

REPORT ON
BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2021



**BRANDYWINE
HEIGHTS**
AREA
SCHOOL
DISTRICT

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of School Directors
Brandywine Heights Area School District
200 West Weis Street
Topton, PA 19562

We have performed the Single Audit of the Brandywine Heights Area School District for the fiscal year ended June 30, 2021, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,

Gorman & Associates, P.C.

November 9, 2021



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of School Directors
Mr. Andrew M. Potteiger, Superintendent
Brandywine Heights Area School District
200 West Weis Street
Topton, PA 19562

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Brandywine Heights Area School District for the year ended June 30, 2021, and have issued our report thereon dated November 9, 2021.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on July 16, 2021.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Brandywine Heights Area School District are described in the notes to the financial statements. No new accounting policies were adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the financial statements was depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation, and the Actuary's reports on Other Post-Employment Benefits, and Net Pension Liability. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt.

We have requested certain representations from management that are included in the management representation letter provided to us on November 9, 2021. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

Board of School Directors. Mr. Andrew M. Potteiger, Superintendent

In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries, and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2020-21 basic financial statements.

Our consideration of the District's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

A control 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 significant deficiency is a deficiency, or 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.

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.

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:

RECOMMENDATIONS

Defined Contribution Pension Plan

As recommended in previous years, the District has a defined contribution pension plan, which entails a professional employee retiring with a minimum of ten years' service with the District, receives \$150, per year up to a maximum of \$3,000. Management has estimated a potential liability that is recorded on the government-wide financial statements.

However, actuarial science in performing the estimate is not used. We would like to suggest, management consider letting the actuary perform the actuarial study at the same time they perform the OPEB study on a periodic basis, which will provide a more accurate estimate going forward.

Activity Fund – Use of a more comprehensive accounting software and updated chart of accounts

With the implementation of GASB 84, student activities are now required to report revenues and expenses on the Statement of Changes in Fiduciary Net Position. The District is currently utilizing the software Quicken to track the financial reporting of the Activity Fund which has certain limitations. One of these limitations is the lack of capacity to generate a trial balance report which is used to construct the financial statements. To work around this issue, Management used tags to identify what income/expense category transactions belonged to which was sufficient for us to audit the statements, however, our recommendation is the District either utilize a double accounting software such as QuickBooks or bring the Activity Fund into its District's software where they track all other District funds. This will make it easier for the administration to ensure proper oversight over the Activity Fund by producing more accurate and reliable financial reports on an ongoing basis.

OTHER INFORMATION

Leases

The Governmental Accounting Standards Board has issued Statement No. 87 dealing with Operating and Financing Leases. Under current accounting principles, only Financing Leases are recorded on the financial statements as assets and liabilities. Operating leases are shown as rent expense. As such, we have only been interested in capital or financing leases in past years, but the new standard below will require the need to audit all leases.

The new standard defines a lease as a contract that conveys control of the right to use another entity's non-financial asset as specified in the contract for a period of time. As such, all leases will be recorded on the financial statements as either a tangible or intangible asset with a corresponding liability for future present value of lease payments.

The effective date of this new standard was also extended with GASB Statement No. 95 pushing the date of implementation to the 2021-22 fiscal year.

Board of School Directors. Mr. Andrew M. Potteiger, Superintendent

This letter is required by our standards and has been combined with, what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School District.

Respectfully submitted,

Norman Associates, P.C.

November 9, 2021

REPORT DISTRIBUTION LIST

The Brandywine Heights Area School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE
(Submitted Electronically) BUREAU OF THE CENSUS

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Submitted Electronically) BUREAU OF AUDITS

ONE COPY TO: BERKS COUNTY INTERMEDIATE UNIT
RIVER CHASE BUSINESS CENTER
1111 COMMONS BOULEVARD
PO BOX 16050
READING, PA 19612-6050

ONE COPY TO: COUNTY OF BERKS
ATTN: CHIEF ADMINISTRATIVE OFFICER
COUNTY SERVICES CENTER
633 COURT STREET – 13TH FLOOR
READING, PA 19601

FINANCIAL SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
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Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Brandywine Heights Area School District
200 West Weis Street
Topton, PA 19562

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Brandywine Heights Area School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2-G to the financial statements, the District adopted the provisions of GASB No. 84, *Fiduciary Activities*, GASB Statements No. 90, *Accounting and Financial Reporting for Majority Equity Interest* – an amendment of GASB Statements No. 14 and No. 61 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, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10-21, the Schedule of District's Proportionate Share of Net Pension Liability, the Schedule of District Contributions-Pensions, and the Schedules related to Multiple and Single Employer OPEB Plans, on pages 79-86, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brandywine Heights Area School District's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are the responsibility of management and were derived from and related 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

Brandywine Heights Area School District

accepted in the United States of America. In our opinion, *the combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of the Brandywine Heights Area 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 Brandywine Heights Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



November 9, 2021

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Topton, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Fiscal Year Ended June 30, 2021

The discussion and analysis of Brandywine Heights Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

In the 2020-21 fiscal year, the District's overall financial position, as represented by total net position of (\$143,307), reflected a 91.9% improvement over the prior year. This deficit is due to the GASB Statement No. 68 requirements for reporting net pension liability. Prior to 2015-16, no liability was reported if the school district paid its contractually required pension contribution. Under GASB Statement No. 68, pension liability is reported as employees earn their pension benefits. The net pension liability is the District's share of the Pennsylvania Public School Employees' Retirement System (PSERS) pension trust unfunded actuarial pension liability. It is determined based on the prior fiscal year and represents the total pension liability (actuarial present value of projected benefit payments attributed to past employee service) less the plan's fiduciary net position.

In Governmental Funds, the total fund balance increased by \$1,766,704 to \$19,726,431. Actual total revenues were 100.2% of original budgeted revenues. Including Capital Projects Fund transfers, actual total expenditures were 99.6% of original budget. Excluding Capital Projects Fund transfers, actual total expenditures were 96.5% of original budget.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The Governmental Fund statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary Fund statements offer short-term and long-term financial information about the activities that the District operates like a business. The Food Service Fund is the only Proprietary Fund for the Brandywine Heights Area School District.

The Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, subjects the Pennsylvania Public Schools to a real estate property tax cap, or adjusted tax cap, if applicable, annually. For fiscal year 2020-21, the District's adjusted index cap was 3.0% or 1.01 mills. The District increased millage by 1.0% or 0.34 to 34.08 mills and therefore did not need to include exceptions approved by the Pennsylvania Department of Education.

Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer relief Act, the School Board passed the 2020-21 Homestead and Farmstead Exclusion Resolution in June 2020 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2020 real estate tax bills of \$6,831 each, which resulted in a \$232.80 tax reduction per homestead and farmstead. This property tax reduction was the results District's allocation of gambling tax funds, Philadelphia tax credit reimbursement funds and remaining 2019-20 property tax reduction funds received, totaling \$788,060.40 available during the current year for real estate tax reduction.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

The required District contribution to the Pennsylvania School Employees Retirement System (PSERS) increased from 34.29% to 34.51% for 2020-21, with additional rate increases projected in future years. As of June 30, 2021, \$1.2 million of the General Fund balance has been committed by the School Board to be used toward future PSERS contribution increases.

As a member of the Berks County School District Health Trust, the District experienced a 0.0% increase in health insurance premiums over the prior year. This was an improvement as the District had experienced a 4.0% and 9.5% increase in health insurance premiums in the years immediately preceding.

On November 25, 2020, Governor Wolf signed Senate Bill 1216 (Act 136 of 2020). This legislation included the new sub-section m.1 within Section 1501.8, which created a modified calculation of the Pupil Transportation Subsidy for school year 2020-21, payable in the 2021-22 fiscal year. By virtue of this amendment to the School Code, the District certified to PDE that all transportation contractors were paid as if the COVID-19 response did not impact transportation services, minus the variable costs certified to the school district by its transportation contractor. As a result, the District will receive the same Pupil Transportation Subsidy calculated for the 2020-21 fiscal year based on school year 2019-20 data, which is greater than if the subsidy was calculated on 2020-21 data.

Please note that due to the variety of remote, hybrid/blended, and fully in-person instructional models being used in the 2020-2021 school year, the fiscal year 2021-2022 Pupil Transportation Subsidy would not have increased based on actual 2020-21 data.

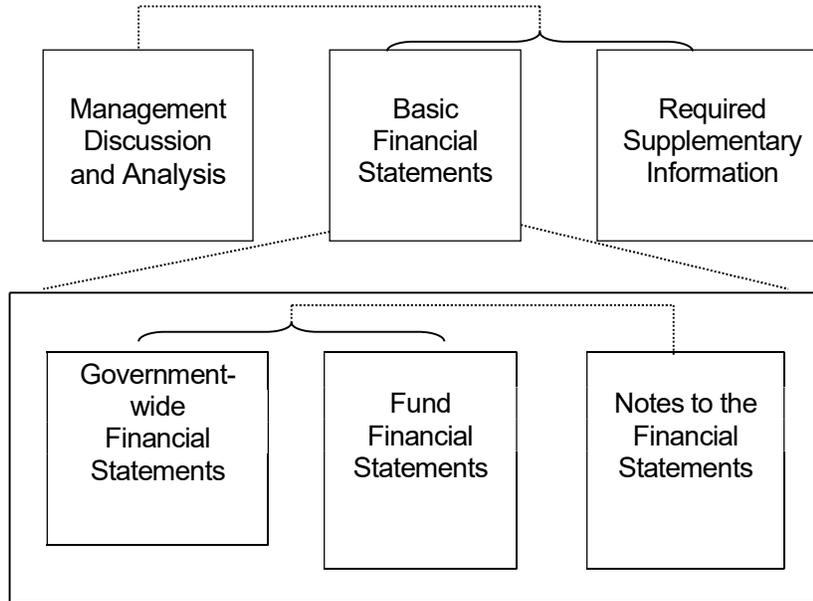
OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: (1) management's discussion and analysis, (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District. The financial statements also include notes that explain some of the information in the financial statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis**

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

**Figure A-1
Required components of
Brandywine Heights Area School District's
Financial Report**



**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis**

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

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

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

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

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

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

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

The Government-Wide financial statements of the District are divided into two categories:

- **Governmental Activities** – All of the District's basic services are included here, such as instruction, administration, and community services. Taxes along with state and federal subsidies and grants finance most of these activities.
- **Business Type Activities** –The District operates a food service operation and charges fees to students and staff to help it cover the costs of the food service operation along with receiving revenues from federal and state subsidies and in-district catering.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into three categories: (1) governmental, (2) proprietary, and (3) fiduciary. Some funds are required by state law and by bond requirements.

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

Proprietary Funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's only Proprietary Fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

Fiduciary Funds - The District is the trustee, or fiduciary, for some scholarship funds and student clubs and organizations. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

At June 30, 2021, the District's total net position was (\$143,307).

Table A-1
Net Position
As of June 30, 2021 and June 30, 2020

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 28,513,635	\$ 304,714	\$ 28,681,909	\$ 22,770,335	\$ 184,935	\$ 22,882,393
Non Current Assets	47,897,417	224,746	48,122,163	42,790,315	64,685	42,855,000
Deferred Outflow of Resources	<u>7,538,121</u>	<u>99,637</u>	<u>7,637,758</u>	<u>5,053,940</u>	<u>74,057</u>	<u>5,127,997</u>
Total Assets & Deferred Outflow of Resources	\$ 83,949,173	\$ 629,097	\$ 84,441,830	\$ 70,614,590	\$ 323,677	\$ 70,865,390
Current and Other Liabilities	\$ 9,230,645	\$ 143,250	\$ 9,237,455	\$ 6,079,407	\$ 75,508	\$ 6,154,915
Long-Term Liabilities	73,198,641	726,248	73,924,889	60,952,720	637,661	61,590,381
Deferred Inflow of Resources	<u>1,394,288</u>	<u>28,505</u>	<u>1,422,793</u>	<u>4,882,013</u>	<u>85,344</u>	<u>4,967,357</u>
Total Liabilities & Deferred Inflow of Resources	83,823,574	898,003	84,585,137	71,914,140	798,513	72,712,653
Net Position						
Net Investment in Capital Assets	\$ 33,196,804	\$ 224,746	\$ 33,421,550	\$ 32,524,847	\$ 64,685	\$ 32,589,532
Restricted	2,299,554	-	2,299,554	1,513,056	-	1,513,056
Unrestricted	<u>(35,370,759)</u>	<u>(493,652)</u>	<u>(35,864,411)</u>	<u>(35,337,453)</u>	<u>(539,521)</u>	<u>(35,876,974)</u>
Total Net Assets	\$ 125,599	\$ (268,906)	\$ (143,307)	\$ (1,299,550)	\$ (474,836)	\$ (1,774,386)

⁽¹⁾ Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined of reserved and undesignated amounts.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

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

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Changes in Net Position
Fiscal Years Ended June 30, 2021 and June 30, 2020

	2021			2020		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues:</i>						
Charges for Services	\$ 33,976	\$ 8,320	\$ 42,296	\$ 64,656	\$ 229,299	\$ 293,955
Operating Grants and Contributions	6,113,423	735,221	6,848,644	5,948,385	397,428	6,345,813
Capital Grants and Contributions	-	-	-	-	-	-
<i>General Revenues:</i>						
Property Taxes	19,628,592	-	19,628,592	19,241,519	-	19,241,519
Other Taxes	2,036,044	-	2,036,044	1,973,275	-	1,973,275
Grants, Subsidies and Contributions, Unrestricted	5,024,141	-	5,024,141	5,024,096	-	5,024,096
Other	<u>(44,130)</u>	<u>169,875</u>	<u>125,745</u>	<u>452,060</u>	<u>1,907</u>	<u>453,967</u>
TOTAL REVENUES	<u>\$ 32,792,046</u>	<u>\$ 913,416</u>	<u>\$ 33,705,462</u>	<u>\$ 32,703,991</u>	<u>\$ 628,634</u>	<u>\$ 33,332,625</u>
EXPENSES						
Instruction	\$ 19,069,726	\$ -	\$ 19,069,726	\$ 17,507,724	\$ -	\$ 17,507,724
Instructional Student Support	3,072,053	-	3,072,053	2,927,275	-	2,927,275
Administrative and Financial Support	3,033,084	-	3,033,084	2,897,707	-	2,897,707
Operation and Maintenance of Plant	2,527,256	-	2,527,256	2,274,189	-	2,274,189
Pupil Transportation	1,308,057	-	1,308,057	1,509,315	-	1,509,315
Student Activities	614,713	-	614,713	606,084	-	606,084
Community Services	1,251	-	1,251	20,570	-	20,570
Scholarships and Awards	-	-	-	-	-	-
Interest on Long-Term Debt	450,204	-	450,204	611,789	-	611,789
Unallocated Depreciation Expense	1,310,305	-	1,310,305	1,236,937	-	1,236,937
Food Services	<u>-</u>	<u>707,486</u>	<u>707,486</u>	<u>-</u>	<u>620,247</u>	<u>620,247</u>
TOTAL EXPENSES	<u>\$ 31,386,649</u>	<u>\$ 707,486</u>	<u>\$ 32,094,135</u>	<u>\$ 29,591,590</u>	<u>\$ 620,247</u>	<u>\$ 30,211,837</u>
Increase (Decrease) in Net Position	<u>\$ 1,405,397</u>	<u>\$ 205,930</u>	<u>\$ 1,611,327</u>	<u>\$ 3,112,401</u>	<u>\$ 8,387</u>	<u>\$ 3,120,788</u>

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

The tables below present the expenses of both the Governmental Activities and the Business-Type Activities of the District.

