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**WILSON AREA SCHOOL DISTRICT  
EASTON, PENNSYLVANIA**

**AUDIT REPORT**

**JUNE 30, 2022**

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WILSON AREA SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

July 31, 2023

Board of School Directors  
Wilson Area School District  
Easton, Pennsylvania

### Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilson Area School District (the District), Easton, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Area School District, Easton, Pennsylvania, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles general accepted in the United States of America,

and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of School Directors  
Wilson Area School District

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability and related ratios - single employer plan on pages 65 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards (the supplementary information) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 July 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its

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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 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.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED  
JUNE 30, 2022**

The discussion and analysis of the Wilson Area School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

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

**FINANCIAL HIGHLIGHTS**

The District's overall financial position, as reflected in total net position of \$1,631,142, a result of GASB Statement No. 68 and GASB Statement No. 75, which required governmental entities to recognize unfunded pension and other postemployment benefits plan (OPEB) liabilities. As such, school districts across the state of Pennsylvania recognize their pro-rated share of the Pennsylvania Public School Employees' Retirement System (PSERS) funding and the District's single employer OPEB plan funding deficits. These statements have a massive impact on all governments' entity-wide statements. It affects every government in the Commonwealth of Pennsylvania and every other government located in all 50 states, including state governments. The District's net share of the net pension and OPEB liabilities, including deferred outflows and inflows of resources, have been calculated to be \$54,477,360.

In the governmental funds, the total fund balance decreased by \$317,366. The governmental funds are comprised of the General Fund, Capital Projects Fund, and Debt Service Fund. The General Fund decreased by \$46,330. The Capital Projects Funds decreased by \$271,036 as funds were used for both capital improvements to the site and buildings District wide. The General Fund ended the year with a \$13.25 million fund balance, while the Capital Projects fund ended the year with a \$5.55 million fund balance. Monies are accumulated in the Capital Projects fund for future capital purchases and/or improvements.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For our District, the Food Service Fund is the only fund operated like a business. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Example of fiduciary funds are student activity funds designated for student recipients.

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



**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

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

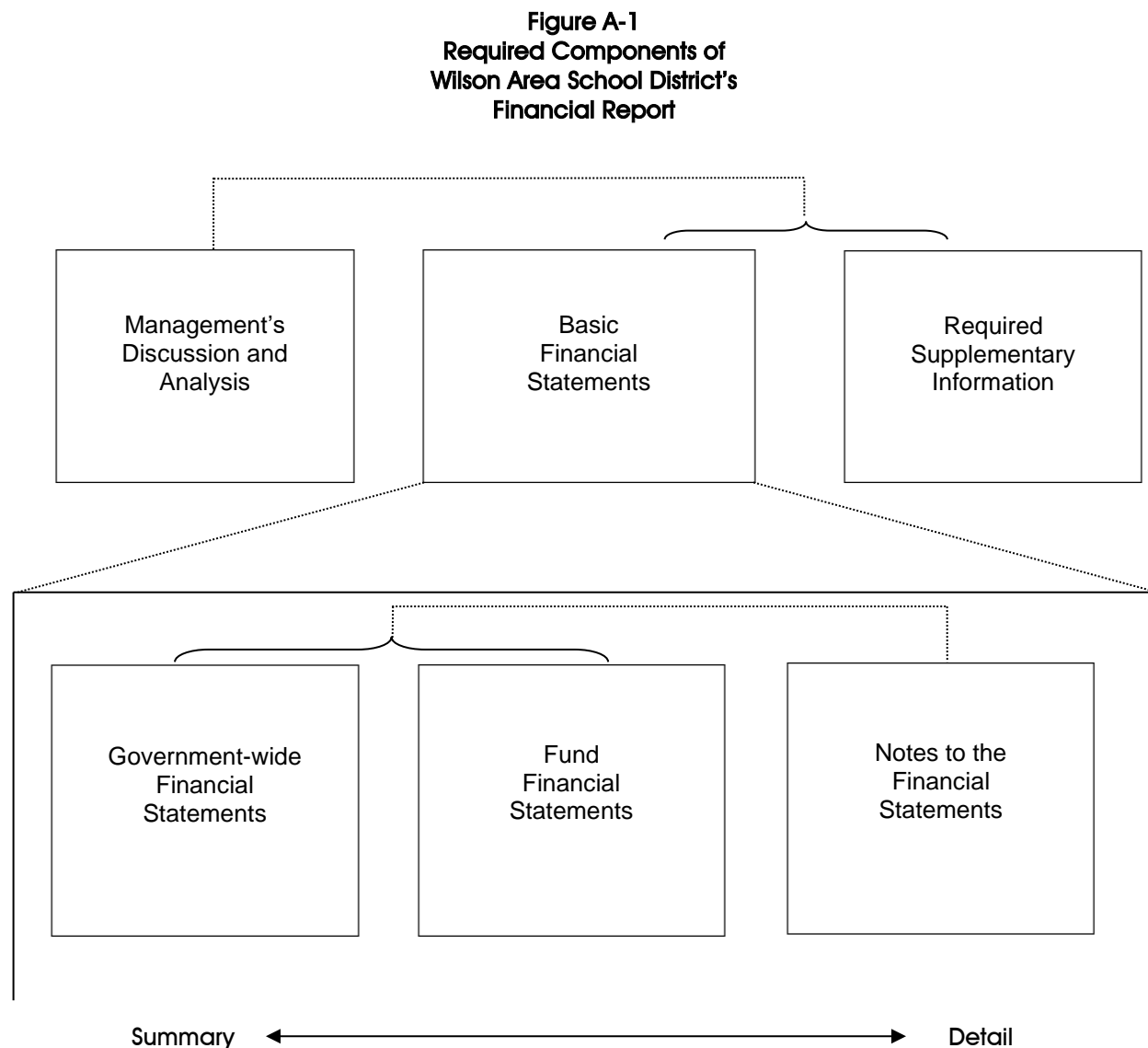


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

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

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Scholarship, Activity, and Custodial Funds
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources measurement focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and liabilities, both short- term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

## **OVERVIEW OF FINANCIAL STATEMENTS**

### Government-wide Statements

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

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

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

To assess the overall health of the District, you need to consider other non-financial factors, such as changes in the District's property tax base and the performance of the students.

The government-wide financial statements of the District are divided into two categories:

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

### Fund Financial Statements

The District's fund financial statements, which begin on page 18, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

- **Governmental Funds** – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and changes in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

- **Proprietary Funds** – These funds are used to account for the District's activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for Student Activity Funds included with this category. All of the District's fiduciary activities are reported in separate statements of fiduciary net position on pages 26 and 27. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-1  
Condensed Statement of Net Position  
June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Current assets	\$ 26,770,719	\$ 26,751,536	\$ 1,057,070	\$ 586,050	\$ 27,827,789	\$ 27,337,586
Noncurrent assets	50,205,231	51,630,354	-	-	50,205,231	51,630,354
<b>Total Assets</b>	<b>76,975,950</b>	<b>78,381,890</b>	<b>1,057,070</b>	<b>586,050</b>	<b>78,033,820</b>	<b>78,967,940</b>
Deferred outflows of resources	9,456,750	10,427,575	-	-	9,456,750	10,427,575
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>86,432,700</b>	<b>88,809,465</b>	<b>1,057,070</b>	<b>586,050</b>	<b>87,489,770</b>	<b>89,395,515</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
Current liabilities	10,636,706	9,646,599	150,072	164,722	10,786,778	9,811,321
Noncurrent liabilities	64,962,222	78,737,383	-	-	64,962,222	78,737,383
<b>Total Liabilities</b>	<b>75,598,928</b>	<b>88,383,982</b>	<b>150,072</b>	<b>164,722</b>	<b>75,749,000</b>	<b>88,548,694</b>
Deferred inflows of resources	10,109,628	3,546,029	-	-	10,109,628	3,546,029
<b>NET POSITION:</b>						
Net investment in capital assets	35,491,792	34,295,354	-	-	35,491,792	34,295,354
Capital projects:						
Restricted	5,580,651	5,966,196	-	-	5,580,651	5,966,196
Unrestricted (deficit)	(40,348,299)	(43,382,096)	906,998	421,328	(39,441,301)	(42,960,768)
<b>Total Net Position</b>	<b>1,724,144</b>	<b>(3,120,546)</b>	<b>906,998</b>	<b>421,328</b>	<b>1,631,142</b>	<b>(2,699,218)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 86,432,700</b>	<b>\$ 88,809,465</b>	<b>\$ 1,057,070</b>	<b>\$ 586,050</b>	<b>\$ 87,489,770</b>	<b>\$ 89,395,515</b>

**WILSON AREA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)**  
**JUNE 30, 2022**

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined of designated and undesignated amounts. The 2021-2022 governmental activities unrestricted net position balance of (\$40,348,299) includes an amount of \$54,477,360 representing pension and other postemployment benefit liabilities including associated deferred outflows and inflows of resources. The restricted balances are amounts set aside to fund capital projects as planned by the District and allocated to the Capital Projects Fund and for debt service.

The results of this year's operations as a whole are reported in the statement of activities on page 17. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania and the local real estate taxes assessed to community taxpayers.

Table A-2 takes the information from that statement and rearranges it slightly so you can see our total revenues for the years ended June 30, 2022 and 2021.

