



***CONRAD WEISER AREA SCHOOL DISTRICT***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors  
Conrad Weiser Area School District  
Robesonia, Pennsylvania**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conrad Weiser 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 fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conrad Weiser 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.

### **Change in Accounting Principle**

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 80 through 84 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 Conrad Weiser Area School District's basic financial statements. The individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual general fund schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual general fund schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**November 17, 2021**



**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2021**

The following discussion and analysis of Conrad Weiser 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 notes to the basic financial statements and 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 for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

The financial statements include the net pension liability and the net Postemployment Benefits other than pension obligation for the District. The net pension liability provision became effective July 1, 2014 when the District adopted Governmental Accounting Standards Board Statements (GASB) No. 68 and No. 71. The net Postemployment Benefits other than Pension went into effect July 1, 2017 when the District adopted GASB No. 75. This resulted in the District having to restate their net position from July 1, 2014 forward for the net pension liability and July 1, 2017 for the net Postemployment Benefits other than pension, resulting in a Total Net Position that is a deficit. For the year ending June 30, 2021 the deficit in the Total Net Position in the governmental activities was (\$26,237,289) and in the Food Service Fund the deficit was (\$1,127,470).

The District ended the 2020-2021 school year with revenues and other financing sources over expenditures and other financing uses, or a surplus, in the amount of \$895,565 in the General Fund. Effective March 16, 2020, the Governor of Pennsylvania closed all K-12 Pennsylvania Schools due to the COVID-19 pandemic, eventually the decision was to close for the remainder of the school year. COVID-19 impacted the start of the 2020-2021 school year. The school year started with a modified schedule with secondary students being taught remotely half the week and in person half the week. Elementary students were in person most of the school year. Finally, in April, all schools returned to full in-person instruction every day. The District saw Revenues in excess of the Budget totaling \$3,417,665. Business Managers throughout the State were encouraged to be conservative in their estimations of Revenues. Most of the overage in Revenues were attributed to Real Estate Taxes (\$640,920), EIT (\$782,961), Transfer Tax (\$353,568), Transportation (\$289,999) and ESSER Funding (\$1,269,364). Expenses were higher than Budgeted. The two main culprits were related to COVID-19. Salaries were higher (\$1,218,217) due to payments to teachers to conduct the Scout Virtual Academy (SVA) classes as well as Cyber Charter School Expenses (\$1,100,129) due to many students choosing virtual classes rather than returning to in-person instruction. The decision to move to the Berks County Health Trust was a successful decision. The balance at year end of the Unassigned Fund Balance exceeded 5% of total budgeted expenditures and meets the District's policy for Fund Balance minimum.

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**Overview of the Financial Statements**

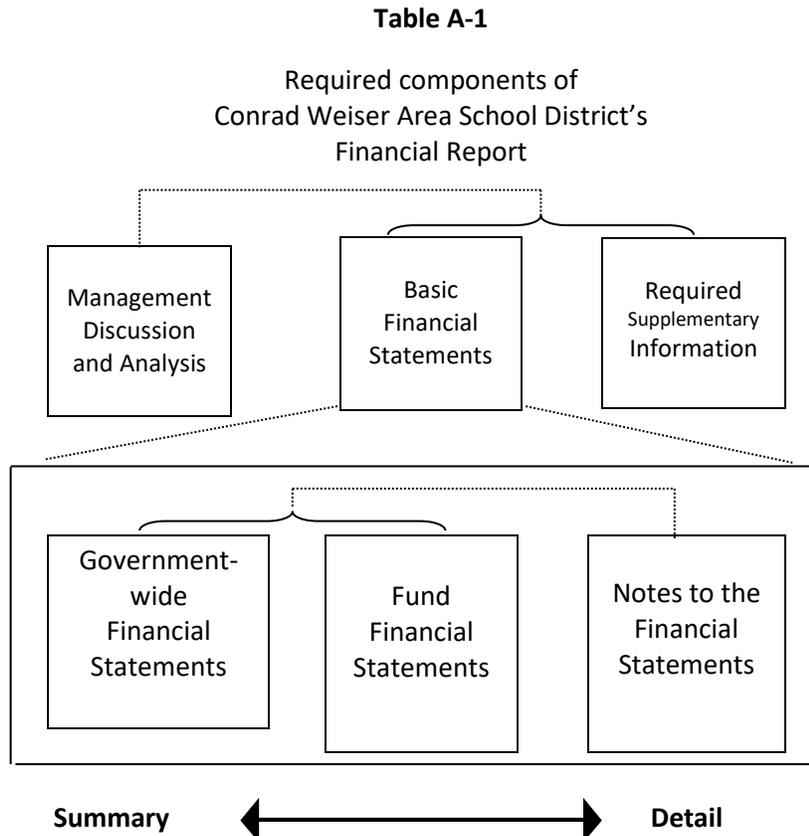
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District’s overall financial status.

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

The financial statements also include notes that explain some of the information in the financial statements and 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.

**Table A-1** shows how the required parts of this annual report are arranged and related to one another:



**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**Table 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.

**Table A-2  
Major Features of Conrad Weiser Area School District's  
Government-wide and Fund Financial Statements**

	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	* Entire District (except fiduciary funds)	*The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	*Activities the District operates similar to private business-Food Services	*Instances in which the District is the trustee or agent to someone else's resources - Trust Funds
<b>Required Financial Statements</b>	*Statement of net position *Statement of activities	*Balance Sheet *Statement of revenues, expenditures, and changes in fund balance	*Statement net position *Statement of revenues, expenses and changes in net position *Statement of cash flows	*Statement of net position *Statement of changes in Net position
<b>Accounting basis and measurements focus</b>	*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
<b>Type of asset/liability information</b>	*All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	*Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no long-term capital assets and liabilities included	*All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	*All assets and liabilities, both short-term and long-term
<b>Type of inflow-outflow information</b>	*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 the year regardless of when cash is received or paid	*All revenue and expenses during the year regardless of when cash is received or paid

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-wide Statements**

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

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

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

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

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

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

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**Fund Financial Statements**

The District's fund financial statements provide more detailed information about the District's funds focusing on the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

The District has three kinds of funds:

**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. Because this information does not encompass the additional long-term focus of the government-wide statement, 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 one of the District's proprietary funds 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. The District uses an internal service fund to report activities that provide services and supplies for its other programs and activities. The District currently has one internal service fund, its employee medical benefits fund.

**Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others - the student activities funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the District's government-wide financial statement because the District cannot use these assets to finance its operations.

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

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

The District's total net position as of June 30, 2021 is \$(27,364,759) this is a decrease of \$286,916 over the balance of (\$27,077,843) at June 30, 2020.

**Table A-3  
Fiscal Year ended June 30, 2021  
Net Position**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current and other assets	\$35,231,228	\$126,229	\$35,357,457
Capital assets	64,184,485	13,207	64,197,692
Total Assets	<u>\$99,415,713</u>	<u>\$139,436</u>	<u>\$99,555,149</u>
Deferred outflows of resources	13,731,371	146,286	13,877,657
Current and other liabilities	13,300,039	58,290	13,358,329
Long-term liabilities	123,377,494	1,054,658	124,432,152
Total Liabilities	<u>\$136,677,533</u>	<u>\$1,112,948</u>	<u>\$137,790,481</u>
Deferred Inflows of resources	2,706,840	300,244	3,007,084
Net Position			
Net investment in			
Capital Assets	\$26,091,206	\$13,207	\$26,104,413
Restricted	11,095,863	--	11,095,863
Unrestricted	<u>(63,424,358)</u>	<u>(1,140,677)</u>	<u>(64,565,035)</u>
<b>Total Net Position (Deficit)</b>	<b><u>\$(26,237,289)</u></b>	<b><u>\$(1,127,470)</u></b>	<b><u>\$(27,364,759)</u></b>

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**Fiscal Year ended June 30, 2020**

**Net Position**

	<u>Governmental</u> <u>Activities</u> <u>(Restated)</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u> <u>(Restated)</u>
Current and other assets	\$ 45,670,946	\$ 183,845	\$ 45,854,791
Capital assets	57,121,258	15,395	57,136,653
Total Assets	\$102,792,204	\$ 199,240	\$ 102,991,444
Deferred outflows of resources	10,249,669	129,060	10,378,729
Current and other liabilities	13,510,546	59,654	13,570,200
Long-term liabilities	122,487,630	1,343,599	123,831,229
Total Liabilities	\$135,998,176	\$1,403,253	\$137,401,429
Deferred Inflows of Resources	2,981,409	65,178	3,046,587
Net Position			
Net Investment in			
Capital Assets	21,632,991	15,395	21,648,386
Restricted	14,597,861	--	14,597,861
Unrestricted (Deficit)	(62,168,564)	(1,155,526)	(63,324,090)
<b>Total Net Position (Deficit)</b>	<b>\$(25,937,712)</b>	<b>\$(1,140,131)</b>	<b>\$(27,077,843)</b>

The decrease in total assets is a result of spending bond proceeds from an issuance in March 2020. The District has a number of building renovations and upgrades that are planned over the next few years.

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is comprised of restricted and unrestricted amounts. The restricted balances are unused bond proceeds or general fund transfers to the capital projects account to be used for future purchases or capital projects as planned by the District, as well as funds restricted under the District's Renaissance program.

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

The results of this year's operations as a whole are reported in the Statement of Activities as well as Table A-4a. 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 local taxes assessed to community taxpayers and the Basic Education Subsidy provided by the State of Pennsylvania. For comparative purposes Table A -4b displays last year's Changes in Net Position from Operating.

