



**Wyoming Valley West
School District
Kingston, Pennsylvania
Luzerne County**

Financial Statements
Year Ended June 30, 2021



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WYOMING VALLEY WEST SCHOOL DISTRICT

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WYOMING VALLEY WEST SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
Wyoming Valley West School District
Kingston, Pennsylvania**

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Change in Accounting Principle

As described in Note 16 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 84, "*Fiduciary Activities*". Our opinions are not modified with respect to that matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Wyoming Valley West School District's 2020 financial statements, and our report dated February 12, 2021 expressed unmodified audit opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions – PSERS, schedule of changes in OPEB liability single employer plan and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions – PSERS on pages 3 through 13 and 50 through 55 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wyoming Valley West School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2022, on our consideration of Wyoming Valley West School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Wyoming Valley West School District's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
April 5, 2022**

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Management's discussion and analysis ("**MD&A**") of Wyoming Valley West School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2021. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of eight schools – five elementary schools, a middle school, a high school and a cyber school consisting of approximately 4,500 students. The District encompasses the municipal subdivisions of the Boroughs of Courtdale, Edwardsville, Forty Fort, Kingston, Larksville, Luzerne, Plymouth, Pringle and Swoyersville in Luzerne County Pennsylvania and covers approximately 14.7 square miles. The District is in the Wyoming Valley which stretches along the Susquehanna River and which is 140 miles west of New York City, 120 miles north of Philadelphia and 120 miles northeast of Harrisburg. There are approximately 608 full-time employees in the District including 384 administrative staff and teachers and 224 support personnel including secretaries, maintenance staff, cafeteria staff and teacher aides.

The mission of the District is to provide ALL students with learning opportunities that will maximize their ability to achieve, enhance their capacity to compete in today's global economy and increase their awareness regarding the importance of life-long learning.

FINANCIAL HIGHLIGHTS

- In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As a result, the District experienced disruptions and operated under virtual, hybrid and in-person learning models during 2020-2021 as conditions permitted.
- On a government-wide basis including all governmental activities and the business type activities, the liabilities and the deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit of total net position at the close of the 2020-2021 fiscal year of \$123,952,583. During the 2020-2021 fiscal year, the District had a decrease in total net position of \$4,975,783. The net position of governmental activities decreased by \$4,693,986 and the net position of the business-type activities decreased by \$281,797.
- The General Fund reported an increase in fund balance of \$555,087, bringing the cumulative balance to a deficit of \$594,404 at the conclusion of the 2020-2021 fiscal year.
- Actual revenues and other financing sources were \$393,373 or 0.47% less than budgeted amounts and actual expenditures and other financing uses were \$173,221 or 0.21% more than budgeted amounts resulting in a net negative variance of \$566,594.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 14 and 15 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The District maintains three major individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 16 through 19 of this report.

Proprietary Funds

The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type.

The proprietary fund financial statements can be found on Pages 20 through 22 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of a student activity fund. The District is responsible for ensuring that the assets reported in this fund are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statement can be found on Pages 23 and 24 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 25 through 49 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS.

The required supplementary information can be found on Pages 50 through 55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial position. At the close of the 2020-2021 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$123,952,583. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2021 and 2020.

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2019
ASSETS						
Current assets	\$ 15,640,505	\$ 17,201,257	\$ 697,481	\$ 994,091	\$ 16,337,986	\$ 18,195,348
Noncurrent assets	39,776,152	38,656,624	389,391	408,786	40,165,543	39,065,410
Total assets	<u>55,416,657</u>	<u>55,857,881</u>	<u>1,086,872</u>	<u>1,402,877</u>	<u>56,503,529</u>	<u>57,260,758</u>
DEFERRED OUTFLOWS OF RESOURCES	39,619,548	16,269,299	-	-	39,619,848	16,269,299
LIABILITIES						
Current liabilities	11,473,481	12,667,226	114,609	148,817	11,588,090	12,816,043
Noncurrent liabilities	198,000,701	163,820,810	-	-	198,000,701	163,820,810
Total liabilities	<u>209,474,182</u>	<u>176,488,036</u>	<u>114,609</u>	<u>148,817</u>	<u>209,588,791</u>	<u>176,636,853</u>
DEFERRED INFLOWS OF RESOURCES	10,486,869	15,870,004	-	-	10,486,869	15,870,004
NET POSITION (DEFICIT)						
Net investment in capital						
assets	5,429,501	5,728,321	389,391	408,786	5,818,892	6,137,107
Restricted	2,008,008	2,465,612	-	-	2,008,008	2,465,612
Unrestricted	(132,362,355)	(128,424,793)	582,872	845,274	(131,779,483)	(127,579,519)
Total net position	<u>\$(124,924,846)</u>	<u>\$(120,230,860)</u>	<u>\$ 972,263</u>	<u>\$1,254,060</u>	<u>\$(123,952,583)</u>	<u>\$(118,976,800)</u>

The District's total assets as of June 30, 2021 were \$56,503,529 of which \$6,729,566 or 11.91% consisted of unrestricted cash, \$11,677,883 or 20.67% consisted of cash and investments held by fiscal agent for future debt service redemption and \$28,487,660 or 50.42% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2021 were \$209,588,791 of which \$34,182,500 or 16.31% consisted of general obligation debt used to acquire and construct capital assets, \$129,301,656 or 61.69% consisted of the actuarially determined net pension liability and \$28,615,055 or 13.65% consisted of the actuarially determined other post-employment benefit liabilities.

The District had a deficit in unrestricted net position of \$131,779,483 at June 30, 2021. The District's unrestricted net position decreased by \$4,199,964 primarily due to the current year results of operations and the change in the actuarially determined net pension and other-post employment liabilities and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled \$2,008,008 as of June 30, 2021. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net assets reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2021, the District's net investment in capital assets decreased by \$318,215 because capital assets were being depreciated faster than the debt related to them was being repaid.

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The following table presents condensed information for the *Statement of Activities* of the District for 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program revenues						
Charges for services	\$ 25,183	\$ 46,315	\$ 13,069	\$ 174,312	\$ 38,252	\$ 220,627
Operating grants and contributions	22,149,041	19,566,830	1,128,105	2,291,877	23,277,146	21,858,707
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	30,698,980	31,188,349	-	-	30,698,980	31,188,349
Earned income taxes levied for general purposes	4,269,963	4,273,047	-	-	4,269,963	4,273,047
Other taxes levied for general purposes	2,412,984	1,882,128	-	-	2,412,984	1,882,128
Grants and entitlements not restricted to specific programs	21,954,664	21,954,687	-	-	21,954,664	21,954,687
Investment earnings (loss)	(262,629)	1,304,259	2,473	8,749	(260,156)	1,313,008
Total revenues	<u>81,248,186</u>	<u>80,215,615</u>	<u>1,143,647</u>	<u>2,474,938</u>	<u>82,391,833</u>	<u>82,690,553</u>
EXPENSES						
Instruction	64,887,945	58,530,035	-	-	64,887,945	58,530,035
Instructional student support services	6,664,057	4,832,686	-	-	6,664,057	4,832,686
Administrative and financial support services	4,050,891	3,865,569	-	-	4,050,891	3,865,569
Operation and maintenance of plant services	5,168,131	5,211,121	-	-	5,168,131	5,211,121
Pupil transportation	2,594,486	2,715,864	-	-	2,594,486	2,715,864
Student activities	691,699	714,990	-	-	691,699	714,990
Community services	223,889	218,961	-	-	223,889	218,961
Interest and amortization expense related to noncurrent liabilities	1,661,074	1,806,412	-	-	1,661,074	1,806,412
Food service	-	-	1,425,444	2,623,683	1,425,444	2,623,683
Total expenses	<u>85,942,172</u>	<u>77,895,638</u>	<u>1,425,444</u>	<u>2,623,683</u>	<u>87,367,616</u>	<u>80,519,321</u>
CHANGE IN NET POSITION (DEFICIT)	<u>\$ (4,693,986)</u>	<u>\$ 2,319,977</u>	<u>\$ (281,797)</u>	<u>\$ (148,745)</u>	<u>\$ (4,975,783)</u>	<u>\$ 2,171,232</u>