Table A-3 shows the District's largest functions as well as each function's net cost, total cost less revenues generated by the activities. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Governmental Activities
Fiscal Years Ended June 30, 2021 and June 30, 2020

<u>Functions/Programs</u>	<u>2021</u>		<u>2020</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 19,069,726	\$ 15,164,606	\$ 17,507,724	\$ 13,699,236
Instructional Student Support	3,072,053	2,491,596	2,927,275	2,467,390
Administrative and Financial Support	3,033,084	2,607,716	2,897,707	2,645,710
Operation and Maintenance of Plant	2,527,256	2,219,015	2,274,189	1,768,170
Pupil Transportation	1,308,057	467,995	1,509,315	647,557
Student Activities	614,713	526,741	606,084	483,513
Community Services	1,251	1,072	20,570	18,247
Scholarships and Awards	-	-	-	-
Interest on Long-Term Debt	450,204	450,204	611,789	611,789
Unallocated Depreciation Expense	<u>1,310,305</u>	<u>1,310,305</u>	<u>1,236,937</u>	<u>1,236,937</u>
Total Governmental Activities	\$ 31,386,649	\$ 25,239,250	\$ 29,591,590	\$ 23,578,549
Less:				
Unrestricted Grants, Subsidies		<u>5,024,141</u>		<u>5,024,096</u>
Total Needs from Local Taxes and Other Revenues		\$ 20,215,109		\$ 18,554,453

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

Table A-4
Fiscal Years ended June 30, 2021 and June 30, 2020
Business-Type Activities

<u>Functions/Programs</u>	<u>2021</u>		<u>2020</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Food Services	\$ 707,486	\$ (36,055)	\$ 620,247	\$ (6,480)
Less:				
Transfers In				
Gain (Loss) on Sale of Capital Assets				
Investment Earnings and Other		<u>169,875</u>		<u>1,907</u>
Total Cost of Business-Type Activities		\$ (205,930)		\$ (8,387)

The Statement of Revenues, Expenses and Changes in Fund Net Position for this Proprietary Fund will further detail the actual results of operations.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

At June 30, 2021, the District's Governmental Funds reported a combined fund balance of \$19,726,431, which is an increase of \$1,766,704 from 2020. The major changes are:

The General Fund balance increased by \$305,106 to \$9,052,809. This is \$405,106 better than the original budget's projected ending fund balance. Actual expenditures were \$1,139,000 or 3.5% under budget and the revenues were \$68,106 or 0.2% over budget.

The expenditure variance resulted from Districtwide savings and is directly attributed to intermittent school building shutdowns related to the COVID-19 pandemic. This savings is largely offset by a \$1,000,000 transfer of funds to the Capital Reserve account.

The revenue variance resulted from unbudgeted one-time federal ESSER, CARES and CRRSA Grant award funds and is somewhat offset by lower than budgeted local and state revenues.

Local tax revenue provides approximately 67% of the District's total revenues. These revenues include real estate, interim real estate, delinquent real estate, earned income, real estate transfer, per capita, delinquent per capita, and occupation privilege taxes. These revenues, especially earned income tax and real estate transfer tax, are difficult to budget as changing economic conditions directly impact both the basis and current collection rates.

The Capital Projects Fund balance increased by \$1,439,011 as the District spent \$6,680,302 on capital improvements, mainly at the Middle School.

Business-Type Activity

At June 30, 2021, the Food Service Program reported an income of \$205,930, of which \$169,825 was a result of a capital contributions transfer. This is the third year in a row that the Food Service team has delivered profits rather than deficits to the District's financial performance. It is particularly noteworthy that this occurred during a year in which the COVID-19 pandemic had a significant impact on cafeteria operations. Total operating revenues saw a sharp decline of 96.4% in revenues, but, due to the increase in Federal reimbursement rates for free meal offerings, the Federal revenues offset that with a 98.3% increase from the prior year. The Food Service team continues to pivot as program changes arise and provide a high level of service to our District families. The Food Service Program is a Business-Type Activity fund and continued to be self-sufficient with no fund transfers from the General Fund during the 2020-21 fiscal year.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2021, the District had \$48,122,163 invested in a broad range of capital assets, including land, buildings, furniture, equipment, and vehicles. This amount represents a net increase (including additions, deletions, and depreciation) of \$5,267,163 or 12.3% from last year.

Table A-5
Capital Assets - Net of Depreciation

	2021	2020
Land & Land Improvements	\$ 1,112,459	\$ 1,161,781
Buildings	39,503,656	40,688,755
Furniture, Equipment, & Vehicles	1,024,888	835,708
Construction in Progress	6,481,160	168,756

At June 30, 2021, the District had \$21,790,000 of outstanding debt on four general obligation bond issues, this represents an increase of \$5,284,330 from prior year. While the District is in the second half of a major capital improvement initiative, it should be noted that all debt issuance is scheduled to be repaid by the 2031-32 fiscal year and are well within the recommended borrowing capacity limits.

DEBT ADMINISTRATION

Table A-6
Outstanding Debt

	2021	2020
General Obligation Bonds:		
- Series of 2014	\$ -	\$ 2,225,000
- Series B of 2016	-	1,810,670
- Series A of 2019	10,355,000	10,360,000
- Series B of 2019	2,105,000	2,110,000
- Series of 2020	7,290,000	-
- Series of 2021	2,040,000	-

Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Following the Series of 2020 and Series General Obligation Bond issuances, Brandywine Heights Area School District continues to maintain its 'AA- Stable' rating, an S&P Global Rating. The rating reflects S&P's view of the District as follows:

- Relatively stable and diverse tax base, and strong property wealth indicators.
- Very strong level of available reserves, representing 24% of budget, despite recent draws; and
- Moderate debt burden with rapid principal amortization and limited additional capital needs.

The revenue budget for the 2021-22 year is \$2,527,789 more than the budget for 2020-2021. This represents 7.69% increase in budgeted revenues. The District's real estate tax rate was increased for 2020-21 by 1% and \$299,181 of fund balance was utilized to offset increases to the districts retirement fund obligations as well as technology upgrades.

State gaming funds will be available to provide tax relief for qualified homestead and farmstead properties. The district received \$787,942 which was passed on to provide approximately \$232 in tax relief to 3,365 property owners.

The expenditure budget increased \$2,726,970 to \$35,704,723 inclusive of overall salary increase and an increase in retirement system funding. The District participates in a consortium of school districts for employee health coverage. To better control the cost of health coverage, the group converted to a self-funded plan July 1, 2012. The district reached a contract agreement with unionized teachers in May 2016 for a contract that expires June 30, 2021. The unionized support staff voted to decertify in April 2014.

LOOKING FORWARD

Partially offsetting the above-mentioned strengths provided by S&P Global Rating, Brandywine Height's Area SD, like most school districts in Pennsylvania, will continue to face many financial challenges, including, but not limited to, high fixed costs stemming from rising cyber/charter school tuition, special education costs, and pension contributions. These financial pressures will remain even as the pandemic abates, in particular cyber/charter school tuition reimbursement. Proposed policy changes to the funding of cyber/charter schools failed to materialize in any legislative action the past two years.

As a result, financial planning for 2022-23 and beyond will continue to be a challenge for the District. The uncertainty that the COVID-19 pandemic has provided is a new twist to Public Education funding and product costs that the District consumes to operate. We will continue to monitor the health of the local economy while also maintaining a focus on the budget issues in Harrisburg that impact school funding.

While, in previous years, the state mandated retirement system funding increases have started to level off and the District receives some financial support from the Commonwealth for their pension contributions, the employer contribution rate undoubtedly continues to burden the budget. To add, the short-term and long-term outlook remains unpredictable. While there were no changes in pension funding from the state in the fiscal 2022 budget, we will continue to monitor PSERS funding requirements as well as potential adjustments in support from the Commonwealth, as any changes could put additional financial pressure on the District. Lastly, while it remains unknown how the ongoing FBI investigation into PSERS of alleged kickbacks and bribery might affect school districts, we continue to monitor the investigation to stay abreast of the financial impact, if any at all, on future pension costs to our District.

Further stressing the budget are a projected 4% increase in health benefits, contractual increases in salaries, economic conditions resulting in flat or declining tax revenues with steep increases in expenditures, and flat to declining state and federal funding sources that may require an increase in real estate tax rates. The District's current adjusted Act 1 tax increase limit is 4.1% for the 2022-23 fiscal year and the Board will vote in early 2022 whether or not to stay within the Act 1 index.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-7

BUDGETED REVENUES

	<u>2021-22</u>	<u>2020-21</u>
Local	63.40%	68.07%
State	29.01%	30.96%
Federal/Other	7.60%	1.00%

BUDGETED EXPENDITURES

	<u>2021-22</u>	<u>2020-21</u>
Instruction	55.91%	58.35%
Support Services	34.54%	31.02%
Non-Instruction/Community	1.90%	2.04%
Facilities Acquisition, Construction and Improvement	0.03%	0.04%
Fund Transfers/Debt/Reserve	7.61%	8.56%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Nicole DeGuerico, Business Manager/Board Secretary at Brandywine Heights Area School District, 200 West Weis Street, Tipton Pa. 19562, 610-682-5141, nicdel@bhasd.org.

BASIC FINANCIAL STATEMENTS

Brandywine Heights Area School District
Statement of Net Position
As of June 30, 2021

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 22,769,587	\$ 140,898	\$ 22,910,485
Restricted Cash	28,580	-	28,580
Investments	3,122,993	-	3,122,993
Receivables, net	1,186,274	-	1,186,274
Internal Balances	100,429	36,011	- (1)
Due From Other Governments	1,206,228	111,493	1,317,721
Other Receivables	19,048	88	19,136
Inventories	17,771	16,224	33,995
Prepaid Expenses	23,280	-	23,280
Other Current Assets	39,445	-	39,445
Total Current Assets	28,513,635	304,714	28,681,909
Non-Current Assets:			
Land	371,714	-	371,714
Site Improvements (net of depreciation)	740,745	-	740,745
Building and Bldg. Improvements (net of depreciation)	39,503,656	-	39,503,656
Machinery and Equipment (net of depreciation)	800,142	224,746	1,024,888
Construction in Progress	6,481,160	-	6,481,160
Total Non-Current Assets	47,897,417	224,746	48,122,163
Total Assets	76,411,052	529,460	76,804,072
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	6,915,873	97,174	7,013,047
Deferred Outflows of Resources - Related to OPEB	571,805	2,463	574,268
Deferred Amount on Debt Refundings, net	50,443	-	50,443
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 83,949,173	\$ 629,097	\$ 84,441,830
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 36,011	\$ 100,429	\$ - (1)
Due to other governments	26,909	-	26,909
Accounts Payable	4,402,558	12,937	4,415,495
Current Portion of Long-Term Obligations	1,097,276	-	1,097,276
Accrued Salaries and Benefits	1,405,033	8,853	1,413,886
Payroll Deductions and Withholdings	1,779,197	-	1,779,197
Unearned Revenue - Grants	210,000	21,031	231,031
Other Current Liabilities	273,661	-	273,661
Total Current Liabilities	9,230,645	143,250	9,237,455
Non-Current Liabilities:			
Bonds Payable	22,067,539	-	22,067,539
Long-Term Portion of Compensated Absences	144,721	-	144,721
Net Pension Liability	46,399,271	696,825	47,096,096
Net OPEB Liability - Single Employer Plan	2,259,325	-	2,259,325
Net OPEB Liability - Multiple Employer Plan	2,028,734	29,423	2,058,157
Other Retirement Benefits	270,471	-	270,471
Other Long-Term Liabilities	28,580	-	28,580
Total Liabilities	82,429,286	869,498	83,162,344
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	967,233	28,176	995,409
Deferred Inflows of Resources - Related to OPEB	427,055	329	427,384
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	83,823,574	898,003	84,585,137
NET POSITION			
Net Investment in Capital Assets	33,196,804	224,746	33,421,550
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	-	-	-
Other Restrictions	2,299,554	-	2,299,554
Unrestricted (deficit)	(35,370,759)	(493,652)	(35,864,411)
Total Net Position	125,599	(268,906)	(143,307)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 83,949,173	\$ 629,097	\$ 84,441,830

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

Brandywine Heights Area School District
Statement of Activities
For the Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 19,069,726	\$ -	\$ 3,905,120	\$ -	\$ (15,164,606)	\$ -	\$ (15,164,606)
Instructional Student Support	3,072,053	-	580,457	-	(2,491,596)	-	(2,491,596)
Admin. & Fin'l Support Services	3,033,084	-	425,368	-	(2,607,716)	-	(2,607,716)
Oper. & Maint. Of Plant Svcs.	2,527,256	-	308,241	-	(2,219,015)	-	(2,219,015)
Pupil Transportation	1,308,057	4,528	835,534	-	(467,995)	-	(467,995)
Student activities	614,713	29,448	58,524	-	(526,741)	-	(526,741)
Community Services	1,251	-	179	-	(1,072)	-	(1,072)
Scholarship and Awards	-	-	-	-	-	-	-
Interest on Long-Term Debt	450,204	-	-	-	(450,204)	-	(450,204)
Unallocated Depreciation Expense	<u>1,310,305</u>	-	-	-	<u>(1,310,305)</u>	-	<u>(1,310,305)</u>
TOTAL GOVERNMENTAL ACTIVITIES	31,386,649	33,976	6,113,423	-	(25,239,250)	-	(25,239,250)
BUSINESS-TYPE ACTIVITIES:							
Food Services	707,486	8,320	735,221	-	-	36,055	36,055
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 32,094,135	\$ 42,296	\$ 6,848,644	\$ -	\$ (25,239,250)	\$ 36,055	\$ (25,203,195)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 19,628,592	\$ -	\$ 19,628,592
Taxes levied for specific purposes					2,036,044	-	2,036,044
Grants, subsidies, & contributions not restricted					5,024,141	-	5,024,141
Investment Earnings					18,905	50	18,955
Miscellaneous Income					130,729	-	130,729
Special item - Gain (Loss) on sale of capital assets					(23,939)	-	(23,939)
Extraordinary Items					-	-	-
Transfers					<u>(169,825)</u>	<u>169,825</u>	<u>-</u>
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					26,644,647	169,875	26,814,522
CHANGES IN NET POSITION					1,405,397	205,930	1,611,327
NET POSITION - BEGINNING					(1,299,550)	(474,836)	(1,774,386)
PRIOR PERIOD ADJUSTMENT					<u>19,752</u>	<u>-</u>	<u>19,752</u>
NET POSITION - ENDING					\$ 125,599	\$ (268,906)	\$ (143,307)

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Balance Sheet
Governmental Funds
As of June 30, 2021

	GENERAL	CAPITAL PROJECT FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,588,122	\$ 12,158,877	\$ 22,587	\$ 22,769,586
Restricted Cash	28,580	-	-	28,580
Investments	3,122,993	-	-	3,122,993
Taxes Receivable, net	1,186,274	-	-	1,186,274
Due from other funds	100,429	-	-	100,429
Due from Other Governments	1,206,228	-	-	1,206,228
Other Receivables	18,119	-	-	18,119
Prepaid Expenditures	23,280	-	-	23,280
Other Current Assets	39,445	-	-	39,445
TOTAL ASSETS	16,313,470	12,158,877	22,587	28,494,934
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 16,313,470	\$ 12,158,877	\$ 22,587	\$ 28,494,934
 <u>LIABILITIES</u>				
Due to Other Funds	\$ 36,011	\$ -	\$ -	\$ 36,011
Due to Other Governments	26,909	-	-	26,909
Current Portion of Compensated Absences	55,242	-	-	55,242
Other Post Retirement Benefits	7,034	-	-	7,034
Accounts Payable	2,894,715	1,507,842	-	4,402,557
Accrued Salaries and Benefits	1,405,033	-	-	1,405,033
Payroll Deductions and Withholdings	1,779,197	-	-	1,779,197
Unearned Revenue - Grants not meeting eligibility requirements	210,000	-	-	210,000
Other Current Liabilities	-	-	-	-
TOTAL LIABILITIES	6,414,141	1,507,842	-	7,921,983
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenue from Property Taxes	846,520	-	-	846,520
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	7,260,661	1,507,842	-	8,768,503
 <u>FUND BALANCES</u>				
Nonspendable Fund Balance	23,280	-	-	23,280
Restricted Fund Balance	246,902	10,651,035	-	10,897,937
Committed Fund Balance	1,500,000	-	-	1,500,000
Assigned Fund Balance	6,099,181	-	22,587	6,121,768
Unassigned Fund Balance	1,183,446	-	-	1,183,446
TOTAL FUND BALANCES	9,052,809	10,651,035	22,587	19,726,431
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,313,470	\$ 12,158,877	\$ 22,587	\$ 28,494,934

The Accompanying Notes are an integral part of these financial statements.

