Fund Balance Policies and Flow Assumptions**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The finance committee or the chief financial officer may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



## **WILSON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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##### **F. Financial Position - continued**

###### **14. Fund Balance Policies and Flow Assumptions - continued**

The unassigned fund balance of the general fund at the end of each fiscal year end shall not be less than 3% of the following year's projected budgeted expenditures. In any fiscal year where the District is unable to maintain this minimum reservation of fund balance as required in this section, the District shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until this level is achieved.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The District's policy places no restrictions on the order of the unrestricted fund balances used. The order of the unrestricted fund balances used for disbursements is at the discretion of the finance committee or director of finance.

##### **G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **H. Adoption of Accounting Standard**

Effective July 1, 2020, the District adopted a new accounting standard related to the reporting of Fiduciary Activities. The objective of this standard is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The District had previously reported its tax collection fund as part of the general fund. With the adoption of this standard, the tax collection fund does not meet the requirements to be reported within the general fund and is now reported as a custodial type fiduciary fund. Due to the nature of this fund, there was no impact to beginning net position for this change.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**H. Adoption of Accounting Standard - continued**

Under this standard, the District's scholarship and student activities funds continue to be reported as fiduciary funds; however, they are now reported as custodial funds which reports net position and changes in net position. This resulted in the District restating beginning net position as of July 1, 2020 in the fiduciary funds for \$199,395.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. Compliance with Finance Related Legal and Contractual Provisions**

The District had no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

**Deficit Net Position - Proprietary Funds (Food Service Fund and Child Care Fund)**

For the year ended June 30, 2021, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, created the following deficiencies in net position as of June 30, 2021:

	Food Service Fund	Child Care Fund
Net position before effects of GASB Statements noted below	\$ 438,268	\$ 851,218
Cumulative effect of GASB Statement Nos. 68 and 71	(2,814,326)	(2,021,430)
Cumulative effect of GASB Statement No. 75	<u>(235,785)</u>	<u>(339,969)</u>
Ending net position (deficit)	<u>\$ (2,611,843)</u>	<u>\$ (1,510,181)</u>

The District will fund the deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement System (PSERS) at the required rate certified annually by PSERS.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS**

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

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

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There are no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the District.

The breakdown of total cash and investments on the financial statements at June 30, 2021, was as follows:

Petty cash	\$ 3,467
Demand deposits	46,611,201
Pooled cash and investments	<u>51,221,439</u>
	<u>\$ 97,836,107</u>

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2021, the carrying amount of the District's deposits was \$47,101,201 and the bank balance was \$47,217,898. Of the bank balance, \$1,490,681 was covered by federal depository insurance, and \$45,727,217 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly. Included in investments are certificates of deposit (CDs) that have original maturity dates of greater than three months. The CDs are considered deposits for the purposes of this disclosure and included as deposits in the custodial credit risk disclosure above. The District has CDs outstanding totaling \$490,000.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments**

As of June 30, 2021, the District had the following investments:

	<u>Fair Value/ Carrying Value</u>
PA School District Liquid Asset Fund (PSDLAF):	
MAX account balance	\$ 50,755,033
Certificates of deposit	490,000
	<u>(23,594)</u>
Less: reconciling items	
Total investments	<u>\$ 51,221,439</u>

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No 79. The District measures those investments, which include \$51,245,033 (PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

As of June 30, 2021, the entire PSDLAF book balance of \$51,221,439 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

**Interest Rate Risk**

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District has no investments subject to this interest rate risk.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Credit Risk**

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the District's investments were rated as:

Investment	Standard & Poor's
Pennsylvania School District Liquid Asset Fund	AAAm

**Concentration of Credit Risk**

The District does not have a policy that would limit the amount they may invest in any one issue. The District has no investments subject to this risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investment subject to custodial credit risk.

**NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE**

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The District has four independently elected tax collectors who have relinquished responsibility for the collection of taxes. The tax collectors have deputized a District approved financial institution for the collection of taxes on their behalf via a lockbox account.

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$2,635,752,500. In accordance with Act 1 of 2006, the District received \$1,388,247 in property tax reduction funds for the 2020/2021 fiscal year. The District tax rate for the year ended June 30, 2021, was 26.26 mills (\$26.26 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for the current fiscal year is as follows:

July 1	Full year tax assessed for current year.
July 1 - August 31	Discount period during which a 2% discount is allowed.
September 1 - November 30	Face amount of tax is due.
December 1 - January 14	A 10% penalty is added to all payments.
January 15	All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED**

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

The balances at June 30, 2021, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Property tax	\$ 1,277,968	\$ 218,021	\$ 1,059,947	\$ 289,339	\$ 988,629
Per capita tax	12,265	-	12,265	12,265	-
Mercantile/bus. privilege tax	26,480	-	26,480	26,480	-
Earned income tax	359,209	-	359,209	359,209	-
Transfer tax	143,831	-	143,831	143,831	-
	<u>\$ 1,819,753</u>	<u>\$ 218,021</u>	<u>\$ 1,601,732</u>	<u>\$ 831,124</u>	<u>\$ 988,629</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES/PAYABLES**

The following schedule represents intergovernmental receivables at June 30, 2021:

	<u>General Fund</u>	<u>Enterprise Fund</u>	
		<u>Food Service</u>	<u>Child Care</u>
Commonwealth of Pennsylvania:			
Retirement	\$ 3,263,675	\$ 1,118	\$ 3,502
Social Security	689,968	436	846
National School Lunch/Breakfast Program	-	3,092	-
Medical Assistance Program - ACCESS	350,000	-	-
Migratory Children	320	-	-
Rental Subsidy	19,089	-	-
Federal Subsidies:			
Title I Grants to Local Educational Agencies	167,840	-	-
Special Education - Grants to States	348,490	-	-
Medical Assistance Program - Admin.	19,359	-	-
Army JROTC	8,649	-	-
COVID-19 Education Stabilization Fund	860,649	-	-
COVID-19 Child Nutrition Cluster	-	80,233	-
Antietam School District	25,750	-	-
Borough of Sinking Spring	2,294	-	-
Borough of Wyomissing Bureau of Water	-	-	(487)
Early Learning Resource Center	-	-	1,245
Governor Mifflin School District	4,423	-	-
Internal Revenue Service	885	-	-
Lower Heidelberg Township	4,273	-	-
Pennsylvania Commission on Crime and Delinquency	45,000	-	-
School District of Philadelphia	11,198	-	-
Schuylkill Valley School District	16,738	-	-
Spring Township	25,440	-	-
Wyomissing School District	1,570	-	-
	<u>\$ 5,865,610</u>	<u>\$ 84,879</u>	<u>\$ 5,106</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES/PAYABLES - CONTINUED**

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The following schedule represents intergovernmental payables at June 30, 2021:

	General Fund
Berks County Intermediate Unit	\$ 102,597
Bucks County Intermediate Unit	28,393
Canon-McMillian School District	3,717
Capital Area Intermediate Unit	286
Chartiers Valley School District	1,425
Chester County Intermediate Unit	74,207
Clarion Area School District	347
Conrad Weiser Area School District	38,979
Grove City Area School District	7,715
Lancaster-Lebanon Intermediate Unit	80
Lower Heidelberg Township	5,279
PA Department of Education	14,866
PAUC Fund	3,054
Parkland School District	10,886
PSERS	7,682
Rose Tree Media School District	5,160
Spring Township	25,583
Twin Valley School District	30,634
	<u>\$ 360,890</u>



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES, AND TRANSFERS**

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The following is a summary of interfund receivables and payables at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 16,183	\$ 1,037,468
Capital Projects Fund	999,225	-
Enterprise Fund - Food Service	893	-
Enterprise Fund - Child Care	-	13,804
Fiduciary Fund - Custodial	34,971	-
	<u>\$ 1,051,272</u>	<u>\$ 1,051,272</u>

Interfund receivables/payables consist of shared costs which have not yet been reimbursed and a time lag between dates when payments between funds are made. All will be transferred within a year.