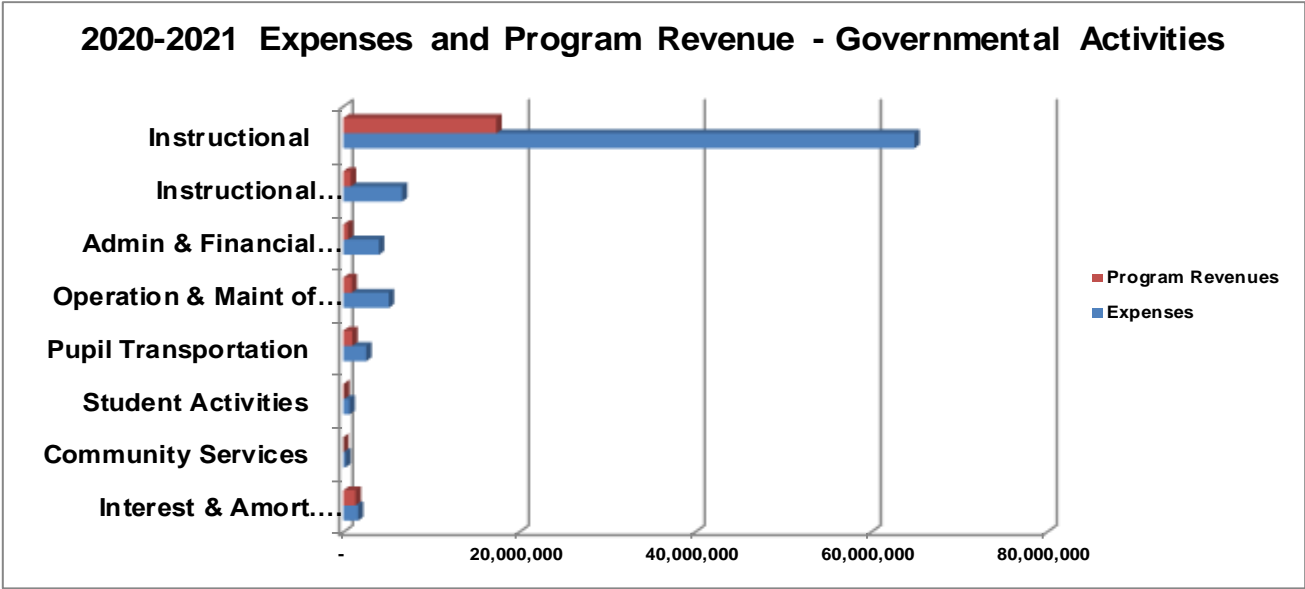
During 2020-2021, the District's net position decreased by \$4,975,783 in part due to increased medical costs, pension contributions, state-mandated programs and negotiated contracts. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base is in the form of residential housing whose growth has slowed in recent years. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

WYOMING VALLEY WEST SCHOOL DISTRICT

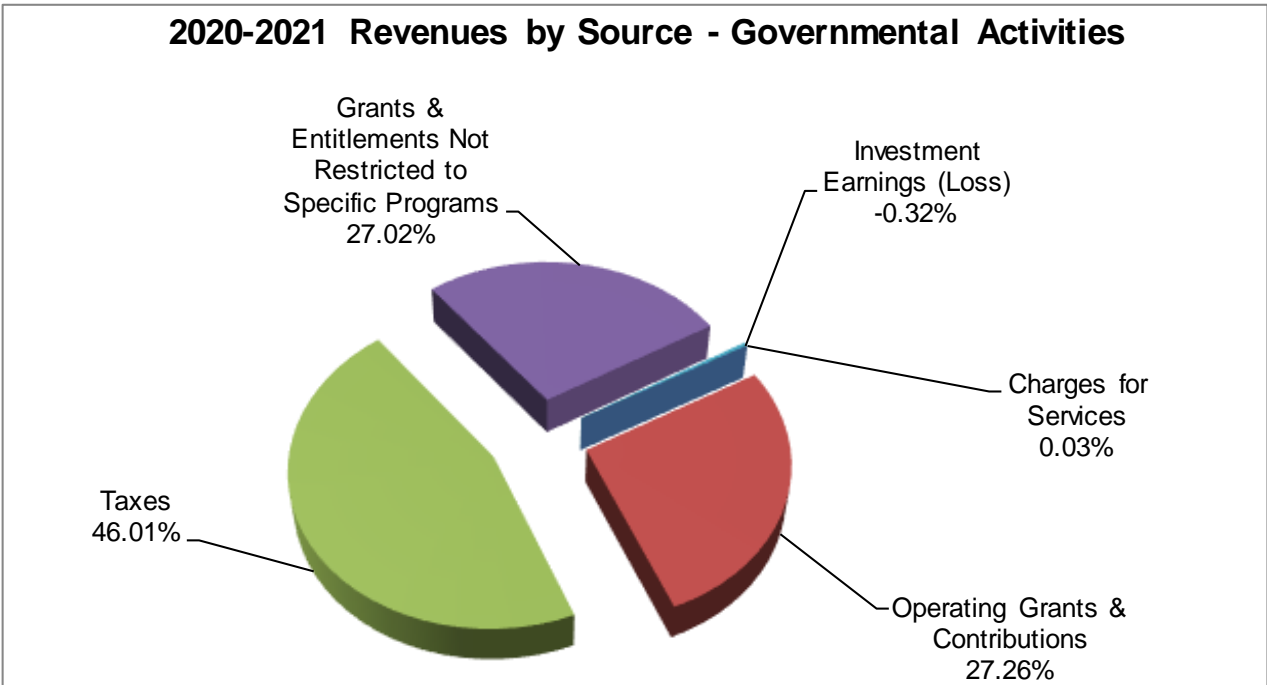
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

GOVERNMENTAL FUNDS

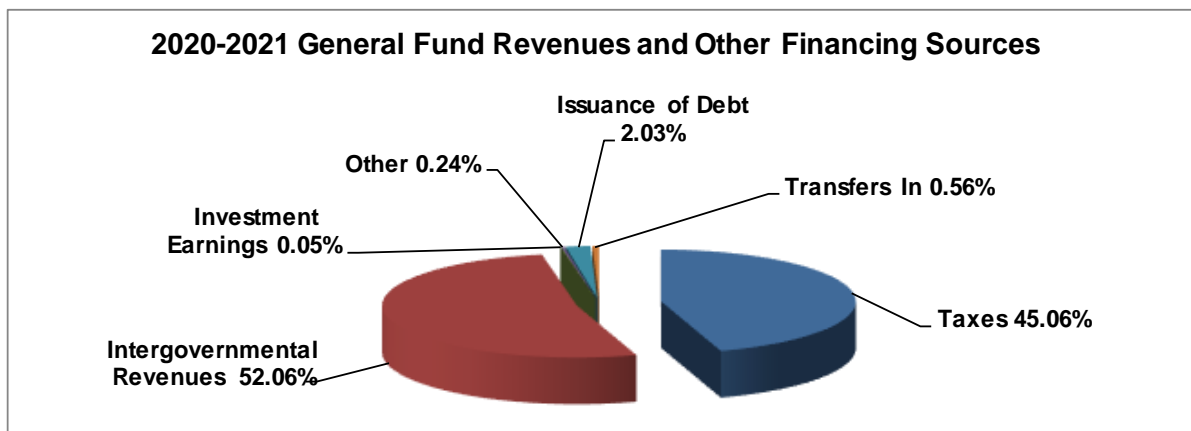
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2021, the District's governmental funds reported a combined fund balance of \$13,078,201 which is an increase of \$755,799 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2021 and 2020 and the total 2021 change in governmental fund balances.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$ (594,404)	\$ (1,149,491)	\$ 555,087
Capital Projects Fund	2,008,008	2,465,612	(457,604)
Debt Service Fund	<u>11,664,597</u>	<u>11,006,281</u>	<u>658,316</u>
	<u>\$13,078,201</u>	<u>\$12,322,402</u>	<u>\$ 755,799</u>

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2020-2021 fiscal year, the General Fund fund balance was a deficit of \$594,404 representing an increase of \$555,087 in relation to the prior year. The decrease in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2020-2021 fiscal year.

The District's reliance upon intergovernmental revenues is demonstrated by the graph below that indicates 53.45% of General Fund revenues are derived from intergovernmental revenues.



General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$37,903,505	\$37,150,362	\$ 753,143	2.03
Intergovernmental revenues	43,793,091	41,183,020	2,610,071	6.34
Investment earnings	38,642	90,670	(52,028)	(57.38)
Other	203,112	237,438	(34,326)	(14.46)
Issuance of debt	1,707,417	-	1,707,417	100.00
Transfers in	<u>468,891</u>	<u>-</u>	<u>468,891</u>	<u>100.00</u>
	<u>\$84,114,658</u>	<u>\$78,661,490</u>	<u>\$5,453,168</u>	<u>6.93</u>

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

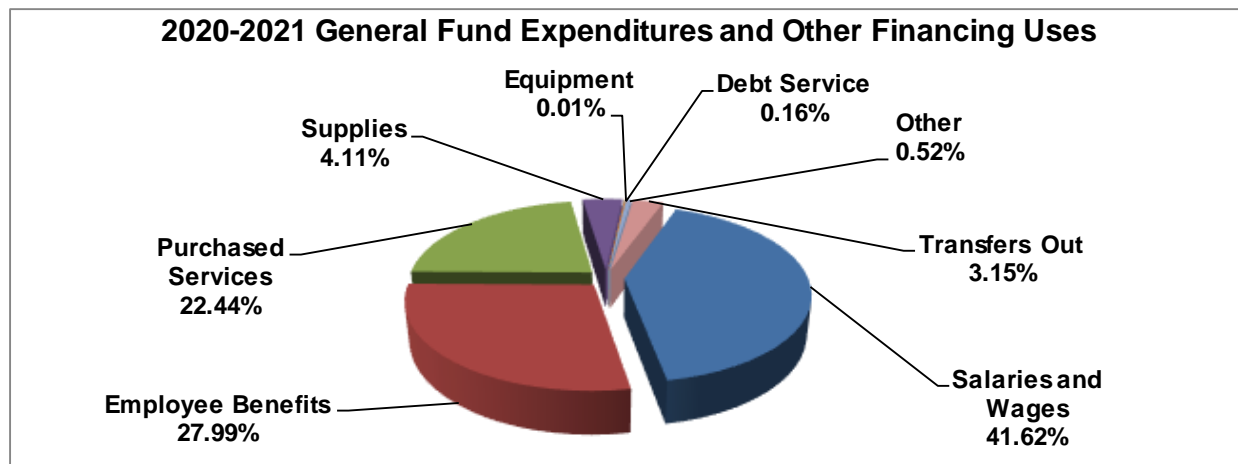
June 30, 2021

Tax revenues increased by \$753,143 or 2.03% primarily due to a better collection rate for current real estate taxes and an increase realty transfer taxes collected in 2020-2021 than in 2019-2020.