**Table A-4a  
2021 Changes In Net Position from Operating**

	<b>Governmental Activities 2021</b>	<b>Business-type Activities 2021</b>	<b>Total 2021</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$985,792	\$68,459	\$1,054,251
Operating grants and contributions	\$11,604,149	\$932,148	\$12,536,297
Capital grants and contributions	\$1,348,232	\$0	\$1,348,232
General Revenues			
Property taxes and other taxes levied for general purposes	\$33,050,466	\$0	\$33,050,466
State formula aid	\$8,038,975	\$0	\$8,038,975
Other	\$221,506	\$87	\$221,593
<b>Total Revenue</b>	<b>\$55,249,120</b>	<b>\$1,000,694</b>	<b>\$56,249,814</b>
<b>Expenses</b>			
Instruction	\$35,534,751	\$0	\$35,534,751
Instruction student support	\$4,030,468	\$0	\$4,030,468
Administrative and financial support service	\$4,580,404	\$0	\$4,580,404
Operation of maintenance of plant services	\$3,781,401	\$0	\$3,781,401
Pupil transportation	\$2,212,975	\$0	\$2,212,975
Other	\$5,408,698	\$988,033	\$6,396,731
<b>Total Expense</b>	<b>\$55,548,697</b>	<b>\$988,033</b>	<b>\$56,536,730</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$(299,577)</b>	<b>\$12,661</b>	<b>\$(286,916)</b>
<b>Net Position (Deficit) at Beginning of Year (Restated)</b>	<b>\$(25,937,712)</b>	<b>\$(1,140,131)</b>	<b>\$(27,077,843)</b>
<b>Net Position (Deficit) End of Year</b>	<b>\$(26,237,289)</b>	<b>\$(1,127,470)</b>	<b>\$(27,364,759)</b>

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**Table A-4b  
2020 Changes In Net Position from Operating**

	<b>Governmental Activities 2020</b>	<b>Business-type Activities 2020</b>	<b>Total 2020</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,466,567	\$494,870	\$1,961,437
Operating grants and contributions	\$9,097,323	\$741,318	\$9,838,641
Capital grants and contributions	\$1,438,549	\$0	\$1,438,549
General Revenues			
Property taxes and other taxes levied for general purposes	\$31,947,474	\$0	\$31,947,474
State formula aid	\$8,076,364	\$0	\$8,076,364
Other	\$562,612	\$1,272	\$563,884
<b>Total Revenue</b>	<b>\$52,588,889</b>	<b>\$1,237,460</b>	<b>\$53,826,349</b>
<b>Expenses</b>			
Instruction	\$32,455,547	\$0	\$32,455,547
Instruction student support	\$4,121,737	\$0	\$4,121,737
Administrative and financial support service	\$4,443,467	\$0	\$4,443,467
Operation of maintenance of plant services	\$3,667,492	\$0	\$3,667,492
Student transportation	\$1,993,651	\$0	\$1,993,651
Other	\$5,173,223	\$1,239,536	\$6,412,759
<b>Total Expense</b>	<b>\$51,855,117</b>	<b>\$1,239,536</b>	<b>\$53,094,653</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$733,772</b>	<b>\$(2,076)</b>	<b>\$731,696</b>
<b>Net Position at Beginning of Year</b>	<b>\$(26,674,271)</b>	<b>\$(1,138,055)</b>	<b>\$(27,812,326)</b>
<b>Restatement for GASBS No. 84</b>	<b>\$2,787</b>	<b>\$0</b>	<b>\$2,787</b>
<b>Net Position End of Year (Deficit)</b>	<b><u>\$(25,937,712)</u></b>	<b><u>\$ (1,140,131)</u></b>	<b><u>\$(27,077,843)</u></b>

The increase in total revenue is a result of higher operating grants and contributions (COVID-19 funding), as well as an increase in tax revenue due to an increase in the millage rate from the prior year. Total expenses have increased 6.5% from the prior year, largely related to additional salaries for the Scout Virtual Academy and higher Charter School tuition costs.

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**NET COST OF GOVERNMENTAL ACTIVITIES**

The following table shows the District's total cost of services and net cost (total cost less revenues generated by the activities) for each function. The total net cost shows the financial burden placed on the District's taxpayers by each of these functions.

	Total Cost		Net Cost	
	2021	2020	2021	2020
Instruction	\$ 35,534,751	\$ 32,455,547	\$ 25,546,653	\$ 24,446,266
Instructional Student Support	4,030,468	4,121,737	3,446,495	3,430,561
Administrative and Financial				
Support Services	4,580,404	4,443,467	4,066,845	3,996,660
Operation & Maintenance of Plant				
Services	3,781,401	3,667,492	3,306,153	3,348,279
Pupil Transportation	2,212,975	1,993,651	1,309,824	989,826
Other	<u>5,408,698</u>	<u>5,173,223</u>	<u>3,934,554</u>	<u>3,641,086</u>
Total Expenses	<u>\$ 55,548,697</u>	<u>\$ 51,855,117</u>	<u>\$ 41,610,524</u>	<u>\$ 39,852,678</u>
Business-Type Activities	<u>\$ 988,033</u>	<u>\$ 1,239,536</u>	<u>\$ (12,574)</u>	<u>\$ (3,348)</u>

**THE DISTRICT FUNDS**

The District ended the 2020-2021 school year with a surplus of \$895,565 in the General Fund. The ending fund balance of the District as of June 30, 2021 is as follows:

Nonspendable	\$429
Restricted	\$2,117
Committed for Retirement	\$1,462,754
Committed for Technology	\$71,100
Unassigned	\$4,147,387

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**General Fund Budget**

The Board of School Directors and Administration continued to work diligently to put together a budget that met the educational needs of the students and prepare for long-term fiscal and educational needs. This financial planning allowed the District to meet a budgetary goal of maintaining a tax rate that is within the average Berks County Real Estate Millage tax rate. Conrad Weiser Area School District is ranked 8<sup>th</sup> out of 18 school districts in Berks County with respect to Real Estate Millage Tax rate. The average millage rate for Berks County is 29.80 and the District's millage rate for the 2020-2021 school year was 30.626.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted revenues increased as a result of additional approved grants. Expenditures also increased in total because of salaries, supplies, and anticipated utility costs. The Budget for medical costs did decrease because of moving from a self-insured plan to joining the Berks County Health Trust on August 1, 2020.

The Budgetary Reserve line item in the General Fund Budget is specifically designated for contributions to the general fund unrestricted fund balance and offsetting grant expenditures. The District has a financial policy to maintain a fund balance over 5% of the operating budget, currently it is at 7.7%. The District also established a Capital Reserve Fund under the Municipal Code during the 2003-2004 school year. The purpose of this fund is to set dollars aside specifically for one-time large capital expenditures such as major building repairs or expensive equipment. This fund is reported as a component of the capital projects funds for the year ended June 30, 2021 and has an ending balance of \$5,513,429.

**CAPITAL ASSETS**

As of June 30, 2021, the District had \$64,197,692 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$7,061,039 from the previous year, which is largely due to construction in progress additions related to High School and Middle School renovations and additions. Also, as of June 30, 2021, the District had Construction in process of \$11,277,276 for projects started at the High School and Middle School. In the next few years, the District has planned renovations and upgrades to a number of the District's buildings.

**Table A - 5**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>	
	<b>Capital Assets - Net of Depreciation</b>		<b>Capital Assets - Net of Depreciation</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$870,400	\$870,400	\$0	\$0
Construction in process	\$11,277,276	\$4,681,592	\$0	\$0
Site Improvement, Net Depreciation	\$2,021,363	\$548,111	\$0	\$0
Building and Building Improvements, Net Depreciation	\$48,538,061	\$49,783,961	\$0	\$0
Fixtures and Equipment, Net Depreciation	<u>\$1,477,385</u>	<u>\$1,237,194</u>	<u>\$13,207</u>	<u>\$15,395</u>
	<u>\$64,184,485</u>	<u>\$57,121,258</u>	<u>\$13,207</u>	<u>\$15,395</u>

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**DEBT ADMINISTRATION**

As of July 1, 2020, the District had total outstanding bond principal of \$47,680,332. The District made reductions against principal of \$4,007,917. Therefore, the ending outstanding debt as of June 30, 2021 is \$43,672,415.

**Table A - 6  
Outstanding Debt  
June 30, 2021**

General Obligation Bonds:

- Bonds, Series of 2010	\$ 8,735,415
- Bonds, Series of 2011	\$ 4,312,000
- Bonds, Series B of 2012	\$ 1,140,000
- Bonds, Series of 2013	\$ 2,625,000
- Bonds, Series of 2019	\$ 9,530,000
- Bonds, Series of 2020	<u>\$17,330,000</u>

Total	\$43,672,415
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Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our capital assets and long-term liabilities is included in the notes to the financial statements.

**CONRAD WEISER AREA SCHOOL DISTRICT  
ROBESONIA, PENNSYLVANIA**

**ECONOMIC FACTORS**

The District's general obligation bond rating as of February 2020 is an A+ with a negative outlook according to a report issued by Standard & Poor Global Ratings. This report states that the rates reflect the District's "stable economy, supported by strong income and a steadily growing property tax base; strong finances; and rapid principal amortization."

The District's share of retirement contributions to Pennsylvania School Employees Retirement System (PSERS) is projected to increase in the future. For the 2020-2021 school year the rate is 34.51% as compared to the 2019-2020 rate of 34.29%. Future, anticipated increases will continue to have a local impact on funding.

The housing market has boomed in the District. There has been an increase in Transfer Tax Revenue. Small increases in Real Estate Taxes occurred due to a housing development in South Heidelberg Township and the Borough of Robesonia. COVID has impacted expenditures in a number of ways. Sanitary expenses have increased, but is normally funded by ESSER funding. Many students opted to attend various Cyber Charter schools as well as the District's virtual academy - Scout Virtual Academy (SVA).