Interfund transfers are summarized as follows at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 119,128	\$ 4,207,958
Capital Projects Fund	1,000,000	-
Debt Service Fund	3,207,958	-
Enterprise Fund - Food Service	-	24,628
Enterprise Fund - Child Care	-	94,500
	<u>\$ 4,327,086</u>	<u>\$ 4,327,086</u>

Transfers are made to pay debt service and other long-term liabilities, fund future capital projects, and to satisfy indirect costs.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 7 - CHANGES IN CAPITAL ASSETS**

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

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 10,872,388	\$ -	\$ -	\$ 10,872,388
Construction in progress	1,736,010	4,408,274	(2,540,425)	3,603,859
Total assets not being depreciated	12,608,398	4,408,274	(2,540,425)	14,476,247
Capital assets being depreciated:				
Buildings and building improvements	229,984,001	6,768	2,523,265	232,514,034
Site improvements	13,632,493	-	8,476	13,640,969
Machinery and equipment	9,126,946	399,964	(199,525)	9,327,385
Vehicles	6,054,117	745,993	(358,688)	6,441,422
Total assets being depreciated	258,797,557	1,152,725	1,973,528	261,923,810
Less accumulated depreciation for:				
Buildings and building improvements	76,664,263	4,581,045	-	81,245,308
Site improvements	9,516,475	869,023	-	10,385,498
Machinery and equipment	5,432,272	482,984	(167,553)	5,747,703
Vehicles	3,959,914	565,428	(357,992)	4,167,350
Total accumulated depreciation	95,572,924	6,498,480	(525,545)	101,545,859
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>163,224,633</u>	<u>(5,345,755)</u>	<u>2,499,073</u>	<u>160,377,951</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 175,833,031</u>	<u>\$ (937,481)</u>	<u>\$ (41,352)</u>	<u>\$ 174,854,198</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Building improvements	\$ 642,028	\$ -	\$ -	\$ 642,028
Machinery and equipment	877,103	4,976	(61,160)	820,919
Total assets being depreciated	<u>1,519,131</u>	<u>4,976</u>	<u>(61,160)</u>	<u>1,462,947</u>
Less accumulated depreciation for:				
Buildings improvements	138,355	29,627	-	167,982
Machinery and equipment	695,302	22,770	(60,508)	657,564
Total accumulated depreciation	<u>833,657</u>	<u>52,397</u>	<u>(60,508)</u>	<u>825,546</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 685,474</u>	<u>\$ (47,421)</u>	<u>\$ (652)</u>	<u>\$ 637,401</u>

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

Instruction	\$ 3,661,948
Instructional student support	49,428
Administrative and financial support services	8,430
Operation and maintenance of plant services	1,162,659
Pupil transportation	565,259
Student activities	<u>1,050,756</u>
<b>TOTAL DEPRECIATION EXPENSE -</b>	
<b>GOVERNMENTAL ACTIVITIES</b>	<u>\$ 6,498,480</u>

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 8 - LONG-TERM LIABILITIES

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The District issues general obligation bonds and notes to provide resources for major capital improvements. The bonds and notes are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority. Bonds and notes payable are as follows at June 30, 2021:

General Obligation Bonds - Series C of 2021:

The District is liable for general obligation bonds dated June 22, 2021, in the original principal amount of \$37,685,000. Principal maturities occur on May 15, 2029, through the year 2033. Interest is payable semi-annually on May 15 and November 15 at a fixed interest rate of 4.00%. The proceeds of this issuance will be used to finance planning, designing, acquiring, constructing, equipping and furnishing, alternations, additions and improvements to various school facilities, including the acquisition of real property and/or equipment and to pay debt issuance costs.

\$ 37,685,000

General Obligation Bonds - Series B of 2021:

The District is liable for general obligation bonds dated June 22, 2021, in the original principal amount of \$7,025,000. Principal maturities occur on May 15, 2022, through the year 2029. Interest is payable semi-annually on May 15 and November 15 at a fixed interest rate of 1.00% through 2026. Interest rates vary from 2.0% to 4.0% in 2027 through 2029. The proceeds of this issuance were used to currently refund the outstanding balance on General Obligation Bonds - Series of 2016, General Obligation Bonds - Series A of 2016 and General Obligation Notes - Series of 2020, as well as pay debt issuance costs. The District realized a savings of \$144,283 as a result of the refunding.

7,025,000

General Obligation Notes - Series A of 2021:

The District is liable for general obligation notes dated March 3, 2021, in the original principal amount of \$8,920,000. Principal maturities occur on May 15, 2021, through the year 2028. Interest is payable semi-annually on May 15 and November 15 at a fixed rate of 1.15%. The proceeds of this issuance were used to currently refund General Obligation Bonds - Series B of 2013 and to scoop refund the District's June 1, 2021 payment on General Obligation Bonds - Series C of 2013, as well as to pay debt issuance costs. The District realized a savings of \$167,984 as a result of the refunding.

8,850,000

General Obligation Notes - Series A of 2020:

The District is liable for general obligation notes dated December 1, 2020, in the original principal amount of \$3,500,000. Principal maturities occur on March 1, 2021, through the year 2028. Interest is payable semi-annually on March 1 and September 1 at a fixed interest rate of 1.30%. The proceeds of this issuance were used to scoop refund the March 1, 2021 payment on General Obligation Bond - Series of 2016. This refunding was done as a restructuring, therefore, there was no savings on the refunding.

3,495,000

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

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General Obligation Notes - Series of 2020:

The District is liable for general obligation notes dated October 28, 2020, in the original principal amount of \$19,470,000. Principal maturities occur on May 15, 2021, through the year 2026. Interest is payable semi-annually on May 15 and November 15 at a fixed rate of 0.880%. The proceeds of this issuance were used to currently refund the outstanding balance on General Obligation Notes - Series B of 2017, Series C of 2017 and Series B of 2018, as well as pay debt issuance costs. The District realized a savings of \$816,491 as a result of the refunding.

17,320,000

General Obligation Notes - Series B of 2019:

The District is liable for general obligation notes dated June 5, 2019, in the original principal amount of \$3,165,000. The principal balance matures May 15, 2026, with one lump sum payment. Interest is payable semi-annually on May 15 and November 15 at a fixed rate of 3.00%. The proceeds of this issuance were used to advance refund a portion of General Obligation Bonds - Series B of 2013, General Obligation Bonds - Series C of 2013, and General Obligation Bonds - Series A of 2016 as well as to pay debt issuance costs. The refunding was done as a restructuring, therefore, there was no savings on the refunding.

3,165,000

General Obligation Notes - Series A of 2019:

The District is liable for general obligation notes dated June 5, 2019, in the original principal amount of \$9,725,000. Principal maturities occur on May 15, 2020, through the year 2027. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.75% to 2.00%. The proceeds of this issuance were used finance various capital projects, and certain equipment purchases, as well as to pay debt issuance costs.