Intergovernmental revenues increased as a direct result of the state retirement subsidy which increased commensurate with the employer annual contribution percentage, combined with additional governmental funding received to aid with additional costs incurred associated with COVID-19.

Transfers in for 2020-2021 represents reimbursement for capital expenditures incurred by the General Fund.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$34,778,115	\$34,911,027	\$ (132,912)	(0.38)
Employee benefits	23,388,810	21,153,237	2,235,573	10.57
Purchased services	18,751,050	17,659,371	1,091,679	6.18
Supplies	3,431,969	1,783,674	1,648,295	92.41
Equipment	8,767	11,147	(2,380)	(21.35)
Other	432,959	574,694	(141,732)	(24.66)
Debt service	137,565	137,565	-	0.00
Transfers out	<u>2,630,336</u>	<u>2,608,428</u>	<u>21,908</u>	<u>0.84</u>
	<u>\$83,559,571</u>	<u>\$78,839,143</u>	<u>\$4,720,431</u>	<u>5.99</u>

Salaries and wages decreased by \$132,912 or 0.38% in 2020-2021 compared to 2019-2020 as a result of scheduled salary increases within the District's collective bargaining agreements negotiated with various employee groups offset by unfilled positions.

Employee benefits increased by \$2,235,573 or 10.57% in 2020-2021 compared to 2019-2020 primarily due to increases in medical benefit expenditures and the scheduled increase in the PSERS retirement contribution rate. Medical benefit costs in 2019-2020 were lower due to a decrease in claims caused by the COVID-19 shutdown.

Purchased services increased by \$1,091,679 or 6.18% in 2020-2021 compared to 2019-2020 primarily related to contracted services for building improvement services and an increase in cyber and charter schools, which were offset by building and transportation services that decreased commensurate with periods of virtual and hybrid learning models as a result of COVID-19.

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Expenditures for supplies increased by \$1,648,295 or 92.41% in 2020-2021 compared to 2019-2020, due to additional purchases made in response to COVID-19 which were funded with the additional government funding identified above.

Transfers out consist of transfers to the Debt Service Fund which were consistent with debt service maturities.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2020-2021, the Capital Projects Fund reported a decrease in its fund balance of \$457,604 due to transfers to the General Fund for capital expenditures. As of June 30, 2021, the Capital Projects Fund had a fund balance of \$2,008,008 which is restricted for capital expenditures.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the District's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due.

Pursuant to loan agreements with the State Public School Building Authority under its Qualified School Construction Bonds program, the District established a Debt Sinking Fund. The District is required to make deposits annually into the Debt Sinking Fund. The deposits and investment earnings on the deposits are available for payment of maturities under the loan agreement.

As of June 30, 2021, the fund balance in the Debt Service Fund was \$11,664,597 and is restricted for future debt service expenditures.

GENERAL FUND BUDGET INFORMATION

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Actual revenues and other financing sources were \$393,373 or 0.47% less than budgeted amounts and actual expenditures and other financing uses were \$173,221 or 0.21% more than budgeted amounts resulting in a net negative variance of \$566,594. Major budgetary highlights for 2020-2021 are as follows:

- Local sources were \$2,177,208 more than budget due to better than expected collections in real estate taxes, earned income taxes, realty transfer taxes, and business privilege taxes, which were conservatively budgeted due to the uncertainty surrounding the impact of COVID-19.
- Federal sources were more than budgeted amounts by \$1,552,894 which directly correlates with the additional pass-through funding received to respond to COVID-19.
- Total regular programs expenditures were \$2,185,888 more than budget due to a large increase in charter and cyber school expenditures and costs related to COVID-19 funding that were not budgeted.
- Total instructional staff services were \$1,295,517 more than budget due to purchases of staff supplies and technology related to COVID-19 funding that was not budgeted.
- Total operation and maintenance of plant services were \$898,024 less than budget due to less than anticipated supplies expense, and some maintenance items not incurred due to major construction on the high school and middle school and in part due to savings related to operating in a virtual and hybrid learning model for parts of the year.

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

- Total student transportation services were \$610,388 less than budget due to savings related to operating in a virtual and hybrid learning model for parts of the year.
- Issuance of debt and transfers in were less than budget due to positive budget variances within revenue and expenditure functions which mitigated the need to draw upon the tax anticipation note and make budget transfers from the Capital Projects Fund for debt service.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2020-2021, the net position of the business-type activities and Food Service Fund decreased by \$281,797. As of June 30, 2021, the business-type activities and Food Service Fund had net position of \$972,263.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$28,487,660 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements and furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$441,817 or 1.58%. The increase was the result of current year capital additions in excess of current year depreciation expense. Current year capital additions were \$1,635,071 and depreciation expense was \$1,193,254. Major capital additions for 2020-2021 was for roof repair and replacement projects.

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$34,182,500 consisting of \$13,910,000 in bonds payable, \$1,707,417 in notes payable, and \$18,789,000 in qualified school construction bonds net of bond discounts of \$223,917. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by \$1,557,977 or 4.78% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The District's outstanding general obligation debt of \$34,182,500 is within the current debt limitation of the District which was \$175,630,313 as of June 30, 2021.

The District maintained BBB+ negative outlook rating from Standard & Poor's Global Ratings.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$129,301,656 as of June 30, 2021. The District's net pension liability increased by \$28,719,049 or 28.55% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$28,615,055 as of June 30, 2021. The District's OPEB liability increased by \$4,018,385 or 16.34% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for capital leases, compensated absences, accrued termination benefits and a collateralized borrowing repayable from pledged delinquent real estate tax revenues, which totaled \$5,901,490 as of June 30, 2021. These liabilities decreased by \$115,520 or 1.92% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

WYOMING VALLEY WEST SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

- The District adopted a 2021-2022 budget totaling \$88,249,546 and the real estate tax millage increased by 4.28% to 18.03 mills. Expenditures are expected to increase due to the rising number of charter and cyber school students. Increases in expenditures due to COVID-19 in part will be funded with one-time pass-through Federal funding. Other federal and state funding had modest increases as well.
- The District's enrollment is not expected to change significantly over the next several fiscal years.
- The District's collective bargaining agreement with the Wyoming Valley West Education Association was renewed during 2020-2021 and will expire at the conclusion of the 2024-2025 school year, while the collective bargaining agreement with the Wyoming Valley West Educational Support Personnel Association expires at the conclusion of the 2022-2023 school year.
- The volatility of special education and charter school expenses continue to be a concern in terms of planning and forecasting of future expenditures.
- The District is continuously evaluating its buildings and facilities in an effort to prioritize capital projects in conjunction with the development of District-wide capital improvement plan and to best meet the needs of the District's projected future enrollment.
- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget.

Pennsylvania school districts are now required to either change their taxing strategies to make up for the shortfall of increased real estate tax refunds or seek the taxpayers' approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:

- ♦ That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (4.30% for Wyoming Valley West School District for 2021-2022), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
- ♦ Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions) over which the school district has no control.
- ♦ Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders.
- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to the Public School Employees' Retirement System ("**PSERS**"). The 2017 law will not take effect until July of 2019. The law will change the pension plans for all new hires effective July 1, 2019. It does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. The employer contribution rate for 2022-2023 is projected at 35.26%. Currently, the employer contribution rate for 2021-2022 is 34.94%.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Business Office, Wyoming Valley West School District, 450 N. Maple Avenue, Kingston, Pennsylvania 18704.

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021 with summarized comparative totals for 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 6,243,680	\$ 485,886	\$ 6,729,566	\$ 8,469,574
Taxes receivable	3,845,654	-	3,845,654	4,196,611
Due from other governments	5,510,339	149,560	5,659,899	5,457,500
Other receivables	40,832	8,007	48,839	6,486
Inventories	-	54,028	54,028	65,177
Total current assets	15,640,505	697,481	16,337,986	18,195,348
NONCURRENT ASSETS				
Restricted assets				
Cash held by fiscal agent	1,047	-	1,047	3,975
Investments held by fiscal agent	11,676,836	-	11,676,836	11,015,592
Capital assets, net	28,098,269	389,391	28,487,660	28,045,843
Total noncurrent assets	39,776,152	389,391	40,165,543	39,065,410
Total assets	55,416,657	1,086,872	56,503,529	57,260,758
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension - PSERS	34,451,984	-	34,451,984	14,396,614
Deferred charges OPEB - single employer	3,654,633	-	3,654,633	1,280,849
Deferred charges on proportionate share of OPEB - PSERS	1,512,931	-	1,512,931	591,836
Total deferred outflows of resources	39,619,548	-	39,619,548	16,269,299
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	1,479,062	78,767	1,557,829	2,617,036
Accrued salaries, payroll withholdings and benefits	9,575,026	-	9,575,026	9,793,087
Accrued interest payable	187,435	-	187,435	189,395
Other liabilities	231,958	-	231,958	175,489
Unearned revenues	-	35,842	35,842	41,036
Total current liabilities	11,473,481	114,609	11,588,090	12,816,043
NONCURRENT LIABILITIES				
Due within one year	631,231	-	631,231	624,875
Due in more than one year	197,369,470	-	197,369,470	163,195,935
Total noncurrent liabilities	198,000,701	-	198,000,701	163,820,810
Total liabilities	209,474,182	114,609	209,588,791	176,636,853
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension - PSERS	8,600,000	-	8,600,000	14,612,000
Deferred credits OPEB - single employer	1,323,869	-	1,323,869	585,004
Deferred credits on proportionate share of OPEB - PSERS	563,000	-	563,000	673,000
Total deferred inflows of resources	10,486,869	-	10,486,869	15,870,004
NET POSITION (DEFICIT)				
Net investment in capital assets	5,429,501	389,391	5,818,892	6,137,107
Restricted	2,008,008	-	2,008,008	2,465,612
Unrestricted (deficit)	(132,362,355)	582,872	(131,779,483)	(127,579,519)
Total net position (deficit)	\$ (124,924,846)	\$ 972,263	\$ (123,952,583)	\$ (118,976,800)