**Brandywine Heights Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 19,726,431

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$72,428,675 and the accumulated depreciation is \$24,531,258. 47,897,417

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. 929

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 846,520

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. 50,443

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability. 6,093,390

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. 17,771

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds and Notes payable	\$ (23,102,539)	
Accrued interest on the bonds	(273,661)	
Compensated absences	(144,721)	
Net Pension Liability	(46,399,271)	
Net OPEB Liability - Single Employer Plan	(2,259,325)	
Net OPEB Liability - Multiple Employer Plan	(2,028,734)	
Other Long-Term Liabilities	(28,580)	
Other Post Retirement Benefits	(270,471)	(74,507,302)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 125,599**

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 22,188,037	\$ 4,337	\$ 3,012	\$ 22,195,386
State Sources	10,047,831	-	-	10,047,831
Federal Sources	707,991	-	-	707,991
TOTAL REVENUES	<u>32,943,859</u>	<u>4,337</u>	<u>3,012</u>	<u>32,951,208</u>
EXPENDITURES				
Instruction	18,712,511	-	-	18,712,511
Support Services	9,779,180	94,347	-	9,873,527
Operation of Non-Instructional Services	637,903	-	177	638,080
Capital Outlay	29,431	6,590,292	-	6,619,723
Debt Service	2,479,728	-	-	2,479,728
TOTAL EXPENDITURES	<u>31,638,753</u>	<u>6,684,639</u>	<u>177</u>	<u>38,323,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,305,106</u>	<u>(6,680,302)</u>	<u>2,835</u>	<u>(5,372,361)</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	7,103,892	-	7,103,892
Refunding Bond Proceeds	-	2,226,108	-	2,226,108
Interfund Transfers in	-	1,000,000	-	1,000,000
Sale/Compensation for Fixed Assets	-	-	-	-
Bond Premium	-	-	-	-
Bond Discount	-	-	-	-
Payment to bond refunding escrow agent	-	(2,210,687)	-	(2,210,687)
Operating Transfers Out	(1,000,000)	-	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>8,119,313</u>	<u>-</u>	<u>7,119,313</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	305,106	1,439,011	2,835	1,746,952
FUND BALANCES - BEGINNING	8,747,703	9,212,024	-	17,959,727
PRIOR PERIOD ADJUSTMENT	-	-	19,752	19,752
FUND BALANCES - ENDING	<u>\$ 9,052,809</u>	<u>\$ 10,651,035</u>	<u>\$ 22,587</u>	<u>\$ 19,726,431</u>

The Accompanying Notes are an integral part of these financial statements.

**Brandywine Heights Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2021**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,746,952

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	\$ 1,467,113	
less - capital outlays	<u>6,598,155</u>	5,131,042

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available.

1,154

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold.

(23,939)

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

33,672

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,820,670

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

70,543

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 8,780,094**

**Brandywine Heights Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2021**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING \$ 8,780,094
(cont'd)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 208,854

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Refunding bond issues becomes a use of current financial resources in governmental funds, but refundings represent payments of long-term debt in the statement of net position. This figure represents the difference between bond proceeds and refunding payments made to paying agents. (7,119,313)

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 7,216

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. (471,454)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,405,397

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2021

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 140,898	\$ -	\$ 140,898
Investments	-	-	-
Due from other funds	36,011	-	36,011
Due From Other Governments	111,493	-	111,493
Other Receivables	88	-	88
Inventories	16,224	-	16,224
Prepaid expenses	-	-	-
TOTAL CURRENT ASSETS	304,714	-	304,714
NON-CURRENT ASSETS:			
Machinery & Equipment (net)	224,746	-	224,746
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	224,746	-	224,746
TOTAL ASSETS	529,460	-	529,460
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Related to Pension	97,174	-	97,174
Deferred Outflows of Resources - Related to OPEB	2,463	-	2,463
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 629,097	\$ -	\$ 629,097
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 100,429	\$ -	\$ 100,429
Due to Other Governments	-	-	-
Accounts Payable	12,937	-	12,937
Accrued Salaries and Benefits	8,853	-	8,853
Deposits Payable	21,031	-	21,031
Other Current Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	143,250	-	143,250
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	-	-	-
Net Pension Liability	696,825	-	696,825
Net OPEB Liability - Single Employer Plan	-	-	-
Net OPEB Liability - Multiple Employer Plan	29,423	-	29,423
TOTAL NON-CURRENT LIABILITIES	726,248	-	726,248
TOTAL LIABILITIES	869,498	-	869,498
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - Related to Pension	28,176	-	28,176
Deferred Inflows of Resources - Related to OPEB	329	-	329
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	898,003	-	898,003
FUND NET POSITION			
Net Investment in Capital Assets	224,746	-	224,746
Restricted for Legal Purposes	-	-	-
Unrestricted	(493,652)	-	(493,652)
TOTAL FUND NET POSITION	(268,906)	-	(268,906)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 629,097	\$ -	\$ 629,097

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Food Service Revenue	\$ 5,000	\$ -	\$ 5,000
Charges for Services	-	-	-
Other Operating Revenues	<u>3,320</u>	<u>-</u>	<u>3,320</u>
TOTAL OPERATING REVENUES	<u>8,320</u>	<u>-</u>	<u>8,320</u>
	-----	-----	-----
OPERATING EXPENSES:			
Salaries	171,920	-	171,920
Employee benefits	112,184	-	112,184
Purchased Professional and Technical Services	4,412	-	4,412
Purchased Property Service	13,587	-	13,587
Other Purchased Services	49,433	-	49,433
Supplies	346,187	-	346,187
Depreciation	9,763	-	9,763
Dues and Fees	-	-	-
Other Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>707,486</u>	<u>-</u>	<u>707,486</u>
	-----	-----	-----
OPERATING INCOME (LOSS)	<u>(699,166)</u>	<u>-</u>	<u>(699,166)</u>
	-----	-----	-----
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	50	-	50
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-
State Sources	56,769	-	56,769
Federal Sources	678,452	-	678,452
Interest Expenses	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>735,271</u>	<u>-</u>	<u>735,271</u>
	-----	-----	-----
INCOME (LOSS) BEFORE CONTRIBUTIONS	36,105	-	36,105
Capital contributions	169,825	-	169,825
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND NET POSITION	<u>205,930</u>	<u>-</u>	<u>205,930</u>
	-----	-----	-----
TOTAL FUND NET POSITION - BEGINNING	<u>(474,836)</u>	<u>-</u>	<u>(474,836)</u>
	-----	-----	-----
TOTAL FUND NET POSITION - ENDING	<u>\$ (268,906)</u>	<u>\$ -</u>	<u>\$ (268,906)</u>

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2021

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 7,515	\$ -	\$ 7,515
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	3,320	-	3,320
Cash Payments to Employees for Services	(274,944)	-	(274,944)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(234,007)	-	(234,007)
Cash Payments to Other Operating Expenses	-	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(498,116)</u>	<u>-</u>	<u>(498,116)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	55,252	-	55,252
Federal Sources	485,806	-	485,806
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	-	-	-
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>541,058</u>	<u>-</u>	<u>541,058</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Equipment	(169,825)	-	(169,825)
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
Proceeds from Extended Term Financing	-	-	-
Capital Contributions	169,825	-	169,825
Interest paid on Financing Agreements	-	-	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	50	-	50
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
Loans Received (Paid)	-	-	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>50</u>	<u>-</u>	<u>50</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,992	-	42,992
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>97,906</u>	<u>-</u>	<u>97,906</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 140,898</u>	<u>\$ -</u>	<u>\$ 140,898</u>

Brandywine Heights Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING INCOME (LOSS)	\$ (699,166)	\$ -	\$ (699,166)
	-----	-----	-----
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	9,763	-	9,763
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	112,477	-	112,477
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	2,515	-	2,515
(Increase) Decrease in Inventories	2,385	-	2,385
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Other Current Assets	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion - NPL	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(44)	-	(44)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	4,822	-	4,822
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(26,435)	-	(26,435)
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	(3,799)	-	(3,799)
(Increase) Decrease in Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
Increase (Decrease) in Accounts Payable	1,325	-	1,325
Increase (Decrease) in Advances from Other Funds	66,248	-	66,248
Increase (Decrease) in Accrued Salaries and Benefits	2,992	-	2,992
Increase (Decrease) in Net OPEB Liability - Single Employer Plan	-	-	-
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	2,908	-	2,908
Increase (Decrease) in Net Pension Liability	85,679	-	85,679
Increase (Decrease) in Deferred Inflows of Resources - Diff. in projected vs actual Invest. Earnings	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Diff. in projected vs actual Contributions	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	(55,122)	-	(55,122)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(1,841)	-	(1,841)
Increase (Decrease) in Other Current Liabilities	(2,823)	-	(2,823)
TOTAL ADJUSTMENTS	<u>201,050</u>	<u>-</u>	<u>201,050</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (498,116)</u>	<u>\$ -</u>	<u>\$ (498,116)</u>

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2021

	PRIVATE- PURPOSE TRUST	CUSTODIAL FUNDS
ASSETS		
Cash and cash equivalents	\$ 23,844	\$ 107,833
Investments	-	-
Due from Other Funds	100	-
Inventories	-	-
Prepaid Expenditures	-	-
Other Receivables	-	-
Machinery & Equipment (net)	-	-
TOTAL ASSETS	23,944	107,833
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refundings, net	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 23,944	\$ 107,833
LIABILITIES		
Accounts Payable	\$ -	\$ 552
Due to Other Funds	-	100
Due to Other Governments	-	-
Prepayments	-	-
Other Current Liabilities	-	-
TOTAL LIABILITIES	-	652
DEFERRED INFLOWS OF RESOURCES		
Unearned Revenue	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	652
NET POSITION		
Restricted for		
Individuals, organizations, and other governments	23,944	107,181
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 23,944	\$ 107,833

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	PRIVATE- PURPOSE TRUST FUND	CUSTODIAL FUNDS
ADDITIONS		
Contributions - members	\$ 22,373	\$ 4,642
Contributions - Gifts and bequests	-	-
Special Events	-	8,642
Other Income	-	1,958
INVESTMENT EARNINGS:		
Interest and Dividends	23	123
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
TOTAL ADDITIONS	22,396	15,365
	-----	-----
 DEDUCTIONS		
Administrative expense	-	169
Benefits paid to participants or beneficiaries	20,480	-
Payments for student club activities	-	26,154
Other	-	-
TOTAL DEDUCTIONS	20,480	26,323
 CHANGES IN NET POSITION	 1,916	 (10,958)
 NET POSITION - BEGINNING OF YEAR	 22,028	 137,891
PRIOR PERIOD ADJUSTMENT	-	(19,752)
NET POSITION - END OF YEAR	\$ 23,944	\$ 107,181

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	<u>BUDGET TO</u>	<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY BASIS)</u>	<u>FINAL BUDGET</u>	<u>GAAP</u>	<u>AMOUNTS</u>
				<u>(NEGATIVE)</u>	<u>DIFFERENCE</u>	<u>GAAP BASIS</u>
REVENUES						
Local Sources	\$ 22,380,442	\$ 22,380,443	\$ 22,188,037	\$ (192,406)	\$ -	\$ 22,188,037
State Sources	10,180,311	10,180,310	10,047,831	(132,479)	-	10,047,831
Federal Sources	265,000	315,000	707,991	392,991	-	707,991
TOTAL REVENUES	<u>32,825,753</u>	<u>32,875,753</u>	<u>32,943,859</u>	<u>68,106</u>	<u>-</u>	<u>32,943,859</u>
EXPENDITURES						
Regular Instruction	13,820,154	13,730,154	13,699,039	31,115	-	13,699,039
Special Programs	4,858,349	4,761,349	4,447,617	313,732	-	4,447,617
Vocational Programs	552,505	552,505	552,505	-	-	552,505
Other Instructional Programs	6,344	16,344	13,350	2,994	-	13,350
Nonpublic School Programs	6,400	6,400	-	6,400	-	-
Adult Education Programs	-	-	-	-	-	-
Community College Programs	-	-	-	-	-	-
Pupil Personnel Services	1,211,640	1,112,140	1,075,940	36,200	-	1,075,940
Instructional Staff Services	1,283,576	1,702,018	1,550,189	151,829	-	1,550,189
Administrative Services	1,587,047	1,618,047	1,521,876	96,171	-	1,521,876
Pupil Health	416,604	418,806	382,604	36,202	-	382,604
Business Services	601,885	659,885	575,342	84,543	-	575,342
Operation & Maintenance of Plant Services	2,762,755	2,648,755	2,469,441	179,314	-	2,469,441
Student Transportation Services	1,599,033	1,413,033	1,307,231	105,802	-	1,307,231
Central Support Services	741,183	932,183	896,557	35,626	-	896,557
Other Support Services	25,000	25,000	-	25,000	-	-
Student Activities	671,132	667,930	636,684	31,246	-	636,684
Community Services	500	1,500	1,219	281	-	1,219
Scholarships and Awards	-	-	-	-	-	-
Facilities, Acquisition and Construction	12,000	32,000	29,431	2,569	-	29,431
Debt Service	2,621,646	2,479,704	2,479,728	(24)	-	2,479,728
TOTAL EXPENDITURES	<u>32,777,753</u>	<u>32,777,753</u>	<u>31,638,753</u>	<u>1,139,000</u>	<u>-</u>	<u>31,638,753</u>
Excess (deficiency) of revenues over expenditures	48,000	98,000	1,305,106	1,207,106	-	1,305,106
OTHER FINANCING SOURCES (USES)						
Sale of Bonds	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	2,000	2,000	-	(2,000)	-	-
Interfund Transfers Out	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Budgetary Reserve	(200,000)	(200,000)	-	200,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(198,000)</u>	<u>(198,000)</u>	<u>(1,000,000)</u>	<u>(802,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Special Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(150,000)</u>	<u>(100,000)</u>	<u>305,106</u>	<u>405,106</u>	<u>-</u>	<u>305,106</u>
FUND BALANCE - JULY 1, 2020	<u>\$ 8,188,640</u>	<u>\$ 8,188,640</u>	<u>\$ 8,747,703</u>	<u>\$ 559,063</u>	<u>\$ -</u>	<u>\$ 8,747,703</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 8,038,640</u>	<u>\$ 8,088,640</u>	<u>\$ 9,052,809</u>	<u>\$ 964,169</u>	<u>\$ -</u>	<u>\$ 9,052,809</u>

The Accompanying Notes are an integral part of these financial statements.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Note 1 - Description of the School District and Reporting Entity

School District

The Brandywine Heights Area School District is located in Tipton, Pennsylvania. The District tax base consists of the Borough of Tipton and the Townships of District, Longswamp, and Rockland.