**Table A-2**  
**Changes in Net Position**  
**June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 55,984	\$ 40,251	\$ 3,012	\$ 14,352	\$ 58,996	\$ 54,603
Operating grants and contributions	8,489,879	9,298,657	1,585,926	820,777	10,075,805	10,119,434
Total Program Revenues	8,545,863	9,338,908	1,588,938	835,129	10,134,801	10,174,037
General Revenues:						
Property taxes	22,983,384	24,574,720	-	-	22,983,384	24,574,720
Other taxes	4,162,756	3,540,080	-	-	4,162,756	3,540,080
Grants, subsidies, and contributions, unrestricted	7,626,633	6,843,946	-	-	7,626,633	6,843,946
Interest, miscellaneous, refunds	189,593	116,940	-	521	189,593	117,461
Total General Revenues	34,962,366	35,075,686	-	521	34,962,366	35,076,207
<b>TOTAL REVENUES</b>	<b>43,508,229</b>	<b>44,414,594</b>	<b>1,588,938</b>	<b>835,650</b>	<b>45,097,167</b>	<b>45,250,244</b>
<b>EXPENSES</b>						
Instruction	25,518,542	24,280,421	-	-	25,518,542	24,280,421
Instructional student support	2,568,849	2,096,181	-	-	2,568,849	2,096,181
Administrative and financial support	3,599,970	3,645,064	-	-	3,599,970	3,645,064
Operation and maintenance of plant	3,114,155	3,899,757	-	-	3,114,155	3,899,757
Pupil transportation	1,617,357	1,224,602	-	-	1,617,357	1,224,602
Student activities	829,815	720,332	-	-	829,815	720,332
Community services	88,473	78,592	-	-	88,473	78,592
Interest on long-term debt	449,443	682,119	-	-	449,443	682,119

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

**Table A-2  
Changes in Net Position  
June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
(cont'd)						
Unallocated depreciation	1,876,935	1,893,092	-	-	1,876,935	1,893,092
Special items - loss	-	441	-	-	-	441
Food services	-	-	1,103,268	834,316	1,103,268	834,316
<b>TOTAL EXPENSES</b>	<b>39,663,539</b>	<b>38,520,601</b>	<b>1,103,268</b>	<b>834,316</b>	<b>40,766,807</b>	<b>39,354,917</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 3,844,690</b>	<b>\$ 5,893,993</b>	<b>\$ 485,670</b>	<b>\$ 1,334</b>	<b>\$ 4,330,360</b>	<b>\$ 5,895,327</b>

The tables below present the expenses of both the governmental activities and the business-type activities of the District.

Table A-3 shows the District's nine largest functions – instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest on long-term debt, and depreciation – as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues. Comparative analysis is provided for the fiscal years ended June 30, 2022 and 2021.

**Table A-3  
Governmental Activities  
Ended June 30, 2022 and 2021**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 25,518,542	\$ 24,280,421	\$ 18,054,605	\$ 17,657,818
Instructional student support	2,568,849	2,096,181	2,237,516	1,771,888
Administrative	3,599,970	3,645,064	3,284,910	3,164,978
Operation and maintenance	3,114,155	3,899,757	2,838,467	3,186,781
Pupil transportation	1,617,357	1,224,602	1,112,659	582,414
Student activities	829,815	720,332	732,399	720,032
Community services	88,473	78,592	80,742	78,592
Interest on long-term debt	449,443	682,119	449,443	125,657
Unallocated depreciation expense	1,876,935	1,893,092	1,876,935	1,893,092
<b>Total Governmental Activities</b>	<b>\$ 39,663,539</b>	<b>\$ 38,520,160</b>	<b>31,117,676</b>	<b>29,181,252</b>
Less: unrestricted grants and subsidies			(7,626,633)	(6,843,946)
<b>Total Needs from Local Taxes and Other Revenues</b>			<b>\$ 23,491,043</b>	<b>\$ 22,337,306</b>

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District. This table also shows a comparative analysis of fiscal year 2022 to 2021.

**Table A-4  
Business-type Activities  
June 30, 2022 and 2021**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Food services	\$ 1,103,268	\$ 834,316	\$ 485,670	\$ (813)
Less: interest income			-	(521)
Total Business-type Activities			<u>\$ 485,670</u>	<u>\$ (1,334)</u>

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

**FINANCIAL ANALYSIS OF THE MAJOR FUNDS**

General Fund

During the 2021-2022 school year, General Fund revenue realized was \$43,778,581. The detail of the revenue compared to the original and final budget is summarized below.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Local sources	\$ 25,698,047	\$ 25,698,047	\$ 27,662,069
State sources	13,533,437	13,533,437	14,431,093
Federal sources	<u>3,321,252</u>	<u>3,321,252</u>	<u>1,685,419</u>
TOTAL	<u>\$ 42,552,736</u>	<u>\$ 42,552,736</u>	<u>\$ 43,778,581</u>

Actual revenue realized for fiscal year 2021-2022 was greater than the final budget revenue by \$1,225,845 or 2.88%. In fiscal year 2020-2021, actual revenue realized exceeded final budget revenue by 11.55%.

Total General Fund expenditures and other financing uses for the 2021-2022 school year were \$43,824,911. The detail of the expenditures compared to the original and final budget summarized by major function is listed below.

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Instruction	\$ 25,320,816	\$ 25,320,816	\$ 26,575,827
Support services	11,840,583	11,840,583	11,644,803
Operation of noninstructional services	1,100,388	1,100,388	941,153
Capital outlay	-	-	13,532
Debt service and refunds of prior year receipts	4,607,700	4,607,700	4,649,596
Budgetary reserve	<u>2,063,000</u>	<u>2,063,000</u>	<u>-</u>
<b>TOTAL</b>	<u><b>\$ 44,932,487</b></u>	<u><b>\$ 44,932,487</b></u>	<u><b>\$ 43,824,911</b></u>

Actual expenditures were under final budget expenditures and other financing uses by \$1,107,576 or 2.46%.

Other Funds

The Capital Projects Fund had a decrease in fund balance due to capital expenditures in the current year. The Capital Projects funds are used to keep the District's facilities in optimal operational condition to avoid costlier repairs in the future. Other governmental funds consist of the Debt Service Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2022, the District had \$50,205,231 in capital assets for its governmental activities. Comparative amounts are provided for June 30, 2022 and 2021.

**Table A-5  
Capital Assets (Net of Depreciation)  
June 30, 2022 and 2021**

<u>Governmental Activities</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 1,349,674	\$ 1,349,674
Site improvements	2,306,841	2,306,841
Buildings	80,040,632	80,040,632
Machinery, equipment, and vehicles	<u>6,985,561</u>	<u>6,533,749</u>
Total	90,682,708	90,230,896
Less: accumulated depreciation	<u>(40,477,477)</u>	<u>(38,600,542)</u>
<b>NET</b>	<u><b>\$ 50,205,231</b></u>	<u><b>\$ 51,630,354</b></u>



**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

**Table A-5  
Capital Assets (Net of Depreciation)  
June 30, 2022 and 2021**

(cont'd)		
<u>Business-type Activities</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Machinery, equipment, and vehicles	\$ 354,332	\$ 354,332
Total	354,332	354,332
Less: accumulated depreciation	<u>(354,332)</u>	<u>(354,332)</u>
NET	<u>\$ -</u>	<u>\$ -</u>

Additional information on the District's capital assets can be found in the footnotes to the financial statements.

Long-term Debt

At June 30, 2022, the District's outstanding bond principal amounted to \$13,525,000. Comparative amounts are provided for June 30, 2022 and 2021.

**Table A-6  
Long-term Debt  
June 30, 2022 and 2021**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Series of 2014	\$ -	\$ 1,375,000
Series of 2019	<u>13,525,000</u>	<u>15,960,000</u>
TOTAL	<u>\$ 13,525,000</u>	<u>\$ 17,335,000</u>

Other obligations include other postemployment benefits and accrued vacation pay and sick leave for various employees of the District, and the net pension liability.

Additional information on the District's long-term debt can be found in the footnotes to the financial statements.

**ECONOMIC CONDITION AND OUTLOOK**

As of July 1, 2021, the District's taxable real estate assessment grew by \$578,200, or a 0.1% increase, from July 1, 2020. Last year, the assessments grew by 0.4%. There has been consistency in the growth of real estate assessments over the past several years. This gradual decline has gone from an increase high of 4.2% on July 1, 2005 to the current increase of 0.1%. It is our belief that the District's taxable

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2022**

real estate assessment will increase by 1% or less for the next several years. There is minimal new construction all of which is residential. District student enrollment has remained consistent. Enrollment has fluctuated 1% or less, plus or minus, per year.

The 2022-2023 General Fund budget is \$47,468,462 or 5.6% greater than the 2021-2022 budget. The majority of the budget increases were incurred in expenditure categories other than instructional expenditures.

The General Fund unassigned fund balance was \$6,870,733 at June 30, 2022. In addition, the District has a Board-approved committed fund balance of \$6,964,045. Of this amount, \$3,146,676 is budgeted to balance the 2022-2023 budget, and the remainder of \$3,817,369 is committed for future capital expenditures and technology costs. The assigned fund balance of the General Fund is \$4,190,644 for future rate increases for PSERS and healthcare. The July 1, 2022 General Fund unassigned fund balance as a percent of the 2022-2023 budget was 4.52%. Pennsylvania Act 48 of 2003 dictates that no school district shall approve an increase in real property taxes unless it has adopted a budget that includes an estimated, ending unassigned fund balance less than or equal to the specified percentage of its total budgeted expenditures. For the District, this percentage is 8%.

Act 1 of 2006, passed by the Pennsylvania Legislature, has several implications to school district financial operations. On an annual basis, the Pennsylvania Department of Education (PDE) will issue an index percentage. This percentage when applied to the District's current real estate tax millage rate will provide a cap for the succeeding year's millage rate. If a higher amount is needed, there are several options: (1) apply to PDE for exceptions, if applicable; (2) voter approval; or (3) court approval. If all options fail, real estate millage rate cannot be raised above the cap. The actual real estate tax increase for the 2022-2023 budget was 0.5%. Since this percentage was equal to or below the cap, no further measures were needed.