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with summarized comparative totals for 2020

	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	
							2021	2020
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 64,887,945	\$ 21,631	\$ 17,374,071	\$ -	\$ (47,492,243)	\$ -	\$ (47,492,243)	\$ (43,470,822)
Instructional student support services	6,664,057	-	844,196	-	(5,819,861)	-	(5,819,861)	(4,028,582)
Administrative and financial support services	4,050,891	-	504,008	-	(3,546,883)	-	(3,546,883)	(3,441,726)
Operation and maintenance of plant services	5,168,131	-	947,179	-	(4,220,952)	-	(4,220,952)	(4,578,691)
Pupil transportation	2,594,486	-	1,010,236	-	(1,584,250)	-	(1,584,250)	(1,468,661)
Student activities	691,699	3,552	83,922	-	(604,225)	-	(604,225)	(601,376)
Community services	223,889	-	-	-	(223,889)	-	(223,889)	(218,961)
Interest and amortization expense related to noncurrent liabilities	1,661,074	-	1,385,429	-	(275,645)	-	(275,645)	(473,674)
Total governmental activities	85,942,172	25,183	22,149,041	-	(63,767,948)	-	(63,767,948)	(58,282,493)
BUSINESS-TYPE ACTIVITIES								
Food service	1,425,444	13,069	1,128,105	-	-	(284,270)	(284,270)	(157,494)
Total primary government	\$ 87,367,616	\$ 38,252	\$ 23,277,146	\$ -	(63,767,948)	(284,270)	(64,052,218)	(58,439,987)
GENERAL REVENUES								
Property taxes levied for general purposes					30,698,980	-	30,698,980	31,188,349
Earned income taxes levied for general purposes					4,269,963	-	4,269,963	4,273,047
Other taxes levied for general purposes					2,412,984	-	2,412,984	1,882,128
Grants and entitlements not restricted to specific programs					21,954,664	-	21,954,664	21,954,687
Investment earnings (loss)					(262,629)	2,473	(260,156)	1,313,008
Total general revenues					59,073,962	2,473	59,076,435	60,611,219
CHANGE IN NET POSITION (DEFICIT)					(4,693,986)	(281,797)	(4,975,783)	2,171,232
NET POSITION (DEFICIT)								
Beginning of year					(120,230,860)	1,254,060	(118,976,800)	(121,148,032)
End of year					\$ (124,924,846)	\$ 972,263	\$ (123,952,583)	\$ (118,976,800)

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	General	Capital	Debt	2021	2020
	Fund	Projects	Service		
ASSETS		Fund	Fund		
Cash	\$ 3,836,281	\$ 2,407,399	\$ -	\$ 6,243,680	\$ 7,562,057
Restricted assets					
Cash held by fiscal agent	-	-	1,047	1,047	3,975
Investments held by fiscal agent	-	-	11,676,836	11,676,836	11,015,592
Taxes receivable	3,845,654	-	-	3,845,654	4,196,611
Due from other funds	482,177	69,500	-	551,677	82,786
Due from other governments	5,510,339	-	-	5,510,339	5,441,012
Other receivables	40,832	-	-	40,832	1,577
Total assets	\$ 13,715,283	\$ 2,476,899	\$ 11,677,883	\$ 27,870,065	\$ 28,303,610
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,479,062	\$ -	\$ -	\$ 1,479,062	\$ 2,509,255
Due to other funds	69,500	468,891	13,286	551,677	82,786
Accrued salaries, payroll withholdings and benefits	9,979,246	-	-	9,979,246	10,142,178
Other liabilities	231,958	-	-	231,958	175,489
Total liabilities	11,759,766	468,891	13,286	12,241,943	12,909,708
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	2,549,921	-	-	2,549,921	3,071,500
FUND BALANCES (DEFICIT)					
Restricted for					
Capital projects	-	2,008,008	-	2,008,008	2,465,612
Debt service	-	-	11,664,597	11,664,597	11,006,281
Unassigned (deficit)	(594,404)	-	-	(594,404)	(1,149,491)
Total fund balances (deficit)	(594,404)	2,008,008	11,664,597	13,078,201	12,322,402
Total liabilities, deferred inflows of resources and fund balances	\$ 13,715,283	\$ 2,476,899	\$ 11,677,883	\$ 27,870,065	\$ 28,303,610

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

TOTAL GOVERNMENTAL FUND BALANCES	\$ 13,078,201
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	28,098,269
Some of the District's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds balance sheet.	2,549,921
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	29,132,679
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(197,596,481)
Accrued interest payable on noncurrent liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(187,435)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$(124,924,846)</u>

WYOMING VALLEY WEST SCHOOL DISTRICT

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

Year ended June 30, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	General	Capital	Debt	2021	2020
	Fund	Projects	Service		
		Fund	Fund		
REVENUES					
Local sources	\$ 38,145,259	\$ 11,287	\$ (179,874)	\$ 37,976,672	\$ 38,692,058
State sources	38,129,197	-	-	38,129,197	37,148,746
Federal sources	5,663,894	-	-	5,663,894	4,034,275
Total revenues	<u>81,938,350</u>	<u>11,287</u>	<u>(179,874)</u>	<u>81,769,763</u>	<u>79,875,079</u>
EXPENDITURES					
Current					
Instruction	60,708,823	-	-	60,708,823	57,833,446
Support services	17,669,916	-	2,762	17,672,678	16,581,492
Operation of noninstructional services	870,789	-	-	870,789	919,111
Facilities acquisition, construction and improvement services	1,512,711	-	-	1,512,711	831,814
Debt service	137,565	-	4,523,866	4,661,431	4,511,057
Total expenditures	<u>80,899,804</u>	<u>-</u>	<u>4,526,628</u>	<u>85,426,432</u>	<u>80,676,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,038,546</u>	<u>11,287</u>	<u>(4,706,502)</u>	<u>(3,656,669)</u>	<u>(801,841)</u>
OTHER FINANCING SOURCES (USES)					
Refund of prior year receipts	(29,431)	-	-	(29,431)	(56,757)
Issuance of debt	1,707,417	-	-	1,707,417	-
Proceeds from extended term financing	-	-	-	-	273,869
Proceeds from collateralized borrowing	-	-	2,734,482	2,734,482	2,607,466
Transfers in	468,891	-	2,630,336	3,099,227	2,608,428
Transfers out	(2,630,336)	(468,891)	-	(3,099,227)	(2,608,428)
Total other financing sources (uses)	<u>(483,459)</u>	<u>(468,891)</u>	<u>5,364,818</u>	<u>4,412,468</u>	<u>2,824,578</u>
NET CHANGE IN FUND BALANCES	555,087	(457,604)	658,316	755,799	2,022,737
FUND BALANCES (DEFICIT)					
Beginning of year	<u>(1,149,491)</u>	<u>2,465,612</u>	<u>11,006,281</u>	<u>12,322,402</u>	<u>10,299,665</u>
End of year	<u>\$ (594,404)</u>	<u>\$ 2,008,008</u>	<u>\$ 11,664,597</u>	<u>\$ 13,078,201</u>	<u>\$ 12,322,402</u>

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 755,799
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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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	\$ 1,568,047	
Depreciation expense	<u>(1,106,835)</u>	461,212

Because some taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.

Deferred inflows of resources June 30, 2020	(3,071,500)	
Deferred inflows of resources June 30, 2021	<u>2,549,921</u>	(521,579)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and 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.