9,715,000

General Obligation Bonds - Series A of 2016:

The District is liable for general obligation bonds dated March 22, 2016, in the original principal amount of \$9,840,000. Principal maturities occur on March 1, 2017, through the year 2026. Interest is payable semi-annually on March 1 and September 1. Interest rates vary from 0.80% to 2.25%. The proceeds of this issuance were used to currently refund the outstanding balance on the Federally Taxable General Obligation Note - Series A of 2015 and Federally Taxable General Obligation Note - Series B of 2015, as well as pay debt issuance costs. The District realized a savings of \$310,609 as a result of the refunding. The bonds were partially refunded with the General Obligation Bonds Series B of 2021.

4,755,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

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General Obligation Bonds - Series of 2016:

The District is liable for general obligation bonds dated March 3, 2016, in the original principal amount of \$9,250,000. Principal maturities occur on March 1, 2017, through the year 2023. Interest is payable semi-annually on March 1 and September 1. Interest rates vary from 0.55% to 4.00%. The proceeds of this issuance were used to currently refund a portion of the outstanding balance on the Federally Taxable General Obligation Note - Series A of 2015, as well as pay debt issuance costs. The District realized a savings of \$485,961 as a result of the refunding. The bonds were partially refunded with the General Obligation Bonds Series B of 2021 and General Obligation Notes Series A of 2020.

3,375,000

General Obligation Bonds - Series C of 2013:

The District is liable for general obligation bonds dated December 17, 2013, in the original principal amount of \$20,180,000. Principal maturities occur on June 1, 2014, through the year 2023. Interest is payable semi-annually on June 1 and December 1. Interest rates vary from 0.26% to 5.00%. The proceeds of this issuance were used to advance refund a portion of the outstanding balance on the Series of 2005 General Obligation Bonds, advance refund a portion of the outstanding balance on the Series of 2007 General Obligation Bonds, and pay debt issuance costs. The District realized a savings of \$1,190,002 as a result of the refunding. The bonds were partially refunded with the General Obligation Notes Series A of 2021.

5,225,000

Total bonds and notes payable

\$100,610,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

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

Direct Borrowings							
General Obligation Notes,							
	Series A of 2021	Series A of 2020	Series of 2020	Series A of 2019	Series B of 2019	Total Principal	Total Interest
2022	\$ 60,000	\$ 5,000	\$ 360,000	\$ 5,000	\$ -	\$ 430,000	\$ 818,820
2023	3,325,000	5,000	3,805,000	5,000	-	7,140,000	814,804
2024	1,155,000	5,000	7,075,000	5,000	-	8,240,000	742,918
2025	5,000	5,000	5,035,000	5,000	-	5,050,000	667,210
2026	5,000	5,000	1,045,000	2,925,000	3,165,000	7,145,000	622,680
2027-2031	4,300,000	3,470,000	-	6,770,000	-	14,540,000	493,678
Total	<u>\$ 8,850,000</u>	<u>\$ 3,495,000</u>	<u>\$ 17,320,000</u>	<u>\$ 9,715,000</u>	<u>\$ 3,165,000</u>	<u>\$ 42,545,000</u>	<u>\$ 4,160,110</u>
General Obligation Bonds,							
	Series B of 2021	Series C of 2021	Series A of 2016	Series of 2016	Series C of 2013	Total Principal	Total Interest
2022	\$ 5,000	\$ -	\$ 60,000	\$ 3,375,000	\$ 4,200,000	\$ 7,640,000	\$ 2,010,550
2023	5,000	-	15,000	-	1,025,000	1,045,000	1,897,624
2024	5,000	-	45,000	-	-	50,000	1,863,962
2025	5,000	-	3,310,000	-	-	3,315,000	1,863,012
2026	5,000	-	1,325,000	-	-	1,330,000	1,796,762
2027-2031	7,000,000	25,145,000	-	-	-	32,145,000	7,306,700
2032-2033	-	12,540,000	-	-	-	12,540,000	587,400
Total	<u>\$ 7,025,000</u>	<u>\$ 37,685,000</u>	<u>\$ 4,755,000</u>	<u>\$ 3,375,000</u>	<u>\$ 5,225,000</u>	<u>\$ 58,065,000</u>	<u>\$ 17,326,010</u>
Total Long-Term Debt							
	Total Principal	Total Interest					
2022	\$ 8,070,000	\$ 2,829,370					
2023	8,185,000	2,712,428					
2024	8,290,000	2,606,880					
2025	8,365,000	2,530,222					
2026	8,475,000	2,419,442					
2027-2031	46,685,000	7,800,378					
2032-2033	12,540,000	587,400					
Total	<u>\$100,610,000</u>	<u>\$ 21,486,120</u>					

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

Long-term liability balances and activity for the year ended June 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation debt:					
Bonds payable	\$ 32,965,000	\$ 44,710,000	\$ 19,610,000	\$ 58,065,000	\$ 7,640,000
Discounts	(57,746)	-	(31,692)	(26,054)	-
Premiums	2,420,320	9,079,083	1,035,222	10,464,181	-
Net general obligation debt	35,327,574	53,789,083	20,613,530	68,503,127	7,640,000
Direct borrowings	32,010,000	31,890,000	21,355,000	42,545,000	430,000
Compensated absences	1,392,008	233,769	258,632	1,367,145	76,223
Net pension liability	152,470,140	33,118,052	16,302,011	169,286,181	-
Net other postemployment benefit liabilities	16,668,906	3,031,813	742,724	18,957,995	-
Total governmental long-term liabilities	<u>\$ 237,868,628</u>	<u>\$ 122,062,717</u>	<u>\$ 59,271,897</u>	<u>\$ 300,659,448</u>	<u>\$ 8,146,223</u>
<b>Business-Type Activities</b>					
Net pension liability	\$ 4,812,860	\$ 474,022	\$ 464,063	\$ 4,822,819	\$ -
Net other postemployment benefit liabilities	618,657	24,003	49,599	593,061	-
Total business-type long-term liabilities	<u>\$ 5,431,517</u>	<u>\$ 498,025</u>	<u>\$ 513,662</u>	<u>\$ 5,415,880</u>	<u>\$ -</u>

Payments on bonds and notes payable are made by the debt service fund. Total interest paid during the year ended June 30, 2021, was \$2,043,676. The compensated absence liabilities will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general, food service, and child care funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general, food service, and child care funds.



## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

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##### **Events of Default**

The District's general obligation bonds and notes contain a provision that in the event of default of non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders.

##### **Defeased Debt**

During the year ended June 30, 2019, the District issued General Obligation Notes, Series B of 2019 in the amount of \$3,165,000 which was used to advance refund a portion of General Obligation Bonds - Series B of 2013, General Obligation Bonds - Series C of 2013, and General Obligation Bonds - Series A of 2016. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the District's long-term liabilities. As of June 30, 2021, outstanding general obligation notes of the District in the amount of \$1,265,000 were considered to be defeased with a related \$1,285,508 (market value at June 30, 2021) held in escrow funds.

During the year ended June 30, 2021, the District issued General Obligation Bonds, Series B of 2021 in the amount of \$7,025,000, a portion of which was used to advance refund a portion of General Obligation Bonds - Series A of 2016. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the District's long term liabilities. At June 30, 2021, outstanding general obligation bonds of the District in the amount of \$4,015,000 were considered defeased with a related \$4,057,369 (market value at June 30, 2021) held in escrow funds.