The Conrad Weiser Area School District is required to participate in Act 1 of 2006. This act is intended to provide property tax relief to residential homeowners from state gaming proceeds and increased Earned Income Tax (EIT) rates or Personal Income Tax (PIT) rates. Additionally, the Act provides an index to establish the maximum Real Estate Tax millage rate increase a School Board may levy without seeking voter referendum.

**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 the Director of Business at Conrad Weiser Area School District, 44 Big Spring Road, Robesonia, PA 19551, (610) 693-8542.

CONRAD WEISER AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 30,191,592	\$ 43,989	\$ 30,235,581
Internal balances	2,190	(2,190)	-
Taxes receivable, net	834,141	-	834,141
Intergovernmental receivables	4,193,354	64,411	4,257,765
Other receivables	9,522	1,373	10,895
Inventories	-	18,646	18,646
Prepaid expenses	429	-	429
Capital assets not being depreciated	12,147,676	-	12,147,676
Capital assets, net of accumulated depreciation	52,036,809	13,207	52,050,016
<b>TOTAL ASSETS</b>	<b>99,415,713</b>	<b>139,436</b>	<b>99,555,149</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	192,371	-	192,371
Deferred outflows of resources for pension	12,522,376	140,619	12,662,995
Deferred outflows of resources for other postemployment benefits	1,016,624	5,667	1,022,291
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,731,371</b>	<b>146,286</b>	<b>13,877,657</b>
<b>LIABILITIES</b>			
Accounts payable	3,701,488	14,639	3,716,127
Accrued interest	339,905	-	339,905
Accrued salaries and benefits	2,322,991	14,235	2,337,226
Payroll deductions and withholdings	3,088,992	-	3,088,992
Unearned revenues	51,746	29,416	81,162
Noncurrent liabilities due within one year	3,794,917	-	3,794,917
Noncurrent liabilities:			
Bonds payable, net	42,718,113	-	42,718,113
Long-term portion of compensated absences	600,137	-	600,137
Long-term portion of retirement incentives	70,000	-	70,000
Net pension liability	73,208,680	994,320	74,203,000
Net other postemployment benefit liabilities	6,780,564	60,338	6,840,902
<b>TOTAL LIABILITIES</b>	<b>136,677,533</b>	<b>1,112,948</b>	<b>137,790,481</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	1,906,111	299,078	2,205,189
Deferred inflows of resources for other postemployment benefits	800,729	1,166	801,895
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,706,840</b>	<b>300,244</b>	<b>3,007,084</b>
<b>NET POSITION</b>			
Net investment in capital assets	26,091,206	13,207	26,104,413
Restricted for capital projects	11,095,863	-	11,095,863
Unrestricted (deficit)	(63,424,358)	(1,140,677)	(64,565,035)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (26,237,289)</b>	<b>\$ (1,127,470)</b>	<b>\$ (27,364,759)</b>

See accompanying notes.

CONRAD WEISER AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction	\$ 35,534,751	\$ 924,652	\$ 9,063,446	\$ -	\$ (25,546,653)	\$ -	\$ (25,546,653)
Instructional student support	4,030,468	-	583,973	-	(3,446,495)	-	(3,446,495)
Administrative and financial support services	4,580,404	-	513,559	-	(4,066,845)	-	(4,066,845)
Operation and maintenance of plant services	3,781,401	36,000	439,248	-	(3,306,153)	-	(3,306,153)
Student transportation	2,212,975	-	903,151	-	(1,309,824)	-	(1,309,824)
Food service	58,051	-	744	-	(57,307)	-	(57,307)
Student activities	953,827	25,140	100,028	-	(828,659)	-	(828,659)
Community services	17,928	-	-	-	(17,928)	-	(17,928)
Interest on long-term debt	1,928,562	-	-	1,348,232	(580,330)	-	(580,330)
Unallocated depreciation expense	2,450,330	-	-	-	(2,450,330)	-	(2,450,330)
<b>Total Governmental Activities</b>	<b>55,548,697</b>	<b>985,792</b>	<b>11,604,149</b>	<b>1,348,232</b>	<b>(41,610,524)</b>	<b>-</b>	<b>(41,610,524)</b>
<b>Business-Type Activities</b>							
Food services	988,033	68,459	932,148	-	-	12,574	12,574
<b>Total Primary Government</b>	<b>\$ 56,536,730</b>	<b>\$ 1,054,251</b>	<b>\$ 12,536,297</b>	<b>\$ 1,348,232</b>	<b>(41,610,524)</b>	<b>12,574</b>	<b>(41,597,950)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes					29,824,363	-	29,824,363
Earned income taxes					2,488,561	-	2,488,561
Public utility realty, earned income, and other taxes					737,542	-	737,542
Grants, subsidies, and contributions not restricted for a specific program					8,038,975	-	8,038,975
Investment earnings					184,683	87	184,770
Miscellaneous revenue					36,823	-	36,823
<b>Total General Revenues</b>					<b>41,310,947</b>	<b>87</b>	<b>41,311,034</b>
<b>Change in Net Position</b>					<b>(299,577)</b>	<b>12,661</b>	<b>(286,916)</b>
<b>Net Position (Deficit) - Beginning of Year, Restated</b>					<b>(25,937,712)</b>	<b>(1,140,131)</b>	<b>(27,077,843)</b>
<b>Net Position (Deficit) - End of Year</b>					<b>\$ (26,237,289)</b>	<b>\$ (1,127,470)</b>	<b>\$ (27,364,759)</b>

See accompanying notes.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2021**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 7,613,291	\$ 21,982,734	\$ 29,596,025
Interfund receivable	98,000	-	98,000
Taxes receivable	843,598	-	843,598
Intergovernmental receivables	4,193,354	-	4,193,354
Other receivables	9,522	-	9,522
Prepaid expenditures	429	-	429
	<u>\$ 12,758,194</u>	<u>\$ 21,982,734</u>	<u>\$ 34,740,928</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Interfund payable	\$ 95,810	\$ -	\$ 95,810
Accounts payable	964,997	2,736,491	3,701,488
Accrued salaries and benefits	2,399,991	-	2,399,991
Payroll deductions and withholdings	3,088,992	-	3,088,992
Unearned revenues	51,746	-	51,746
	<u>6,601,536</u>	<u>2,736,491</u>	<u>9,338,027</u>
<b>TOTAL LIABILITIES</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	472,871	-	472,871
<b>FUND BALANCES</b>			
Nonspendable	429	-	429
Restricted	2,117	19,246,243	19,248,360
Committed for:			
Retirement	1,462,754	-	1,462,754
Future technology purchases	71,100	-	71,100
Unassigned	4,147,387	-	4,147,387
	<u>5,683,787</u>	<u>19,246,243</u>	<u>24,930,030</u>
<b>TOTAL FUND BALANCES</b>			
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<u>\$ 12,758,194</u>	<u>\$ 21,982,734</u>	<u>\$ 34,740,928</u>

See accompanying notes.

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

**June 30, 2021**

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 24,930,030</b>
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 \$116,574,737 and the accumulated depreciation is \$52,390,252.		64,184,485
Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		463,414
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 payable	\$ (43,672,415)	
Accrued interest on bonds	(339,905)	
Unamortized bond premium	(2,763,615)	
Deferred charge on bond refunding	192,371	
Long-term portion of compensated absences	(600,137)	
Long-term portion of retirement incentives	(70,000)	(47,253,701)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(62,592,415)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		(6,564,669)
An internal service fund is used by the District to charge the cost of health insurance claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		595,567
<b>TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES</b>		<b>\$ (26,237,289)</b>

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

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

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Local sources	\$ 34,919,103	\$ 32,601	\$ 34,951,704
State sources	16,567,428	-	16,567,428
Federal sources	3,804,629	-	3,804,629
<b>TOTAL REVENUES</b>	<b>55,291,160</b>	<b>32,601</b>	<b>55,323,761</b>
<b>EXPENDITURES</b>			
Current:			
Instructional services	34,297,250	6,685	34,303,935
Support services	14,074,858	40	14,074,898
Operation of noninstructional services	934,802	16,000	950,802
Capital outlay	-	9,328,093	9,328,093
Debt service:			
Principal	4,007,917	-	4,007,917
Interest	1,080,703	909,855	1,990,558
Refund of prior year revenue	65	-	65
<b>TOTAL EXPENDITURES</b>	<b>54,395,595</b>	<b>10,260,673</b>	<b>64,656,268</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>895,565</b>	<b>(10,228,072)</b>	<b>(9,332,507)</b>
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>	<b>4,788,222</b>	<b>29,474,315</b>	<b>34,262,537</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 5,683,787</b>	<b>\$ 19,246,243</b>	<b>\$ 24,930,030</b>

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

For the Year Ended June 30, 2021

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (9,332,507)

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

Capital outlays	\$ 9,513,557	
Less: depreciation expense	<u>(2,450,330)</u>	7,063,227

Because some property taxes and other receivables will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. (74,641)

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

Repayment of bond principal	4,007,917	
Amortization of bond premium	214,164	
Amortization of deferred charge on bond refunding	<u>(98,232)</u>	4,123,849

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. (53,936)

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

Compensated absences	(20,966)	
Retirement incentives	14,000	
Net pension liability and related deferred outflows and inflows	(641,140)	
Net OPEB liability and related deferred outflows and inflows	<u>(319,336)</u>	(967,442)

An internal service fund is used by the District to charge the costs of health insurance claims to the individual funds. The excess revenue (expense) is reported with governmental activities. (1,058,127)

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** \$ (299,577)

**CONRAD WEISER AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**June 30, 2021**

	Enterprise Fund Food Service	Internal Service Fund
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 43,989	\$ 595,567
Interfund receivables	97,810	-
Intergovernmental receivables	64,411	-
Other receivables	1,373	-
Inventories	18,646	-
	<b>TOTAL CURRENT ASSETS</b>	<b>595,567</b>
<b>NONCURRENT ASSETS</b>		
Fixtures and equipment, net	13,207	-
	<b>TOTAL ASSETS</b>	<b>595,567</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources for pension	140,619	-
Deferred outflows of resources for other postemployment benefits	5,667	-
	<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Interfund payables	100,000	-
Accounts payable	14,639	-
Accrued salaries and benefits	14,235	-
Unearned revenues	29,416	-
	<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>
<b>NONCURRENT LIABILITIES</b>		
Net pension liability	994,320	-
Net other postemployment benefit liabilities	60,338	-
	<b>TOTAL LIABILITIES</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources for pension	299,078	-
Deferred inflows of resources for other postemployment benefits	1,166	-
	<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>
<b>NET POSITION</b>		
Investment in capital assets	13,207	-
Unrestricted (deficit)	(1,140,677)	595,567
	<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 595,567</b>

See accompanying notes.