The Brandywine Heights Area School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public-school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Brandywine Heights Area School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

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

Administration

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity, shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise, and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Brandywine Heights Area School District. The Business Manager is directly responsible to the Superintendent.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Reporting Entity

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

Brandywine Heights Area School District is a municipal Corporation governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are to present Brandywine Heights Area School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Brandywine Heights Area School District does not have any component units.

Joint Ventures

Berks Vocational-Technical School d/b/a Berks Career and Technology Center

The School District is a participating member of the Berks Career and Technology Center. The Berks Career and Technology Center is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the Berks Career and Technology Center's annual operating budget. Each participating district pays a pro-rata share of the District's operating costs based on the number of students attending the Center for each district. The District's share of the Center's operating costs for 2020-2021 was \$552,505. During the 1998-99 fiscal year, the by-laws of the Center were amended to state that any school district terminating their active participation in paying ongoing operating costs and debt, shall cease being a participating member district and shall have no further obligation to the Center.

On dissolution of the Berks Career and Technology Center, the net position of the Center will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in the Center as defined by GASB Statement No. 14 except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the Center can be obtained from the District's administrative office at 1057 County Road, Leesport, PA 19533.

Jointly Governed Organizations

Berks County Intermediate Unit

The School District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BCIU's annual operating budget. The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and serves as a conduit for certain federal programs.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The District has the following Capital Project Funds:

Construction Fund (39)

This fund received the proceeds of General Obligation Bonds - Series A of 2019 to fund certain capital projects.

Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Student Sponsored Activity Fund

This fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publication which do not meet the criteria to be reported as custodial funds per GASB Statement 84.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as enterprise funds. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds

Scholarship Trust Funds – These funds are considered private purpose trust funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs.

Student Activity Fund – This fund is considered a custodial fund and is reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

D. Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

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

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1. The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Board Resolution Option

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2020-21 budget transfers.

F. 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.

G. Changes in Accounting Principles

During the 2020-21 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 84 (Fiduciary Activities). This Statement is designed to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

GASB Statement No. 90 (Accounting and Financial Reporting for Majority Equity Interests). This Statement is designed to improve consistency and comparability when a government has a majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 97 (Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans). This Statement is designed 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 OPEB plans, and employee benefit plans other than pension plans or OPEB 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 the IRC Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System and additions to/deductions from the Public School Employees' Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Public School Employees' Retirement System. 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.*

I. Other Post-Employment Benefits

Multiple Employer Cost Sharing OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Single Employer OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment. This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2021, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2021, shows \$17,771 as an asset in the governmental activities column of the government-wide statement of net position; a physical inventory taken at June 30, 2021, shows \$16,224 as an asset in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the purchase method, that is, they are charged to expenditures when purchased; therefore, there is no inventory shown on the governmental funds balance sheet. Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

Inventories on hand at June 30, 2021, consist of:

Purchased Food/Commodities	\$	11,846
Supplies		<u>4,378</u>
TOTAL	\$	<u>16,224</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20 - 50 years	N/A
Furniture and Equipment	5 - 20 years	10 - 15 years
Vehicles	Up to 10 years	N/A

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits for administrators are accrued as a liability using the termination method. An accrual for accumulated sick days is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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 while discounts and premiums on debt issuances are reported as other financing uses or sources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2021, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

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

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

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements:

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action. This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the business manager is responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

A. *Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*

The governmental fund balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

The details of this \$74,507,302 difference are:

Bonds payable	\$ 21,790,000
Less: Issuance discount (to be amortized as interest expense)	-
Add: Issuance premium (to be amortized as a contra to interest expense)	1,312,539
Accrued interest payable	273,661
Other Post Retirement Benefits	270,471
Net OPEB Liability - Single Employer Plan	2,259,325
Net OPEB Liability - Multiple Employer Plan	2,028,734
Net Pension Liability	46,399,271
Other Long-Term Liabilities	28,580
Compensated absences	144,721
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	\$ 74,507,302

B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities*

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

The amounts shown in the columns below represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 19,594,920	\$ 33,672	\$ -	\$ -	\$ 19,628,592
Taxes levied for specific purposes	2,036,044	-	-	-	2,036,044
Interest and investment earnings	17,975	930	-	-	18,905
Miscellaneous	109,804	-	-	-	109,804
Contributions and Donations	20,925	-	-	-	20,925
Charges for Services	33,976	-	-	-	33,976
Grants, subsidies & contributions not restricted	5,024,141	-	-	-	5,024,141
Transfers in	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Bond Issue Proceeds	7,103,892	-	-	(7,103,892)	-
Proceeds from Refunding of Bonds	2,226,108	-	-	(2,226,108)	-
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating and Capital grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating and Capital grants and contributions	5,023,690	-	-	-	5,023,690
FEDERAL SOURCES:					
Operating and Capital grants and contributions	1,089,733	-	-	-	1,089,733
SPECIAL AND EXTRAORDINARY ITEMS:					
Gain or (Loss) on disposal of assets	-	-	(23,939)	-	(23,939)
TOTAL REVENUES	42,281,208	34,602	(23,939)	(9,330,000)	32,961,871
EXPENDITURES/EXPENSES					
Instruction	18,712,511	336,174	21,041	-	19,069,726
Instructional Student Support	3,008,733	62,779	541	-	3,072,053
Admin. & Fin'l Support Services	3,086,082	(22,030)	(30,968)	-	3,033,084
Oper. & Maint. Of Plant Svcs.	2,471,481	5,523	50,252	-	2,527,256
Pupil Transportation	1,307,231	826	-	-	1,308,057
Student activities	636,861	10,167	(32,315)	-	614,713
Community Services	1,219	32	-	-	1,251
Scholarship and Awards	-	-	-	-	-
Capital Outlay	6,619,723	(169,825)	(6,449,898)	-	-
Debt Service	4,690,415	-	-	(4,240,211)	450,204
Transfers Out	-	169,825	-	-	169,825
Depreciation - unallocated	-	-	1,310,305	-	1,310,305
TOTAL EXPENDITURES/EXPENSES	40,534,256	393,471	(5,131,042)	(4,240,211)	31,556,474
NET CHANGE FOR THE YEAR	\$ 1,746,952	\$ (358,869)	\$ 5,107,103	\$ (5,089,789)	\$ 1,405,397

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net position of Individual Funds

No individual fund contains a deficit fund balance or net position at June 30, 2021, the food service fund and business-type activities have a deficit net position of \$267,511.

C. Excess of Expenditures Over Appropriations in Individual Funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

D. Budgetary Compliance

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

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2021, \$6,647,227 of the District's bank balance of \$7,637,227, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 978
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	6,646,249
TOTAL	\$ 6,647,227

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 6,647,227
Plus: Insured Amount	990,000
Less: Outstanding Checks	(22,758)
Carrying Amount - Bank balances	7,614,469
Plus: Petty Cash	1,249
Deposits in Investment Pool Considered Cash Equivalents	15,945,024
Less: Certificates of Deposit considered Investment by School Code	(490,000)
TOTAL CASH PER FINANCIAL STATEMENTS	\$ 23,070,742

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Investments

Permitted investments for Brandywine Heights Area School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

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

<i>Investment</i>	Maturities	Fair Value
Pa. School District Liquid Asset Fund	N/A	\$ 15,945,024
Money Market Mutual Fund	N/A	331,669
Commercial Paper	N/A	1,236,395
Bonds - FHLB	0-6 mos	1,064,929
Certificates of Deposit	0-6 mos	490,000
TOTAL		\$ 19,068,017

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the District's investments in commercial paper were rated P1 by Moody's and A1 by the S&P. The District has no other policies that would limit its investments, to a certain credit rating. The District's investments in the PA School District Liquid Asset Fund and money market mutual fund were rated AAAM by S&P. The District's investments in Federal Home Loan Bank bonds were rated AAA by Moody's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the General Fund's investments, 13.52% are held in commercial paper with Fulton Advisors, 11.64% of investments are held in Federal Home Loan Bank bonds, and 5.36% are held in Certificates of Deposit through Fulton Advisors. Of the governmental activities investments, 6.51% are held in commercial paper and 5.60% are held in Federal Home Loan Bank bonds. Of the investments held entity wide, 6.48% are held in commercial paper and 5.58% are held in federal Home Loan Bank bonds.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total Investments Above	\$ 19,068,017
Less: Deposits in Investment Pool Considered Cash Equivalents	<u>(15,945,024)</u>
Total Investments Per Financial Statements	<u>\$ 3,122,993</u>

Fair Value Reporting

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

The District did not have any recurring fair value investments at June 30, 2021. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$602,128,900. In accordance with Act 1 of 2006, the District received \$787,749 in property tax reduction funds for the 2020-21 fiscal year. The tax rate for the year was \$3.40796 per \$100 of assessed valuation or 34.0796 mills. The property tax calendar is:

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

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

Receivables

Receivables, as of year-end, for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

	GENERAL FUND	CAPITAL PROJECTS FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,186,274	-	-	-	-	1,186,274
Accounts	18,119	-	88	-	-	18,207
Intergovernmental	1,206,228	-	111,493	-	-	1,317,721
GROSS RECEIVABLES	2,410,621	-	111,581	-	-	2,522,202
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 2,410,621	\$ -	\$ 111,581	\$ -	\$ -	\$ 2,522,202

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property Taxes - General Fund	\$ 846,520	\$ -
Grants drawdowns prior to meeting eligibility requirements	-	-
TOTAL	\$ 846,520	\$ -

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Capital Assets

Capital asset balances and activity for the year ending June 30, 2021, were:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 371,714	\$ -	\$ -	\$ 371,714
Construction in Progress	<u>168,756</u>	<u>6,451,939</u>	<u>(139,535)</u>	<u>6,481,160</u>
Total Capital Assets not being depreciated	<u>540,470</u>	<u>6,451,939</u>	<u>(139,535)</u>	<u>6,852,874</u>
Capital Assets being depreciated:				-
Site Improvements	1,713,873	-	-	1,713,873
Buildings and Building Improvements	61,117,385	77,759	-	61,195,144
Furniture and Equipment	<u>2,537,026</u>	<u>207,991</u>	<u>(78,235)</u>	<u>2,666,782</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>65,368,284</u>	<u>285,750</u>	<u>(78,235)</u>	<u>65,575,799</u>
Less accumulated depreciation for:				
Site Improvements	(923,806)	(49,322)	-	(973,128)
Buildings and Building Improvements	(20,428,630)	(1,262,858)	-	(21,691,488)
Furniture and Equipment	<u>(1,766,003)</u>	<u>(154,933)</u>	<u>54,296</u>	<u>(1,866,640)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(23,118,439)</u>	<u>(1,467,113)</u>	<u>54,296</u>	<u>(24,531,256)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>42,249,845</u>	<u>(1,181,363)</u>	<u>(23,939)</u>	<u>41,044,543</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 42,790,315</u>	<u>\$ 5,270,576</u>	<u>\$ (163,474)</u>	<u>\$ 47,897,417</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 408,719	\$ 169,824	\$ -	\$ 578,543
Less accumulated depreciation	<u>(344,034)</u>	<u>(9,763)</u>	<u>-</u>	<u>(353,797)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 64,685</u>	<u>\$ 160,061</u>	<u>\$ -</u>	<u>\$ 224,746</u>

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 18,002
Special Instruction	3,039
Vocational Instruction	-
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Pupil Services	-
Instructional Staff Svcs.	541
Administrative Services	124
Health Services	-
Business Services	-
Operation & Maintenance of Plant Svcs.	116,602
Pupil Transportation	-
Central Services	980
Other Support Services	-
Student Activities	17,520
Community Services	-
Depreciation - unallocated	<u>1,310,305</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 1,467,113</u>

The district's governmental activities scrapped \$78,235 of equipment for \$0 during the year, with accumulated depreciation of \$54,296, showing a loss on disposition of \$23,939. The business-type activities did not dispose of any equipment during the year.

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Commitments

Encumbrances

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

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

Construction Commitments

The District had the following construction commitments at year end:

<u>VENDOR</u>	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/21</u>	<u>OUTSTANDING COMMITMENTS</u>
<u>Elementary School Additions/ Renovations</u>			
eciConstruction	\$ 3,488,000	\$ 2,592,928	\$ 895,072
Worth & Company, Inc.	334,000	276,638	57,362
Wind Gap Electric	671,548	596,834	74,714
H&P Construction	12,643	-	12,643
Division 9	76,777	-	76,777
SUB TOTAL	<u>4,582,968</u>	<u>3,466,400</u>	<u>1,116,568</u>
<u>Intermediate/Middle School Renovations Project</u>			
Bracy Construction	2,745,600	2,031,619	713,981
Myco Mechanical	1,186,000	789,873	396,127
ACE Electric	1,130,000	447,773	682,227
Jay R Reynolds	406,500	292,042	114,458
SUB TOTAL	<u>5,468,100</u>	<u>3,561,307</u>	<u>1,906,793</u>
<u>GRAND TOTALS</u>	<u>\$ 10,051,068</u>	<u>\$ 7,027,707</u>	<u>\$ 3,023,361</u>

Short-term debt

Interfund receivables and payables

The following interfund receivables and payables existed on June 30, 2021:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 100,429	\$ 36,011
Enterprise (Food Service) Fund	36,011	100,429
Agency (Activity) Fund	-	100
Private Purpose (Scholarship) Funds	100	-
Capital Projects Fund	-	-
TOTAL	<u>\$ 136,540</u>	<u>\$ 136,540</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Interfund Transfers

The District made the following interfund transfers during the fiscal year ended June 30, 2021:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ 1,000,000
Food Service Fund	-	-
Capital Projects Fund	1,000,000	-
TOTAL	\$ 1,000,000	\$ 1,000,000

Long-term liabilities

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 18,079,465	\$ 9,330,000	\$ 4,306,926	\$ 23,102,539	\$ 1,035,000
Other than capital projects	-	-	-	-	-
Capital Leases	-	-	-	-	-
Total general obligation debt	18,079,465	9,330,000	4,306,926	23,102,539	1,035,000
<i>Other liabilities:</i>					
Vested employee benefits:					
Vacation pay	115,894	-	59,691	56,203	12,951
Sick pay	138,521	5,239	-	143,760	42,291
Net OPEB Liability - Single Employer Plan	2,114,856	144,469	-	2,259,325	-
Net OPEB Liability - Multiple Employer Plan	1,819,908	208,826	-	2,028,734	-
Net Pension Liability	40,244,621	6,154,650	-	46,399,271	-
Retirement termination benefits	291,912	-	14,407	277,505	7,034
Other Long-Term Liabilities	28,805	-	225	28,580	-
Total other liabilities	44,754,517	6,513,184	74,323	51,193,378	62,276
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 62,833,982	\$ 15,843,184	\$ 4,381,249	\$ 74,295,917	\$ 1,097,276
<u>BUSINESS-TYPE ACTIVITIES</u>					
<i>Other liabilities:</i>					
Vested employee benefits:					
Vacation pay	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability	611,146	85,679	-	696,825	-
Net OPEB Liability - Single Employer Plan	-	-	-	-	-
Net OPEB Liability - Multiple Employer Plan	26,515	2,908	-	29,423	-
TOTAL BUSINESS-TYPE ACTIVITY					
LONG-TERM LIABILITIES	\$ 637,661	\$ 88,587	\$ -	\$ 726,248	\$ -

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:		<u>EXPENSE</u>	<u>PAID</u>
General obligation debt	\$ 450,180	\$ 659,034	
Refund of Prior Year Receipts	24	24	
TOTAL INTEREST	\$ 450,204	\$ 659,058	

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

General Obligation Notes - Series of 2014

On August 18, 2014, the District authorized to issue \$4,040,000 of General Obligation Notes, - Series of 2014 which settled on January 30, 2016. The proceeds will be used: (1) to advance a portion of the outstanding GOB Series B of 2011 and (2) to pay related costs, fees, and expenses. In Accordance with the Local Governmental Debt Act, a sinking fund has been established with the paying agent. The notes mature from February 1, 2016 to February 1, 2023. Interest rate at 2.64% with total interest indebtedness of \$638,030.