#### NOTE 9 - EMPLOYEE RETIREMENT PLANS

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##### **Employee Defined Benefit Pension Plan**

##### ***General Information About the Pension Plan***

##### Plan Description

PSERS (the System) is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

---

**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. 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 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5% depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 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.

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Contributions - continued

**Member Contributions:**

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

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

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

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

**Employer Contributions:**

The school districts' contractually required contribution rate for fiscal year ended June 30, 2021, was 33.51% 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. The rate was certified by the PSERS board of trustees. Contributions to the pension plan from the District were \$17,017,922 for the year ended June 30, 2021.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$8,753,641.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

**Employee Defined Benefit Pension Plan - continued**

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

At June 30, 2021, the District reported a liability of \$174,109,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.3536%, which was an increase of 0.0174% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$21,586,696. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 7,652,000	\$ -
Difference between expected and actual experience	455,000	4,173,000
Changes in proportions - Plan Level	7,801,000	292,000
Changes in proportions - Internal	747,802	747,802
Difference between employer contributions and proportionate share of total contributions	542,487	-
Contributions made subsequent to the measurement date	17,017,922	-
	<u>\$ 34,216,211</u>	<u>\$ 5,212,802</u>

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

The \$17,017,922 reported as deferred outflows of resources resulting from District pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2022	\$ 2,064,211
2023	3,166,755
2024	4,432,442
2025	<u>2,322,079</u>
	<u>\$ 11,985,487</u>

Actuarial Assumptions

The total pension liability as of June 30, 2020, was determined by rolling forward the System's total pension liability at 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 % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

The 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.

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 is:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 215,410,000	\$ 174,109,000	\$ 139,122,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2021, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$4,490,797. This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

**Hybrid Defined Benefit/Defined Contribution Retirement Plan**

On June 12, 2017, Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation establishes a new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan design options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. A stand-alone defined benefit plan is no longer available to new members after June 30, 2019. Contributions to the defined contribution pension plan from the District were \$91,412 for the year ended June 30, 2021.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**403(b) Tax Shelter Plan**

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the plan.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

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**Employee Defined Benefit Other Postemployment Benefit Plans**

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2021 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 7,653,000	\$ 1,250,434	\$ 198,000
District OPEB Plan	11,898,056	1,916,222	1,246,400
Total	<u>\$ 19,551,056</u>	<u>\$ 3,166,656</u>	<u>\$ 1,444,400</u>

**PSERS OPEB Plan**

***General Information About the PSERS OPEB Plan***

Health Insurance Premium Assistance Program

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



## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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##### PSERS OPEB Plan - continued

##### *General Information About the PSERS OPEB Plan - continued*

##### 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 Health Option Program or employer-sponsored health insurance program.

##### Pension Plan Description

PSERS is a governmental, cost-sharing, multiple-employer, defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

##### Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

##### Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% 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 \$416,434 for the year ended June 30, 2021.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**PSERS OPEB Plan - continued**

***General Information About the PSERS OPEB Plan - continued***

Contributions - continued

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100 percent of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$8,753,641.

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB***

At June 30, 2021, the District reported a liability of \$7,653,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.3542%, which was an increase of 0.0180% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$469,167. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 312,000	\$ 168,000
Differences between expected and actual experience	70,000	-
Net difference between projected and actual investment earnings	13,000	-
Changes in proportion	439,000	30,000
Contributions made subsequent to the measurement date	416,434	-
	<u>\$ 1,250,434</u>	<u>\$ 198,000</u>

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

The \$416,434 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$ 101,000
2023	99,000
2024	98,000
2025	140,000
2026	120,000
Thereafter	<u>78,000</u>
	<u>\$ 636,000</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post-age 65 at 70%

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

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Actuarial Assumptions - continued

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018, determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020, is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	3.2%	(0.1%)
	<u>100.0%</u>	

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate decreased from 2.79% as of June 30, 2019.

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

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

The following presents the District's proportionate share of the net OPEB liability for the June 30, 2020 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	1% Decrease (Between 4% to 6.50%)	Current Trend Rate (Between 5% to 7.50%)	1% Increase (Between 6% to 8.50%)
District's proportionate share of the net OPEB liability	\$ 7,652,000	\$ 7,653,000	\$ 7,654,000

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.66%) or one-percentage point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 8,726,000	\$ 7,653,000	\$ 6,765,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2021, the District had an accrued balance due to PSERS of \$4,490,797, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan**

***General Information About the District OPEB Plan***

Plan Description

Wilson School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees and their spouses through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

The District classifies employees in the following categories: Administrators, Teachers, and Support Staff. Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to each of these groups:

**Administrators**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
5 years as an administrator, 10 years of service with the District and 20 years of PSERS service, or Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental  <u>Premium Sharing</u> If the member reaches 10 years of service with the District and 20 years of PSERS service, the District will contribute the full single premiums for medical, prescription drug, and dental coverage less the cost-share for an active employee. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.  If the member does not reach the requirements for the District subsidy but meets the requirements for Act 110/43, the member and spouse may continue coverage by paying 102% of the premiums as determined for the purpose of COBRA.  <u>Dependents</u> Families Included	Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

*General Information About the District OPEB Plan - continued*

Benefits Provided - continued

Teachers

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Age 50 with 20 years of service with the district and retirement through PSERS, or Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental  <u>Premium Sharing</u> If the member reaches age 50, 20 years of service with the District and retires through PSERS, the District will contribute \$135/month on coverage for the member. The member is responsible for any excess premiums and increases as they occur up to 102% of the premiums as determined for the purpose of COBRA. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.  If the member does not reach the requirements for the District subsidy but meets the requirements for Act 110/43, the member and spouse may continue coverage by paying 102% of the premiums as determined for the purpose of COBRA.  <u>Dependents</u> Families Included	Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.

Support Staff

Retired on or before June 30, 2008	<u>Coverage</u> Medical, and Prescription Drug  <u>Premium Sharing</u> The District will pay the full premiums for single coverage for the member. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.  <u>Dependents</u> Families Included	Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.
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**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***General Information About the District OPEB Plan - continued***

Benefits Provided - continued

**Support Staff - continued**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Retired after June 30, 2008, age 55 with 20 years of service with the District, or Act 110/43	<p><u>Coverage</u> Medical and Prescription Drug</p> <p><u>Premium Sharing</u> If the member reaches age 55 and 20 years of service with the District, the District will contribute the full single premiums for medical and prescription drug coverage less the cost-share for an active employee. If the member had reached age 55 and 20 years of service with the District by 7/1/08 and retires after 7/1/08 the monthly member contribution for single coverage will not exceed \$50. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.</p> <p>If the member does not reach the requirements for the District subsidy but meets the requirements for Act 110/43, the member and spouse may continue coverage by paying 102% of the premiums as determined for the purpose of COBRA.</p> <p><u>Dependents</u> Families Included</p>	Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement. In accordance with these Acts, the District is required to give eligible retirees and their dependents the right to continue coverage in the group health plan to which they belonged as employees.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

***General Information About the District OPEB Plan - continued***

**Benefits Provided - continued**

**PSERS Retirement:**

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either:  
a) PSERS early retirement while under 62 with 5 years of PSERS service or b) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service, or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either:  
a) PSERS early retirement while under 65 with 10 years of PSERS service or b) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either:  
a) PSERS early retirement while under 67 with 10 years of PSERS service or b) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either:  
a) PSERS early retirement while under 67 with 10 years of PSERS service or b) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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##### District OPEB Plan - continued

##### *General Information About the District OPEB Plan - continued*

##### Employees Covered by Benefit Terms

At July 1, 2020, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	650
Vested former participants	9
Retired participants	<u>30</u>
Total	<u><u>689</u></u>

##### **OPEB Liability**

##### Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2020, was determined by rolling forward the District's total OPEB liability as of July 1, 2019 to July 1, 2020, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 1.86% based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.
- 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.
- 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.
- Participation rates - 100% of administrators and support staff and 80% of teachers eligible for subsidized coverage and 60% of all employees not eligible for subsidized coverage are assumed to elect coverage. 80% of vested former participants eligible for subsidized coverage are assumed to begin coverage at the later of age 62 and the valuation date. 30% of these vested former participants are assumed to elect coverage for their spouses.