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

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

	<u>Enterprise Fund Food Service</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Food service revenue	\$ 68,459	\$ -
Charges for services	-	200,374
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	68,459	200,374
<b>OPERATING EXPENSES</b>		
Salaries	327,180	-
Employee benefits	268,787	-
Pension and OPEB valuation adjustments	(71,101)	-
Other purchased services	34,350	-
Supplies	426,629	-
Depreciation	2,188	-
Payments for health claims and administrative expenses	-	1,259,176
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	988,033	1,259,176
<b>OPERATING LOSS</b>	(919,574)	(1,058,802)
<b>NONOPERATING REVENUES</b>		
Earnings on investments	87	675
State sources	90,344	-
Federal sources	841,804	-
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES</b>	932,235	675
<b>CHANGE IN NET POSITION</b>	12,661	(1,058,127)
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	<u>(1,140,131)</u>	<u>1,653,694</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<u>\$ (1,127,470)</u>	<u>\$ 595,567</u>

See accompanying notes.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

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

	<u>Enterprise Fund</u> <u>Food Service</u>	<u>Internal</u> <u>Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from users	\$ 54,712	\$ 359,889
Payments to employees for services	(596,399)	-
Payments to suppliers for goods and services	(419,030)	-
Payment of health claims and administrative costs	-	(1,407,027)
	<hr/>	<hr/>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	(960,717)	(1,047,138)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State sources	88,207	-
Federal sources	696,979	-
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	785,186	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Earnings on investments	87	675
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(175,444)	(1,046,463)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<hr/> 219,433	<hr/> 1,642,030
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 43,989</u>	<u>\$ 595,567</u>

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

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

	Enterprise Fund Food Service	Internal Service Fund
<b><u>Reconciliation of Operating Loss To Net Cash Used For Operating Activities:</u></b>		
Operating loss	\$ (919,574)	\$ (1,058,802)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	2,188	-
Donated commodities used	92,077	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Interfund receivables/payables	(61,392)	-
Other receivables	(725)	159,515
Inventories	(826)	-
Deferred outflows of resources for pension	(17,075)	-
Deferred outflows of resources for other postemployment benefits	(151)	-
Accounts payable	12,090	(147,626)
Accrued salaries and benefits	(432)	-
Unearned revenues	(13,022)	-
Other current liabilities	-	(225)
Net pension liability	(290,000)	-
Net other postemployment benefit liabilities	1,059	-
Deferred inflows of resources for pension	236,016	-
Deferred inflows of resources for other postemployment benefits	(950)	-
Total adjustments	(41,143)	11,664
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>\$ (960,717)</b>	<b>\$ (1,047,138)</b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the District used \$92,077 of commodities from the U.S. Department of Agriculture.

CONRAD WEISER AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND

June 30, 2021

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	Custodial Fund (Student Activities)
<b>ASSETS</b>	
Cash and investments	\$ 157,484
	<u>157,484</u>
<b>TOTAL ASSETS</b>	157,484
<b>LIABILITIES</b>	
Accounts payable	4,105
	<u>4,105</u>
<b>TOTAL LIABILITIES</b>	4,105
<b>NET POSITION</b>	<u>\$ 153,379</u>

**CONRAD WEISER AREA SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUND**

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

	Custodial Fund (Student Activities)
<b>ADDITIONS</b>	
Contributions	\$ 114,758
Investment income	282
	115,040
<b>TOTAL ADDITIONS</b>	115,040
 <b>DEDUCTIONS</b>	
Student activities	111,540
	3,500
<b>CHANGE IN NET POSITION</b>	3,500
 <b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	149,879
<b>NET POSITION - END OF YEAR</b>	\$ 153,379

## CONRAD WEISER AREA SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Conrad Weiser Area School District ("School District" or the "District") is located in Berks County, Pennsylvania. The District tax base consists of Robesonia Borough, Wernersville Borough, Womelsdorf Borough, South and North Heidelberg Townships, Heidelberg Township, and Marion Township.

Conrad Weiser 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 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the School District is required to pay, or to pay an 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.

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

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

##### A. Reporting Entity

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

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**A. Reporting Entity - continued**

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

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

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

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

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

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

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

**The District has the Following Major Enterprise Fund:**

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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C. Basis of Presentation - Fund Financial Statements - continued

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

**Internal Service Fund:** This fund accounts for the District's self-insurance activity. The District is self-insured for medical and prescription claims. Since this fund supports largely governmental activities, its activity is included in governmental activities in the government-wide statements.

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

**E. Budgetary Process**

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

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

**Accelerated Budget Process Option**

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

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

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

**Board Resolution Option**

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**E. Budgetary Process - continued**

**Board Resolution Option - continued**

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.

**F. Financial Position**

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

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

**3. Interfund Transactions**

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

4. Inventories and Prepaid Items

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

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

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

Purchased food	\$ 6,084
Supplies	6,637
Donated commodities	<u>5,925</u>
	<u>\$ 18,646</u>

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

5. Capital Assets, Depreciation, and Amortization

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization - continued

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

Estimated useful lives for depreciable assets are as follows:

Assets	Years
Building and building improvements	20 - 50
Site improvements	15 - 20
Fixtures and equipment	3 - 15

6. Valuation of Long-Lived Assets

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

7. Unearned Revenues

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**F. Financial Position - continued**

**8. Compensated Absences**

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

**9. Early Retirement Incentive**

An employee whose combined age and years of service as an employee of the District equal 80 or greater shall be eligible for a retirement buyout in the amount of \$28,000. This amount is to be paid equally over four years. The amount will be paid in four equal installments into a 403(b) Plan in the name of the employee subject to meeting certain additional eligibility criteria. In addition to the eligibility noted above, the employee must submit an irrevocable letter of retirement to the board by the January committee meeting. The board will then take action at the regularly scheduled January board meeting. The maximum number of employees eligible for the buyout is eight. In years where there are more than eight applicants, the benefit will be awarded to the eight by seniority. An accrual has been made to the government-wide financial statements for the long-term portion at the time the resignation letter is received by the board. The current portion is accrued in the general fund for payments to be made within one year.

**10. Long-Term Obligations**

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

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**F. Financial Position - continued**

**11. Pension**

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

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

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

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

PSERS OPEB Plan

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

District OPEB Plan

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**13. Deferred Outflows/Inflows of Resources**

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

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**13. Deferred Outflows/Inflows of Resources - continued**

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

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

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

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**F. Financial Position - continued**

**14. Net Position**

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

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

**15. Fund Balance Policies and Flow Assumptions**

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

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**F. Financial Position - continued**

**15. Fund Balance Policies and Flow Assumptions - continued**

The unassigned fund balance of the general fund at the end of each fiscal year shall not be less than 5% of the following year's projected budgeted expenditures. In any fiscal year where the District is unable to maintain this minimum reservation of fund balance as required in this section, the District shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until this level is achieved.

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

**G. Use of Estimates**

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

**H. Adoption of Accounting Standard**

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

The District had previously reported its private purpose trust fund (Renaissance fund) as fiduciary funds. With the adoption of this standard, the Renaissance fund did not meet the requirements to be reported as fiduciary funds. The Renaissance funds are now included within the general fund.

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The adoption of this standard resulted in the District restating beginning net position as of July 1, 2020 by \$2,787 in governmental activities and the general fund to account for the Renaissance funds as of June 30, 2020. The governmental net position increased from \$(25,940,499) to \$(25,937,712) and the general fund from \$4,785,435 to \$4,788,222. Additionally, the District has student activity funds that still qualify as being reported as fiduciary funds. This fund was previously reported as an agency type fiduciary fund with the asset balance reported with a corresponding liability and no net position. With the adoption of this standard the student activities fund is now reported as a custodial fund which reports net position. This resulted in the District restating beginning net position as of July 1, 2020 in this fiduciary fund for \$149,879.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

**Deficit Net Position - Proprietary Fund (Food Service Fund)**

For the year ended June 30, 2021, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, created a deficiency in net position at year-end of \$1,127,470. The District will fund this deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement Plan (PSERS) at a rate required by the PSERS.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS**

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

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

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

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

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

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2021, the carrying amount of the District's deposits was \$30,392,077 and the bank balance was \$30,923,698. Of the bank balance, \$504,922 was covered by federal depository insurance, and \$30,418,776 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

The District also had \$988 of petty cash on hand at June 30, 2021.