On June 18, 2019, the District refunded a portion of the GON Series of 2014 with principal of amount \$1,760,000, and interest rate of 2.640%. The GON is being refunded with a portion of new debt - GOB Series A of 2019. The total amount of the new issue was \$10,365,000. 15.083% of this issue was used to refund the old debt. Interest rates for the new debt range from 1.65% to 5.0%.

On October 22, 2020 the District refunded the General Obligation Notes Series 2014 with the issuance of the General Obligation Bonds Series of 2020. Below is the economic gain calculation of the following refunding.

SOURCES

Gross Proceeds of Bonds	\$	2,226,108
Plus: Accrued Interest		-
Premium		-
Less: Original Issue Discount		-
Underwriter's Discount		-
TOTAL SOURCES		\$ 2,226,108

USES

Escrow Deposit	\$	2,210,687
Issuance Costs		15,421
Sinking Fund Deposit		-
TOTAL USES		\$ 2,226,108

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows		\$ 2,325,254
Cash Flows From New Debt:		
New Debt Service Cash Flow	\$	2,469,410
Plus Amount Contributed by District		-
Less: Excess Funds Deposited in Sinking Fund		-
Net Cash Flows From New Debt		<u>2,469,410</u>
Net Difference in Cash Flows		<u>(144,156)</u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows		\$ 2,277,694
Present Value of New Debt Service Cash Flows	\$	2,210,687
Plus Amount Contributed by District		-
Less: Excess Funds Deposited in Sinking Fund		-
Total		<u>2,210,687</u>
Economic Gain(Loss)		<u>\$ 67,007</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

General Obligation Bonds - Series A of 2019

On June 18, 2019, the District authorized the issue of \$10,135,000 of General Obligation Bonds - Series A of 2019. Proceeds of the Bonds were used to (1) currently refund and restructure a portion of the GON Series of 2014 (2) finance various capital projects of the district and (3) pay the costs of issuing the 2019A Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature February 1, 2020 to February 1, 2029. Interest rates range from 1.65% to 5.0% with total indebtedness of \$3,418,508.

The outstanding debt service requirements at June 30, 2021 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 5,000	\$ 478,888
2022-23	5,000	478,800
2023-24	1,345,000	478,700
2024-25	1,910,000	424,900
2025-26	2,035,000	348,500
2026-29	<u>5,055,000</u>	<u>433,000</u>
Sub-Total	\$ 10,355,000	\$ <u>2,642,788</u>
Unamortized Premium	<u>1,219,677</u>	
TOTAL OUTSTANDING	\$ <u>11,574,677</u>	

General Obligation Bonds - Series B of 2019

On June 18, 2019, the District authorized the issue of \$2,115,000 of General Obligation Bonds - Series B of 2019. Proceeds of the bonds were used to (1) currently refund and restructure a portion of the GON, Series of 2016 of the District (2) pay the costs of issuing the 2019B Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from February 1, 2020 to February 1, 2025. Interest rates range from 1.65% to 4.0% with total interest indebtedness of \$318,993

The outstanding debt service requirements at June 30, 2021 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 5,000	\$ 81,088
2022-23	1,465,000	81,000
2023-24	585,000	23,400
2024-25	<u>50,000</u>	<u>2,000</u>
Sub-Total	\$ 2,105,000	\$ <u>187,488</u>
Unamortized Premium	<u>92,862</u>	
TOTAL OUTSTANDING	\$ <u>2,197,862</u>	

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

General Obligation Bonds – Series of 2020

On October 22, 2020, the District issued \$7,290,000 of General Obligation Bonds - Series of 2020. The proceeds will be used to: (1) undertake the refunding or restructuring of the School District's outstanding General Obligation Note, Series of 2014, in the amount of \$2,225,000 and (2) provide funds for and towards various capital projects, and (3) pay the costs of issuing the bond.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds mature from February 1, 2021 to February 1, 2031. The outstanding debt service requirements, using a fixed interest rate of 1.42% is a total interest indebtedness of \$796,758.

The outstanding debt service requirements as of June 30, 2021 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 1,020,000	\$ 103,518
2022-23	465,000	89,034
2023-24	5,000	82,431
2024-25	5,000	82,360
2025-26	5,000	82,289
2026-31	<u>5,790,000</u>	<u>328,659</u>
Sub-Total	\$ 7,290,000	\$ <u>768,291</u>
Unamortized Premium	-	
TOTAL OUTSTANDING	\$ <u>7,290,000</u>	

General Obligation Bonds – Series of 2021

On June 24, 2021, the District issued \$2,040,000 of General Obligation Notes - Series of 2021. The proceeds will be used to: (1) provide funds for and towards various capital projects, and (2) pay the costs of issuing the bond

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds mature from February 1, 2022 to February 1, 2032. The outstanding debt service requirements, using a fixed interest rate of 1.62% is a total interest indebtedness of \$333,634.

The outstanding debt service requirements as of June 30, 2021 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 5,000	\$ 19,921
2022-23	5,000	32,967
2023-24	5,000	32,886
2024-25	5,000	32,805
2025-26	5,000	32,724
2026-31	785,000	162,405
2031-32	<u>1,230,000</u>	<u>19,926</u>
Sub-Total	\$ 2,040,000	\$ <u>333,634</u>
Unamortized Premium	-	
TOTAL OUTSTANDING	\$ <u>2,040,000</u>	

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Combined Long-Term Debt

The combined long-term debt obligations, except for compensated absences, for subsequent years are:

<u>FISCAL YEAR</u>	<u>G.O.B.</u> <u>SERIES A of 2019</u>	<u>G.O.B.</u> <u>SERIES B of 2019</u>	<u>G.O.B.</u> <u>SERIES of 2020</u>	<u>G.O.B.</u> <u>SERIES of 2021</u>	<u>TOTAL</u> <u>PAYMENTS</u>
2021-22	\$ 5,000	\$ 5,000	\$ 1,020,000	\$ 5,000	\$ 1,035,000
2022-23	5,000	1,465,000	465,000	5,000	1,940,000
2023-24	1,345,000	585,000	5,000	5,000	1,940,000
2024-25	1,910,000	50,000	5,000	5,000	1,970,000
2025-26	2,035,000	-	5,000	5,000	2,045,000
2026-31	5,055,000	-	5,790,000	785,000	11,630,000
2031-32	-	-	-	1,230,000	1,230,000
TOTAL	10,355,000	2,105,000	7,290,000	2,040,000	21,790,000
LESS PAYABLE WITHIN ONE YEAR	5,000	5,000	1,020,000	5,000	1,035,000
LONG-TERM PRINCIPAL DUE AFTER ONE YEAR	\$ 10,350,000	\$ 2,100,000	\$ 6,270,000	\$ 2,035,000	\$ 20,755,000

<u>FISCAL YEAR</u>	<u>G.O.B.</u> <u>SERIES A of 2019</u>	<u>G.O.B.</u> <u>SERIES B of 2019</u>	<u>G.O.B.</u> <u>SERIES of 2020</u>	<u>G.O.B.</u> <u>SERIES of 2021</u>	<u>TOTAL</u> <u>PAYMENTS</u>
2021-22	\$ 483,888	\$ 86,088	\$ 1,123,518	\$ 24,921	\$ 1,718,415
2022-23	483,800	1,546,000	554,034	37,967	2,621,801
2023-24	1,823,700	608,400	87,431	37,886	2,557,417
2024-25	2,334,900	52,000	87,360	37,805	2,512,065
2025-26	2,383,500	-	87,289	37,724	2,508,513
2026-31	5,488,000	-	6,118,659	947,405	12,554,064
2031-32	-	-	-	1,249,926	1,249,926
TOTAL	\$ 12,997,788	\$ 2,292,488	\$ 8,058,291	\$ 2,373,634	\$ 25,722,201

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Compensated Absences

Sick-Pay

Under the District's administrative regulations, professional employees, cafeteria workers, custodians, aides and secretaries accumulate unused sick days from year to year. These accumulated sick days are cumulative with no limitation. Upon retirement, professional employees are eligible for remuneration for unused sick days, at \$30 per day after 10 years of service. Administrators covered under the Administrator Evaluation Plan, and the superintendent shall receive severance pay of their daily fee for each unused sick day accumulated up to a payment of \$15,000; business manager maximum is \$20,000. To be eligible for severance pay a minimum of 120 days' notice must be given prior to leaving.

The District maintains records on the eligible accumulated unused sick days. In accordance with GASB Statement No. 16, the District has recorded a long-term liability within the governmental activities column of the government-wide statement of net position of \$101,469, which includes the employer's share of FICA tax (net of reimbursement). The portion that will use currently available financial resources is \$42,291, and is recorded as a liability for the compensated absence recorded in the General Fund.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No 16, the amount recorded for vacation leave earned as of June 30, 2021 in the General Fund that will use currently available financial resources is \$12,951, which includes the employer's share of FICA tax and retirement contributions (net of reimbursement). This amount is shown as current portion of long-term debt in the governmental activities column of the government-wide statement of net position. The remaining balance of vacation leave, earned at June 30, 2021, of \$43,252, which includes the employer's share of FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Defined Benefit Pension Plan

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute.

General Information about the Pension Plan

Plan Description

The Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the 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 reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership 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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

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% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (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, contributed at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contributes at 10.3% (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 the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The school districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% 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 \$4,303,533 for the year ended June 30, 2021.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal 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 \$47,096,096 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.0933 percent, which was an increase of 0.0077 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$4,638,802. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 11,527	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual contributions made	265,578	-
Net difference between projected and actual earnings on pension plan investments	2,019,000	-
Difference between expected and actual experience	-	981,000
Changes in proportion of the Net Pension Liability	399,000	-
District contributions subsequent to the measurement date	<u>4,303,533</u>	<u>-</u>
Total	<u>\$ 6,998,638</u>	<u>\$ 981,000</u>

\$4,303,533 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2021	\$ (16,000)
2022	(548,600)
2023	1,612,593
2024	631,450
Thereafter	<u>34,662</u>
Total	<u>\$ 1,714,105</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Actuarial Assumptions

The total pension liability as of June 30, 2020, was determined by rolling forward the System's total pension 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 - 7.25%, includes inflation at 2.75%
- Salary increases - Effective average of 5.00%, which reflects an allowance for 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 Combined Healthy Annuitant Tables (male and female) adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.0%	-0.7%
	100%	

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 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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate, using the net pension liability reported by PSERS before adjusting for differences on projected vs actual contributions made.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 56,837,000	\$ 45,940,000	\$ 36,708,000

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.gov.

Defined Contribution Pension Plan

Retirement Termination Benefit

All professional employees of the District are entitled at retirement with a minimum of ten years' service with the District, to receive \$150 per year of employment up to a maximum of \$3,000. Employees must submit their intention to retire prior to March 1; however, if notice is received after March 1, employees are only entitled to \$90 per year of employment, up to a maximum of \$3,000.

In accordance with GASB Statement No. 16, an employer that provides severance benefits shall recognize a liability when that benefit has been earned. The portion of the liability that will use currently available financial resources of \$7,034, including the employer's share of FICA tax (net of reimbursement), is recorded in the General Fund and as a current portion of long-term debt in governmental activities column of the government-wide statement of net position. The remaining estimate of severance benefits in the amount of \$270,471, including the employer's share of FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

OTHER POSTEMPLOYMENT BENEFITS

General Information about the Health Insurance Premium Assistance Program – Multiple Employer OPEB Plan

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

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 school districts' 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 \$104,746 for the year ended June 30, 2021.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal 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 \$2,058,157 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.0935 percent, which was an increase of 0.0079 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$114,583. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 596	\$ -
Changes in Assumptions	38,000	-
Net difference between projected and actual contributions made	10,541	-
Net difference between projected and actual investment earnings	4,000	-
Difference between expected and actual experience	19,000	-
Changes in proportion of the Net OPEB Liability	30,000	-
District contributions subsequent to the measurement date	104,746	-
Total	<u>\$ 206,883</u>	<u>\$ -</u>

\$104,746 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 resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2021	\$ 16,000
2022	18,583
2023	17,583
2024	20,584
2025	(4,029)
Thereafter	<u>33,416</u>
Total	<u>\$ 102,137</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Actuarial Assumptions

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

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

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

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 for 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 plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

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

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.0%
US Core Fixed Income	46.5%	-0.1%
Non-US Developed Fixed	3.2%	-0.1%
	<u>100%</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 Total OPEB Liability was 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 2,020,000	\$ 2,020,000	\$ 2,020,000

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 2,303,000	\$ 2,020,000	\$ 1,786,000

OPEB Plan Fiduciary Net Position

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

Single Employer OPEB Plan

In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65.