The actuarial assumptions were selected using input from the District based on actual experience.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***Changes in the Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balance at July 1, 2020	\$ 10,137,563
Changes for the year:	
Service cost	692,895
Interest	357,166
Differences between expected and actual experience	(298,320)
Changes of assumptions or other inputs	1,378,908
Benefit payments	<u>(370,156)</u>
Net changes	<u>1,760,493</u>
Balance at June 30, 2021	<u><u>\$ 11,898,056</u></u>

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 3.36% to 1.86% and (2) the healthcare cost trend assumption was updated.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (0.86%) or one-percentage point higher (2.36%) than the current discount rate:

	<u>1% Decrease 0.86%</u>	<u>Current Discount Rate 1.86%</u>	<u>1% Increase 2.86%</u>
OPEB Plan - Total OPEB liability	\$ 12,832,482	\$ 11,898,056	\$ 11,007,095

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***Changes in the Total OPEB Liability - continued***

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB liability	\$ 10,495,597	\$ 11,898,056	\$ 13,584,030

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,073,035. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,553,342	\$ 404,369
Differences between expected and actual experience	-	842,031
Benefit payments made subsequent to the measurement date	<u>362,880</u>	<u>-</u>
	<u><u>\$ 1,916,222</u></u>	<u><u>\$ 1,246,400</u></u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

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

The \$362,880 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$	22,974
2023		22,974
2024		22,974
2025		22,974
2026		22,974
Thereafter		<u>192,072</u>
Total	\$	<u><u>306,942</u></u>

**NOTE 11 - JOINT VENTURE**

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The District is a participating member of the Berks Career and Technology Center. The Berks Career and Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career and Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career and Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2020/2021 year was \$926,194. The District also paid \$120,425 for additional services provided.

Summary financial information as of June 30, 2020 (the most recent information available) is as follows:

<u>Berks Career and Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 31,607,620
Total liabilities and deferred inflows of resources	<u>30,858,040</u>
Total net position	<u><u>\$ 749,580</u></u>

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 12 - RISK MANAGEMENT**

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The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions in insurance coverages of the 2020/2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the 3 prior years.

**NOTE 13 - COMMITMENTS**

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At June 30, 2021, the District has entered into a number of contracts related to school expansion and renovation projects. Commitments outstanding are as follows:

	<u>Contract Amount</u>	<u>Commitment Remaining</u>
District Signage	\$ 47,500	\$ 23,750
Feasibility Study	24,800	24,800
High School Athletics Facilities	457,104	387,545
High School Campus Renovations	2,144,671	1,356,678
Lower House Roof	237,770	15,207
Natatorium upgrades	648,742	281,688
Propone Infrastructure	353,635	241,315
Upper House Roof	2,595,770	703,321
West Track	361,483	361,483
	<u>\$ 6,871,475</u>	<u>\$ 3,395,787</u>

The District intends to use capital project funds to satisfy the remaining commitments.

The District has entered into an agreement for the purchase of land for \$2,090,000. As of June 30, 2021, the settlement has not been finalized.

## **WILSON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

#### **NOTE 14 - CONTINGENT LIABILITIES**

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The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

The District is involved in various lawsuits that arise in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

#### **NOTE 15 - FUND BALANCE**

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Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2021, were as follows:

##### **General Fund**

The general fund has a nonspendable fund balance of \$181,628 for prepaid expenditures, restricted funds of \$194,611 for a special education settlement, committed funds of \$19,213,547 for retirement rate increases, an assigned fund balance of \$1,000,000 representing the 2021/2022 budget appropriation, and unassigned fund balance of \$6,631,274. The commitment was authorized by the board of school directors' motion to set aside resources to fund anticipated increases in PSERS contributions.

##### **Capital Projects**

The capital projects fund has restricted funds of \$55,986,347 consisting of \$47,391,956 of unspent bond funds and \$8,594,391 of unspent cumulative transfers from the general fund authorized by the board of school directors for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

##### **Debt Service**

The debt service fund has \$6,008 restricted for future debt service.



## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 87, *Leases* - This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It 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 this 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. This statement is effective for the District's fiscal year ending June 30, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* - This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Under this statement, interest cost incurred before the end of a construction period must be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is effective for the District's fiscal year ending June 30, 2022.
- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for the District's fiscal year ending June 30, 2023.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WILSON SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

**For the Year Ended June 30, 2021**

	Budgeted Amount		Actual	Variance
	Original	Final	(GAAP) Basis	Final to Actual
<b>REVENUES</b>				
Local sources	\$ 75,592,586	\$ 75,592,586	\$ 81,892,701	\$ 6,300,115
State sources	25,965,566	25,965,566	25,139,097	(826,469)
Federal sources	2,255,848	2,255,848	3,260,857	1,005,009
<b>TOTAL REVENUES</b>	103,814,000	103,814,000	110,292,655	6,478,655
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular programs - elementary/secondary	46,116,128	46,140,922	46,123,561	17,361
Special programs - elementary/secondary	19,604,466	19,339,219	18,118,258	1,220,961
Vocational education	2,678,157	2,751,449	2,742,003	9,446
Other instructional programs - elementary/secondary	400,331	301,995	242,496	59,499
Nonpublic school programs	12,324	22,564	24,709	(2,145)
<b>TOTAL INSTRUCTIONAL SERVICES</b>	68,811,406	68,556,149	67,251,027	1,305,122
<b>SUPPORT SERVICES:</b>				
Students	4,337,092	4,332,625	4,008,809	323,816
Instructional staff	5,805,620	5,779,410	5,704,817	74,593
Administration	6,206,294	6,346,798	6,345,197	1,601
Pupil health	1,169,363	1,284,363	1,281,024	3,339
Business	1,228,419	1,244,142	1,159,864	84,278
Operation and maintenance of plant	7,888,348	7,972,726	7,519,051	453,675
Student transportation	3,540,126	3,521,751	2,529,050	992,701
Central	816,326	822,746	668,989	153,757
Other	212,099	218,899	190,579	28,320
<b>TOTAL SUPPORT SERVICES</b>	31,203,687	31,523,460	29,407,380	2,116,080
<b>OPERATION OF NONINSTRUCTIONAL SERVICES:</b>				
Student activities	2,521,294	2,534,879	2,200,958	333,921
Community services	147,613	146,577	81,069	65,508
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	2,668,907	2,681,456	2,282,027	399,429
<b>DEBT SERVICE PAYMENTS</b>	-	170,425	170,425	-
<b>REFUND OF PRIOR YEAR REVENUE</b>	231,000	231,000	252,329	(21,329)
<b>TOTAL EXPENDITURES</b>	102,915,000	103,162,490	99,363,188	3,799,302
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	899,000	651,510	10,929,467	10,277,957
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	7,000,000	7,000,000	7,814,984	814,984
Transfers in	186,000	186,000	119,128	(66,872)
Sale of capital assets	-	-	2,500	2,500
Payment to refunded bond escrow agent	-	(7,536,330)	(7,515,000)	21,330
Transfers out	(11,185,000)	(3,401,180)	(4,207,958)	(806,778)
Budgetary reserve	(1,000,000)	(1,000,000)	-	1,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(4,999,000)	(4,751,510)	(3,786,346)	965,164
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (4,100,000)</u>	<u>\$ (4,100,000)</u>	7,143,121	<u>\$ 11,243,121</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			20,077,939	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 27,221,060</u>	

See note to required supplementary information.