#### **REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Arnold, Business Manager, Wilson Area School District, 2040 Washington Boulevard, Easton, PA 18042.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current Assets:			
Cash and cash equivalents	\$ 22,926,694	\$ 1,057,070	\$ 23,983,764
Taxes receivable, net	1,890,015	-	1,890,015
Due from other governments	1,878,078	-	1,878,078
Other receivables	74,752	-	74,752
Prepaid expenses	1,180	-	1,180
Total Current Assets	<u>26,770,719</u>	<u>1,057,070</u>	<u>27,827,789</u>
Noncurrent Assets:			
Land	1,349,674	-	1,349,674
Site improvements	2,306,841	-	2,306,841
Buildings and improvements	80,040,632	-	80,040,632
Furniture and equipment	6,985,561	354,332	7,339,893
Accumulated depreciation	(40,477,477)	(354,332)	(40,831,809)
Total Noncurrent Assets	<u>50,205,231</u>	<u>-</u>	<u>50,205,231</u>
<b>TOTAL ASSETS</b>	<u><b>76,975,950</b></u>	<u><b>1,057,070</b></u>	<u><b>78,033,020</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount of bond refundings	38,317	-	38,317
Deferred outflows relating to pension	8,417,743	-	8,417,743
Deferred outflows relating to OPEB	1,000,690	-	1,000,690
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>9,456,750</b></u>	<u><b>-</b></u>	<u><b>9,456,750</b></u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 86,432,700</b></u>	<u><b>\$ 1,057,070</b></u>	<u><b>\$ 87,489,770</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>			
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 1,262,130	\$ 154,432	\$ 1,416,562
Accrued salaries and benefits	4,675,080	-	4,675,080
Internal balances	28,504	(28,504)	-
Accrued interest	157,792	-	157,792
Unearned revenue	288,740	24,144	312,884
Bonds payable, net	4,224,460	-	4,224,460
Total Current Liabilities	<u>10,636,706</u>	<u>150,072</u>	<u>10,786,778</u>
Noncurrent Liabilities:			
Bonds payable, net	10,527,296	-	10,527,296
Accumulated compensated absences	648,761	-	648,761
Net pension liability	47,708,000	-	47,708,000
Net OPEB liability	6,078,165	-	6,078,165
Total Noncurrent Liabilities	<u>64,962,222</u>	<u>-</u>	<u>64,962,222</u>
<b>TOTAL LIABILITIES</b>	<u><b>75,598,928</b></u>	<u><b>150,072</b></u>	<u><b>75,749,000</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows relating to pension	9,591,000	-	9,591,000
Deferred inflows relating to OPEB	518,628	-	518,628
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>10,109,628</b></u>	<u><b>-</b></u>	<u><b>10,109,628</b></u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	35,491,792	-	35,491,792
Restricted for:			
Capital projects	5,553,149	-	5,553,149
Debt service	27,502	-	27,502
Unrestricted (Deficit)	(40,348,299)	906,998	(39,441,301)
<b>TOTAL NET DEFICIT</b>	<u><b>724,144</b></u>	<u><b>906,998</b></u>	<u><b>1,631,142</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<u><b>\$ 86,432,700</b></u>	<u><b>\$ 1,057,070</b></u>	<u><b>\$ 87,489,770</b></u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 25,518,542	\$ 28,040	\$ 6,985,897	\$ -	\$ (18,504,605)	\$ -	\$ (18,504,605)
Instructional student support	2,568,849	-	331,333	-	(2,237,516)	-	(2,237,516)
Administrative and financial support services	3,599,970	-	315,060	-	(3,284,910)	-	(3,284,910)
Operation and maintenance of plant services	3,114,155	3,148	272,540	-	(2,838,467)	-	(2,838,467)
Pupil transportation	1,617,357	-	504,698	-	(1,112,659)	-	(1,112,659)
Student activities	829,815	24,796	72,620	-	(732,399)	-	(732,399)
Community services	88,473	-	7,731	-	(80,742)	-	(80,742)
Unallocated depreciation	1,876,935	-	-	-	(1,876,935)	-	(1,876,935)
Interest on long-term debt	449,443	-	-	-	(449,443)	-	(449,443)
TOTAL GOVERNMENTAL ACTIVITIES	39,663,539	55,984	8,489,879	-	(31,117,676)	-	(31,117,676)
BUSINESS-TYPE ACTIVITIES:							
Food service	1,103,268	3,012	1,585,926	-	-	485,670	485,670
TOTAL BUSINESS-TYPE ACTIVITIES	1,103,268	3,012	1,585,926	-	-	485,670	485,670
TOTAL PRIMARY GOVERNMENT	<u>\$ 40,766,807</u>	<u>\$ 58,996</u>	<u>\$ 10,075,805</u>	<u>\$ -</u>	<u>(31,117,676)</u>	<u>485,670</u>	<u>(30,632,006)</u>
GENERAL REVENUES							
Property taxes, levied for general purposes					22,983,384	-	22,983,384
Taxes levied for specific purposes					4,162,756	-	4,162,756
Grants and entitlements not restricted to specific programs					7,626,633	-	7,626,633
Investment earnings					25,071	-	25,071
Miscellaneous					164,522	-	164,522
GENERAL REVENUES					<u>34,962,366</u>	<u>-</u>	<u>34,962,366</u>
CHANGE IN NET POSITION (DEFICIT)					3,844,690	485,670	4,330,360
NET POSITION (DEFICIT), BEGINNING OF YEAR					(3,120,546)	421,328	(2,699,218)
NET POSITION (DEFICIT), END OF YEAR					<u>\$ 724,144</u>	<u>\$ 906,998</u>	<u>\$ 1,631,142</u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
ASSETS:				
Cash and cash equivalents	\$ 16,922,009	\$ 5,977,183	\$ 27,502	\$ 22,926,694
Taxes receivable	1,890,015	-	-	1,890,015
Due from other governments	1,878,078	-	-	1,878,078
Due from other funds	265,070	-	-	265,070
Other receivables	70,297	4,455	-	74,752
Prepaid expenses	1,180	-	-	1,180
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u><u>\$ 21,026,649</u></u>	<u><u>\$ 5,981,638</u></u>	<u><u>\$ 27,502</u></u>	<u><u>\$ 27,035,789</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,127,215	\$ 134,915	\$ -	\$ 1,262,130
Accrued salaries and benefits	4,675,080	-	-	4,675,080
Due to other funds	-	293,574	-	293,574
Unearned revenue	288,740	-	-	288,740
TOTAL LIABILITIES	<u>6,091,035</u>	<u>428,489</u>	<u>-</u>	<u>6,519,524</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	1,690,338	-	-	1,690,338
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,690,338</u>	<u>-</u>	<u>-</u>	<u>1,690,338</u>
FUND BALANCES:				
Nonspendable - prepaid expenditures	1,180	-	-	1,180
Restricted - capital projects	-	5,553,149	-	5,553,149
Restricted - debt service	-	-	27,502	27,502
Committed - 2022-2023 budget	3,146,676	-	-	3,146,676
Committed - capital expenditures and technology costs	3,817,369	-	-	3,817,369
Unassigned	6,280,051	-	-	6,280,051
TOTAL FUND BALANCES	<u>13,245,276</u>	<u>5,553,149</u>	<u>27,502</u>	<u>18,825,927</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 21,026,649</u></u>	<u><u>\$ 5,981,638</u></u>	<u><u>\$ 27,502</u></u>	<u><u>\$ 27,035,789</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2022**

TOTAL GOVERNMENTAL FUND BALANCES \$ 18,825,927

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 1,349,674	
Land improvements	2,306,841	
Buildings and improvements	80,040,632	
Furniture and equipment	6,985,561	
Accumulated depreciation	<u>(40,477,477)</u>	50,205,231

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds payable, net	(14,751,756)	
Net OPEB liability	(6,078,165)	
Accumulated compensated absences	(648,761)	
Accrued interest	(157,792)	
Net pension liability	<u>(47,708,000)</u>	(69,344,474)

Deferred inflows and outflows of resources related to the School District's issuance of debt resulted in deferred charges, net pension liability and net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, actual and projected experience, changes in the actuarially determined proportion of the School District's amount of the total pension and OPEB liabilities, and pension and OPEB contributions made after the measurement date of the net pension and OPEB liabilities. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred amounts of debt refundings	38,317	
Deferred outflows relating to pension	8,417,743	
Deferred outflows relating to OPEB	1,000,690	
Deferred inflows relating to pension	(9,591,000)	
Deferred inflows relating to OPEB	<u>(518,628)</u>	(652,878)

Some of the School District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.

1,690,338

NET DEFICIT OF GOVERNMENTAL ACTIVITIES

\$ 724,144

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
REVENUES				
Local sources	\$ 27,662,069	\$ 7,508	\$ -	\$ 27,669,577
State sources	14,431,093	-	-	14,431,093
Federal sources	1,685,419	-	-	1,685,419
TOTAL REVENUES	<u>43,778,581</u>	<u>7,508</u>	<u>-</u>	<u>43,786,089</u>
EXPENDITURES				
Current:				
Instruction	26,575,827	-	-	26,575,827
Support services	11,644,803	20,507	-	11,665,310
Operation of noninstructional services	941,153	-	-	941,153
Capital outlays	13,532	258,037	-	271,569
Debt service	4,478,030	-	-	4,478,030
TOTAL EXPENDITURES	<u>43,653,345</u>	<u>278,544</u>	<u>-</u>	<u>43,931,889</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>125,236</u>	<u>(271,036)</u>	<u>-</u>	<u>(145,800)</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenues	(171,566)	-	-	(171,566)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(171,566)</u>	<u>-</u>	<u>-</u>	<u>(171,566)</u>
NET CHANGE IN FUND BALANCES	(46,330)	(271,036)	-	(317,366)
FUND BALANCES, BEGINNING OF YEAR	<u>13,291,606</u>	<u>5,824,185</u>	<u>27,502</u>	<u>19,143,293</u>
FUND BALANCES, END OF YEAR	<u>\$ 13,245,276</u>	<u>\$ 5,553,149</u>	<u>\$ 27,502</u>	<u>\$ 18,825,927</u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (317,366)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,876,935 exceeded net capital outlays of \$451,812. (1,425,123)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. (277,860)

The issuance of long-term debt (e.g. 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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,989,825

In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (50,238)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 38,762

OPEB expense in the statement of activities differs from the amount reported in the governmental funds because OPEB expense is recognized in the statement of activities based on the School District's proportionate share of the expense of the cost-sharing OPEB plan and expense of the single employer plan, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (266,079)

Pension expense in the statement of activities differ from the amount reported in the governmental funds because pension expense is recognized on the statement of activities based on the School District's proportionate share of the expense of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 2,152,769

CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ 3,844,690

The accompanying notes are an integral part of these financial statements.