Plan Description: Brandywine Heights Area School District has one single-employer defined benefit plan with the pertinent descriptions shown on the tables below:

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Summary of Plan Provisions			
Group	Eligibility	Coverage And Premium Sharing	Duration
<u>I. ADMINISTRATORS</u>	<p>Must meet one of the following conditions to be eligible.</p> <p>i) Must be eligible for PSERS retirement and have at least 10 years of District service.</p> <p>ii) ACT 110/43</p>	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, Dental and Vision. • Premium Sharing: If member has at least 15 years of District service District will pay \$5,000 per year until reaching Medicare age. Upon member reaching Medicare age, a younger spouse can continue to receive coverage but must pay 102% of the premium. <p>If member does not reach 15 years of District service, member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> • Dependents: Family Included. Upon the death of a retiree, spouse and any eligible dependents are able to continue Medical, Prescription Drug, Dental and Vision by paying 102% of the premium. <p>Exception #1: A former Business Manager has a separate agreement where the District pays \$7,500 per year instead. All other terms remain the same.</p> <p>Exception #2: A former Business Manager has a separate agreement where the District pays 50% of the single premiums for Medical, Prescription Drug, Dental, and Vision. All other terms remain the same.</p>	<p>Member coverage continues until Medicare age.</p> <p>Spouse coverage continues until the Spouse reaches Medicare age.</p> <p>Member and Spouse are able to continue Dental and Vision coverage past Medicare age, but must pay 102% of the premium.</p>
<u>II. ALL OTHER EMPLOYEES</u>	Same as I	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, Dental and Vision • Premium Sharing: Retiree pays 102% of premium • Dependents: Family Included. Upon the death of a retiree, the spouse and any eligible dependents are able to continue Medical, Prescription Drug, Dental and Vision by paying 102% of the premium. 	Same as I

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

PSERS Retirement:

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active Participants	183
Vested Former Participants	0
Retired Participants	<u>30</u>
Total	213

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,259,325, was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

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

Actuarial Methods and Assumptions

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

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2020
Actuarial Cost Method	Entry Age Normal
Interest Rate	1.86%
Projected salary increases	3.5% to 6.25%
Healthcare inflation rate	5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis

The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2020.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

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

Changes in the Total OPEB Liability

	<u>2020-21</u>
Total OPEB Liability	
Service Cost	\$ 134,184
Interest	73,981
Changes in Benefit Terms	-
Difference between expected and actual experience	(338,548)
Changes in assumptions	362,054
Benefit payments	<u>(87,202)</u>
Net change in total OPEB Liability	144,469
Total OPEB Liability - beginning	<u>2,114,856</u>
Total OPEB Liability - ending	<u><u>\$ 2,259,325</u></u>
Covered employee payroll	<u><u>\$ 12,366,870</u></u>

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

For the year ended June 30, 2021, the School recognized OPEB expense of \$193,225. At June 30, 2021, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 306,347	\$ -
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	427,055
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>60,709</u>	<u>-</u>
Total	<u><u>\$ 367,056</u></u>	<u><u>\$ 427,055</u></u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

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

Year ended June 30:	<u>Amount</u>
2022	\$ (14,940)
2023	(14,940)
2024	(14,940)
2025	(14,940)
2026	(14,940)
Thereafter	<u>(46,008)</u>
Total	<u>\$ (120,708)</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.86%) or 1-percentage point higher (2.86%) than the current discount rate:

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
District's proportionate share of the net OPEB liability	\$ 2,428,469	\$ 2,259,325	\$ 2,097,220

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 1,989,902	\$ 2,259,325	\$ 2,578,624

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 411,059	\$ -	\$ 30,329	\$ 441,388
Current Year Contributions	4,245,879	60,709	103,343	4,409,931
Change in Assumption	(2,350)	306,347	37,401	341,398
Diff in Projected Vs Actual Contributions	261,930	-	10,390	272,320
Difference in Investment Earnings	1,985,478	-	3,945	1,989,423
Diff. between Expected vs Actual Experience	(964,883)	(427,055)	18,745	(1,373,193)
Diff. between Prop. Share vs Actual POS	11,527	-	596	12,123
Net Pension Liability	\$ 46,399,271	\$ -	\$ -	\$ 46,399,271
Net OPEB Liability	\$ -	\$ 2,259,325	\$ 2,028,734	\$ 4,288,059

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
DR OR (CR)	DR OR (CR)
CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE
Change in Proportion	\$ 429,000
Current Year Contributions	4,468,988
Change in Assumption	344,347
Diff in Projected Vs Actual Contributions	276,119
Difference in Investment Earnings	2,023,000
Diff. between Expected vs Actual Experience	(1,389,055)
Diff. between Prop. Share vs Actual POS	12,123
Net Pension Liability	\$ 47,096,096
Net OPEB Liability	\$ 4,317,482

BUSINESS-TYPE ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (12,059)	\$ -	\$ (329)	\$ (12,388)
Current Year Contributions	57,654	-	1,403	59,057
Change in Assumption	2,350	-	599	2,949
Diff in Projected Vs Actual Contributions	3,648	-	151	3,799
Difference in Investment Earnings	33,522	-	55	33,577
Diff. between Expected vs Actual Experience	(16,117)	-	255	(15,862)
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 696,825	\$ -	\$ -	\$ 696,825
Net OPEB Liability	\$ -	\$ -	\$ 29,423	\$ 29,423

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental Activities	Business-Type Activities
<i>Pension Plan</i>		
Net Pension Liability	\$ 46,399,271	\$ 696,825
Deferred Outflow Related to Pension	(6,915,873)	(97,174)
Deferred Inflows Related to Pension	967,233	28,176
Total liab. Net deferred inflows/outflows	\$ 40,450,631	\$ 627,827
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 4,288,059	\$ 29,423
Deferred Outflows Related to OPEB	(571,805)	(2,463)
Deferred Inflows Related to OPEB	427,055	329
Total liab. Net deferred inflows/outflows	\$ 4,143,309	\$ 27,289

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The Brandywine Heights Area School District is a participating member of a Workers' Compensation Consortium. The Consortium is comprised of 81-member School Districts which jointly self-assume their workers' compensation liabilities. Each District is required to make contributions to the Consortium based on formulae set forth in the contract. Each member school district individually retains sole liability up to a retention level, which is fixed annually by multiplying its Experience Modification Factor times the last audited fiscal year payroll of the member. The result is then multiplied by a contribution rate, which is the same for all members. Even though the member school districts contribute to a central fund, they remain individually liable for any workers' compensation claims.

Above the level of retention, the Consortium pays claims up to the level of coverage of \$100,000 for the year ended June 30, 2021, provided by an excess insurance policy. Claims above the maximum coverage of excess insurance are paid by the members of the Consortium through additional assessments against members.

The members of the Consortium are required to participate in deficiencies and are subject to periodic assessments by the Executive Committee, as required.

At June 30, 2021, the most recent available financial statements, the consortium did not have a deficit, in which the ultimate responsibility to pay for a deficit belongs to the member districts.

Note 7- Prior Period Adjustments -Special Revenue Fund/Fiduciary Funds/Governmental Activities

	Fiduciary Funds	Special Revenue Fund	Governmental Activities
Fund Balance/Net Position - June 30, 2020 (as reported)	\$ 159,919	\$ -	\$ (1,299,550)
As a result of the new accounting principle GASB Statement No. 84, a prior period adjustment needed to be made pertaining to certain Student Activity Accounts that no longer met the new definition of a Fiduciary Fund and as a result needed to be reclassified into the General Fund or moved to the newly created Special Revenue Fund	(19,752)	19,752	19,752
Fund Balance/Net Position - June 30, 2020 (restated)	\$ 140,167	\$ 19,752	\$ (1,279,798)

Note 8 - Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$23,280 in nonspendable fund balance made up of prepaid expenditures.

Restricted Fund Balance

The Construction Fund had \$9,856,374 in restricted fund balance at June 30, 2021. The Capital Reserve Fund has restricted fund balance of \$2,302,503 at June 30, 2021. The General Fund had \$28,578 restricted for future compensatory special education payments, and \$218,322 for various donor restricted contributions and grants.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Committed Fund Balance

The governing body (Board of School Directors) has committed \$1,500,000 of the General Fund's year end fund balance for future retirement rate increases.

Assigned Fund Balance

The General Fund has \$2,000,000, assigned for maintenance projects, \$50,000 for Early Education, \$299,181 to balance the 2021-22 budget, \$100,000 for litigation, \$100,000 for Innovation Program Initiatives, \$250,000 for Technology, \$2,500,000 for State Budget Delay Reserve, and \$800,000 for a future Capital Reserve fund transfer.

Note 9 - Restricted

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$47,897,418, unspent bond process of \$8,351,481 and related debt of \$23,052,095, which includes unamortized bonds discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$224,746 invested in capital assets with no related debt. In addition, the governmental activities have restricted \$2,299,554 for capital projects.

Note 10 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2021.

Litigation

The School District is currently a party to legal proceedings; however, management believes the outcome of these issues will not materially affect the financial position of the school district.

Note 11 - New Accounting Pronouncements

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

- Statement No. 87, *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires 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. Effective date: Periods beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of the statement 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 construction ends. This standard requires expensing interest costs when incurred rather than capitalizing the costs. Effective date: Periods beginning after December 15, 2020.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

- Statement No. 91, *Conduit Debt Obligations* – The primary objective is to provide a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Effective date: Periods beginning after December 15, 2021.

- Statement No. 92, *Omnibus 2020* – The primary objective is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including (1) effective date of Statement No 87, Leases for interim financial reports (2) Reporting of intra-entity transfers between primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan (3) Applicability of certain requirements of Statement No 84 (4) Measurement of liabilities related to AROs (5) Reporting risk pools for amounts that are recoverable from reinsurers or excess insurers (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (7) Terminology used to refer to derivative instruments. Effective date: Periods beginning after June 15, 2021.

- Statement No. 93, *Replacement of Interbank Offered Rates* – The primary objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR). Effective date: Periods beginning after June 15, 2021.

- Statement No. 94, *PPP's* – The primary objective of this Statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined 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. Effective date: Periods beginning after June 15, 2022.

- Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and 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. Effective date: Periods beginning after June 15, 2022.

**REQUIRED
SUPPLEMENTAL INFORMATION**

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.0933%	0.0856%	0.0997%	0.0945%	0.0905%	0.0951%	0.1034%
District's proportionate share of the net pension liability (asset)	\$ 45,940,000	\$ 40,046,000	\$ 47,861,000	\$ 46,672,000	\$ 44,849,000	\$ 41,193,000	\$ 36,770,000
District's covered employee payroll	12,773,919	12,526,089	11,831,344	12,338,093	12,059,335	11,616,812	11,805,224
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	359.64%	319.70%	404.53%	378.28%	371.90%	354.60%	311.47%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Contractually required contribution	\$ 4,303,533	\$ 4,189,977	\$ 3,857,018	\$ 3,916,111	\$ 3,521,326	\$ 2,904,203	\$ 2,420,071	\$ 1,851,188	\$ 1,380,716	\$ 982,539
Contributions in relation to the contractually required contribution	<u>4,303,533</u>	<u>4,189,977</u>	<u>3,857,018</u>	<u>3,916,111</u>	<u>3,521,326</u>	<u>2,904,203</u>	<u>2,420,071</u>	<u>1,851,188</u>	<u>1,380,716</u>	<u>982,539</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
District's covered employee payroll	\$ 12,773,919	\$ 12,526,089	\$ 11,831,344	\$ 12,338,093	\$ 12,059,335	\$ 11,616,812	\$ 11,805,224	\$ 11,569,925	\$ 12,006,225	\$ 12,281,743
Contributions as a percentage of covered employee payroll	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%	11.50%	8.00%

**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.0935%	0.0856%	0.0997%	0.0945%	0.0905%
District's proportionate share of the net OPEB liability (asset)	\$ 2,020,000	\$ 1,821,000	\$ 2,079,000	\$ 1,925,000	\$ 1,949,000
District's covered-employee payroll	12,773,919	12,526,089	11,831,344	12,338,093	12,059,335
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	15.81%	14.54%	17.57%	15.60%	16.16%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Contractually required contribution	\$ 104,746	\$ 105,219	\$ 98,200	\$ 102,406	\$ 100,093	\$ 97,581	\$ 106,247	\$ 107,601	\$ 103,253	\$ 79,830
Contributions in relation to the contractually required contribution	<u>104,746</u>	<u>105,219</u>	<u>98,200</u>	<u>102,406</u>	<u>100,093</u>	<u>97,581</u>	<u>106,247</u>	<u>107,601</u>	<u>103,253</u>	<u>79,830</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered employee payroll	\$ 12,773,919	\$ 12,526,089	\$ 11,831,344	\$ 12,338,093	\$ 12,059,335	\$ 11,616,812	\$ 11,805,224	\$ 11,569,925	\$ 12,006,225	\$ 12,281,743
Contributions as a percentage of covered employee payroll	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%	0.86%	0.65%

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability				
Service Cost	\$ 134,184	\$ 134,886	\$ 140,995	\$ 137,399
Interest	73,981	63,888	68,833	51,964
Changes in Benefit Terms	-	-	-	-
Difference between expected and actual experience	(338,548)	-	(164,014)	-
Changes in assumptions	362,054	(59,996)	2,172	37,074
Benefit payments	<u>(87,202)</u>	<u>(71,867)</u>	<u>(126,965)</u>	<u>(106,995)</u>
Net change in total OPEB Liability	144,469	66,911	(78,979)	119,442
Total OPEB Liability - beginning	<u>2,114,856</u>	<u>2,047,945</u>	<u>2,126,924</u>	<u>2,007,482</u>
Total OPEB Liability - ending	<u>\$ 2,259,325</u>	<u>\$ 2,114,856</u>	<u>\$ 2,047,945</u>	<u>\$ 2,126,924</u>
Covered employee payroll	<u>\$ 12,366,870</u>	<u>\$ 11,506,519</u>	<u>\$ 11,506,519</u>	<u>\$ 11,390,744</u>
Total OPEB Liability as a percentage of covered employee payroll	18.27%	18.38%	17.80%	18.67%

Brandywine Heights Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2021

Public School Employees' Retirement System

Changes of benefit terms

None

Changes in assumptions

During this fiscal year, there were no changes in assumptions used in the prior reporting period.

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 7.25%, includes inflation at 2.75%.
- Salary increases – Effective average of 5.0%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases.
- Benefit payments – no postretirement benefit increases assumed in the future.
- Multiple decrement tables – mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

**Brandywine Heights Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2021**

Other Post-Employment Benefits – Teachers Health Insurance Assistance

Changes of benefit terms

None

Changes in assumptions

The discount rate used to measure the Total OPEB liability decreased from 2.79% as of June 30, 2020 to 2.66% as of June 30, 2021.

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 5.0%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and 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 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 for 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.)

Proportionate Share of the Net OPEB Liability

The amount reported as the District's proportionate share of the net opeb liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

**Brandywine Heights Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2021**

Other Postemployment Benefits – Single Employer Healthcare Plan

Changes of benefit terms

None

Changes in assumptions

The discount rate changed from 3.36% to 1.86%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Methods and assumptions used in calculations of actuarially determined contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 3.50% to 6.25%
- Healthcare cost trend rate – 5.5% in 2020 to 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 1.86% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2020.