**WILSON SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2021**

**BUDGETARY DATA**

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The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2020/2021 budget transfers.

**Excess of Expenditures Over Appropriations in Individual Funds**

No individual governmental fund required to have a legally adopted budget had an excess of expenditures over appropriations.

**Budgetary Compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2021. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS -  
PENSION PLAN**

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.3536%	0.3362%	0.3311%	0.3336%	0.3296%	0.3211%	0.3215%	0.3146%
District's proportionate share of the collective net pension liability	\$ 174,109,000	\$ 157,283,000	\$ 158,944,000	\$ 164,760,000	\$ 163,339,000	\$ 139,086,000	\$ 127,252,000	\$ 128,785,000
District's covered payroll	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352	\$ 41,320,336	\$ 41,027,919	\$ 40,367,523
District's proportionate share of the net pension liability as a percentage of its covered payroll	350.21%	339.25%	356.51%	370.93%	382.69%	336.60%	310.16%	319.03%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms for the fiscal year ended June 30, 2021*  
None.

*Changes of Assumptions for the fiscal year ended June 30, 2021*  
None.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 17,017,922	\$ 16,766,074	\$ 15,262,789	\$ 14,481,553	\$ 13,007,301	\$ 10,785,146	\$ 8,487,879	\$ 6,600,252	\$ 4,659,173	\$ 3,244,761
Contributions in relation to the contractually required contribution	<u>17,017,922</u>	<u>16,766,074</u>	<u>15,262,789</u>	<u>14,481,553</u>	<u>13,007,301</u>	<u>10,785,146</u>	<u>8,487,879</u>	<u>6,600,252</u>	<u>4,659,173</u>	<u>3,244,761</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 50,944,122	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352	\$ 41,320,336	\$ 41,027,919	\$ 40,367,523	
Contributions as a percentage of covered payroll	33.41%	33.72%	32.92%	32.48%	29.28%	25.27%	20.54%	16.09%	11.54%	

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -  
PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net PSERS OPEB liability	0.3542%	0.3362%	0.3311%	0.3336%	0.3296%
District's proportionate share of the collective net PSERS OPEB liability	\$ 7,653,000	\$ 7,150,000	\$ 6,903,000	\$ 6,797,000	\$ 7,100,000
District's covered payroll	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	15.39%	15.42%	15.48%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms for the fiscal year ended June 30, 2021*

None.

*Changes of Assumptions for the fiscal year ended June 30, 2021*

Significant changes of assumptions for the June 30, 2020 measurement date are as follows:

- The discount rate changed from 2.79% to 2.66%.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 416,434	\$ 422,167	\$ 388,591	\$ 378,692	\$ 369,728	\$ 362,381	\$ 372,639	\$ 383,640	\$ 348,425	\$ 263,637
Contributions in relation to the contractually required contribution	<u>416,434</u>	<u>422,167</u>	<u>388,591</u>	<u>378,692</u>	<u>369,728</u>	<u>362,381</u>	<u>372,639</u>	<u>383,640</u>	<u>348,425</u>	<u>263,637</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 50,944,122	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352	\$ 41,320,336	\$ 41,027,919	\$ 40,367,523	
Contributions as a percentage of covered payroll	0.82%	0.85%	0.84%	0.85%	0.83%	0.85%	0.90%	0.94%	0.86%	

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.



**WILSON SCHOOL DISTRICT**

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

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 692,895	\$ 697,340	\$ 724,470	\$ 703,506
Interest	357,166	307,487	329,459	238,006
Differences between expected and actual experience	(298,320)	-	(706,275)	-
Changes of assumptions	1,378,908	(317,244)	(161,783)	372,171
Benefit payments	(370,156)	(373,131)	(358,103)	(378,235)
Net change in total OPEB liability	1,760,493	314,452	(172,232)	935,448
Total OPEB liability, beginning	10,137,563	9,823,111	9,995,343	9,059,895
Total OPEB liability, ending	<u>\$ 11,898,056</u>	<u>\$ 10,137,563</u>	<u>\$ 9,823,111</u>	<u>\$ 9,995,343</u>
<b>Covered Employee Payroll</b>	<u>\$ 43,397,397</u>	<u>\$ 38,926,972</u>	<u>\$ 38,926,972</u>	<u>\$ 37,552,928</u>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	27.42%	26.04%	25.23%	26.62%

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

Significant changes in assumptions for the July 1, 2020 measurement date are as follows:

- The discount rate changed from 3.36% to 1.86%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption was updated each year.
- For the July 1, 2018 measurement date the assumed percentage of retirees and vested former members covering their spouses was decreased from 35% to 30%. The vested former member election rate was changed from 100% to 80%.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

## **SUPPLEMENTARY INFORMATION**

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>6000 Revenues from Local Sources</b>			
<u>Taxes</u>			
6111 Current real estate taxes	\$ 64,476,209	\$ 66,813,444	\$ 2,337,235
6112 Interim real estate taxes	112,000	130,704	18,704
6113 Public utility realty tax	73,000	74,344	1,344
6114 Payments in lieu of current taxes	1,015	1,015	-
6120 Current per capita taxes, Section 679	108,000	121,605	13,605
6140 Current Act 511 per capita taxes	108,000	121,605	13,605
6143 Current Act 511 local services taxes	108,000	108,236	236
6151 Current Act 511 earned income taxes	5,100,000	6,347,706	1,247,706
6153 Current Act 511 real estate transfer taxes	693,000	1,292,293	599,293
6155 Current Act 511 mercantile/business privilege taxes	1,683,000	2,555,895	872,895
6400 Delinquent taxes (all levies)	671,100	1,737,448	1,066,348
	<hr/>	<hr/>	<hr/>
Total	73,133,324	79,304,295	6,170,971
<u>Other</u>			
6510 Interest on investments	53,000	116,985	63,985
6700 Revenue from District activities	223,910	202,845	(21,065)
6810 Revenue from other governments	50,000	68,474	18,474
6832 Revenue from Intermediate Unit - Federal - Special Education	987,800	1,042,933	55,133
6910 Rental of facilities	118,000	125,716	7,716
6920 Donation from private source	37,500	65,631	28,131
6940 Tuition from patrons	600,700	427,994	(172,706)
6950 Advertising income	1,000	2,000	1,000
6960 Services provided other local government units	115,000	78,535	(36,465)
6980 Community/age group swim	74,000	41,654	(32,346)
6990 Miscellaneous revenue	198,352	415,639	217,287
	<hr/>	<hr/>	<hr/>
Total	2,459,262	2,588,406	129,144
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	75,592,586	81,892,701	6,300,115
<b>7000 Revenues from State Sources</b>			
7111 Basic instructional subsidy	8,682,737	8,688,101	5,364
7112 Social security	1,967,974	1,970,223	2,249
7160 Tuition/court-placed institutions	110,000	75,335	(34,665)
7250 Migratory Children	-	320	320
7270 Special Education of Exceptional Pupils	2,625,760	2,625,610	(150)
7299 Other programs	-	500	500
7311 Pupil transportation	920,950	908,076	(12,874)
7312 Nonpublic transportation	60,060	59,290	(770)
7320 Rentals and sinking fund payments	600,000	122,504	(477,496)
7330 Medical and dental services	114,000	118,696	4,696
7340 Property tax reduction allocation	1,388,247	1,388,247	-
7360 School safety and security grant	-	45,000	45,000
7505 Ready to learn grant	579,495	579,495	-
7820 Retirement	8,916,343	8,557,700	(358,643)
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES FROM STATE SOURCES</b>	25,965,566	25,139,097	(826,469)