**Investments**

The District had no investments for the year ended June 30, 2021.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

The District has seven independently elected tax collectors who are responsible for the collection of real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$1,015,033,900. In accordance with Act 1 of 2006, the District received \$1,021,140 in property tax reduction funds for the 2020/2021 fiscal year. The District tax rate for the year ended June 30, 2021, was 30.626 mills (\$30.626 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for the current fiscal year was as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - November 30	Face payment period
December 1 - January 14	10% penalty period
January 15	All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

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

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

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate tax	\$ 609,807	\$ 9,457	\$ 600,350	\$ 136,936	\$ 472,871
Earned income tax	63,870	-	63,870	63,870	-
Transfer tax	168,838	-	168,838	168,838	-
Other	1,083	-	1,083	1,082	-
	<u>\$ 843,598</u>	<u>\$ 9,457</u>	<u>\$ 834,141</u>	<u>\$ 370,726</u>	<u>\$ 472,871</u>

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES**

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

	<u>General Fund</u>	<u>Enterprise Food Service</u>
Commonwealth of Pennsylvania:		
School Lunch Program	\$ -	\$ 2,524
Retirement	1,525,538	-
Social Security	319,675	-
Rental Subsidy	4,669	-
School Safety and Security Grant	20,887	-
Federal Subsidies:		
Education Stabilization Fund - PDE	1,129,218	-
IDEA - PA Training & Technical Asst - LLIU	10,000	-
Medical Assistance Program	156,751	-
COVID-19 - Child Nutrition Cluster	-	61,887
Other Local Education Agencies	<u>1,026,616</u>	<u>-</u>
 TOTAL	 <u>\$ 4,193,354</u>	 <u>\$ 64,411</u>

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES**

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 98,000	\$ 95,810
Enterprise Fund - Food Service	<u>97,810</u>	<u>100,000</u>
	<u>\$ 195,810</u>	<u>\$ 195,810</u>

Interfund receivables and payables exist as a result of a time lag between dates when payments between funds are made. Balances are typically paid within one year; however, amounts due and payable between the general fund and enterprise fund - food service will be we paid when sufficient cash is available, which may be longer than one year.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 7 - CHANGES IN CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Reclass/ Decrease</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 870,400	\$ -	\$ -	\$ 870,400
Construction in process	4,681,592	9,292,873	(2,697,189)	11,277,276
Totals not being depreciated	<u>5,551,992</u>	<u>9,292,873</u>	<u>(2,697,189)</u>	<u>12,147,676</u>
Capital assets being depreciated:				
Buildings and building improvements	94,334,438	-	851,143	95,185,581
Site improvements	2,318,941	24,589	1,606,835	3,950,365
Fixtures and equipment	5,407,891	196,095	(312,871)	5,291,115
Totals being depreciated	<u>102,061,270</u>	<u>220,684</u>	<u>2,145,107</u>	<u>104,427,061</u>
Less accumulated depreciation for:				
Buildings and building improvements	44,550,477	2,097,043	-	46,647,520
Site improvements	1,770,830	158,172	-	1,929,002
Fixtures and equipment	4,170,697	195,115	(552,082)	3,813,730
Total accumulated depreciation	<u>50,492,004</u>	<u>2,450,330</u>	<u>(552,082)</u>	<u>52,390,252</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>51,569,266</u>	<u>(2,229,646)</u>	<u>2,697,189</u>	<u>52,036,809</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 57,121,258</u>	<u>\$ 7,063,227</u>	<u>\$ -</u>	<u>\$ 64,184,485</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Fixtures and equipment	\$ 442,664	\$ -	\$ -	\$ 442,664
Accumulated depreciation for:				
Fixtures and equipment	<u>427,269</u>	<u>2,188</u>	<u>-</u>	<u>429,457</u>
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 15,395</u>	<u>\$ (2,188)</u>	<u>\$ -</u>	<u>\$ 13,207</u>

Depreciation expense of \$2,450,330 in governmental activities was unallocated for the year ended June 30, 2021.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 8 - LONG-TERM LIABILITIES**

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

State Public School Building Authority (SPSBA), Qualified School Construction Bonds - Series of 2010A:

The District is liable for qualified school construction bonds dated October 6, 2010, in the original principal amount of \$15,000,000. Principal maturities occur on September 1 through the year 2027. Interest is payable semi-annually on March 1 and September 1. The stated interest rate for the District is 5.00%. The District is then receiving a federal subsidy at the rate of 4.83% leaving an effective interest rate of 0.17%. The District received a subsidy of \$682,479 for the year ended June 30, 2021. Proceeds from these bonds were used for renovations at the West Elementary School. \$ 8,735,415

SPSBA, Qualified School Construction Bonds - Series of 2011:

The District is liable for qualified school construction bonds dated November 3, 2011, in the original principal amount of \$4,357,000. Principal maturities occur on September 1 through the year 2029. Interest is payable semi-annually on March 1 and September 1. The stated interest rate for the District is 5.088%. The District is then receiving a federal subsidy at the rate of 5.088% leaving an effective interest rate of 0.00%. The District received a subsidy of \$208,826 for the year ended June 30, 2021. Proceeds from these bonds were used for renovations at the West Elementary School. 4,312,000

General Obligation Bonds - Series of 2012B:

The District is liable for general obligation bonds dated May 1, 2012, in the original principal amount of \$4,900,000. Principal maturities occur on September 1 through the year 2021. Interest is payable semi-annually on March 1 and September 1. Interest rates vary from 2.00% to 2.35%. Proceeds from these bonds were used for renovations at East Elementary School and to provide funds for other capital projects of the District as approved by the board of school directors. 1,140,000

General Obligation Bonds - Series of 2013:

The District is liable for general obligation bonds dated February 20, 2013, in the original principal amount of \$9,795,000. Principal maturities occur on December 15 through the year 2022. Interest is payable semi-annually on June 15 and December 15. Interest rates vary from 2.00% to 2.10%. Proceeds from these bonds were used to advance refund a portion of the District's General Obligation Bonds - Series of 2006A. The District experienced a savings of \$269,862 from the advance refunding. 2,625,000

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

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General Obligation Bonds - Series of 2019:

The District is liable for general obligation bonds dated May 16, 2019, in the original principal amount of \$9,540,000. Principal maturities occur on September 1 through the year 2033. Interest is payable semi-annually on March 1 and September 1. The stated interest rate for the District is 3.0%. Proceeds from these bonds will be used to fund capital projects and purchase capital equipment throughout the District as approved by the Board of School Directors.

9,530,000

General Obligation Bonds - Series of 2020:

The District is liable for general obligation bonds dated April 7, 2020, in the original principal amount of \$17,330,000. Principal maturities occur on September 1 through the year 2035. Interest is payable semi-annually on March 1 and September 1. The stated interest rate for the District is 4.0%. Proceeds from these bonds will be used to fund capital projects and purchase capital equipment throughout the District as approved by the Board of School Directors.

17,330,000

Total bonds payable \$43,672,415

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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

	SPSBA, Qualified School		General Obligation Bonds	
	Construction Bonds		Series B	Series
	Series A of 2010	Series of 2011	of 2012	of 2013
2022	\$ 1,247,917	\$ 5,000	\$ 1,140,000	\$ 1,315,000
2023	1,247,917	5,000	-	1,310,000
2024	1,247,917	518,000	-	-
2025	1,247,917	524,000	-	-
2026	1,247,917	529,000	-	-
2027 - 2031	2,495,830	2,731,000	-	-
2032 - 2036	-	-	-	-
<b>Total</b>	<b>\$ 8,735,415</b>	<b>\$ 4,312,000</b>	<b>\$ 1,140,000</b>	<b>\$ 2,625,000</b>

	General Obligation Bonds		Total Principal	Total Interest*
	Series of 2019	Series of 2020		
2022	\$ 5,000	\$ 5,000	\$ 3,717,917	\$ 1,058,480
2023	5,000	460,000	3,027,917	1,008,730
2024	25,000	1,115,000	2,905,917	963,025
2025	30,000	1,165,000	2,966,917	916,600
2026	40,000	1,235,000	3,051,917	867,550
2027 - 2031	3,920,000	5,855,000	15,001,830	3,346,700
2032 - 2036	5,505,000	7,495,000	13,000,000	1,105,275
<b>Total</b>	<b>\$ 9,530,000</b>	<b>\$ 17,330,000</b>	<b>\$ 43,672,415</b>	<b>\$ 9,266,360</b>

\* Net of federal subsidy from SPSBA Qualified School Construction Bond

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 47,680,332	\$ -	\$ 4,007,917	\$ 43,672,415	\$ 3,717,917
Premiums	2,977,779	-	214,164	2,763,615	-
Total payable	<u>50,658,111</u>	<u>-</u>	<u>4,222,081</u>	<u>46,436,030</u>	<u>3,717,917</u>
Compensated absences	579,171	35,676	14,710	600,137	-
Early retirement incentive	189,000	84,000	126,000	147,000	77,000
Net pension liability	68,515,680	11,653,161	6,960,161	73,208,680	-
Net other postemployment benefit liabilities	<u>6,658,585</u>	<u>402,811</u>	<u>280,832</u>	<u>6,780,564</u>	<u>-</u>
Total governmental long-term liabilities	<u><u>\$ 126,600,547</u></u>	<u><u>\$ 12,175,648</u></u>	<u><u>\$ 11,603,784</u></u>	<u><u>\$ 127,172,411</u></u>	<u><u>\$ 3,794,917</u></u>
<b>Business-Type Activities</b>					
Net pension liability	\$ 1,284,320	\$ -	\$ 290,000	\$ 994,320	\$ -
Net other postemployment benefit liabilities	<u>59,279</u>	<u>3,442</u>	<u>2,383</u>	<u>60,338</u>	<u>-</u>
Total business-type long-term liabilities	<u><u>\$ 1,343,599</u></u>	<u><u>\$ 3,442</u></u>	<u><u>\$ 292,383</u></u>	<u><u>\$ 1,054,658</u></u>	<u><u>\$ -</u></u>

Payments on bonds payable are made by the general fund. Total interest paid during the year ended June 30, 2021, was \$1,990,558. Total interest cost recovered by the District through the receipt of federal subsidy was \$891,305 and is recorded in federal revenues. The compensated absence liabilities will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

**Events of Default**

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

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**Employee Defined Benefit Pension Plan**

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

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**Employee Defined Benefit Pension Plan - continued**

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

Contributions

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

Member Contributions:

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

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**Employee Defined Benefit Pension Plan - continued**

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

Contributions - continued

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$7,773,187 for the year ended June 30, 2021.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$4,029,048.