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

Brandywine Heights Area School District
Combining Balance Sheet - All Capital Project Funds
As of June 30, 2021

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,302,503	\$ 9,856,374	\$ 12,158,877
Investments	-	-	-
Due from other funds	-	-	-
Other Receivables	-	-	-
Prepaid Expenditures	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	\$ 2,302,503	\$ 9,856,374	\$ 12,158,877
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 2,302,503	\$ 9,856,374	\$ 12,158,877
<u>LIABILITIES</u>			
Due to Other Funds	\$ -	\$ -	\$ -
Accounts Payable	2,949	1,504,893	1,507,842
Intergovernmental Payables	-	-	-
Prepayments	-	-	-
Other Current Liabilities	-	-	-
TOTAL LIABILITIES	2,949	1,504,893	1,507,842
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	2,949	1,504,893	1,507,842
<hr style="border-top: 1px dashed black;"/>			
<u>FUND BALANCES</u>			
Restricted Fund Balance	2,299,554	8,351,481	10,651,035
Assigned Fund Balance	-	-	-
Unassigned Fund Balance	-	-	-
TOTAL FUND BALANCES	2,299,554	8,351,481	10,651,035
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 2,302,503	\$ 9,856,374	\$ 12,158,877

Brandywine Heights Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2021

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES			
Local Sources	\$ 1,980	\$ 2,357	\$ 4,337
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	<u>1,980</u>	<u>2,357</u>	<u>4,337</u>
	-----	-----	-----
EXPENDITURES			
Instruction	-	-	-
Support Services	5,847	88,500	94,347
Operation of Non-Instructional Services	-	-	-
Capital Outlay	209,635	6,380,657	6,590,292
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>215,482</u>	<u>6,469,157</u>	<u>6,684,639</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(213,502)</u>	<u>(6,466,800)</u>	<u>(6,680,302)</u>
OTHER FINANCING SOURCES (USES)			
Bond Proceeds	-	7,103,892	7,103,892
Refunding Bond Proceeds	-	2,226,108	2,226,108
Bond Premium	-	-	-
Bond Discount	-	-	-
Interfund Transfers In	1,000,000	-	1,000,000
Sale/Compensation for Fixed Assets	-	-	-
Payment to bond refunding escrow agent	-	(2,210,687)	(2,210,687)
Refunds of Prior Year Receipts	-	-	-
Operating Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000,000</u>	<u>7,119,313</u>	<u>8,119,313</u>
SPECIAL/EXTRAORDINARY ITEMS			
Special Items	-	-	-
Extraordinary Items	-	-	-
NET CHANGE IN FUND BALANCES	786,498	652,513	1,439,011
FUND BALANCES - BEGINNING	<u>1,513,056</u>	<u>7,698,968</u>	<u>9,212,024</u>
FUND BALANCES - ENDING	<u>\$ 2,299,554</u>	<u>\$ 8,351,481</u>	<u>\$ 10,651,035</u>

**Brandywine Heights Area School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2021**

	<u>DISTRICT TOWNSHIP</u>	<u>LONGSWAMP TOWNSHIP</u>	<u>ROCKLAND TOWNSHIP</u>	<u>BOROUGH OF TOPTON</u>	<u>TOTAL</u>
CURRENT REAL ESTATE TAXES					
Assessed Value	\$ 76,304,700	\$ 247,374,000	\$ 199,988,400	\$ 78,461,800	\$ 602,128,900
Millage Rate	0.0340796	0.0340796	0.0340796	0.0340796	0.0340796
Total	2,600,435	8,430,410	6,815,527	2,673,948	20,520,320
Less: Act 1 Deduction	96,378	337,837	257,388	96,146	787,749
TOTAL TAXABLE DUPLICATE	2,504,057	8,092,573	6,558,139	2,577,802	19,732,571
PLUS - Additions	7,634	2,657	13,924	-	24,215
- Penalties	7,303	24,949	13,853	5,162	51,267
- Rollback	-	1,576	-	-	1,576
TOTAL TAXES TO BE COLLECTED	2,518,994	8,121,755	6,585,916	2,582,964	19,809,629
LESS - Discounts	42,489	138,766	114,468	45,391	341,114
- Reductions	-	-	-	-	-
- Refunds	464	1,559	1,134	1,234	4,391
- Returned to County	40,919	208,262	134,499	45,623	429,303
- Exonerations/Exemptions	-	-	7,779	-	7,779
- Outstanding	-	-	-	-	-
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 2,435,122</u>	<u>\$ 7,773,168</u>	<u>\$ 6,328,036</u>	<u>\$ 2,490,716</u>	<u>\$ 19,027,042</u>
INTERIM REAL ESTATE TAXES COLLECTED	<u>\$ 1,247</u>	<u>\$ 11,089</u>	<u>\$ 6,811</u>	<u>\$ 897</u>	<u>\$ 20,044</u>
CURRENT PER CAPITA TAXES					
No. of Persons Assessed	929	3,427	2,674	1,326	8,356
Tax Rate	10	10	10	10	10
TAXABLE VALUATION	\$ 9,290	\$ 34,270	\$ 26,740	\$ 13,260	\$ 83,560
PLUS - Additions	-	-	-	-	-
- Penalties	41	159	177	111	488
TOTAL TAXES TO BE COLLECTED	9,331	34,429	26,917	13,371	84,048
LESS - Discounts	131	443	387	174	1,135
- Exonerations	570	880	1,140	800	3,390
- Reductions	-	-	-	-	-
- Refunds	-	-	-	-	-
- Outstanding	1,030	7,690	2,570	1,680	12,970
NET CURRENT PER CAPITA TAXES COLLECTED	<u>\$ 7,600</u>	<u>\$ 25,416</u>	<u>\$ 22,820</u>	<u>\$ 10,717</u>	<u>\$ 66,553</u>

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6000 - Revenue from Local Sources				
6111	Current Real Estate Taxes	\$ 18,901,024	\$ 19,027,042	\$ 126,018
6112	Interim Real Estate Taxes	31,000	20,044	(10,956)
6113	Public Utility	21,000	20,602	(398)
6114	Payment in Lieu of Taxes	169	169	-
6120	Current Per Capita Taxes - 511	34,800	33,276	(1,524)
6141	Current Per Capita Taxes - 679	34,800	33,276	(1,524)
6143	Local Services Tax	18,500	17,508	(992)
6151	Earned Income Tax	1,820,000	1,682,734	(137,266)
6153	Real Estate Transfer Tax	195,000	239,857	44,857
6411	Delinquent Real Estate Taxes	650,000	547,834	(102,166)
6420	Delinquent Per Capita Taxes - 511	2,500	4,311	1,811
6441	Delinquent Per Capita Taxes - 679	2,500	4,311	1,811
6510	Interest	250,000	13,634	(236,366)
6710	Admissions	17,900	37	(17,863)
6740	Fees	46,250	28,653	(17,597)
6832	I/U Services - Federal	270,000	281,742	11,742
6837	Federal CARES Act Revenue Received as Pass Through	-	100,000	100,000
6910	Rentals	40,000	27,118	(12,882)
6920	Contributions	20,000	18,675	(1,325)
6942	Summer School	5,000	-	(5,000)
6961	Transportation Services Provided Other PA Schools	-	4,528	4,528
6990	Refunds and Other Miscellaneous Revenue	-	-	-
6991	Refunds of a Prior Year Expenditure	-	76,445	76,445
6992	Energy Efficiency Revenues	-	3,316	3,316
6999	Other Revenues Not Specified Above	20,000	2,925	(17,075)
	TOTAL REVENUE FROM LOCAL SOURCES	<u>22,380,443</u>	<u>22,188,037</u>	<u>(192,406)</u>
7000 - Revenue from State Sources				
7111	Basic Education Funding - Formula	4,236,084	4,236,081	(3)
7112	Basic Education Funding - Social Security	501,173	471,301	(29,872)
7160	Orphan Tuition	7,500	88,857	81,357
7271	Special Education	1,107,553	1,107,522	(31)
7299	Program revenues not listed previously in the 7200	-	-	-
7311	Transportation (Regular and Additional)	737,000	791,993	54,993
7312	Transportation (Nonpublic and Charter School)	46,000	38,885	(7,115)
7320	Rental and Sinking Fund Payments / Building Reimb	237,715	-	(237,715)
7330	Health Services	25,000	25,822	822
7340	State Property Tax Reduction Allocation	788,032	788,060	28
7361	School Safety Grant	-	35,000	35,000
7369	Other Safe Schools Grants	-	40,131	40,131
7505	Ready to Learn Grant	205,220	205,220	-
7506	Pasmart Grants	-	23,333	23,333
7820	Retirement Revenue	2,289,033	2,195,626	(93,407)
	TOTAL REVENUE FROM STATE SOURCES	<u>10,180,310</u>	<u>10,047,831</u>	<u>(132,479)</u>
8000 - Revenue from Federal Sources				
8512	IDEA, Part B	-	17,013	17,013
8514	Title I	250,000	253,558	3,558
8515	Title II	50,000	49,798	(202)
8517	Title IV	15,000	11,999	(3,001)
8741	ESSER I	-	199,791	199,791
8749	Other CARES Act and CRRSA Funding	-	175,832	175,832
8810	Medical Assistance Reimbursements (Access)	-	-	-
8820	Medical Assistance Reimbursement for Health-Related	-	-	-
	TOTAL REVENUE FROM FEDERAL SOURCES	<u>315,000</u>	<u>707,991</u>	<u>392,991</u>
9000 - Other Financing Sources				
9300	Proceeds from Extended Term Financing	-	-	-
9400	Sale of Fixed Assets	2,000	-	(2,000)
9330	Capital Projects Fund Transfers	-	-	-
	TOTAL OTHER FINANCING SOURCES	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
	TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 32,877,753</u>	<u>\$ 32,943,859</u>	<u>\$ 66,106</u>

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

<u>1000 - Instruction</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1110	Regular Programs - Elem./Secondary	\$ 13,397,924	\$ 13,383,684	\$ 14,240
1190	Federally Funded Regular Programs	332,230	315,355	16,875
1211	Life Skills Support - Public	480,980	430,431	50,549
1220	Sensory Support	351,324	311,916	39,408
1230	Emotional Support - Public	909,212	834,338	74,874
1241	Learning Support - Public	1,758,459	1,757,576	883
1242	Learning Support - PRRI	-	-	-
1243	Gifted Support	370,369	303,568	66,801
1260	Physical Support	67,500	46,467	21,033
1280	Early Intervention Support	240,505	180,952	59,553
1290	Other Support	583,000	582,369	631
1390	Other Vocational Education Programs	552,505	552,505	-
1420	Summer School	13,500	13,350	150
1430	Homebound Instruction	2,844	-	2,844
1441	Adjudicated / Court Placed Programs	-	-	-
1500	Nonpublic School Programs	6,400	-	6,400
	Total Instruction	19,066,752	18,712,511	354,241
<u>2000 - Support Services</u>				
2111	Supervision of Pupil Personnel	90,566	83,739	6,827
2120	Guidance Services	770,031	768,742	1,289
2140	Psychological Services	181,328	158,201	23,127
2150	Speech Pathology and Audiology Services	-	-	-
2170	Student Accounting Services	70,215	65,258	4,957
2220	Technology Support Services	83,045	82,304	741
2240	Computer-Assisted Instruction Support Services	234,207	233,831	376
2250	School Library Services	420,936	397,702	23,234
2260	Instructional & Curriculum Dev. Service	739,859	738,734	1,125
2270	Instructional Staff Development Services	-	-	-
2271	Instructional Staff Development Services (Certified)	223,271	97,618	125,653
2280	Nonpublic Support Services	200	-	200
2290	Other Instructional Staff Services	500	-	500
2310	Board Services	80,160	36,382	43,778
2320	Board Treasurer Services	360	223	137
2330	Tax Assessment & Collection Service	63,500	50,590	12,910
2350	Legal Services	83,000	82,470	530
2360	Office of the Superintendent Services	325,620	324,932	688
2370	Community Relation Services	-	-	-
2380	Office of the Principal Services	1,017,707	990,007	27,700
2390	Other Administrative Services	47,700	37,272	10,428
2420	Medical Services	700	478	222
2430	Dental Services	100	-	100
2440	Support Services - Nursing Services	415,404	379,679	35,725
2490	Nonpublic Health Services	2,602	2,447	155
2511	Supervision of Fiscal Services	248,713	190,992	57,721
2513	Receiving and Disbursing Funds Services	81,235	80,417	818
2514	Payroll Services	110,680	91,814	18,866
2515	Financial Accounting Services	136,890	136,305	585
2520	Purchasing Services	30,367	24,851	5,516
	SUB-TOTAL - SUPPORT SERVICES	\$ 5,458,896	\$ 5,054,988	\$ 403,908

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL - SUPPORT SERVICES (carried forward)	5,458,896	5,054,988	403,908
2530 Warehousing and Distributing Services	44,000	43,274	726
2540 Printing, Publishing and Duplicating Services	2,000	1,764	236
2590 Other Support Services - Business	6,000	5,925	75
2611 Supervision of Operation and Maintenance of Plant	133,918	129,940	3,978
2619 Operation & Maintenance of Plant	113,100	72,846	40,254
2620 Operation of Buildings Services	2,015,958	2,000,422	15,536
2630 Care and Upkeep of grounds services	231,979	164,683	67,296
2640 Care and Upkeep of Equipment Services	15,000	14,990	10
2650 Vehicle Operation and Maintenance Services	71,800	20,374	51,426
2660 Security Services	67,000	66,186	814
2711 Supervision of Student Transportation Services	42,533	41,425	1,108
2720 Vehicle Operation Services	1,070,500	1,011,715	58,785
2750 Nonpublic Transportation	300,000	254,091	45,909
2818 System-wide Technology Services	767,030	747,931	19,099
2823 Public Information Services	1,450	480	970
2831 Supervision of Staff Services	105,991	105,180	811
2832 Recruitment and Placement Services	5,000	4,066	934
2834 Staff Development Services - Non-Instructional, Certified	12,000	1,018	10,982
2836 Staff Development Services - Non-Instructional, Non-Certified	12,700	11,710	990
2839 Other Staff Services	-	-	-
2840 Data Processing Services	7,500	5,800	1,700
2850 State & Federal Agency Liaison Services	20,512	20,372	140
2910 Support services not listed elsewhere in the 2000	25,000	-	25,000
Total Support Services	10,529,867	9,779,180	750,687
<u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	51,464	20,684	30,780
3250 School Sponsored Athletics	616,466	616,000	466
3300 Community Services	-	-	-
3390 Other Community Services	1,500	1,219	281
3400 Scholarships and Awards	-	-	-
Total Non-Instructional Services	669,430	637,903	31,527
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4200 Existing Site Improvement Services	-	-	-
4300 Architecture and Engineering Services/ Educational	-	-	-
4400 Architecture and Engineering Services	-	-	-
4600 Existing Building Improvement Services	32,000	29,431	2,569
Total Facilities Acquisition, Construction, and Improvement Svcs.	32,000	29,431	2,569
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	2,479,704	2,479,704	-
5130 Refund of Prior Yr. Receipts	-	24	(24)
5230 Capital Projects Fund Transfers	-	1,000,000	(1,000,000)
5251 Food Service Fund Transfers	-	-	-
5270 Trust and Agency Fund Transfers	-	-	-
5900 Budgetary Reserve	200,000	-	200,000
Total Other Expenditures and Financing Uses	2,679,704	3,479,728	(800,024)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 32,977,753	\$ 32,638,753	\$ 339,000

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 32,877,753	\$ 32,943,859	\$ 66,106
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>32,977,753</u>	<u>32,638,753</u>	<u>339,000</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(100,000)	305,106	405,106
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(100,000)	305,106	405,106
FUND BALANCE - JULY 1, 2020	<u>8,188,640</u>	<u>8,747,703</u>	<u>559,063</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 8,088,640</u>	<u>\$ 9,052,809</u>	<u>\$ 964,169</u>

Brandywine Heights Area School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021

OPERATING REVENUES

Sales to Students	\$	4,543	
Sales to Adults		457	
State Social Security Reimbursement		6,423	
State Retirement Reimbursement		29,588	
State Subsidies		20,758	
Federal Subsidies		565,975	
Donated Commodities Received		112,477	
Special Functions		2,998	
Transfer from General Fund		-	
Miscellaneous Revenue		322	
Federal Revenue Received from Other Sources		-	
Gain or (Loss) from Sale of Fixed Assets		-	
Capital Contributions		169,825	
Interest		50	
		<u>50</u>	\$ 913,416

COST OF GOODS SOLD

Beginning Inventory - Food and Commodities - July 1, 2020	18,609	
Food (Purchases)	159,918	
Milk (Purchases)	57,509	
Supplies	13,898	
Donated Commodities Used	112,477	
LESS-Ending Inventory-Food and Commodities - June 30, 2021	<u>(16,224)</u>	<u>346,187</u>
GROSS PROFIT		567,229