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**

**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>8000 Revenues from Federal Sources</b>			
8514 Title I	660,000	645,214	(14,786)
8515 Title II	135,000	134,110	(890)
8516 Title III	43,365	58,655	15,290
8517 Title IV	53,000	23,506	(29,494)
8690 Other Restricted Federal Grant	-	16,202	16,202
8741 Elementary and Secondary School Emergency Relief Fund (ESSER)	465,000	593,090	128,090
8742 Governor's Emergency Relief Fund (GEER)	-	56,719	56,719
8743 ESSER II - Elementary and Secondary School Emergency Relief Fund	-	907,546	907,546
8749 Other CARES Act, CRRSA Act and ARP Act Funding	529,483	443,015	(86,468)
8810 Access Medical Assistance Reimbursement	350,000	350,000	-
8820 Access Medical Assistance Reimbursement - Admin	20,000	32,800	12,800
<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>	<u>2,255,848</u>	<u>3,260,857</u>	<u>1,005,009</u>
<b>9000 Other Financing Sources</b>			
9120 Proceeds from refunding bonds	7,000,000	7,814,984	814,984
9359 Transfers in	186,000	119,128	(66,872)
9400 Sale of capital assets	-	2,500	2,500
<b>TOTAL REVENUES FROM OTHER FINANCING SOURCES</b>	<u>7,186,000</u>	<u>7,936,612</u>	<u>750,612</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><u>\$ 111,000,000</u></u>	<u><u>\$ 118,229,267</u></u>	<u><u>\$ 7,229,267</u></u>

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>1000 Instructional Services</b>			
1100 Regular programs- elementary/secondary	\$ 46,140,922	\$ 46,123,561	\$ 17,361
1200 Special programs- elementary/secondary	19,339,219	18,118,258	1,220,961
1300 Vocational education	2,751,449	2,742,003	9,446
1400 Other instructional programs - elementary/secondary	301,995	242,496	59,499
1500 Nonpublic school programs	22,564	24,709	(2,145)
<b>TOTAL INSTRUCTIONAL SERVICES</b>	68,556,149	67,251,027	1,305,122
<b>2000 Support Services</b>			
2100 Students	4,332,625	4,008,809	323,816
2200 Instructional staff	5,779,410	5,704,817	74,593
2300 Administration	6,346,798	6,345,197	1,601
2400 Pupil health	1,284,363	1,281,024	3,339
2500 Business	1,244,142	1,159,864	84,278
2600 Operation and maintenance of plant	7,972,726	7,519,051	453,675
2700 Student transportation	3,521,751	2,529,050	992,701
2800 Central	822,746	668,989	153,757
2900 Other	218,899	190,579	28,320
<b>TOTAL SUPPORT SERVICES</b>	31,523,460	29,407,380	2,116,080
<b>3000 Operation of Noninstructional Services</b>			
3200 Student activities	2,534,879	2,200,958	333,921
3300 Community services	146,577	81,069	65,508
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	2,681,456	2,282,027	399,429
<b>5000 Other Financing Uses</b>			
5110 Debt service - interest	170,425	170,425	-
5120 Payment to refunded bond escrow agent	7,536,330	7,515,000	21,330
5130 Refund of prior year revenue	231,000	252,329	(21,329)
5200 Transfers out	3,401,180	4,207,958	(806,778)
5900 Budgetary reserve	1,000,000	-	1,000,000
<b>TOTAL OTHER FINANCING USES</b>	12,338,935	12,145,712	193,223
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 115,100,000</u>	<u>\$ 111,086,146</u>	<u>\$ 4,013,854</u>

**WILSON SCHOOL DISTRICT**

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

**June 30, 2021**

	<u>Scholarship</u>	<u>Student Activities</u>	<u>Tax Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 39,041	\$ 185,189	\$ -	\$ 224,230
Interfund receivables	<u>-</u>	<u>-</u>	<u>34,971</u>	<u>34,971</u>
<b>TOTAL ASSETS</b>	39,041	185,189	34,971	259,201
<b>LIABILITIES</b>				
Accounts payable	-	5,516	-	5,516
Intergovernmental payables	<u>-</u>	<u>-</u>	<u>34,971</u>	<u>34,971</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>5,516</u>	<u>34,971</u>	<u>40,487</u>
<b>RESTRICTED NET POSITION</b>	<u>\$ 39,041</u>	<u>\$ 179,673</u>	<u>\$ -</u>	<u>\$ 218,714</u>

**WILSON SCHOOL DISTRICT**

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

**June 30, 2021**

	<u>Scholarship</u>	<u>Student Activities</u>	<u>Tax Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>				
Contributions and fundraisers	\$ 20,000	\$ 242,367	\$ -	\$ 262,367
Mercantile/business privilege tax collections	-	-	3,759,813	3,759,813
Per capita tax collections	-	-	29,139	29,139
Investment income	<u>51</u>	<u>1,286.00</u>	<u>-</u>	<u>1,337</u>
<b>TOTAL ADDITIONS</b>	<u>20,051</u>	<u>243,653</u>	<u>3,788,952</u>	<u>4,052,656</u>
<b>DEDUCTIONS</b>				
Scholarships	20,000	-	-	20,000
Student activities	-	263,375	-	263,375
Mercantile/business privilege tax collections	-	-	3,759,813	3,759,813
Per capita tax collections	<u>-</u>	<u>-</u>	<u>29,139</u>	<u>29,139</u>
<b>TOTAL DEDUCTIONS</b>	<u>20,000</u>	<u>263,375</u>	<u>3,788,952</u>	<u>4,072,327</u>
<b>CHANGE IN NET POSITION</b>	51	(19,722)	-	(19,671)
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>38,990</u>	<u>199,395</u>	<u>-</u>	<u>238,385</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 39,041</u></u>	<u><u>\$ 179,673</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 218,714</u></u>