**WILSON AREA SCHOOL DISTRICT  
BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 25,698,047	\$ 25,698,047	\$ 27,662,069	\$ 1,964,022
State sources	13,533,437	13,533,437	14,431,093	897,656
Federal sources	3,321,252	3,321,252	1,685,419	(1,635,833)
TOTAL REVENUES	<u>42,552,736</u>	<u>42,552,736</u>	<u>43,778,581</u>	<u>1,225,845</u>
EXPENDITURES				
Instruction:				
Regular programs	17,545,851	17,545,851	18,028,498	(482,647)
Special programs	6,256,873	6,256,873	6,647,816	(390,943)
Vocational programs	1,168,567	1,168,567	1,083,414	85,153
Other instructional programs	12,320	12,320	13,037	(717)
Non-public programs	2,498	2,498	4,606	(2,108)
Adult education programs	334,707	334,707	334,707	-
Pre-kindergarten	-	-	463,749	(463,749)
Total Instruction	<u>25,320,816</u>	<u>25,320,816</u>	<u>26,575,827</u>	<u>(1,255,011)</u>
Support services:				
Student services	1,460,554	1,460,554	1,499,645	(39,091)
Instructional staff	814,476	814,476	896,182	(81,706)
Administration	2,751,803	2,751,803	2,627,124	124,679
Pupil health	411,181	411,181	393,871	17,310
Business services	518,285	518,285	527,769	(9,484)
Operation and maintenance of plant	3,739,701	3,739,701	3,406,577	333,124
Transportation services	1,554,277	1,554,277	1,724,166	(169,889)
Central services	574,216	574,216	553,627	20,589
Other support services	16,090	16,090	15,842	248
Total Support Services	<u>11,840,583</u>	<u>11,840,583</u>	<u>11,644,803</u>	<u>195,780</u>
Operation of noninstructional activities:				
Student activities	1,009,050	1,009,050	848,929	160,121
Community services	91,338	91,338	92,224	(886)
Total Operation of Noninstructional Services	<u>1,100,388</u>	<u>1,100,388</u>	<u>941,153</u>	<u>159,235</u>
Facilities, acquisition, and construction	-	-	13,532	(13,532)
Debt service	4,607,700	4,607,700	4,478,030	129,670
TOTAL EXPENDITURES	<u>42,869,487</u>	<u>42,869,487</u>	<u>43,653,345</u>	<u>(783,858)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(316,751)</u>	<u>(316,751)</u>	<u>125,236</u>	<u>441,987</u>
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(2,063,000)	(2,063,000)	-	2,063,000
Refund of prior year revenues	-	-	(171,566)	(171,566)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,063,000)</u>	<u>(2,063,000)</u>	<u>(171,566)</u>	<u>1,891,434</u>
NET CHANGE IN FUND BALANCE	(2,379,751)	(2,379,751)	(46,330)	2,333,421
FUND BALANCE, BEGINNING OF YEAR	<u>13,291,606</u>	<u>13,291,606</u>	<u>13,291,606</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,911,855</u>	<u>\$ 10,911,855</u>	<u>\$ 13,245,276</u>	<u>\$ 2,333,421</u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2022**

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,057,070
Due from other funds	<u>28,504</u>
Total Current Assets	<u>1,085,574</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ 1,085,574</u></u>
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable	\$ 154,432
Unearned revenue	<u>24,144</u>
Total Current Liabilities	<u>178,576</u>
NET POSITION:	
Unrestricted	<u>906,998</u>
Total Net Position	<u>906,998</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 1,085,574</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service Fund
OPERATING REVENUES	
Food service revenues	\$ 3,012
TOTAL OPERATING REVENUES	<u>3,012</u>
OPERATING EXPENSES	
Other purchased services	1,102,992
Supplies	121
Dues and fees	155
TOTAL OPERATING EXPENSES	<u>1,103,268</u>
OPERATING INCOME (LOSS)	<u>(1,100,256)</u>
NONOPERATING REVENUES	
State sources	46,611
Federal sources	<u>1,539,315</u>
TOTAL NONOPERATING REVENUES	<u>1,585,926</u>
CHANGE IN NET DEFICIT	485,670
NET POSITION, BEGINNING OF YEAR	<u>421,328</u>
NET POSITION, END OF YEAR	<u><u>\$ 906,998</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 43,580
Payments to suppliers	<u>(1,010,664)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(967,084)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	47,467
Federal sources	<u>1,581,490</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>1,628,957</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	661,873
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>395,197</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,057,070</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (1,100,256)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Donated commodities	131,398
Increase (Decrease) in:	
Due from other funds	(28,504)
Accounts payable	28,710
Due to other funds	(39,000)
Unearned revenue	<u>24,144</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (967,084)</u></u>
SUPPLEMENTAL DISCLOSURE:	
NONCASH NONCAPITAL FINANCING ACTIVITY	
Donated commodities	<u><u>\$ 131,398</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUND  
JUNE 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 107,964
Other receivables	<u>8,372</u>
TOTAL ASSETS	<u><u>\$ 116,336</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Other current liabilities	\$ 652
NET POSITION	
Restricted	<u>115,684</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 116,336</u></u>

The accompanying notes are an integral part of these financial statements.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Student activity receipt	<u>\$ 142</u>
TOTAL ADDITIONS	<u>142</u>
DEDUCTIONS	
Student activity distributions	<u>5,974</u>
TOTAL DEDUCTIONS	<u>5,974</u>
CHANGE IN NET POSITION	(5,832)
NET POSITION, BEGINNING OF YEAR	<u>121,516</u>
NET POSITION, END OF YEAR	<u><u>\$ 115,684</u></u>

The accompanying notes are an integral part of these financial statements.

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

##### Reporting Entity

The Wilson Area School District (the District) is a primary governmental entity whose operational procedures are defined by the Pennsylvania Public School Code of 1949. The District functions as a Board of Directors chosen in a general election and is considered to be fiscally independent. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class.

The District operates three elementary schools, one intermediate school, and one senior high school in Northampton County, Pennsylvania. The District serves Wilson Borough, Glendon Borough, West Easton Borough, and Williams Township.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

The District is a municipal corporation governed by an elected school member board. As required by generally accepted accounting principles, these financial statements are to present the District (the primary government) and organizations for which the primary government is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. The District does not have any component units.

##### Joint Ventures

The District participates with other school districts of eastern Northampton County in the operation of the Career Institute of Technology. The institute is considered to be fiscally independent and is governed by a board of directors appointed by the member school districts. The financial statements are available at the Career Institute of Technology's business office.

The District participates with other school districts of Northampton County by contributing support for the operation of the Northampton Community College. The annual operating costs

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (cont'd)

of the college are apportioned among member school districts. The financial statements are available at the Northampton Community College administrative office.

Colonial Intermediate Unit 20 was organized by constituent school districts in Northampton, Monroe, and Pike Counties. The District receives services from Colonial Intermediate Unit 20 for special education of District students. Colonial Intermediate Unit 20 is considered to be fiscally independent and is governed by a board of directors appointed by member districts. The financial statements for Colonial Intermediate Unit 20 are available at the Colonial Intermediate Unit 20 business office.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the GASB's jurisdiction.

##### Basis of Presentation

The District's basic financial statements consist of entity-wide and fund financial statements as follows:

- Government-wide Financial Statements – The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Internal activity is



## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation).

- **Fund Financial Statements** – The financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balanced accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is presented in a single column on the governmental fund financial statements.

#### Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

#### Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources are recorded in a particular governmental fund where costs are spent for a future period. Current liabilities are assigned to the governmental fund from which they will be paid.

- **General Fund** – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.
- **Capital Projects Fund** – The Capital Projects Funds is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- **The Debt Service Fund** is used to accumulate resources for future debt service expenditures.

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

##### Proprietary Funds

Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

- Enterprise Funds – Enterprise funds may be used to account to any activity for which a fee is charged to external users for goods or services. The District's major enterprise fund is:
- Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

##### Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District has one classification of fiduciary funds:

- Student Activity Funds – These funds are considered custodial funds and are reported as such in the statement of net position - fiduciary funds and the statement of changes in net position - fiduciary funds. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three fiduciary fund types.

##### Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### *Measurement Focus*

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The proprietary and custodial funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### *Basis of Accounting*

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

#### Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

##### Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled under Act 72 of the Pennsylvania General Assembly of 1971. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained throughout the District's records.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

##### Internal Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans) and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Transfers between governmental and proprietary funds are netted as part of the reconciliation of government-wide financial statements.

##### Property Taxes

Based upon original assessed valuations by Northampton County, the District's real estate valuation is \$400,227,100. Elected tax collectors bill and collect the District's property taxes. The schedule for property taxes levied for fiscal year ended June 30, 2022 is as follows:

Levied until August 31	- Discount period
September 1 - November 2	- Base period
After November 2	- Penalty period

The District millage rate for real estate taxes for the year ended June 30, 2022 was 59.273 mills.

##### Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

All inventories are valued at the lower of cost (first-in, first-out method) or market. The costs for inventories of governmental activities are recorded as expenditures at the time individual inventory items are purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost of purchase or as constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

School buildings	50 years
Building improvements	20 years
Site improvements	20 years
Furniture	20 years
Equipment	5 - 10 years
Vehicles	8 years

Proprietary fund equipment purchases are capitalized in the Proprietary Fund at cost and depreciated on a straight-line basis over 12 years.