***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 \$74,203,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.1507%, which was an increase of 0.0015% from its proportion measured as of June 30, 2020.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**Employee Defined Benefit Pension Plan - continued**

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

For the year ended June 30, 2021, the District recognized pension expense of \$8,343,268. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,000	\$ 1,778,000
Net difference between projected and actual investment earnings	3,262,000	-
Changes in proportion - plan level	1,056,000	154,000
Changes in proportion - internal	273,189	273,189
Difference between employer contributions and proportionate share of total contributions	104,619	-
Contributions made subsequent to the measurement date	7,773,187	-
	\$ 12,662,995	\$ 2,205,189

The \$7,773,187 reported as deferred outflows of resources resulting from District pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2022	\$ (5,006)
2023	557,384
2024	1,158,279
2025	973,962
	\$ 2,684,619

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

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

Discount Rate

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 91,805,000	\$ 74,203,000	\$ 59,292,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2021, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,082,483 This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

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

On June 12, 2017, Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation establishes a new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan design options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. A stand-alone defined benefit plan is no longer available to new members after June 30, 2019. Contributions to the defined contribution pension plan from the District were \$41,754 for the year ended June 30, 2021.

**403(b) Tax Shelter Plan**

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

**Employee Defined Benefit Other Postemployment Benefit Plans**

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

Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	\$ 3,252,000	\$ 419,210	\$ 87,000
District OPEB Plan	<u>3,588,902</u>	<u>603,081</u>	<u>714,895</u>
Total	<u><u>\$ 6,840,902</u></u>	<u><u>\$ 1,022,291</u></u>	<u><u>\$ 801,895</u></u>

**PSERS OPEB Plan**

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

Health Insurance Premium Assistance Program

PSERS (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.

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*General Information About the PSERS OPEB Plan - continued*

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

Benefits Provided

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

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The school 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 \$190,210 for the year ended June 30, 2021.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**PSERS OPEB Plan - continued**

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

Contributions - continued

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$4,029,048.

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

At June 30, 2021, the District reported a liability of \$3,252,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1505%, which was an increase of 0.0013% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$172,639. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 133,000	\$ 71,000
Net difference between projected and actual investment earnings	6,000	-
Differences between expected and actual experience	30,000	-
Changes in proportion	60,000	16,000
Contributions made subsequent to the measurement date	190,210	-
	\$ 419,210	\$ 87,000

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

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

The \$190,210 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$ 18,000
2023	17,000
2024	16,000
2025	45,000
2026	31,000
Thereafter	<u>15,000</u>
	<u>\$ 142,000</u>

Actuarial Assumptions

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

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

Actuarial Assumptions - continued

The 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 were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

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

Actuarial Assumptions - continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
U.S. Core fixed income	46.5%	(0.1%)
Non-U.S. developed fixed	3.2%	(0.1%)
	<u>100.0%</u>	

Discount Rate

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

**PSERS OPEB Plan - continued**

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

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

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

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

	<u>1% Decrease (Between 4% to 6.50%)</u>	<u>Current Trend Rate (Between 5% to 7.50%)</u>	<u>1% Increase (Between 6% to 8.50%)</u>
District's proportionate share of the net OPEB liability	\$ 3,251,000	\$ 3,252,000	\$ 3,252,000

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

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

	<u>1% Decrease 1.66%</u>	<u>Current Discount Rate 2.66%</u>	<u>1% Increase 3.66%</u>
District's proportionate share of the net OPEB liability	\$ 3,708,000	\$ 3,252,000	\$ 2,874,000

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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**PSERS OPEB Plan - continued**

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

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2021, the District had an accrued balance due to PSERS of \$2,082,483 including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

**District OPEB Plan**

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

Plan Description

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

**District OPEB Plan - continued**

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

Benefits Provided

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

***Administrators***

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Hired before July 1, 2016  Subsidized - 30 years of PSERS and 15 years with the district  Unsubsidized - Retire through PSERS	<p><u>Coverage</u>                      Medical, Prescription Drug, and Dental</p> <p><u>Premium Sharing</u>                      If the member reaches 30 years of PSERS Service and 15 years of service with the district, the district will pay the full premium for medical and prescription drug coverage for the member, spouse and dependents. If the member reaches Medicare eligibility or dies prior to the spouse reaching Medicare eligibility, the spouse will receive the subsidized district benefit until reaching Medicare eligibility. The member must pay the full premium of dental coverage if elected.</p> <p>If the member does not reach the eligibility for the district subsidy but is eligible to retire through PSERS, the member, spouse and dependents may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> <p><u>Dependents</u>                      Families included</p>	The member and spouse may each continue benefits until Medicare age regardless of the status of the other.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

**District OPEB Plan - continued**

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

Benefits Provided - continued

***Administrators - continued***

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
<p>Hired after July 1, 2016</p> <p>Subsidized - Retired under one of the following:</p> <p>a) 30 years of PSERS, 10 years with the district, and age 55</p> <p>b) 10 years with the District, age 55 and years of age plus years of district service equals 80</p> <p>c) Unsubsidized - Retire through PSERS</p>	<p><u>Coverage</u> Medical, Prescription Drug, and Dental</p> <p><u>Premium Sharing</u> If the member qualifies for subsidized coverage, the district will pay for medical and prescription drug coverage for the member, spouse and dependents, with the member paying the active employee contribution rate. If the member reaches Medicare eligibility or dies prior to the spouse reaching Medicare eligibility, the spouse will receive the subsidized district benefit until reaching Medicare eligibility. The member must pay the full premium of dental coverage if elected.</p> <p>If the member does not reach the eligibility for the district subsidy but is eligible to retire through PSERS, the member, spouse and dependents may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> <p><u>Dependents</u> Families included</p>	<p>The member and spouse may each continue benefits until Medicare age regardless of the status of the other.</p>

***All Other Employees***

<p>Retire through PSERS</p>	<p>Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.</p>	<p>The member and spouse may each continue benefits until Medicare age regardless of the status of the other.</p>
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**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**District OPEB Plan - continued**

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

**Benefits Provided - continued**

Pennsylvania Act 110 of 1988 and Act 43 of 1989 require school employers in Pennsylvania to give retirees and their dependents the right to continue coverage in the group health plan to which they belonged as employees. To be eligible for this benefit, retirees must have taken superannuation retirement on or after age 65, retired with 30 years of service, or receive PSERS disability benefits.

**PSERS Retirement:**

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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District OPEB Plan - continued

*General Information About the District OPEB Plan - continued*

Employees Covered by Benefit Terms

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

Active participants	368
Retired participants	<u>14</u>
Total	<u><u>382</u></u>

**OPEB Liability**

Actuarial Assumptions and Other Inputs

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

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 1.86% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.
- Mortality rates - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- Healthcare cost trend rates - 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 100% of Administrators who are eligible for subsidized benefits, 65% of Administrators who are eligible for Act 110/43 benefits, 65% of Teachers and 25% of Support Staff are assumed to elect coverage.

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

**District OPEB Plan - continued**

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

	Total OPEB Liability
Balance at July 1, 2020	\$ 3,544,864
Changes for the year:	
Service cost	282,534
Interest	126,679
Differences between expected and actual experience	(681,435)
Changes of assumptions or other inputs	421,836
Benefit payments	(105,576)
Net changes	44,038
Balance at June 30, 2021	\$ 3,588,902

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

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

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

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
OPEB Plan - Total OPEB liability	\$ 3,874,185	\$ 3,588,902	\$ 3,316,829

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

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

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**District OPEB Plan - continued**

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

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB liability	\$ 3,121,712	\$ 3,588,902	\$ 4,149,753

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$395,785. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 97,010	\$ 624,649
Changes of assumptions	447,151	90,246
Benefit payments made subsequent to the measurement date	58,920	-
	<u>\$ 603,081</u>	<u>\$ 714,895</u>

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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District OPEB Plan - continued

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

The \$58,920 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$	(13,428)
2023		(13,428)
2024		(13,428)
2025		(13,428)
2026		(13,428)
Thereafter		<u>(103,594)</u>
Total	\$	<u><u>(170,734)</u></u>

NOTE 11 - JOINT VENTURE

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The District is a participating member of Berks Career & Technology Center. Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2020/2021 year was \$808,608.

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverages for the 2020/2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

On June 10, 2020 the District entered into an agreement to become a member of the Berks County School District Health Trust (Trust). Beginning in August of 2020 the District became a member of the Trust and is no longer be self-insured for health, hospitalization, major medical, or prescription insurance. The remaining balance in the self-insurance fund will be applied toward costs of joining the trust and future medical expenses.