Repayment of bonds and notes payable	165,000	
Proceeds from notes payable	(1,707,417)	
Amortization of bond discounts	(15,560)	
Proceeds from collateralized borrowing	(2,734,482)	
Repayment of collateralized borrowing	2,752,047	
Repayment of extended-term financing	<u>126,343</u>	(1,414,069)

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Current year change in accrued interest payable	1,960	
Current year change in accrued termination benefits	143,983	
Current year change in compensated absences	(117,242)	
Current year change in net pension liability - PSERS and deferred outflows and inflows	(2,651,679)	
Current year change in OPEB liability - single employer and deferred outflows and inflows	(1,273,543)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>(78,828)</u>	<u>(3,975,349)</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (4,693,986)</u>
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See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2021 with summarized comparative totals for 2020

	<u>Food Service Fund</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 485,886	\$ 907,517
Due from other governments	149,560	16,488
Other receivables	8,007	4,909
Inventories	54,028	65,177
Total current assets	<u>697,481</u>	<u>994,091</u>
NONCURRENT ASSETS		
Capital assets, net	<u>389,391</u>	<u>408,786</u>
Total assets	<u>1,086,872</u>	<u>1,402,877</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	78,767	107,781
Unearned revenues	<u>35,842</u>	<u>41,036</u>
Total liabilities	<u>114,609</u>	<u>148,817</u>
NET POSITION		
Net investment in capital assets	389,391	408,786
Unrestricted	<u>582,872</u>	<u>845,274</u>
Total net position	<u>\$ 972,263</u>	<u>\$ 1,254,060</u>

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

Year ended June 30, 2021 with summarized comparative totals for 2020

	Food Service Fund	
	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for services	\$ 13,069	\$ 174,312
OPERATING EXPENSES		
Purchased property services	163,352	167,770
Other purchased services	684,771	1,365,924
Supplies	490,902	1,010,546
Depreciation	86,419	81,450
Other	-	(2,007)
Total operating expenses	<u>1,425,444</u>	<u>2,623,683</u>
Operating loss	<u>(1,412,375)</u>	<u>(2,449,371)</u>
NONOPERATING REVENUES		
Earnings on investments	2,473	8,749
State sources	37,562	112,438
Federal sources	<u>1,090,543</u>	<u>2,179,439</u>
Total nonoperating revenues	<u>1,130,578</u>	<u>2,300,626</u>
CHANGE IN NET POSITION	(281,797)	(148,745)
NET POSITION		
Beginning of year	<u>1,254,060</u>	<u>1,402,805</u>
End of year	<u>\$ 972,263</u>	<u>\$ 1,254,060</u>

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended June 30, 2021 with summarized comparative totals for 2020

	Food Service Fund	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ 4,777	\$ 187,990
Cash payments to suppliers for goods and services	<u>(1,282,592)</u>	<u>(2,792,426)</u>
Net cash used for operating activities	<u>(1,277,815)</u>	<u>(2,604,436)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	33,566	129,250
Federal sources	<u>887,169</u>	<u>2,390,260</u>
Net cash provided by noncapital financing activities	<u>920,735</u>	<u>2,519,510</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(67,024)</u>	<u>(62,082)</u>
Net cash used by capital and related financing activities	<u>(67,024)</u>	<u>(62,082)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	<u>2,473</u>	<u>8,749</u>
Net decrease in cash	<u>(421,631)</u>	<u>(138,259)</u>
CASH		
Beginning of year	<u>907,517</u>	<u>1,045,776</u>
End of year	<u><u>\$ 485,886</u></u>	<u><u>\$ 907,517</u></u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Operating loss	\$ (1,412,375)	\$ (2,449,371)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	86,419	81,450
Donated commodities used	74,298	143,596
(Increase) decrease in		
Other receivables	(3,098)	7,047
Inventories	11,148	(20,795)
Increase (decrease) in		
Accounts payable	(29,013)	(372,994)
Unearned revenue	<u>(5,194)</u>	<u>6,631</u>
Net cash used for operating activities	<u><u>\$ (1,277,815)</u></u>	<u><u>\$ (2,604,436)</u></u>
SUPPLEMENTAL DISCLOSURE		
Noncash noncapital financing activity		
USDA donated commodities	<u>\$ 74,298</u>	<u>\$ 143,596</u>

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUND

June 30, 2021 with summarized comparative totals for 2020

	<u>Custodial Fund</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	<u>\$ 197,238</u>	<u>\$ 232,558</u>
NET POSITION		
Restricted for student activities	<u><u>\$ 197,238</u></u>	<u><u>\$ 232,558</u></u>

See accompanying notes

WYOMING VALLEY WEST SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended June 30, 2021

	Custodial Fund <u>2021</u>
ADDITIONS	
Receipts from student groups	\$ 120,712
DEDUCTIONS	
Student activities disbursements	<u>156,032</u>
CHANGE IN NET POSITION	(35,320)
NET POSITION	
Beginning of year	<u>232,558</u>
End of year	<u><u>\$ 197,238</u></u>

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wyoming Valley West School District (the "***District***") operates five elementary schools, a middle school, a high school and a cyber school to provide education and related services to the residents in the Boroughs of Courtdale, Edwardsville, Forty Fort, Kingston, Larksville, Luzerne, Plymouth, Pringle and Swoyersville. 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 under a locally elected nine-member board form of government (the "***School Board***").

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

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of the related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is 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. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. 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 function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term principal, interest and other related costs.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary fund:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include salaries and wages, employee benefits, purchased services, supplies and other costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are , therefore not available to support the District's own programs. The District has one custodial consisting of funds held on behalf of the students.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Face period
November 1 – collection	- Penalty period, 10% of gross levy
January 1	- Lien date

The County Board of Assessments determines assessed valuations of property, and the District's taxes are billed and collected by local elected tax collectors. The tax on real estate for public school purposes for fiscal 2020-2021 was 17.29 mills (\$17.29 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	- August 31
Installment Two	- October 15
Installment Three	- November 30

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Prepaid Items and Inventories

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

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been met.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,500. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal 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 (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 15-40 years and furniture; site improvements – 15-20 years; and furniture and equipment – 5-20 years.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2021.

Compensated Absences

District policies permit employees to accumulate earned but unused personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the governmental funds' financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized 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 and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing costs.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Finance Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

Use of Estimates

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

Implementation of New Accounting Pronouncements

Effective July 1, 2020, the District adopted the provisions of GASB Statement No.84 "*Fiduciary Activities*" GASB Statement No. 90 "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*"; GASB Statement No. 93 "*Replacement of Interbank Offered Rates*"; GASB Statement No. 95, "*Postponements of Effective Dates of Certain Authoritative Guidance*" and GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*".

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

GASB Statement No. 84 improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result of the implementation Statement No. 84 the District reported restricted net position and changes in fiduciary net position for its Student Activities Fund for the year ended June 30, 2021.

GASB Statement No. 90 improved the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defined a majority equity interest and specified that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 had no impact on the financial statements of the District for the year ended June 30, 2021.

GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 *"Accounting and Financial Reporting for Derivative Instruments"*. The implementation of GASB Statement No. 93 had no impact on the District's financial statements for the year ended June 30, 2021.

GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the District postponed the implementation of GASB Statement No. 84 until year ended June 30, 2021 as described above and the implementation of GASB Statement No 87 until year ended June 30, 2022 as described below.

The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 had no impact on the financial statements of the District for the year ended June 30, 2021.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

New Accounting Pronouncements

GASB Statement No. 87, *"Leases"* will be effective for the District for the year ended June 30, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period"*, will be effective for the District for the year ended June 30, 2022. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs includes all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*, which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

GASB Statement No. 91, *"Conduit Debt Obligations"* will be effective for the District for the year ended June 30, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, *"Omnibus 2020"* will be effective for the District for the year ended June 30, 2022. GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"* will be effective for the District for the year ended June 30, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (*"PPPs"*). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" will be effective for the District for the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("**SBITA**"s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a 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 fund.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

(3) DEPOSITS AND INVESTMENTS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2021, the carrying amount of the District's deposits was \$6,927,851 and the bank balance was \$8,190,739. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$960,676 was covered by federal depository insurance and \$7,230,062 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>11 – 15</u>
U.S. Treasury strips	<u>\$11,676,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,676,836</u>	<u>\$ -</u>

U.S. Treasury strips were valued using Level 2 inputs.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral that is in the possession of an outside party. The collateral for all of the District's investments are held by the pledging bank's agent in the District's name. The District had no investments subject to custodial credit risk as of June 30, 2021.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal or state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

Restricted Deposits and Investments

The District maintains restricted cash and investment balances held by fiscal agents, which are restricted for the repayment of Qualified School Construction Bonds (**See Note 7**). The total carrying amounts and related bank balances of these cash and investment accounts are \$11,677,883 as of June 30, 2021, which are invested in U.S. Treasury securities.

(4) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 954,947	\$ -	\$ -	\$ 954,947
Construction in process	<u>715,570</u>	<u>1,485,765</u>	<u>2,201,335</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,670,517</u>	<u>1,485,765</u>	<u>2,201,335</u>	<u>954,947</u>
Capital assets being depreciated				
Buildings and improvements	48,052,072	2,201,335	-	50,253,407
Site improvements	5,304,344	-	-	5,304,344
Furniture and equipment	<u>8,800,189</u>	<u>82,282</u>	<u>-</u>	<u>8,882,471</u>
Total capital assets being depreciated	<u>62,156,605</u>	<u>2,283,617</u>	<u>-</u>	<u>64,440,222</u>

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Less accumulated depreciation for				
Buildings and improvements	(25,997,278)	(785,020)	-	(26,782,298)
Site improvements	(2,559,081)	(174,330)	-	(2,733,411)
Furniture and equipment	(7,633,706)	(147,485)	-	(7,781,191)
Total accumulated depreciation	(36,190,065)	(1,106,835)	-	(37,296,900)
Total capital assets being depreciated, net	25,966,540	1,176,782	-	27,143,322
Governmental activities, net	\$ 27,637,057	\$ 2,662,547	\$ 2,201,335	\$ 28,098,269
Business-type activities				
Furniture and equipment	\$ 1,364,824	\$ 67,024	\$ -	\$ 1,431,848
Less accumulated depreciation	(956,038)	(86,419)	-	(1,042,457)
Business-type activities, net	\$ 408,786	\$ (19,395)	\$ -	\$ 389,391

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
Instruction	\$ 959,653
Administrative and financial support services	58,833
Operation and maintenance of plant services	78,123
Student activities	10,226
Total depreciation expense – governmental activities	\$ 1,106,835
Business-type activities	
Food service	\$ 86,419

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Capital Projects Fund	\$ 69,500	General Fund	\$ 69,500
General Fund	468,891	Capital Projects Fund	468,891
General Fund	13,286	Debt Service Fund	13,286
	<u>\$ 551,677</u>		<u>\$ 551,677</u>

Interfund balances between General Fund and Capital Projects Fund represents temporary loans recorded at year-end as the result of a final allocation of revenues and expenses. Interfund balances between the General Fund and Debt Service Fund represents interest payments paid from the General Fund to be reimbursed by the Debt Service Fund.