Compensated Absences

The District's policies regarding vacation and sick time permit certain employees to accumulate earned but unused sick and vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt has not been estimated. In the fund financial statements, governmental funds would report only the compensated absence liability payable from expendable available financial resources.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refunds paid from proceeds which are reported as other financing uses.

Pensions

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

Other Postemployment Benefits

*Multiple Employer Cost Sharing 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's 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.

*Single Employer 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 was obtained from the actuary report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Governmental Fund Balance

District policy also states that when more than one type of resource is available for use, restricted, committed, and assigned resources are used first, and then unassigned resources as they are needed.

Fund balances are classified as follows:

*Nonspendable* – amounts not expected to be converted to cash, such as inventories and prepaid expenses.

*Restricted* – amounts that are constrained by external parties, such as creditor with debt covenants or governments with enabling legislation which would legally restrict resources.

*Committed* – amounts used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (i.e. school board).

*Assigned* – amounts that are constrained through the intent of a finance committee or individual delegated by the government to assign amounts to be used for specific purposes. Authority to make these assignments is not required to be the government's highest level of decision making.

*Unassigned* – fund balance that has not been restricted, committed, or assigned and is spendable.

Defining Operating Revenues and Expenses

The District's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Food Service Fund consist of food service charges and the costs of providing those services, including depreciation. All other revenues and expenses are reported as nonoperating.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

*Net investment in capital assets* – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net position* – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation, by grantors, or by other contributors.

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*Unrestricted* – all other net position is reported in this category.

##### Deferred Outflows and Deferred 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 (expense/expenditure) until then. The District has three items that qualify for reporting in this category on the government-wide statements. The deferred loss on refunding is reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, and this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, certain changes to the net pension liability and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources on the entity-wide statement of net position.

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 two items that qualify for reporting in this category on the government-wide statements. Certain changes to the net pension liability and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows of resources on the entity-wide statement of net position. The governmental funds report unavailable revenues from one source: property taxes. These amounts are reflected as deferred inflows of resources on the general fund balance sheet and recognized as an inflow of resources in the period that the amounts become available.

##### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

#### NOTE 3 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

##### Budgetary Information

An annual 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, although project-length financial plans are adopted for the Capital Projects



WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (cont'd)

Fund. Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. 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 include the effect of approved budget amendments.

NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash Deposits with Financial Institutions

Cash deposits are with depositories designated by the District and permitted by Section 440 of the School Code of 1949, as amended.

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 to it. At June 30, 2022, the bank balance of the District's funds with financial institutions was \$4,183,129 compared to the carrying amount of \$4,225,457. The difference is primarily caused by items in-transit and outstanding checks. Of the bank balance, \$277,502 was covered by federal depository insurance, and \$3,905,627 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the District's name, but are required to be collateralized in accordance with Act 72 of the Pennsylvania State legislature which requires the institution to pool collateral for all government deposits and have collateral held by an approved custodian in the institution's name.

Reconciliation to Financial Statements:

Carrying amount	\$ 4,225,457
Plus: deposits in investment pools considered cash equivalents	<u>19,866,271</u>
Total Cash Equivalents per Financial Statements	<u>\$ 24,091,728</u>

Investments

Permitted investments for Pennsylvania School Districts are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

- United States Treasury Bills
- Short-term obligations of the United States Government or its agencies or instrumentalities

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4      DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (cont'd)

- Deposits in savings accounts or time deposits or share accounts of institutions insured by the FDIC
- Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
- Obligations, participations, or other instruments of any federal agency, instrumentality, or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by federal agencies, instrumentalities, or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations
- Repurchase agreements with respect to United States Treasury bills or obligations, participations, or other instruments of or guaranteed by the United States or any federal agency, instrumentality, or United States government sponsored enterprise
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association, or a state licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.

# WILSON AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (cont'd)

- The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
- The investment company is rated in the highest category by a nationally recognized agency.
- Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
  - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
  - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
  - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2022, the District's governmental and business-type funds had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Pennsylvania Local Government Investment Trust Plus and I Class	\$ 11,032,328
Pennsylvania School District Liquid Asset Fund Max Series	8,833,943
Reconciliation to Financial Statements:	
Total investments above	19,866,271
Less: pooled cash equivalents and maturities less than six months	<u>(19,866,271)</u>
Total Investments per Financial Statements	<u>\$ -</u>

#### Interest Rate Risk

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

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (cont'd)

has contracted with the Pennsylvania School District Liquid Asset Fund (PSDLAF) administration to limit interest rate risk.

Credit Risk

The District has a standard investment policy that would limit its investment choices to certain credit ratings. The District's investment in the PSDLAF is rated AAAM by Standard & Poor's. Assets contained in PSDLAF are invested in accordance with Act 10 of 2016 Pennsylvania Statutes of Article 4, Section 440.1 (2001). Fixed income investments collateral is secured for PSDLAF settlers only, 102% of principal deposit, and consists of U.S. Treasuries and Agencies.

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District would 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 investments subject to custodial risk.

Fair Value Reporting

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

The District did not have any recurring fair value investments at June 30, 2022. The District did have cash equivalents in 2a7-like external investment pools, which are recorded at amortized cost.

NOTE 5 INTERGOVERNMENTAL RECEIVABLE

Amounts due from other governments represent various subsidies from state and federal sources, other school entities, real estate, transfer, per capita, and occupational taxes from local agencies earned by the District. As of June 30, 2022, the following amounts are due from other governmental units:

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 INTERGOVERNMENTAL RECEIVABLE (cont'd)

	General Fund	Food Service Fund	Total
Federal agencies	\$ 781,305	\$ -	\$ 781,305
State agencies	1,096,773	-	1,096,773
Total	<u>\$ 1,878,078</u>	<u>\$ -</u>	<u>\$ 1,878,078</u>

NOTE 6 CAPITAL ASSETS

	Beginning Balance	Increases (Decreases)	Ending Balance
<b>GOVERNMENTAL ACTIVITIES:</b>			
Capital assets not being depreciated:			
Land	\$ 1,349,674	\$ -	\$ 1,349,674
Total Capital Assets Not Being Depreciated	<u>1,349,674</u>	<u>-</u>	<u>1,349,674</u>
Capital assets being depreciated:			
Land improvements	2,306,841	-	2,306,841
Building and improvements	80,040,632	-	80,040,632
Furniture and equipment	6,533,749	451,812	6,985,561
Total Capital Assets Being Depreciated	<u>88,881,222</u>	<u>451,812</u>	<u>89,333,034</u>
Less accumulated depreciation for:			
Land improvements	(1,833,444)	(51,119)	(1,884,563)
Building and improvements	(31,092,965)	(1,640,342)	(32,733,307)
Furniture and equipment	(5,674,133)	(185,474)	(5,859,607)
Total accumulated depreciation	<u>(38,600,542)</u>	<u>(1,876,935)</u>	<u>(40,477,477)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 51,630,354</u>	<u>\$ (1,425,123)</u>	<u>\$ 50,205,231</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Capital assets being depreciated:			
Furniture and equipment	\$ 354,332	\$ -	\$ 354,332
Total Capital Assets Being Depreciated	<u>354,332</u>	<u>-</u>	<u>354,332</u>
Less accumulated depreciation	<u>(354,332)</u>	<u>-</u>	<u>(354,332)</u>
Business-type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

Depreciation Expense

Depreciation expense was charged to governmental functions in total to the unallocated category in the amount of \$1,876,935.

Commitments

*Encumbrances*

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's adopted budget.

NOTE 7 INTERNAL TRANSFERS, RECEIVABLES, AND PAYABLES

There were not internal transfers for the current year.

Interfund Receivables and Payables

The following interfund receivables and payables were in existence on June 30, 2022.

<u>Interfund Receivables</u>		<u>Interfund Payables</u>	
General Fund	\$ 265,070	Capital Project Fund	\$ 293,574
Food Service	<u>28,504</u>		
	<u>\$ 293,574</u>		<u>\$ 293,574</u>

Interfund balances between the general fund and other funds represent a temporary loan recorded at year end subsequent to a final allocation of expenses. The balances generally are repaid shortly after year end.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 GENERAL LONG-TERM DEBT

As of June 30, 2022, the long-term debt payable from governmental fund resources consisted of the following:

Capital Debt Obligations

2019 General Obligation Bonds – maturing through March 15, 2028, bearing interest of 1.330% to 4.00%, interest payable semi-annually on September 15 and March 15.

\$ 13,525,000

Summary of Changes in Long-term Debt for the Year Ended June 30, 2022

Type of Debt	Balance July 1, 2021	Additions	Decreases	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds, net	\$18,779,929	\$ -	\$ (4,028,173)	\$ 14,751,756	\$ 4,224,460
Compensated absences	598,523	50,238	-	648,761	-
Net pension liability	58,841,000	-	(11,133,000)	47,708,000	-
Net OPEB liability:					
Single employer	3,183,860	131,305	-	3,315,165	-
Multiple employer	2,589,000	174,000	-	2,763,000	-
	<u>\$83,992,312</u>	<u>\$ 355,543</u>	<u>\$(15,161,173)</u>	<u>\$ 69,186,682</u>	<u>\$ 4,224,460</u>

Capital Debt Obligations annual debt service requirements to maturity including principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 4,020,000	\$ 541,000	\$ 4,561,000
2024	3,780,000	380,200	4,160,200
2025	1,545,000	229,000	1,774,000
2026	1,655,000	167,200	1,822,200
2027	1,725,000	101,000	1,826,000
2028	800,000	32,000	832,000
	<u>\$ 13,525,000</u>	<u>\$ 1,450,400</u>	<u>\$ 14,975,400</u>

Bonds payable is comprised of the following:

Bonds payable, at face	\$ 13,525,000
Unamortized premium	<u>1,226,756</u>
Bonds payable, net	<u>\$ 14,751,756</u>

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN

*General Information about the Pension Plan*

Defined Benefits Pension Plan

The GASB requires that state and local governmental employers declare in their notes to financial statements certain information about the public employee retirement systems to which they contribute.