In the prior year, the District was self-insured for health, hospitalization, major medical, and prescription insurance for current employees and their dependents. No retired individuals were participating in the plan. The District used a third-party administrator to provide consulting and administrative services to process claims within the self-insurance fund. During the year ended June 30, 2021, the District has stop-loss coverage for individual claims exceeding \$100,000 with no aggregate limit.

The following table presents the components of the plan's benefit obligation and the related changes in the plan's benefit obligations.

Benefit obligations at June 30:

	<u>2021</u>	<u>2020</u>
Claims payable	<u>\$ -</u>	<u>\$ 147,626</u>

Changes in benefit obligations are as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Claims payable, beginning of year	\$ 147,626	\$ 346,731
Benefits earned	1,259,176	7,843,581
Claims paid	<u>(1,406,802)</u>	<u>(8,042,686)</u>
Claims payable, end of year	<u>\$ -</u>	<u>\$ 147,626</u>

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS**

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

The District has entered into an agreement for the transportation of students. The agreement is for the period of July 1, 2016 through June 30, 2021 with option to extend through June 30, 2026. The contractor provides all equipment, fuel, and labor necessary. The cost for the transportation services is determined based on a yearly base service cost, based on an agreed upon rate schedule, which is reconciled prior to June 30<sup>th</sup> each year. In June 2021, the District exercised the five-year extension through June 20, 2026.

The District is involved in routine litigation incidental to the conduct of its business. The results, in the opinion of management, are not likely to affect the District's financial condition, results of operations, or cash flows.

The District has the following commitments under long-term construction contracts as of June 30, 2021:

Contractor	Adjusted Contract Amount	Balance Remaining on Contract
High School Mechanical Upgrades	\$ 5,206,423	\$ 922,053
High School/Middle School Roof Project	4,253,762	1,233,598
Middle School/High School Facility Upgrades	9,660,793	7,483,458
East Elementary Phase 2	81,130	66,932
Middle School Security Renovations	235,620	174,443
High School Administrative Offices	421,157	38,791
Transportation Garage and Bus Parking	62,440	51,513
	\$ 19,921,325	\$ 9,970,788

The District plans to use existing resources in the capital projects fund to fulfill the above commitments.

## CONRAD WEISER AREA SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 14 - FUND BALANCE

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

##### **General Fund**

The General Fund has nonspendable funds of \$429, restricted funds of \$2,117 for student involvement, committed funds of \$1,462,754 for retirement rate increases, and \$71,100 for future technology purchases, and unassigned fund balance of \$4,147,387. The commitments were authorized by the board of school directors' motion to set aside resources to fund anticipated increases in PSERS contributions and future technology purchases.

##### **Capital Projects Fund**

The capital projects fund has restricted funds of \$19,246,243 consisting of \$13,732,814 of unspent bond funds and \$5,513,429 comprised of surplus monies transferred from the General Fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

#### NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 87, *Leases* - This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the District's fiscal year ending June 30, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* - This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Under this statement, interest cost incurred before the end of a construction period must be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is effective for the District's fiscal year ending June 30, 2022.

CONRAD WEISER AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

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- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for the District's fiscal year ending June 30, 2023.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**CONRAD WEISER AREA SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

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

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 33,531,395	\$ 33,531,395	\$ 34,919,103	\$ 1,387,708
State sources	16,031,100	16,031,100	16,567,428	536,328
Federal sources	2,311,000	2,311,000	3,804,629	1,493,629
<b>TOTAL REVENUES</b>	<b>51,873,495</b>	<b>51,873,495</b>	<b>55,291,160</b>	<b>3,417,665</b>
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular programs - elementary/secondary	20,541,330	20,527,730	22,506,345	(1,978,615)
Special programs - elementary/secondary	9,912,865	9,912,865	9,652,595	260,270
Vocational education programs	1,854,250	1,867,850	1,768,961	98,889
Other instructional programs - elementary/secondary	405,510	405,510	369,349	36,161
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>32,713,955</b>	<b>32,713,955</b>	<b>34,297,250</b>	<b>(1,583,295)</b>
<b>SUPPORT SERVICES:</b>				
Students	1,927,290	1,927,290	1,814,283	113,007
Instructional staff	1,589,145	1,589,145	1,556,952	32,193
Administration	2,794,885	2,794,885	2,709,172	85,713
Pupil health	604,660	604,660	533,161	71,499
Business	729,285	729,285	774,032	(44,747)
Operation and maintenance of plant	3,914,435	3,914,435	3,633,621	280,814
Student transportation	2,302,470	2,302,470	2,208,820	93,650
Central	735,595	735,595	809,838	(74,243)
Other	36,000	36,000	34,979	1,021
<b>TOTAL SUPPORT SERVICES</b>	<b>14,633,765</b>	<b>14,633,765</b>	<b>14,074,858</b>	<b>558,907</b>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES:</b>				
Food services	-	-	11,526	(11,526)
Student activities	1,015,815	1,015,815	905,348	110,467
Community services	15,000	15,000	17,928	(2,928)
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>1,030,815</b>	<b>1,030,815</b>	<b>934,802</b>	<b>96,013</b>
<b>DEBT SERVICE PAYMENTS</b>	<b>5,088,625</b>	<b>5,088,625</b>	<b>5,088,620</b>	<b>5</b>
<b>REFUND OF PRIOR YEAR REVENUE</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>(65)</b>
<b>TOTAL EXPENDITURES</b>	<b>53,467,160</b>	<b>53,467,160</b>	<b>54,395,595</b>	<b>(928,435)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (1,593,665)</b>	<b>\$ (1,593,665)</b>	<b>895,565</b>	<b>\$ 2,489,230</b>
<b>FUND BALANCE - BEGINNING OF YEAR, RESTATED</b>			<b>4,788,222</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 5,683,787</b>	

See note to required supplementary information.

**CONRAD WEISER AREA SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2021**

**BUDGETARY DATA**

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

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

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

The general fund reported an excess of expenditures over appropriations for the year ended June 30, 2021. The excess expenditures were satisfied with additional local and federal revenues over budgeted amounts.

**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.

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.1507%	0.1492%	0.1474%	0.1466%	0.1483%	0.1443%	0.1439%	0.1485%
District's proportionate share of the collective net pension liability	\$ 74,203,000	\$ 69,800,000	\$ 70,759,000	\$ 72,403,000	\$ 73,493,000	\$ 62,504,000	\$ 56,957,000	\$ 60,790,000
District's covered payroll	\$ 21,120,558	\$ 20,579,867	\$ 19,844,263	\$ 19,521,781	\$ 19,203,569	\$ 18,562,490	\$ 18,368,465	\$ 19,053,374
District's proportionate share of the net pension liability as a percentage of its covered payroll	351.33%	339.17%	356.57%	370.88%	382.70%	336.72%	310.08%	319.05%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%

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

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

None.

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

CONRAD WEISER AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 7,773,187	\$ 7,054,813	\$ 6,738,593	\$ 6,350,519	\$ 5,710,037	\$ 4,834,377	\$ 3,883,354	\$ 2,969,994	\$ 2,138,528	\$ 1,530,343
Contributions in relation to the contractually required contribution	7,773,187	7,054,813	6,738,593	6,350,519	5,710,037	4,834,377	3,883,354	2,969,994	2,138,528	1,530,343
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,082,285	\$ 21,120,558	\$ 20,579,867	\$ 19,844,263	\$ 19,521,781	\$ 19,203,569	\$ 18,562,490	\$ 18,368,465	\$ 19,053,374	
Contributions as a percentage of covered payroll	36.87%	33.40%	32.74%	32.00%	29.25%	25.17%	20.92%	16.17%	11.22%	

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net PSERS OPEB liability	0.1505%	0.1492%	0.1474%	0.1466%	0.1483%
District's proportionate share of the collective net PSERS OPEB liability	\$ 3,252,000	\$ 3,173,000	\$ 3,073,000	\$ 2,987,000	\$ 3,194,000
District's covered payroll	\$ 21,120,558	\$ 20,579,867	\$ 19,844,263	\$ 19,521,781	\$ 19,203,569
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	15.40%	15.42%	15.49%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

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

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

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

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

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

CONRAD WEISER AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 190,210	\$ 177,639	\$ 171,565	\$ 166,066	\$ 162,306	\$ 162,435	\$ 170,489	\$ 172,631	\$ 159,925	\$ 124,340
Contributions in relation to the contractually required contribution	190,210	177,639	171,565	166,066	162,306	162,435	170,489	172,631	159,925	124,340
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,082,285	\$ 21,120,558	\$ 20,579,867	\$ 19,844,263	\$ 19,521,781	\$ 19,203,569	\$ 18,562,490	\$ 18,368,465	\$ 19,053,374	
Contributions as a percentage of covered payroll	0.90%	0.84%	0.83%	0.84%	0.83%	0.85%	0.92%	0.94%	0.84%	

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

CONRAD WEISER AREA SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 282,534	\$ 285,101	\$ 219,815	\$ 213,634
Interest	126,679	107,512	101,765	76,071
Differences between expected and actual experience	(681,435)	-	126,113	-
Changes of assumptions	421,836	(106,654)	1,227	85,979
Benefit payments	(105,576)	(139,139)	(179,674)	(192,719)
	44,038	146,820	269,246	182,965
Net change in total OPEB liability				
Total OPEB liability, beginning	3,544,864	3,398,044	3,128,798	2,945,833
Total OPEB liability, ending	<u>\$ 3,588,902</u>	<u>\$ 3,544,864</u>	<u>\$ 3,398,044</u>	<u>\$ 3,128,798</u>
<b>Covered Employee Payroll</b>	<u>\$ 20,728,488</u>	<u>\$ 19,188,818</u>	<u>\$ 19,188,818</u>	<u>\$ 18,025,944</u>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	17.31%	18.47%	17.71%	17.36%