A summary of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	\$ 468,891	Capital Projects Fund	\$ 468,891
Debt Service Fund	2,630,336	General Fund	2,630,336
	<u>\$ 3,099,227</u>		<u>\$ 3,099,227</u>

Transfers from the General Fund to the Debt Service Fund represent transfers to subsidize costs associated with debt service requirements. Transfers from the Capital Projects Fund to the General Fund are to reimburse for capital costs paid out of the General Fund.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Amount Due Within One Year
Governmental activities					
General obligation debt					
Bonds payable	\$ 14,075,000	\$ -	\$ 165,000	\$ 13,910,000	\$190,000
Notes payable	-	1,707,417	-	1,707,417	-
Qualified school construction bonds	18,789,000	-	-	18,789,000	-
Bond discounts	(239,477)	-	(15,560)	(223,917)	(15,560)
Total general obligation debt	<u>32,624,523</u>	<u>1,707,417</u>	<u>149,440</u>	<u>34,182,500</u>	<u>174,440</u>
Other noncurrent liabilities					
Capital leases	290,494	-	126,343	164,151	52,571
Compensated absences	1,815,946	117,242	-	1,933,188	-
Accrued termination benefits	592,236	205,673	294,527	503,382	404,220
Collateralized borrowing	3,318,334	2,734,482	2,752,047	3,300,769	-
OPEB liability	20,023,960	4,678,187	1,769,725	22,932,422	-
Net OPEB liability – PSERS	4,572,710	1,109,923	-	5,682,633	-
Net pension liability - PSERS	<u>100,582,607</u>	<u>28,719,049</u>	<u>-</u>	<u>129,301,656</u>	<u>-</u>
Total other noncurrent liabilities	<u>131,196,287</u>	<u>37,564,556</u>	<u>4,942,642</u>	<u>163,818,201</u>	<u>456,791</u>
Total noncurrent liabilities	<u>\$163,820,810</u>	<u>\$39,271,973</u>	<u>\$5,092,082</u>	<u>\$198,000,701</u>	<u>\$631,231</u>

Noncurrent liabilities are generally liquidated by the General Fund.

(7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted resources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt.

Qualified School Construction Bonds

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Building Authority ("**SPSBA**"). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The QSCB program was created by the American Recovery and Reinvestment Act ("**ARRA**") and allows schools to borrow at nominal or zero percent to fund new construction, renovation and rehabilitation of schools as well as the purchase of land and equipment. The SPSBA issues the bonds through the QSCB program and provides loans to schools for qualified projects. Under the QSCB program the SPSBA receives direct interest subsidy payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. On June 9, 2011, the District borrowed \$15,000,000 from the SPSBA under the QSCB program. The District is required to deposit \$1,000,000 annually into a sinking fund through the maturity date of September 15, 2026. On November 1, 2011, the District borrowed \$3,789,000 from the SPSBA under the QSCB program. The District is required to deposit \$222,588 annually into a sinking fund through the maturity date of September 15, 2029. Sinking fund deposits are included as restricted assets held by fiscal agent in the accompanying financial statements.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

General obligation debt outstanding as of June 30, 2021 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds				
Series of 2011	1.750% - 4.500%	\$10,250,000	09/01/2028	\$ 1,130,000
Series of 2017	2.000% - 3.500%	\$9,930,000	09/01/2036	9,915,000
Series of 2018	2.000% - 3.625%	\$3,310,000	09/01/2033	<u>2,865,000</u>
Total general obligation bonds				<u>13,910,000</u>
General obligation notes				
Series of 2020	2.570%	\$4,075,000	09/01/2036	<u>1,707,417</u>
Qualified school construction bonds				
Series of 2011A	5.426%	\$15,000,000	09/15/2026	15,000,000
Series of 2011C	5.088%	\$3,789,000	09/15/2029	<u>3,789,000</u>
Total qualified school construction bonds				<u>18,789,000</u>
Total general obligation debt				<u>\$34,406,417</u>

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Debt Sinking Fund</u>	<u>Total</u>
2022	\$ 190,000	\$ 1,510,012	\$ 1,222,588	\$ 2,922,600
2023	463,000	1,498,826	1,222,588	3,184,414
2024	484,000	1,486,786	1,222,588	3,193,374
2025	496,000	1,474,037	1,222,588	3,192,625
2026	513,000	1,460,590	1,222,588	3,196,178
2027-2031	24,455,417	2,917,147	(16,898,648)	10,473,916
2032-2036	6,580,000	763,725	-	7,343,725
2037	<u>1,225,000</u>	<u>21,438</u>	<u>-</u>	<u>1,246,438</u>
	<u>\$34,406,417</u>	<u>\$11,132,561</u>	<u>\$(10,785,708)</u>	<u>\$34,753,270</u>

(8) CAPITAL LEASES

The District has entered into long-term lease agreements for computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception dates. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of June 30, 2021 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 52,571	\$ 6,612	\$ 59,183
2023	54,688	4,495	59,183
2024	<u>56,892</u>	<u>2,292</u>	<u>59,184</u>
Total	<u>\$164,151</u>	<u>\$13,399</u>	<u>\$177,550</u>

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(9) ACCRUED TERMINATION BENEFITS

The District provides a retirement incentive program for any full-time professional employee who is eligible for early or normal retirement under the Public School Employees Retirement System ("**PSERS**"), has completed ten years of full-time employment in the District, and who is at least 55 years of age. Any full-time professional employee who is eligible for disability retirement under the PSERS and who has completed ten years of full-time employment in the District shall be eligible for the retirement incentive program regardless of age. Upon retirement, eligible professional employees shall receive an incentive payment at the date of retirement and calculated as a percentage of their last full year's salary according to the following scale:

<u>Years of Service in Public Schools (At Time of Retirement)</u>	<u>Incentive (% of Last Full Year's Salary)</u>
20-29 years	60%
30-34 years	55%
35-37 years	40%

Retiring employees will normally receive their incentive payments in two equal installments payable before January 31st of each year after the retirement is effective. The District funds its contributions on a pay-as-you-go basis.

(10) COLLATERALIZED BORROWING

The District has pledged future delinquent real estate tax revenues to repay the collateralized borrowing, proceeds of which were deposited into the General Fund. The collateralized borrowing is repayable from the pledged revenues through January 1, 2020. Interest is payable monthly at a variable rate equal to the prime rate plus 1.55% but in no event less than 5.50% nor greater than 8.00%. Principal is paid quarterly on January 1, April 1, July 1 and October 1 through the maturity date in an amount equal to collections of pledged revenues since the prior principal payment date less amounts paid as interest during the period. As additional security for its collateralized borrowing, the District is required to maintain a loan reserve with a bank which is adjusted annually.

Future pledged revenues collections are estimated to be adequate to redeem the collateralized borrowing. In the event that they are not, the District is obligated to pay the deficiency thirty days prior to the maturity date.

The District intends that additional funds will be drawn against the collateralized borrowing each year, at the lien date for unpaid real estate taxes.

(11) OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits include a single-employer defined benefit plan that provides for medical and prescription drug coverage until age 65 to all retirees their spouses and dependents. The School Board has the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2020:

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Active participants	404
Vested former participants	-
Retired participants	<u>52</u>
Total	<u>456</u>

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, and by rolling forward the liabilities from the July 1, 2018 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is \$22,932,422, all of which is unfunded. As of June 30, 2021, all of the OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2021 was as follows:

Balance as of July 1, 2020	<u>\$20,023,960</u>
Changes for the year:	
Service cost	1,146,441
Interest on total OPEB liability	694,947
Differences between expected and actual experience	(869,853)
Changes in assumptions	2,836,799
Benefit payments	<u>(899,872)</u>
Net changes	<u>2,908,462</u>
Balance as of June 30, 2021	<u>\$22,932,422</u>

OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,992,930. At June 30, 2021, the District had deferred outflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 89,581	\$ 797,365
Changes in assumptions	2,845,665	526,504
Contributions subsequent to the measurement date	<u>719,387</u>	<u>-</u>
	<u>\$3,654,633</u>	<u>\$1,323,869</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2022	\$ 151,542
2023	151,542
2024	151,542
2025	151,542
2026	151,542
Thereafter	<u>853,667</u>
	<u>\$1,611,377</u>

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$19,916,211</u>	<u>\$22,932,422</u>	<u>\$26,557,556</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 1.86%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (0.86%) or 1 percentage point higher (2.86%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>0.86%</u>	<u>1.86%</u>	<u>2.86%</u>
OPEB Liability	<u>\$24,878,833</u>	<u>\$22,932,422</u>	<u>\$21,093,104</u>

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2021, was determined by rolling forward the OPEB Liability as of July 1, 2019 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 1.86% – Standard and Poors 20 year municipal bond rate. The discount rate changed from 3.36% to 1.86%.
- Salary growth – effective average of 6.75%, comprised of inflation of 2.50%, 1.00% for real wage growth and 0.00% to 2.75% for merit or seniority increases.
- Assumed healthcare cost trends – 5.50% in 2020 through 2023. Rates gradually decrease from 5.40% in 2024 to 4.00% in 2075 and later.
- Mortality rates were based on the Buck Modified 2016 projection scale to reflect mortality improvement

Cost Sharing Multiple-Employer Defined Benefit 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 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.