Plan Description

The PSERS is a governmental cost-sharing multi-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 District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became 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 and age and service that is equal to or greater than 92, with a minimum of 35 years of service.

Benefits are generally equal to 2% or 2.5%, depending upon the 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 may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

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



## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 9 PENSION PLAN (cont'd)

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 for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

#### Member Contributions

Active members who joined the system prior to July 22, 1983 contributed 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 Membership Class T-D, 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 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.50% and 9.50%, and Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

#### Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2022, the rate of the employer contribution was 34.94% of covered payroll, which was comprised of 33.99% for pension contributions, 0.15% for defined contribution plan, and 0.80% for healthcare contributions. The District's contribution to PSERS for pension for the year ended June 30, 2022 was \$5,946,000.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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

At June 30, 2022, the District reported a liability of \$47,708,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1162%, which was an increase of 0.0048% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$3,793,231. At June 30, 2022, 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	\$ -	\$ 7,594,000
Difference between expected and actual experience	35,000	627,000
Changes in assumptions	2,314,000	-
Changes in proportions	-	1,370,000
Differences between employer contributions proportionate share of total contributions	122,743	-
Contributions subsequent to the date of measurement	5,946,000	-
	<u>\$ 8,417,743</u>	<u>\$ 9,591,000</u>

An amount of \$5,946,000 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ended June 30,

2023	\$ (2,030,314)
2024	(1,376,314)
2025	(1,289,314)
2026	(2,423,315)
	<u>\$ (7,119,257)</u>

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth, and for merit or seniority increases of 2.00%
- 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity (hedged)	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return (HF)	8.0%	3.1%
Infrastructure/MLPs	8.0%	3.1%
Real estate	8.0%	5.1%
Risk parity	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	(13.0%)	0.1%
	<u>100.0%</u>	

# WILSON AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9 PENSION PLAN (cont'd)

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

#### Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 62,618,000	\$ 47,708,000	\$ 35,130,000

#### Pension Plan Fiduciary Net Position

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

### NOTE 10 POSTRETIREMENT BENEFITS PLANS

#### Health Insurance Premium Assistance Program

The system 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

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

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. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

##### Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

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

##### Pension Plan Description

The District contributes to the Public School Employees' Retirement System (PSERS), 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 District year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

##### 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, 2021, there were no assumed future benefit increases to participating eligible retirees.

Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$140,000 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$2,763,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1166%, which was an increase of 0.0052% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$88,727. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 5,000	\$ -
Change in the proportionate share of the net pension liability	75,000	65,000
Change in assumptions	294,000	37,000
Difference between expected and actual experience	26,000	-
Difference between employer contributions and proportionate share of total contributions	571	-
Contributions subsequent to the date of measurement	<u>140,000</u>	<u>-</u>
	<u>\$ 540,571</u>	<u>\$ 102,000</u>

An amount of \$140,000 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

# WILSON AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

<u>Year Ending June 30,</u>	
2023	\$ 70,286
2024	69,286
2025	57,000
2026	43,000
2027	34,000
Thereafter	<u>25,000</u>
	<u>\$ 298,571</u>

#### Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by rolling forward the system's total OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 2.18%, S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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.
- Experience rates are based on a study performed from July 1, 2010 to June 30, 2015.
- 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2015 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

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 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	79.8%	1.0%
U.S. core fixed income	17.5%	0.7%
Non-U.S. developed fixed	2.7%	(0.3%)
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.18%. 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. The discount rate changed from 2.66 to 2.18%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System's Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2021, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of



WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

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 system's net OPEB liability for June 30, 2021, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System's net OPEB liability	\$ 2,763,000	\$ 2,763,000	\$ 2,763,000

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

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

	<u>1% Decrease 1.18%</u>	<u>Current Discount Rate 2.18%</u>	<u>1% Increase 3.18%</u>
Proportionate share of the net OPEB liability	\$ 3,171,000	\$ 2,763,000	\$ 2,427,000

OPEB Plan Fiduciary Net Position

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

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Single Employer OPEB Plan

The District has a single employer defined benefit plan, administered by the District presented as other postemployment benefits (OPEB). The plan provides medical, prescription drug, and dental coverages as outlined in the following schedules. The plan does not issue a stand-alone financial report.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Funding Policy – The contribution requirements of plan members and the District are established and may be awarded by the District. The required contribution is based upon a projected "pay as you go" financing requirement.

Group	Eligibility	Coverage and Premium Sharing	Duration
I. Administrators			
A. Current and Former Administrators except the prior Superintendent	Retirement through PSERS	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: If the member reaches 20 years of service with the District (10 must be as an administrator), the member and spouse may participate in the District's medical plan that is in place at the time of retirement until age 62 or a minimum of 3 years, both at District expense.</li> </ul> <p>If the member does not reach 20 years of service with the District, the member will be credited with 1 year of medical coverage at District expenses for every 3 years of service as an administrator. The member and spouse may participate in the District's medical plan that is in place at the time of retirement for that many credited years, or until age 62, whichever shall first occur. In no instance, however, shall a retiree receive less than 3 years of District paid medical coverage, provided those years are earned.</p> <p>If the member does not reach eligibility for the District subsidy or if the member exhausts the subsidy period, the member and spouse may continue medical, dental, and prescription drug benefits by paying the full premium as determined for the purposes of COBRA.</p> <ul style="list-style-type: none"> <li>Dependents: Families included</li> </ul>	The later of member age 65 or the exhaustion of the District's subsidized benefit

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Group	Eligibility	Coverage and Premium Sharing	Duration
B. Prior Superintendent	N/A - already retired	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: The member will be responsible to contribute the current active teacher non-single monthly premium plus \$10 for medical, dental, and prescription drug benefits for both the member and the spouse until the later of member age 62.</li> </ul> <p>The member and spouse may continue benefits after the age of 62 by paying the full premium as determined for the purposes of COBRA.</p> <ul style="list-style-type: none"> <li>Dependents: Families included</li> </ul>	Until member reaches Medicare age. The spouse benefit will cease upon the later of attaining age 65 or member age 62.
II. Teachers			
A. Early retirement incentive in 2007-2009	N/A - already retired	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: The District will contribute \$40,000 at retirement to an HSA account. The member and spouse may use this account until it is exhausted to pay any medical, dental, or prescription drug expenses including the premiums for continued coverage. If the member and/or spouse elect coverage, they must contribute the full premium as determined for the purposes of COBRA. If the member dies, the spouse may use the remaining balance in the HSA for his/her own purpose.</li> </ul> <ul style="list-style-type: none"> <li>Dependents: Spouses included</li> </ul>	Until member reaches Medicare age.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Group	Eligibility	Coverage and Premium Sharing	Duration
II. Teachers			
B. Current and former not retiring under an early retirement incentive	Same as I-A	Act 110/43	Same as II-A
III. Support Staff			
A. Early retirement incentive in 2007-2009	N/A - already retired	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: The District will contribute \$15,000 at retirement to an HSA account. The member and spouse may use this account until it is exhausted to pay any medical, dental, or prescription drug expenses including the premiums for continued coverage. If the member and/or spouse elect coverage, they must contribute the full premium as determined for the purposes of COBRA. If the member dies, the spouse may use the remaining balance in the HSA for his/her own purpose.</li> </ul> <p>Dependents: Spouses included</p>	Same as II-A
B. Current and former not retiring under an early retirement incentive	Act 110/43	Act 110/43	Same as II-A

Notes:

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Supplement: A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:

1. 24.5 years of PSERS service
2. Upon superannuation retirement with at least 15 years of PSERS service

PSERS Superannuation Retirement:

1. For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with one year of PSERS service, or 35 years of PSERS service regardless of age.
2. For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for 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.

Employees Covered by Benefit Terms:

At June 30, 2022, the following employees were covered by the benefit terms:

Active participants	215
Vested former participants	-
Retired participants	<u>5</u>
Total	<u><u>220</u></u>

Total OPEB Liability

The District's total OPEB liability under the single employer plan of \$3,315,165 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020.

# WILSON AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

#### Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations, and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	<u>Single Employer OPEB Healthcare Benefit</u>
Actuarial valuation date	7/1/2020
Actuarial cost method	Entry age normal
Interest rate	1.86% is based on S&P Municipal Bond 20-year high grade index at 7/1/2020
Projected salary increases	An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.
Healthcare cost trend rate	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.
Asset valuation method	Equal to market value of assets

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into our retirement table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Changes in the Total OPEB Liability

Service cost	\$ 222,169
Interest	62,814
Differences between expected and actual experience	(100,291)
Benefit payments	(53,387)
Net change in total OPEB liability	131,305
Total OPEB obligation - beginning	3,183,860
Total OPEB obligation - ending	<u>\$ 3,315,165</u>
Covered employee payroll	<u>\$ 14,479,342</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District's single employer OPEB plan, 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 (1.28%) or one percentage point higher (3.28%) than the current discount rate:

	1% Decrease 1.28%	Current Discount Rate 2.28%	1% Increase 3.28%
Plan's net OPEB liability	\$ 3,556,676	\$ 3,315,165	\$ 3,083,902

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

The following presents the total OPEB liability of the District's single employer OPEB plan, 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:

	1% Decrease	Current Trend Rate	1% Increase
Plan's net OPEB liability	\$ 2,901,073	\$ 3,315,165	\$ 3,808,661

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$284,244. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the single employer OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 303,438	\$ 165,644
Difference between expected and actual experience	87,243	250,984
District contributions subsequent to the measurement date	69,438	-
Total	<u>\$ 460,119</u>	<u>\$ 416,628</u>

Reported deferred outflows of resources of \$69,438 related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability, and deferred inflows of resources related to the single employer OPEB plan will be recognized in OPEB expense as follows:

Year Ended June 30,

2023	\$ (739)
2024	(739)
2025	(739)
2026	(739)
2027	(739)
Thereafter	<u>(22,252)</u>
	<u>\$ (25,947)</u>

NOTE 12 RISK MANAGEMENT

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 except for health insurance, for which the District retains risk of loss.



## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 12 RISK MANAGEMENT (cont'd)

##### Self-insured – Healthcare

The District has appointed Capital Blue Cross, which is a Pennsylvania corporation with insurance and consulting expertise in administration of health plans. The District has also entered into an agreement with the Pennsylvania Trust to provide stop loss insurance coverage for members of the Trust, thus maintaining the financial security of the Trust. The District complied with required funding for current and estimated claims to be incurred.

For insured programs, management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

##### Workers' Compensation Consortium

The District is a participating member of the Workers' Compensation Consortium (the Consortium). The Consortium is comprised of several member school districts which jointly self-assume their workers' compensation liabilities. Each school district is required to make contributions to the Consortium based on formula set forth in the contract. Each member school district individually retains sole liability up to a retention level, which is fixed annually by multiplying its experience modification factor times the last audited fiscal year payroll of the member. The result is then multiplied by a contribution to a central fund; they remain individually liable for any workers' compensation claims.

Above the level of retention, the Consortium pays claims up to the level of coverage of \$500,000 for the year ended June 30, 2022, provided by an excess insurance policy. Claims above the maximum coverage of excess insurance are paid by the members of the Consortium through additional assessments against members.

#### NOTE 13 CONTINGENCIES

##### Grant Program Involvement

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

##### Litigation

The District has been advised by legal representation that there are no legal matters that could materially affect the financial situation of the District as of June 30, 2022.

## WILSON AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 14 DEBT SERVICE COMMITMENTS

##### Career Institute of Technology

The District participates with four other districts located in Northampton County in the operation of the Career Institute of Technology (CIT). In addition to payments for the operation of the CIT, the District is committed to a pro rata share of annual debt service costs of the 2005 and 2005A Bond issues. The District's share is based upon a percentage of all members market values each year as computed by Northampton County. The District's percentage of the debt service was 10.45% for the current year. The CIT issued the 2005 and 2005A Bonds primarily to provide funds for significant capital project costs to existing and additional facilities. The Revenue Bonds Series of 2005 and 2005A were refinanced by the 2014A and 2014B Bond issues. The 2019 Bond issue issued December 27, 2019 refinanced the 2014A Bond issue providing a net present value savings of \$216,621 to the CIT. The 2019 Bond issue bears an interest rate of 2.100%, maturing October 15, 2028.

##### Colonial Intermediate Unit 20

The District participates with 10 other districts located in Northampton, Monroe, and Pike Counties in the operation of the Colonial Intermediate Unit 20. In addition to payments for the operation of and special services provided by the Colonial Intermediate Unit 20, the District is committed to a pro-rata share of annual debt service costs of the 2015 Bond issue. The District's share is based upon a three-year average of all member's market values. The 2015 Bond issue matures on May 15, 2030, bearing interest of 2.1100% payable semi-annually on May 15 and November 15.

#### NOTE 15 TAX INCENTIVE FINANCING ARRANGEMENTS

The project plan for the Wilson Park Tax Increment District has been prepared in accordance with Act 113 of 1990, as amended, for consideration and approval by the three local taxing bodies, which have jurisdiction within the area of the tax increment district. The three taxing bodies are the Borough of Wilson, County of Northampton, and the District. The District does not believe there have been any significant revisions of conditions contained within the tax incentive arrangements that would have affected the June 30, 2022 year end.

The Northampton County Industrial Development Authority has been delegated by the Borough of Wilson to redevelop this unutilized and difficult former mine site.

The objective of this tax increment project is to redevelop this former industrial building, remediate the site, and convert the property into residential condo units.

The total amount of TIF debt to be incurred is not to exceed \$5,910,000. The Authority proposes to repay the TIF debt from the tax increment proceeds generated by the new development within the TIF District.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 TAX INCENTIVE FINANCING ARRANGEMENTS (cont'd)

The TIF District includes one property with a street address of 415 South 24th Street, Easton, PA 18042.

The TIF District has a current assessment of \$1,274,800. This assessment generates the following annual real estate tax revenue to the three taxing districts.

The three taxing districts now receive \$84,135 per year from the TIF District. The District's share of tax revenue based upon the abovementioned assessment would be \$56,983. After subtracting 53.75% of the tax increment for this TIF District financing, 46.25% of the increment will be remitted to the taxing districts. It is expected to total \$635,528 per year at completion.

Tax Increment Base (Existing Real Estate Taxes)

This amount, \$84,135, will be paid to the taxing bodies and is not affected by this tax increment district. It is the increment or increased assessments allocated to the tax increment project or district that will be used to finance the infrastructure required for this tax increment project.

Tax Increment (Projected Additional Real Estate Taxes Allocated to the TIF Project)

Any new development that increases the total assessed value of the TIF Project or District represents the tax increment. Therefore, the additional assessments and the resulting increase in real estate taxes collected would be used to amortize the Authority's tax increment debt as well as to pay for other costs associated with this tax increment project.

This TIF plan allocates 53.75% of the tax increment to the industrial development authority to carry out the activities proposed for funding and listed above. The taxing district will continue to receive the tax increment base (\$84,135) plus 46.25% of the tax increment.

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following General Fund functions incurred expenditures in excess of appropriations in the following amount for the year ended June 30, 2022:

Instruction:

Regular programs	\$	482,647
Special programs	\$	390,943
Other instructional programs	\$	717
Non-public programs	\$	2,108
Pre-kindergarten	\$	463,749

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 16 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

Support Services:		
Student services	\$	39,091
Instructional staff	\$	81,706
Business services	\$	9,484
Transportation services	\$	169,889
Community services	\$	886
Facilities, acquisition, and construction	\$	13,532

The excess of expenditures over appropriations was financed by revenues exceeding the budget.

NOTE 17 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through July 31, 2023, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WILSON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE							
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
School District's proportion of the net pension liability	0.1162%	0.1114%	0.1162%	0.1203%	0.1187%	0.1089%	0.1362%	0.1222%
School District's proportion of the net pension liability - dollar value	\$ 47,708,000	\$ 58,841,000	\$ 56,233,000	\$ 57,750,000	\$ 58,624,000	\$ 53,967,000	\$ 58,996,000	\$ 48,367,000
School District's covered employee payroll	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849	\$ 15,741,175	\$ 15,760,761	\$ 16,256,600	\$ 15,304,399
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	281.76%	352.09%	337.85%	355.39%	372.42%	342.41%	362.90%	316.03%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILSON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 5,946,000	\$ 5,673,974	\$ 5,575,117	\$ 5,426,140	\$ 5,157,702	\$ 4,596,423	\$ 3,940,190	\$ 3,332,603
Contributions in relation to the contractually required contribution	<u>5,946,000</u>	<u>5,673,974</u>	<u>5,575,117</u>	<u>5,426,140</u>	<u>5,157,702</u>	<u>4,596,423</u>	<u>3,940,190</u>	<u>3,332,603</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered employee payroll	\$ 17,493,380	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849	\$ 15,741,175	\$ 15,760,761	\$ 16,256,600
Contributions as a percentage of covered employee payroll	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILSON AREA SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE					
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
School District's proportion of the net OPEB liability	0.1166%	0.1114%	0.1162%	0.1203%	0.1187%	0.1089%
School District's proportion of the net OPEB liability - dollar value	\$ 2,763,000	\$ 2,589,000	\$ 2,556,000	\$ 2,508,000	\$ 2,418,000	\$ 2,346,000
School District's covered employee payroll	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849	\$ 15,741,175	\$ 15,760,761
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	16.32%	15.49%	15.36%	15.43%	15.36%	14.89%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



**WILSON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2021</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 140,000	\$ 138,844	\$ 140,381	\$ 138,150	\$ 134,874
Contributions in relation to the contractually required contribution	<u>140,000</u>	<u>138,844</u>	<u>140,381</u>	<u>133,000</u>	<u>134,874</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered employee payroll	\$ 17,493,380	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849
Contributions as a percentage of covered employee payroll	0.80%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILSON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE SCHOOL DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
Single Employer Plan**

	MEASUREMENT DATE				
	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY					
Service cost	\$ 222,169	\$ 179,651	\$ 182,219	\$ 156,297	\$ 161,361
Interest on total OPEB liability	62,814	102,792	88,096	78,252	59,739
Changes in benefit terms	-	-	-	159,684	-
Differences between expected and actual experience	-	(292,814)	-	122,139	-
Effect of assumption changes or inputs	(100,291)	353,016	(86,569)	1,192	(7,000)
Benefit payments	(53,387)	(83,853)	(71,386)	(106,116)	(110,483)
NET CHANGE IN TOTAL OPEB LIABILITY	131,305	258,792	112,360	411,448	103,617
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	3,183,860	2,925,068	2,812,708	2,401,260	2,297,643
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 3,315,165</u>	<u>\$ 3,183,860</u>	<u>\$ 2,925,068</u>	<u>\$ 2,812,708</u>	<u>\$ 2,401,260</u>
<u>PLAN FIDUCIARY NET POSITION</u>					
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCHOOL DISTRICT'S NET OPEB LIABILITY	<u>\$ 3,315,165</u>	<u>\$ 3,183,860</u>	<u>\$ 2,925,068</u>	<u>\$ 2,812,708</u>	<u>\$ 2,401,260</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 14,476,703	\$ 14,479,342	\$ 14,312,773	\$ 14,312,773	\$ 13,268,072
School District's net OPEB liability as a percentage of covered payroll	22.90%	21.99%	20.44%	19.65%	18.10%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

## **SINGLE AUDIT SUPPLEMENT**



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

July 31, 2023

Board of School Directors  
Wilson Area School District  
Easton, 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 the Wilson Area School District (the District), Easton, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Board of School Directors  
Wilson Area School District