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2021**

<u>Grantor/Program Title</u>	<u>Source Code</u>	<u>Assistance Listing Number (ALN)</u>	<u>Federal Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Receipts for Year</u>	<u>Accrued or (Unearned) Revenue at July 1, 2020</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2021</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>									
<b>Passed through Pennsylvania Department of Education:</b>									
Title I - Grants to Local Educational Agencies	I	84.010	013-21-0490	07/01/20-09/30/21	\$ 650,860	\$ 477,374	\$ -	\$ 645,214	\$ 167,840
Supporting Effective Instruction State Grant	I	84.367	020-21-0490	07/01/20-09/30/21	134,110	134,110	-	134,110	-
Supporting Effective Instruction State Grant	I	84.367	020-20-0490	07/01/19-09/30/20	134,688	36,966	36,966	-	-
Subtotal - ALN 84.367						171,076	36,966	134,110	-
English Language Acquisition State Grant	I	84.365	010-21-0490	07/01/20-09/30/21	43,365	43,365	-	42,581	(784)
English Language Acquisition State Grant	I	84.365	010-20-0490	07/01/19-09/30/20	39,996	11,427	(4,647)	16,074	-
Subtotal - ALN 84.365						54,792	(4,647)	58,655	(784)
Student Support and Academic Enrichment Program	I	84.424	144-21-0490	07/01/20-09/30/21	50,524	50,524	-	22,813	(27,711)
Student Support and Academic Enrichment Program	I	84.424	144-20-0490	07/01/19-09/30/20	52,779	15,080	14,387	693	-
Subtotal - ALN 84.424						65,604	14,387	23,506	(27,711)
COVID-19 Education Stabilization Fund	I	84.425C	252-200490	03/13/20-09/30/21	59,329	59,329	-	56,719	(2,610)
COVID-19 Education Stabilization Fund	I	84.425D	200-210490	03/13/20-09/30/23	2,431,868	226,085	-	907,546	681,461
COVID-19 Education Stabilization Fund	I	84.425D	200-200490	03/13/20-09/30/22	547,170	547,170	26,813	517,902	(2,455)
<b>Passed-Through the PA Commission on Crime and Delinquency:</b>									
COVID-19 Education Stabilization Fund	I	84.425D	2020-ES-01-35493	03/01/20-09/30/22	179,188	-	-	179,188	179,188
Subtotal - ALN 84.425D						773,255	26,813	1,604,636	858,194
Total Education Stabilization Fund						832,584	26,813	1,661,355	855,584
<b>Special Education Cluster (IDEA)</b>									
<b>Passed through the Berks County Intermediate Unit:</b>									
Special Education - Grants to States	I	84.027	N/A	07/01/20-09/30/21	1,026,511	678,021	-	1,026,511	348,490
Special Education - Grants to States	I	84.027	N/A	07/01/19-06/30/20	949,070	241,197	241,197	-	-
Subtotal - ALN 84.027						919,218	241,197	1,026,511	348,490
Special Education - Preschool Grants	I	84.173	N/A	07/01/20-06/30/21	16,422	16,422	-	16,422	-
Total Special Education Cluster (IDEA)						935,640	241,197	1,042,933	348,490
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						2,537,070	314,716	3,565,773	1,343,419
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>									
<b>Medicaid Cluster</b>									
<b>Passed through the Pennsylvania Department of Human Services:</b>									
Medical Assistance Program	I	93.778	44-008514	07/01/20-06/30/21	32,800	13,441	-	32,800	19,359
Medical Assistance Program	I	93.778	44-008514	07/01/19-06/30/20	25,595	16,669	16,669	-	-
Subtotal - ALN 93.778 and Total Medicaid Cluster						30,110	16,669	32,800	19,359
<b>Passed Through the PA Office of Child Development and Early Learning:</b>									
COVID-19 - Child Care Development Grant - Pandemic Relief Award	I	93.575	N/A	03/01/20-06/30/21	15,600	15,600	-	15,600	-
COVID-19 - Child Care Development Block Grant	I	93.575	N/A	07/01/20-06/30/21	234,800	234,800	-	234,800	-
Subtotal - ALN 93.575 and Total Child Care and Development Fund Cluster						250,400	-	250,400	-
<b>TOTAL MEDICAID CLUSTER AND U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						280,510	16,669	283,200	19,359

See notes to schedule of expenditures of federal awards.



**WILSON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**

**For the Year Ended June 30, 2021**

<u>Grantor/Program Title</u>	<u>Source Code</u>	<u>Assistance Listing Number (ALN)</u>	<u>Federal Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Receipts for Year</u>	<u>Accrued or (Unearned) Revenue at July 1, 2020</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2021</u>
<b><u>U.S. DEPARTMENT OF DEFENSE - DEPARTMENT OF THE ARMY</u></b>									
<b>Passed through the Cadet Command JROTC</b>									
<b>Instructor Management Division:</b>									
Army JROTC	I	12.630	N/A	07/01/2021	68,474	59,825	-	68,474	8,649
Army JROTC	I	12.630	N/A	07/01/2020	64,987	4,231	4,231	-	-
<b>TOTAL U.S. DEPARTMENT OF DEFENSE - DEPARTMENT OF THE ARMY</b>						64,056	4,231	68,474	8,649
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>									
<b>Passed Through the County of Berks:</b>									
COVID-19 - Coronavirus Relief Fund	I	21.019	CGA-235824-20	03/01/20-09/20/20	100,000	100,000	-	100,000	-
<b>Passed through the Pennsylvania Commission on Crime and Delinquency:</b>									
COVID-19 - Coronavirus Relief Fund	I	21.019	N/A	03/01/20-10/30/20	350,938	350,938	7,923	343,015	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>						450,938	7,923	443,015	-
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>									
<b>Passed Through the Pennsylvania Emergency Management Agency:</b>									
COVID-19 - Disaster Grants - Public Assistance	I	97.036	DR4506-PW190-DAP9	03/01/20-09/30/22	16,202	16,202	-	16,202	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>						16,202	-	16,202	-
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>									
<b>Child Nutrition Cluster</b>									
<b>Passed through Pennsylvania Department of Education:</b>									
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	510,874	-	537,210	26,336
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	27,447	27,447	-	-
Subtotal - ALN 10.553						538,321	27,447	537,210	26,336
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	1,168,189	-	1,222,086	53,897
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	43,417	43,417	-	-
<b>Passed through Pennsylvania Department of Agriculture:</b>									
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	181,698	(1,778)	166,206	(17,270)
Subtotal - ALN 10.555						1,393,304	41,639	1,388,292	36,627
<b>TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE</b>						1,931,625	69,086	1,925,502	62,963
<b>TOTAL FEDERAL AWARDS</b>						<u>\$ 5,280,401</u>	<u>\$ 412,625</u>	<u>\$ 6,302,166</u>	<u>\$ 1,434,390</u>

Source Codes: I = Indirect source of financing.

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2021.

## **WILSON SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2021**

#### **NOTE 1 - BASIS OF PRESENTATION**

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

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business for amounts reported as expenditures in prior years.

#### **NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS**

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

#### **NOTE 4 - ACCESS PROGRAM**

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The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding classified as fee-for-service and recognized for the year ended June 30, 2021 was \$350,000.

#### **NOTE 5 - FOOD COMMODITIES**

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Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had \$17,270 of food commodity inventory.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilson School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Wilson School District's basic financial statements and have issued our report thereon dated December 6, 2021.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wilson School District's financial statements are free of 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 6, 2021**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

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

We have audited the Wilson School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Wilson School District's major federal programs for the year ended June 30, 2021. The Wilson School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the Wilson School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

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

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

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

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 6, 2021**

WILSON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major program(s):

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 Coronavirus Relief Fund
84.425	COVID-19 Education Stabilization Fund
Special Education Cluster:	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

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

Auditee qualified as low-risk auditee?   X   yes        no

**WILSON SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

There were no financial statement findings.

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

There were no federal awards findings or questioned costs reported.





# WILSON SCHOOL DISTRICT

2601 Grandview Boulevard, West Lawn, PA 19609 | 610-670-0180 | wilsonsd.org

## STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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### Section II - Financial Statement Findings

There were no financial statement findings reported for the year ended June 30, 2020.

### Section III - Federal Awards Findings and Questioned Costs

There were no federal award findings or questioned costs reported for the year ended June 30, 2020.