OPERATING EXPENSES

Salaries	171,920	
Employees Insurance	32,065	
Social Security	12,846	
Retirement	65,343	
Unemployment Comp.	-	
Workmen's Compensation	1,355	
Other Employee Benefits	575	
Professional Services	4,412	
Repairs and Maintenance	13,587	
Printing	1,134	
Food Mgt. - Non-Food	47,685	
Gasoline	42	
Insurance	572	
Software	-	
Dues and Fees	-	
Other Expenses	-	
Depreciation	<u>9,763</u>	<u>361,299</u>

CHANGES IN FUND NET POSITION

FUND NET POSITION - JULY 1, 2020 (474,836)

FUND NET POSITION - JUNE 30, 2021 \$ (268,906)

**Brandywine Heights Area School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

FUND BALANCE - JULY 1, 2020		\$	7,698,968
 <u>REVENUES AND OTHER FINANCING SOURCES</u>			
Transfer from General Fund	\$	-	
Proceeds from Bond Issues		7,103,892	
Proceeds from Refunding Issues		2,226,108	
Bond Premium		-	
Refund of Prior Year Expenditures		-	
Interest Earnings		2,357	
		9,332,357	9,332,357
 TOTAL FUNDS AVAILABLE			 17,031,325
 <u>EXPENDITURES AND OTHER FINANCING USES</u>			
INSTRUCTIONAL:			
Supplies		-	
SUPPORT SERVICES:			
Professional Services		88,500	
Insurance		-	
Supplies		-	
NON-INSTRUCTIONAL SERVICES:			
Equipment		-	
CAPITAL OUTLAY:			
Professional Services		405,143	
Site Improvements		-	
Construction costs		5,824,043	
Repairs and Maintenance		-	
Insurance		20,395	
Dues & Fees		-	
Equipment		131,076	
Supplies		-	
OTHER FINANCING USES:			
Payment to Refunding Bonds Escrow Agent		2,210,687	
Transfer to General Fund		-	
		8,679,844	8,679,844
 FUND BALANCE - JUNE 30, 2021			 \$ <u>8,351,481</u>

**Brandywine Heights Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

FUND BALANCE - JULY 1, 2020 \$ 1,513,056

REVENUES AND OTHER FINANCING SOURCES

Transfer from General Fund	\$ 1,000,000	
Interest Earnings	1,980	1,001,980

TOTAL FUNDS AVAILABLE 2,515,036

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Supplies	-	
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SUPPORT SERVICES:

Professional Services	-	
Supplies	2,040	
Dues and Fees	3,807	

NON-INSTRUCTIONAL SERVICES:

Equipment	-	
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CAPITAL OUTLAY:

Professional Services	31,352	
Site Improvements	-	
Construction costs	-	
Repairs and Maintenance	-	
Equipment	178,283	
Supplies	-	

OTHER FINANCING USES:

Debt Service - Principal	-	
Debt Service - Interest	-	215,482

FUND BALANCE - JUNE 30, 2021 **\$ 2,299,554**

**Brandywine Heights Area School District
Student Sponsored Special Revenue Activity Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

FUND BALANCE - JULY 1, 2020 (RESTATED GASB 84) \$ 19,752

REVENUES AND OTHER FINANCING SOURCES

Interest Income	\$	4	
Admissions		108	
Student Member Dues and Fees		-	
LEA Activity - Special Events		650	
Contributions		2,250	3,012

TOTAL FUNDS AVAILABLE 22,764

EXPENDITURES AND OTHER FINANCING USES

NON-INSTRUCTIONAL SERVICES:

Professional Services		-	
Travel		-	
Miscellaneous Purchased Services		-	
Supplies		23	
Dues & Fees		154	
Miscellaneous Expenditures		-	
Student Fees for Instruction Related Events		-	

OTHER FINANCING USES:

Transfers		-	177
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FUND BALANCE - JUNE 30, 2021 **\$ 22,587**

**Brandywine Heights Area School District
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021**

ADDITIONS

Contributions	\$	22,373	
Interest income		23	
Dividends on Investments		-	
Gain(Loss) on Investments		-	
TOTAL ADDITIONS		-	\$ 22,396

DEDUCTIONS

Admin. Fees		-	
Awards		20,480	
TOTAL DEDUCTIONS		20,480	20,480

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 1,916

FUND NET POSITION - JULY 1, 2020 22,028

FUND NET POSITION - JUNE 30, 2021 \$ 23,944

**Private-Purpose Trust Fund
Statement of Fiduciary Net Position
As of June 30, 2021**

ASSETS

Cash and Cash Equivalents	\$	23,844	
Investments		-	
Due From Other Funds		100	
Other Receivables		-	
Prepaid Expenses		-	
Other Current Assets		-	
TOTAL ASSETS		-	\$ 23,944

LIABILITIES

Accounts Payable		-	
Due to Other Funds		-	
Other Current Liabilities		-	
TOTAL LIABILITIES		-	-

NET POSITION

Restricted for			
Postemployment benefits other than pensions		-	
Individuals, organizations, and other governments		23,944	
TOTAL LIABILITIES AND FUND NET POSITION		23,944	\$ 23,944

**Brandywine Heights Area School District
Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021**

ADDITIONS

Interest Income	\$	123	
Admissions		3,782	
Book Store Sales		-	
Student Organization Membership Dues and Fees		860	
Student Fees		-	
Special Events		8,642	
Other Activity Income		1,958	
TOTAL ADDITIONS	\$		15,365

DEDUCTIONS

Professional and Technical Services		517	
Repairs & Maintenance		-	
Rentals		1,000	
Transportation Services		-	
Communications		-	
Travel		-	
General Supplies		18,616	
Food		4,167	
Dues & Fees		169	
Donations		1,854	
Miscellaneous Expenses		-	
TOTAL DEDUCTIONS			26,323

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **(10,958)**

FUND NET POSITION - JULY 1, 2020 137,891

PRIOR PERIOD ADJUSTMENT (19,752)

FUND NET POSITION - JUNE 30, 2021 **\$ 107,181**

**Student Activity Fund
Statement of Fiduciary Net Position
As of June 30, 2021**

ASSETS

Cash and Cash Equivalents	\$	107,833	
Investments		-	
Due From Other Funds		-	
Other Receivables		-	
Prepaid Expenses		-	
Other Current Assets		-	
TOTAL ASSETS	\$		107,833

LIABILITIES

Accounts Payable	\$	552	
Due to Other Funds		100	
Other Current Liabilities		-	652
TOTAL LIABILITIES			

NET POSITION

Restricted for			
Postemployment benefits other than pensions			-
Individuals, organizations, and other governments			107,181
TOTAL LIABILITIES AND FUND NET POSITION	\$		107,833

Brandywine Heights Area School District
Schedule on General Obligation Bonds - Series A of 2019
For the Year Ended June 30, 2021

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 478,888	\$ 5,000
2022-23	478,800	5,000
2023-24	478,700	1,345,000
2024-25	424,900	1,910,000
2025-26	348,500	2,035,000
2026-27	252,750	2,135,000
2027-28	146,000	2,235,000
2028-29	34,250	685,000
TOTAL OUTSTANDING - JUNE 30, 2021	\$ 2,642,788	\$ 10,355,000

Schedule on General Obligation Bonds - Series B of 2019
For the Year Ended June 30, 2021

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 81,088	\$ 5,000
2022-23	81,000	1,465,000
2023-24	23,400	585,000
2024-25	2,000	50,000
TOTAL OUTSTANDING - JUNE 30, 2021	\$ 187,488	\$ 2,105,000

Schedule on General Obligation Bonds - Series of 2020
For the Year Ended June 30, 2021

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 103,518	\$ 1,020,000
2022-23	89,034	465,000
2023-24	82,431	5,000
2024-25	82,360	5,000
2025-26	82,289	5,000
2026-27	82,218	5,000
2027-28	82,147	10,000
2028-29	82,005	1,670,000
2029-30	58,291	2,415,000
2030-31	23,998	1,690,000
TOTAL OUTSTANDING - JUNE 30, 2021	\$ 768,291	\$ 7,290,000

**Brandywine Heights Area School District
Schedule on General Obligation Bonds - Series of 2021
For the Year Ended June 30, 2021**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 19,921	\$ 5,000
2022-23	32,967	5,000
2023-24	32,886	5,000
2024-25	32,805	5,000
2025-26	32,724	5,000
2026-27	32,643	5,000
2027-28	32,562	5,000
2028-29	32,481	5,000
2029-30	32,400	5,000
2030-31	32,319	765,000
2031-32	<u>19,926</u>	<u>1,230,000</u>
TOTAL OUTSTANDING - JUNE 30, 2021	\$ 333,634	\$ 2,040,000

S I N G L E A U D I T S E C T I O N

**Brandywine Heights Area School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2020	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2021	FOOTNOTES
U.S. DEPARTMENT OF TREASURY											
PASSED THROUGH THE PA COMMISSION ON CRIME & DELINQUENCY											
COVID-19 - CORONAVIRUS RELIEF FUND	I	21.019	2020-ES-01-35590	3/1/20-10/30/20	\$ 175,832	\$ 175,832	\$ -	\$ 175,832	\$ 175,832	\$ -	2
TOTAL U.S. DEPARTMENT OF TREASURY						175,832	-	175,832	175,832	-	
U.S. DEPT. OF EDUCATION											
PASSED THROUGH THE PDE											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-20-0046	7/1/19 - 9/30/20	\$ 199,320	39,860	39,860	-	-	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-21-0046	7/1/20 - 9/30/21	\$ 253,558	234,903	-	253,558	253,558	18,655	
TOTAL TITLE I PROGRAM						274,763	39,860	253,558	253,558	18,655	
PASSED THROUGH THE PDE											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	020-20-0046	7/1/19 - 9/30/20	\$ 43,067	-	697	-	-	697	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	020-21-0046	7/1/20 - 9/30/21	\$ 49,798	49,173	-	49,798	49,798	625	
TOTAL TITLE II PROGRAM						49,173	697	49,798	49,798	1,322	
PASSED THROUGH THE PDE											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	144-20-0046	7/1/19 - 9/30/20	\$ 15,181	7,084	7,084	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	144-21-0046	7/1/20 - 9/30/21	\$ 15,116	6,478	-	11,999	11,999	5,521	
TOTAL TITLE IV PROGRAM						13,562	7,084	11,999	11,999	5,521	
PASSED THROUGH THE COUNTY OF BERKS											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	I	84.425D	CGA-235802-20	3/1/20 - 9/20/20	\$ 100,000	100,000	-	100,000	100,000	-	2
PASSED THROUGH THE PDE											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	I	84.425D	200-20-0046	3/13/20 - 9/30/21	\$ 163,710	146,477	-	161,490	161,490	15,013	2
PASSED THROUGH THE PA COMMISSION ON CRIME & DELINQUENCY											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	I	84.425D	2020-ES-01-35323	10/1/20 - 9/30/22	\$ 40,237	-	-	38,301	38,301	38,301	2
TOTAL EDUCATION STABILIZATION FUND UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT						246,477	-	299,791	299,791	53,314	
PASSED THROUGH THE PDE											
COVID-19 - IDEA IMPACT MITIGATION GRANT	I	84.027	252-20-0046	7/1/20 - 9/30/21	\$ 24,183	8,061	-	17,013	17,013	8,952	2
PASSED THROUGH THE BERKS COUNTY I.U.											
IDEA - B	I	84.027	N/A	7/1/19 - 9/30/20	\$ 255,079	255,079	255,079	-	-	-	2
IDEA - B	I	84.027	N/A	7/1/20 - 9/30/21	\$ 278,361	202,146	-	278,361	278,361	76,215	1
IDEA - SECTION 619	I	84.173	N/A	7/1/19 - 9/30/20	\$ 3,500	-	-	-	-	-	1
IDEA - SECTION 619	I	84.173	N/A	7/1/20 - 9/30/21	\$ 3,381	3,381	-	3,381	3,381	-	1
TOTAL IDEA CLUSTER						468,667	255,079	298,755	298,755	85,167	
TOTAL U. S. DEPARTMENT OF EDUCATION						1,052,642	302,720	913,901	913,901	163,979	
U. S. DEPARTMENT OF AGRICULTURE											
PASSED THROUGH THE PA DEPT. OF EDUCATION:											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/19- 6/30/20	N/A	17,533	17,533	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/20 - 6/30/21	N/A	307,943	-	365,871	365,871	57,928	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/19 - 6/30/20	N/A	-	11,084	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/20 - 6/30/21	N/A	149,246	-	162,494	162,494	13,248	
SUMMER FOOD SERVICE PROGRAM	I	10.559	N/A	7/1/19 - 6/30/20	N/A	-	-	-	-	-	
SUMMER FOOD SERVICE PROGRAM	I	10.559	N/A	7/1/20 - 6/30/21	N/A	-	-	37,609	37,609	37,609	
PASSED THROUGH THE PA DEPT. OF AGRICULTURE:											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/20 - 6/30/21	N/A	112,477	(2,889)	112,269	112,269	(3,097)	2
TOTAL CHILD NUTRITION CLUSTER						598,283	25,728	678,243	678,243	105,688	3,4
TOTAL U.S. DEPARTMENT OF AGRICULTURE						598,283	25,728	678,243	678,243	105,688	
TOTAL FEDERAL AWARDS						\$ 1,826,757	\$ 328,448	\$ 1,767,976	\$ 1,767,976	\$ 269,667	

SOURCE: D -DIRECT; I -INDIRECT

Brandywine Heights Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

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

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

Note 3 - Organization and Scope

The District recognized 3.3% of its total general fund revenue in federal awards, and 74.1% of its total enterprise fund revenue.

Note 4 - Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 - Program Disclosure - Footnotes

1. The federal awards passed through the Berks County Intermediate Unit under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue
2. The Federal Grants were passed through the following entities in the totals below

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Commission on Crime & Delinquency	\$ 216,069	\$ 214,133
PA Department of Education	763,933	1,059,832
County of Berks	100,000	100,000
Berks County I.U.	540,321	281,742
PA Department of Agriculture	N/A	112,269
Totals	\$ 1,620,323	\$ 1,767,976

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$112,477 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2020-21 fiscal year, the District used \$112,269 in commodities and established a year-end inventory of \$3,097 at June 30, 2021.
4. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the financial statements.

Brandywine Heights Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$	707,991
Federal Grants in Local Sources		381,742
Food Service Fund Federal Revenue		<u>678,451</u>
Total Federal Revenue, per financial statements		1,768,184
Less - Medical Access		-
Plus - Change in Donated Commodities		<u>(208)</u>
Total Federal Revenue Reported on SEFA	\$	<u>1,767,976</u>



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
Brandywine Heights Area School District
200 West Weiss Street
Topton, PA 19562

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, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Brandywine Heights Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Brandywine Heights Area School District's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brandywine Heights Area 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 Brandywine Heights Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Brandywine Heights Area 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 Brandywine Heights Area 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.

Respectfully submitted,



November 9, 2021



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

**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
Brandywine Heights Area School District
200 West Weiss Street
Topton, PA 19562

Report on Compliance for Each Major Federal Program

We have audited Brandywine Heights Area 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 Brandywine Heights Area School District's major federal programs for the year ended June 30, 2021. Brandywine Heights Area 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 Brandywine Heights Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brandywine Heights Area 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 Brandywine Heights Area School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Brandywine Heights Area 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 Brandywine Heights Area 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 Brandywine Heights Area 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.

Respectfully submitted,



November 9, 2021

**Brandywine Heights Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
10.553,10.555,10.559	Child Nutrition Cluster

Percentage of program tested to total awards 38.4%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**Brandywine Heights Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section II - Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings discovered, relating to federal awards, which are required to be reported in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures

We did not perform any follow-up procedures since there were no findings from the previous year.