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP



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

July 31, 2023

Board of School Directors  
Wilson Area School District  
Easton, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in the accompany schedule of findings and questioned cost. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Basis for Opinion on Each Major Federal Program

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

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

### Responsibilities of Management for Compliance

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

### Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Board of School Directors  
Wilson Area School District

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP



**WILSON AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

Federal Grantor/Project Title	Source Code	Federal CFDA Number	Pass-through Grantor Number	Grant Period Beginning - Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue at July 1, 2021	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2022
<b>U.S. DEPARTMENT OF EDUCATION</b>										
<u>Passed through the Pennsylvania Department of Education</u>										
Title I Grants to Local Education Agencies	I	84.010	013-210489	7/01/20 - 9/30/21	\$ 622,581	\$ 95,026	\$ (3,077)	\$ 98,103	\$ 98,103	\$ -
Title I Grants to Local Education Agencies	I	84.010	013-220489	7/01/21 - 9/30/22	643,601	374,605	-	371,527	371,527	(3,078)
<b>Total CFDA #84.010</b>					<u>1,266,182</u>	<u>469,631</u>	<u>(3,077)</u>	<u>469,630</u>	<u>469,630</u>	<u>(3,078)</u>
Improving Teacher Quality State Grants	I	84.367	020-210489	7/01/20 - 9/30/21	96,794	1,767	(43,818)	45,585	45,585	-
Improving Teacher Quality State Grants	I	84.367	020-220489	7/01/21 - 9/30/22	68,054	68,054	-	24,236	24,236	(43,818)
<b>Total CFDA #84.367</b>					<u>164,848</u>	<u>69,821</u>	<u>(43,818)</u>	<u>69,821</u>	<u>69,821</u>	<u>(43,818)</u>
Language Instruction for English Learners and Immigrant Students	I	84.365	010-210489	7/01/20 - 9/30/21	16,633	-	(1,809)	1,809	1,809	-
Language Instruction for English Learners and Immigrant Students	I	84.365	010-220489	7/01/21 - 9/30/22	15,909	15,711	-	13,902	13,902	(1,809)
<b>Total CFDA #84.365</b>					<u>32,542</u>	<u>15,711</u>	<u>(1,809)</u>	<u>15,711</u>	<u>15,711</u>	<u>(1,809)</u>
Title IV Student Support & Academic Enrichment Grants	I	84.424	144-220489	7/01/21 - 9/30/22	45,682	36,523	-	36,523	36,523	-
<b>Total CFDA #84.424</b>					<u>45,682</u>	<u>36,523</u>	<u>-</u>	<u>36,523</u>	<u>36,523</u>	<u>-</u>
CARES ACT - ESSER FUND LOCAL	I	84.425D	200-200489	3/13/20 - 9/30/21	347,473	36,576	(240,860)	277,436	277,436	-
CARES ACT - ESSER FUND LOCAL	I	84.425D	200-210489	3/13/20 - 9/30/23	2,243,136	834,655	211,886	382,734	382,734	(240,035)
CARES ACT - ESSER FUND LOCAL	I	84.425U	223-210489	3/13/20 - 9/30/24	4,537,215	247,484	687,633	-	-	440,149
CARES ACT - ESSER 7%	I	84.425U	225-210489	3/13/20 - 9/30/24	352,644	32,059	-	32,059	32,059	-
CARES ACT - ESSER HOMELESS	I	84.425U	181-212489	3/13/20 - 9/30/24	12,140	934	-	934	934	-
CARES ACT - ESSER 2.5%	I	84.425U	224-210489	3/13/20 - 9/30/24	74,879	4,084	-	4,084	4,084	-
<b>Total CFDA #84.425</b>					<u>7,567,487</u>	<u>1,155,792</u>	<u>658,659</u>	<u>697,247</u>	<u>697,247</u>	<u>200,114</u>
<u>Passed through the Carbon-Lehigh Intermediate Unit</u>										
IDEA Special Education - Grants to States	I	84.027	H027A180093	7/01/20 - 6/30/21	323,597	323,597	323,597	-	-	-
IDEA Special Education - Grants to States	I	84.027	H027A180093	7/01/21 - 6/30/22	340,296	-	-	340,296	340,296	340,296
<b>Total CFDA #84.027</b>					<u>663,893</u>	<u>323,597</u>	<u>323,597</u>	<u>340,296</u>	<u>340,296</u>	<u>340,296</u>
IDEA - SECTION 619A	I	84.173	H173A190090	7/01/20 - 6/30/21	2,730	2,730	2,730	-	-	-
IDEA - SECTION 619A	I	84.173	H173A190090	7/01/21 - 6/30/22	860	-	-	860	860	860
<b>Total CFDA #84.173</b>					<u>3,590</u>	<u>2,730</u>	<u>2,730</u>	<u>860</u>	<u>860</u>	<u>860</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>					<u>9,744,224</u>	<u>2,073,805</u>	<u>936,282</u>	<u>1,630,088</u>	<u>1,630,088</u>	<u>492,565</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>										
<u>Passed through the Pennsylvania Department of Agriculture</u>										
National School Lunch Program - Donated Commodities	I	10.555	N/A	7/01/21 - 6/30/22	N/A	131,398	-	131,398	131,398	-
<u>Passed through the Pennsylvania Department of Education</u>										
National School Lunch Program	I	10.555	N/A	7/01/21 - 6/30/22	N/A	995,565	-	995,565	995,565	-
Supply Chain Assistance	I	10.555	N/A	7/01/21 - 6/30/22	N/A	44,962	-	44,962	44,962	-
SNP Emergency Operating Costs	I	10.555	N/A	7/01/21 - 6/30/22	N/A	17,677	-	-	-	(17,677)
P-EBT Local Admin Funds	I	10.555	N/A	7/01/21 - 6/30/22	N/A	3,063	-	-	-	(3,063)
<b>Total CFDA #10.555</b>						<u>1,192,665</u>	<u>-</u>	<u>1,171,925</u>	<u>1,171,925</u>	<u>(20,740)</u>
School Breakfast Program	I	10.553	N/A	7/01/21 - 6/30/22	N/A	326,939	-	326,939	326,939	-
Summer Food Program	I	10.559	N/A	7/01/21 - 6/30/22	N/A	193,284	149,429	40,451	40,451	(3,404)
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						<u>1,712,888</u>	<u>149,429</u>	<u>1,539,315</u>	<u>1,539,315</u>	<u>(24,144)</u>

(Continued on next page.)

**WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Project Title	Source Code	Federal CFDA Number	Pass-through Grantor Number	Grant Period Beginning - Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue at July 1, 2021	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2022
U.S. DEPARTMENT OF THE HEALTH AND HUMAN SERVICES										
Passed through the Pennsylvania Department of Education										
Medical Assistance Program	I	93.778	N/A	7/01/21 - 6/30/22	55,331	51,686	-	55,331	55,331	3,645
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>						51,686	-	55,331	55,331	3,645
<b>TOTAL FEDERAL AWARDS</b>						<u>\$ 3,838,379</u>	<u>\$ 1,085,711</u>	<u>\$ 3,224,734</u>	<u>\$ 3,224,734</u>	<u>\$ 472,066</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA) (CFDA's #84.027 and #84.173)</b>						<u>\$ 326,327</u>	<u>\$ 326,327</u>	<u>\$ 341,156</u>	<u>\$ 341,156</u>	<u>\$ 341,156</u>
<b>CHILD NUTRITION CLUSTER (CFDA's #10.553 and #10.555)</b>						<u>\$ 1,519,604</u>	<u>\$ -</u>	<u>\$ 1,498,864</u>	<u>\$ 1,498,864</u>	<u>\$ (20,740)</u>

Source Code:

I - Indirect Funding

WILSON AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555 includes surplus food consumed by the District during the 2021-2022 fiscal year.

NOTE D INDIRECT COST RATE

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

WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**PART A – SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- |   |                   |                            |
|---|-------------------|----------------------------|
| • Material weakness(es) identified?                     | <u>      </u> Yes | <u>  X  </u> No            |
| • Significant deficiency(ies) identified?               | <u>      </u> Yes | <u>  X  </u> None reported |
| • Noncompliance material to financial statements noted? | <u>      </u> Yes | <u>  X  </u> No            |

*Federal Awards*

Internal control over major program:

- |   |                   |                            |
|---|-------------------|----------------------------|
| • Material weakness(es) identified?       | <u>      </u> Yes | <u>  X  </u> No            |
| • Significant deficiency(ies) identified? | <u>      </u> Yes | <u>  X  </u> None reported |

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

  X   Yes        No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

84.425D, 84.425U

ESSER

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

**PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C – FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2022-001 – SUBMISSION TO THE FEDERAL AUDIT CLEARINGHOUSE

Condition

The District's single audit and reporting package to the Federal Audit Clearinghouse was delayed for the year ended June 30, 2022 beyond the due date.

Criteria

The submission to the Federal Audit Clearinghouse is typically due within nine months of its fiscal year-end.

Cause

The District did not have an audit completed within the due date of March 31, 2023.

WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Effect

The Federal Audit Clearinghouse filing deadline for the June 30, 2022 single audit was not met.

Recommendation

The District should develop procedures to ensure timely completion of the audit and submission to the Federal Audit Clearinghouse.

# WILSON AREA SCHOOL DISTRICT

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DOUGLAS WAGNER  
SUPERINTENDENT

STEPHANIE L. ARNOLD  
SECRETARY-BUSINESS MANAGER

## FINDING 2022-001

### MANAGEMENT'S CORRECTIVE ACTION PLAN

The District has developed procedures to ensure timely filing of the audit with the Federal Audit Clearinghouse. Specifically, the District will have information available and to the independent auditor by October 2023.

These recommendations will be implemented for the 2022-2023 audit year.

This corrective action plan was developed by Stephanie L. Arnold, MBA, PCSBA, Business Manager/Board Secretary.