Plan Description

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

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$254,931 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$5,682,633 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.2630 percent, which was an increase of 0.0480 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, all of the OPEB net liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized OPEB expense of \$368,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 52,000	\$ -
Changes in assumptions	232,000	125,000
Net difference between projected and actual investment earnings	10,000	-
Changes in proportions	964,000	438,000
Contributions subsequent to the measurement date	<u>254,931</u>	<u>-</u>
	<u>\$1,512,931</u>	<u>\$563,000</u>

\$254,931 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Year ended June 30,

2021	\$ 98,000
2022	97,000
2023	95,000
2024	104,000
2025	139,000
Thereafter	<u>162,000</u>
	<u>\$695,000</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 2.66% – Standard & Poor's 20-year municipal bond rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females and disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short-term assets designed to protect the principal of the OPEB 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.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.30%	(1.00)%
US core fixed income	46.50%	(0.10)%
Non-US developed fixed	3.20%	(0.10)%
	<u>100.00%</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, 2020.

Discount Rate

The discount rate used to measure the OPEB liability was 2.66%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance 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 OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the Standard & Poor's 20-year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

The following presents the net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the OPEB liability	<u>\$5,681,905</u>	<u>\$5,682,633</u>	<u>\$5,683,214</u>

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

	<u>1% Decrease</u> <u>1.66%</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>2.66%</u>	<u>1% Increase</u> <u>3.66%</u>
District's proportionate share of the OPEB liability	<u>\$6,479,079</u>	<u>\$5,682,633</u>	<u>\$5,023,108</u>

OPEB Plan Fiduciary Net Position

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

(12) PENSION PLAN

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.

Plan Description

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 employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Contributions

Member Contributions

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

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

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

Members who joined the system after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$10,417,984 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$129,301,656 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.2626 percent, which was an increase of .0476 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, all of the net pension liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized pension expense of \$14,394,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 338,000	\$3,099,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	5,682,000	-
Changes in proportions	18,014,000	5,501,000
Contributions subsequent to the measurement date	<u>10,417,984</u>	<u>-</u>
	<u>\$34,451,984</u>	<u>\$8,600,000</u>

\$10,417,984 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2021	\$ 2,144,000
2022	4,237,000
2023	7,366,000
2024	<u>1,687,000</u>
	<u>\$15,434,000</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

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

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

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

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	15.00 %	5.20 %
Private equity	15.00 %	7.20 %
Fixed income	36.00 %	1.10 %
Commodities	8.00 %	1.80 %
Absolute return	10.00 %	2.50 %
Infrastructure/MLPs	6.00 %	5.70 %
Real estate	10.00 %	5.50 %
Risk parity	8.00 %	3.30 %
Cash	6.00 %	(1.00)%
Financing (LIBOR)	<u>(14.00)%</u>	<u>(0.70)%</u>
	<u>100.00 %</u>	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following represents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District's proportionate share of the net pension liability	<u>\$159,973,470</u>	<u>\$129,301,656</u>	<u>\$103,318,345</u>

Pension Plan Fiduciary Net Position

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

(13) JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

West Side Career and Technology Center

The District and four other Luzerne County school districts participate in the West Side Area Career and Technology Center (the "**WSCTC**"). The WSCTC provides vocational-technical training and education to students of the participating school districts. The WSCTC is controlled by a joint board comprised of representative school board members of participating school districts. District oversight of the WSCTC operations is the responsibility of the joint board. The District's share of operating costs for the WSCTC fluctuates based on the District's percentage of enrollment. The District share of operating costs for 2020-2021 was \$3,534,957.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

The WSCTC prepares financial statements that are available to the public from their administrative office located at 75 Evans Street, Kingston, Pennsylvania 18704.

Luzerne Intermediate Unit

The District and eleven other school districts in Luzerne and Wyoming Counties are participating members of the Luzerne Intermediate Unit (the "**LIU**"). The LIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual program budget for the LIU but the participating districts have no ongoing fiduciary interest or responsibility to the LIU. The LIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services.

(14) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

(15) 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 including workers compensation. For insured programs, there were no significant reductions in insurance coverages during the 2020-2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The District along with nine other Pennsylvania public school entities within Northeastern Pennsylvania participate in the Northeast Pennsylvania School District's Health Trust (the "**Trust**"). The Trust is a public entity risk pool designed to provide health and welfare benefits and reimbursement and/or to provide stop-loss coverage for self-funded benefits, and/or to provide death and/or disability benefits through the life or disability insurance on the life of any participant or group coverage for participants. The Trust was established for the sole and exclusive benefit of the employees of the member public school entities. The Trust Agreement permits members to withdraw from the Trust under terms as specified in the agreement. Withdrawing members are required to pay to the Trust Fund all required contributions for claims incurred on behalf of participants and beneficiaries in the Trust Fund who are the employees of the withdrawing public school entity. Each member is assessed an amount based on prior experience of claims. All claims are then paid from the pool with a stop-loss agreement in effect for claims in excess of \$200,000 per claim. If there is a deficiency in the pooled funds, each member is assessed an amount equal to the percentage produced by dividing the member's contributions for the fiscal year by the fiscal year contributions from all members. As of June 30, 2021, the District is not aware of any additional assessments relating to the Trust.

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(16) PRIOR PERIOD RESTATEMENT

As a result of the implementation of GASB Statement No. 84 "*Fiduciary Activities*", the District made a prior period adjustment to record net position for its Custodial Fund within its fiduciary activities. This prior period adjustment and its effect on net position at July 1, 2020 was an increase in Custodial Fund net position of \$232,558. Prior to the implementation of GASB Statement No. 84, custodial fund assets equaled liabilities and did not involve measurement of results of operations.

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 5, 2022, the date on which the financial statements were available to be issued. Except as noted below, no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.

On September 16, 2021, the District issued general obligation bonds, Series of 2021A, in the amount of \$1,130,000. The proceeds of general obligation bonds, Series of 2021A, will be used to refund the District's general obligation bonds, Series of 2011, and to pay for the costs of issuance.

On September 16, 2021, the District issued general obligation bond, Series of 2021B, in the amount of \$6,465,000. The proceeds of general obligation bonds, Series of 2021B, will be used to refund the District's general obligation notes, Series of 2020, to fund various capital projects within the District, and to pay for the costs of issuance.

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING VALLEY WEST SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive Negative
REVENUES			
Local sources	\$ 35,968,051	\$ 38,145,259	\$ 2,177,208
State sources	38,499,538	38,129,197	(370,341)
Federal sources	4,111,000	5,663,894	1,552,894
Total revenues	<u>78,578,589</u>	<u>81,938,350</u>	<u>3,359,761</u>
EXPENDITURES			
Instruction			
Regular programs	38,150,553	40,336,441	(2,185,888)
Special programs	16,102,354	15,737,361	364,993
Vocational programs	4,632,686	4,506,131	126,555
Other instructional programs	152,335	31,678	120,657
Nonpublic school programs	64,326	94,012	(29,686)
Higher education programs	-	3,200	(3,200)
Total instruction	<u>59,102,254</u>	<u>60,708,823</u>	<u>(1,606,569)</u>
Support services			
Pupil support services	2,301,155	2,253,961	47,194
Instructional staff services	1,956,602	3,252,119	(1,295,517)
Administrative services	2,751,162	2,992,013	(240,851)
Pupil health	877,199	853,444	23,755
Business services	443,538	417,617	25,921
Operation and maintenance of plant services	5,840,170	4,942,146	898,024
Student transportation services	3,196,972	2,586,584	610,388
Support services - central	830,734	312,232	518,502
Other support services	70,800	59,800	11,000
Total support services	<u>18,268,332</u>	<u>17,669,916</u>	<u>598,416</u>
Operation of noninstructional services			
Student activities	857,019	646,900	210,119
Community services	216,100	223,889	(7,789)
Total operation of noninstructional services	<u>1,073,119</u>	<u>870,789</u>	<u>202,330</u>
Facilities acquisition, construction and improvement services	<u>2,019,000</u>	<u>1,512,711</u>	<u>506,289</u>
Debt service	<u>187,566</u>	<u>137,565</u>	<u>50,001</u>
Total expenditures	<u>80,650,271</u>	<u>80,899,804</u>	<u>(249,533)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,071,682)</u>	<u>1,038,546</u>	<u>3,110,228</u>
OTHER FINANCING SOURCES (USES)			
Refund of prior year receipts	-	(29,431)	(29,431)
Proceeds from issuance of long term debt	3,529,442	1,707,417	(1,822,025)
Transfers in	2,400,000	468,891	(1,931,109)
Transfers out	(2,736,079)	(2,630,336)	105,743
Total other financing sources (uses)	<u>3,193,363</u>	<u>(483,459)</u>	<u>(3,676,822)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,121,681</u>	<u>555,087</u>	<u>\$ (566,594)</u>
FUND BALANCE			
Beginning of year		(1,149,491)	
End of year		<u>\$ (594,404)</u>	

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.2626%	0.2150%	0.2292%	0.2476%	0.2370%	0.2561%	0.2143%
District's proportionate share of the net pension liability	\$ 129,301,656	\$ 100,582,607	\$ 110,027,380	\$ 122,285,691	\$ 117,450,000	\$ 110,930,000	\$ 84,822,000
District's covered-employee payroll	\$ 36,919,422	\$ 29,653,340	\$ 30,861,644	\$ 32,967,314	\$ 30,690,393	\$ 32,947,269	\$ 27,348,936
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	350.23%	339.19%	356.52%	370.93%	382.69%	336.69%	310.15%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%	57.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 12,267,854	\$ 9,628,207	\$ 9,725,708	\$ 9,470,472	\$ 7,540,008	\$ 6,612,794	\$ 4,269,036
Contributions in relation to the contractually required contribution	<u>12,267,854</u>	<u>9,628,207</u>	<u>9,725,708</u>	<u>9,470,472</u>	<u>7,540,008</u>	<u>6,612,794</u>	<u>4,269,036</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 36,919,422	\$ 29,653,340	\$ 30,861,644	\$ 32,967,314	\$ 30,690,393	\$ 32,947,269	\$ 27,348,936
Contributions as a percentage of covered-employee payroll	33.23%	32.47%	31.51%	28.73%	24.57%	20.07%	15.61%

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In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 1,146,441	\$ 1,169,770	\$ 1,128,096	\$ 1,121,326
Interest on total OPEB liability	694,947	611,352	613,462	465,533
Differences between expected and actual experience	(869,853)	-	123,172	-
Changes of assumptions	2,836,799	(643,504)	8,150	376,107
Benefit payments	<u>(899,872)</u>	<u>(1,001,682)</u>	<u>(995,415)</u>	<u>(1,150,334)</u>
Net change in total OPEB liability	2,908,462	135,936	877,465	812,632
Total OPEB liability, beginning	<u>20,023,960</u>	<u>19,888,024</u>	<u>19,010,559</u>	<u>18,197,927</u>
Total OPEB liability, ending	<u>\$ 22,932,422</u>	<u>\$ 20,023,960</u>	<u>\$ 19,888,024</u>	<u>\$ 19,010,559</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 29,620,957	\$ 29,199,202	\$ 29,199,202	\$ 27,418,239
Net OPEB liability as a % of covered payroll	77.42%	68.58%	68.11%	69.34%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.2630%	0.2150%	0.2292%	0.2476%
District's proportionate share of the net OPEB liability	\$ 5,682,633	\$ 4,572,710	\$ 4,778,703	\$ 5,044,632
District's covered-employee payroll	\$ 36,919,422	\$ 29,653,340	\$ 30,861,644	\$ 32,967,314
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	6.00%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 309,611	\$ 246,328	\$ 256,071	\$ 273,742
Contributions in relation to the contractually required contribution	<u>309,611</u>	<u>246,328</u>	<u>256,071</u>	<u>273,742</u>
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	\$ 36,919,422	\$ 29,653,340	\$ 30,861,644	\$ 32,967,314
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SINGLE AUDIT

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Pass Through to Subrecipients</u>
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-210496	07/01/20-09/30/21	\$2,002,221	\$ 2,053,690	\$ -	\$ 2,002,221	\$ 2,002,221	\$ (51,469)	\$ -
Title II - Improving Teacher Quality	I	84.367	020-200496	07/01/19-09/30/20	282,669	60,214	60,214	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-210496	07/01/20-09/30/21	269,323	274,914	-	269,914	269,914	(5,000)	-
Total CFDA #84.367						335,128	60,214	269,914	269,914	(5,000)	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-200496	07/01/19-09/30/20	16,537	5,906	5,906	-	-	-	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-210496	07/01/20-09/30/21	17,862	11,956	-	11,956	11,956	-	-
Total CFDA #84.365						17,862	5,906	11,956	11,956	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-190496	07/01/19-09/30/20	140,399	30,085	30,085	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-200496	07/01/20-09/30/21	139,675	139,675	-	139,675	139,675	-	-
Total CFDA #84.424						169,760	30,085	139,675	139,675	-	-
COVID-19 SECIM	I	84.425	252-2000496	03/13/20-09/30/21	67,239	46,067	-	46,067	46,067	-	-
CARES Act - ESSER Fund Local	I	84.425	200-2000496	03/13/20-09/30/22	1,512,701	955,390	-	955,390	955,390	-	-
CARES Act - ESSER Fund Local	I	84.425	200-2100496	03/13/20-09/30/23	7,573,718	352,266	-	352,266	352,266	-	-
aTSI GEER	I	84.425	254-2000496	03/13/20-09/30/21	100,565	31,757	-	31,757	31,757	-	-
Passed Through the Pennsylvania Commission on Crime and Delinquency											
COVID-19 ESSER School Health and Safety Grants	I	84.425	2020-ES-01-31493	03/13/20-09/30/22	154,122	22,319	-	22,319	22,319	-	-
Total CFDA #84.425						1,407,799	-	1,407,799	1,407,799	-	-

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Pass Through to Subrecipients</u>
Passed Through the Luzerne Intermediate Unit											
I.D.E.A. - Part B, Section 611	I	84.027	N/A	07/1/19-06/30/20	709,444	709,444	709,444	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	N/A	07/1/20-06/30/21	742,174	-	-	742,174	742,174	742,174	-
Total CFDA #84.027						709,444	709,444	742,174	742,174	742,174	-
Total U.S. Department of Education						4,693,683	805,649	4,573,739	4,573,739	685,705	-
U.S. Department of the Treasury											
Passed Through the Pennsylvania Commission on Crime and Delinquency											
COVID-19 Relief Fund	I	21.019	2020-CS-01-33711	03/01/20-10/30/20	310,878	288,321	-	288,321	288,321	-	-
U.S. Department of Health and Human Services											
Passed Through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	07/1/19-06/30/20	N/A	27,844	27,844	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/1/20-06/30/21	N/A	28,473	-	59,767	59,767	31,294	-
Total U.S. Department of Health and Social Services						56,317	27,844	59,767	59,767	31,294	-
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/1/20-06/30/21	N/A	280,507	-	315,819	315,819	35,312	-
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/1/20-06/30/21	N/A	30,130	-	65,673	65,673	35,543	-
National School Lunch Program	I	10.555	N/A	07/1/19-06/30/20	N/A	16,030	16,030	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/1/20-06/30/21	N/A	560,502	-	634,752	634,752	74,250	-
Passed-Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/1/20-06/30/21	N/A	a) 63,534	b) (29,832)	c) 74,299	74,299	d) (19,067)	-
Total CFDA #10.555						640,066	(13,802)	709,051	709,051	55,183	-
Total U.S. Department of Agriculture						950,703	(13,802)	1,090,543	1,090,543	126,038	-
Total Federal Awards						\$ 5,989,024	\$819,691	\$ 6,012,370	\$ 6,012,370	\$ 843,037	\$ -
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						\$ 920,573	\$ (13,802)	\$ 1,024,870	\$ 1,024,870	\$ 90,495	\$ -

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Pass Through to Subrecipients</u>
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Source Codes

- D - Direct Funding
- I - Indirect Funding

Footnotes

- a) Total amount of commodities received
- b) Beginning inventory July 1
- c) Total of commodities used
- d) Ending inventory June 30

WYOMING VALLEY WEST SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) 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 USDA Commodities represent federal surplus food consumed by the District during the 2020-2021 fiscal year.

(4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2021 was \$161,778.

(5) QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Building Authority ("**SPSBA**"). In conjunction with the QSCB Program, the District receives subsidy reimbursements for a portion of the interest payments made under its loan agreements with the SPSBA. Reimbursements are federal source revenues but are not considered federal financial assistance. The amount of QSCB subsidy payments recognized for the year ended June 30, 2021 was \$890,929.

(6) INDIRECT COSTS

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

WYOMING VALLEY WEST SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2021

There were no audit findings for the year ended June 30, 2020.



**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***

**Board of School Directors
Wyoming Valley West School District
Kingston, 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 Wyoming Valley West School District, Kingston, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Wyoming Valley West School District's basic financial statements, and have issued our report thereon dated April 5, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BBD, LLP

**Philadelphia, Pennsylvania
April 5, 2022**



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

**Board of School Directors
Wyoming Valley West School District
Kingston, Pennsylvania**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

BBD, LLP

**Philadelphia, Pennsylvania
April 5, 2022**

WYOMING VALLEY WEST SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Wyoming Valley West School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of Wyoming Valley West School District are reported in the 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.
3. No instances of noncompliance material to the financial statements of the Wyoming Valley West School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies and material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Wyoming Valley West School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as major was:
 - Child Nutrition Cluster:
 - Breakfast Program – CFDA Number 10.553
 - National School Lunch Program – CFDA Number 10.555
 - Educational and Secondary School Emergency Relief Fund – CFDA Number 84.425
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Wyoming Valley West School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None