NOTES TO SCHEDULE

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

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

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

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

**SUPPLEMENTARY INFORMATION**

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

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

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>6000 REVENUES FROM LOCAL SOURCES</b>				
<u>Taxes</u>				
6111	Current real estate taxes	\$ 28,444,795	\$ 29,085,715	\$ 640,920
6112	Interim real estate taxes	120,000	117,711	(2,289)
6113	Public utility realty tax	20,000	30,210	10,210
6114	Payments in lieu of current taxes	20,000	21,033	1,033
6120	Current per capita taxes, Section 679	59,000	58,753	(247)
6141	Current Act 511 per capita taxes	59,000	58,753	(247)
6151	Current Act 511 earned income taxes	1,705,600	2,488,561	782,961
6153	Current Act 511 real estate transfer taxes	200,000	553,568	353,568
6400	Delinquent taxes (all levies)	808,000	608,839	(199,161)
	<b>Total</b>	<b>31,436,395</b>	<b>33,023,143</b>	<b>1,586,748</b>
<u>Other</u>				
6510	Earnings on investments	175,000	152,082	(22,918)
6710	Admissions	50,000	25,140	(24,860)
6832	Federal revenue from intermediary sources	500,000	618,426	118,426
6910	Rentals	50,000	36,000	(14,000)
6940	Tuition from patrons	1,300,000	1,026,616	(273,384)
6990	Miscellaneous revenue	20,000	37,696	17,696
	<b>Total</b>	<b>2,095,000</b>	<b>1,895,960</b>	<b>(199,040)</b>
	<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	<b>33,531,395</b>	<b>34,919,103</b>	<b>1,387,708</b>
<b>7000 REVENUES FROM STATE SOURCES</b>				
7111	Basic instructional subsidy	6,545,000	6,514,434	(30,566)
7112	State share of Social Security and Medicare taxes	844,090	927,820	83,730
7160	Tuition/court placed institutions	460,000	503,401	43,401
7270	Special education of exceptional pupils	1,860,000	1,815,631	(44,369)
7310	Transportation	600,000	889,999	289,999
7320	Rentals and Sinking Fund payments	459,870	456,927	(2,943)
7330	Health Services	48,000	47,592	(408)
7340	State property tax reduction allocation	1,021,140	1,021,140	-
7361	School safety and security grants	-	40,000	40,000
7505	Ready to Learn block grant	371,000	370,988	(12)
7820	State share of retirement	3,822,000	3,979,496	157,496
	<b>TOTAL REVENUES FROM STATE SOURCES</b>	<b>16,031,100</b>	<b>16,567,428</b>	<b>536,328</b>

CONRAD WEISER AREA SCHOOL DISTRICT

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

For the Year Ended June 30, 2021

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>8000 REVENUES FROM FEDERAL SOURCES</b>				
8513	IDEA, Sect 619	-	6,279	6,279
8514	Title I	800,000	629,840	(170,160)
8515	Title II	50,000	95,799	45,799
8517	Title IV	-	63,251	63,251
8690	Other restricted federal grants	885,000	891,305	6,305
8741	Elementary and Secondary School Emergency Relief Fund (ESSER)	426,000	1,695,364	1,269,364
8742	Governor's Emergency Relief Fund (GEER)	-	43,202	43,202
8749	Other CARES Act, CRRSA Act, and ARP Act Funding	-	220,577	220,577
8810	Medical assistance reimbursement (Access)	150,000	150,469	469
8820	Medical assistance reimbursement for Administrative Claiming Program	-	8,543	8,543
<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>		<u>2,311,000</u>	<u>3,804,629</u>	<u>1,493,629</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>		<u>\$ 51,873,495</u>	<u>\$ 55,291,160</u>	<u>\$ 3,417,665</u>

CONRAD WEISER AREA SCHOOL DISTRICT

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

For the Year Ended June 30, 2021

	Budget	Actual	Variance
<b>1000 INSTRUCTIONAL SERVICES</b>			
1100 Regular programs - elementary/secondary	\$ 20,527,730	\$ 22,506,345	\$ (1,978,615)
1200 Special programs - elementary/secondary	9,912,865	9,652,595	260,270
1300 Vocational education programs	1,867,850	1,768,961	98,889
1400 Other instructional programs - elementary/secondary	405,510	369,349	36,161
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>32,713,955</b>	<b>34,297,250</b>	<b>(1,583,295)</b>
<b>2000 SUPPORT SERVICES</b>			
2100 Students	1,927,290	1,814,283	113,007
2200 Instructional staff	1,589,145	1,556,952	32,193
2300 Administration	2,794,885	2,709,172	85,713
2400 Pupil health	604,660	533,161	71,499
2500 Business	729,285	774,032	(44,747)
2600 Operation and maintenance of plant	3,914,435	3,633,621	280,814
2700 Student transportation	2,302,470	2,208,820	93,650
2800 Central	735,595	809,838	(74,243)
2900 Other	36,000	34,979	1,021
<b>TOTAL SUPPORT SERVICES</b>	<b>14,633,765</b>	<b>14,074,858</b>	<b>558,907</b>
<b>3000 OPERATION OF NONINSTRUCTIONAL SERVICES</b>			
3100 Food Service	-	11,526	(11,526)
3200 Student activities	1,015,815	905,348	110,467
3300 Community services	15,000	17,928	(2,928)
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>1,030,815</b>	<b>934,802</b>	<b>96,013</b>
<b>5000 OTHER EXPENDITURES AND FINANCING USES</b>			
5110 Debt service -			
Principal payments	4,007,920	4,007,917	3
Interest payments	1,080,705	1,080,703	2
5130 Refund of prior year revenue	-	65	(65)
<b>TOTAL OTHER FINANCING USES</b>	<b>5,088,625</b>	<b>5,088,685</b>	<b>(60)</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 53,467,160</b>	<b>\$ 54,395,595</b>	<b>\$ (928,435)</b>

**CONRAD WEISER AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts for the Year	Accrued/ (Unearned) Revenue at June 30, 2020	Revenue Recognized/ Expenditures	Accrued/ (Unearned) Revenue at June 30, 2021
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>									
Passed through Commonwealth of Pennsylvania Department of Education:									
Title I - Grants to Local Educational Agencies	I	84.010	013-210100	09/01/20-09/30/21	\$ 629,840	\$ 673,221	\$ -	\$ 629,840	\$ (43,381)
Title I - Grants to Local Educational Agencies	I	84.010	013-200100	07/01/19-09/30/20	682,589	73,759	73,759	-	-
Subtotal - ALN 84.010						746,980	73,759	629,840	(43,381)
Supporting Effective Instruction State Grant	I	84.367	020-210100	09/01/20-09/30/21	95,799	96,228	-	95,799	(429)
Supporting Effective Instruction State Grant	I	84.367	020-200100	08/23/18-09/30/19	103,827	39,537	39,537	-	-
Subtotal - ALN 84.367						135,765	39,537	95,799	(429)
Student Support and Academic Enrichment Program	I	84.424	144-210100	09/01/20-09/30/21	52,275	52,275	-	52,275	-
Student Support and Academic Enrichment Program	I	84.424	144-200100	07/01/19-09/30/20	54,878	18,293	7,317	10,976	-
Subtotal - ALN 84.424						70,568	7,317	63,251	-
COVID-19 - Education Stabilization Fund	I	84.425C	254-200100	03/13/20-09/30/21	43,202	43,202	-	43,202	-
COVID-19 - Education Stabilization Fund	I	84.425D	200-200100	03/13/20-09/30/21	566,146	566,146	-	566,146	-
COVID-19 - Education Stabilization Fund	I	84.425D	200-210100	03/13/20-09/30/23	2,371,804	-	-	1,129,218	1,129,218
Subtotal - ALN 84.425						609,348	-	1,738,566	1,129,218
Special Education Cluster (IDEA)									
Passed through Lancaster-Lebanon Intermediate Unit:									
PA Training & Technical Assist	I	84.027	062-20-0033	07/01/19-09/30/20	10,000	-	-	10,000	10,000
Passed through Pennsylvania Department of Education:									
COVID-19 Special Education - Impact Mitigation Grant	I	84.027	252-200100	07/01/20-09/30/21	23,806	7,935	-	-	(7,935)
Passed through Berks County Intermediate Unit:									
Special Education - Grants to States	I	84.027	N/A	07/01/20-09/30/21	508,426	508,426	-	508,426	-
Special Education - Grants to States	I	84.027	N/A	07/01/19-09/30/20	490,807	112,660	112,660	-	-
Subtotal - ALN 84.027						629,021	112,660	518,426	2,065
Section 619 IDEA-B Special Education - Grants to States	I	84.173	N/A	07/01/20-06/30/21	6,279	6,279	-	6,279	-
Total Special Education Cluster (IDEA)						635,300	112,660	524,705	2,065
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						2,197,961	233,273	3,052,161	1,087,473
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>									
Passed through Pennsylvania Commission on Crime and Delinquency:									
COVID-19 - Coronavirus Relief Fund	I	21.019	2020-CS-01-34244	03/01/20-10/30/20	220,577	220,577	-	220,577	-
Passed through the County of Berks:									
COVID-19 - Coronavirus Relief Fund	I	21.019	CGA-235805-20	03/01/20-09/20/20	100,000	100,000	-	100,000	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>						320,577	-	320,577	-

See notes to schedule of expenditures of federal awards.

**CONRAD WEISER AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**

**June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Receipts for the Year	Accrued/ (Unearned) Revenue at June 30, 2020	Revenue Recognized/ Expenditures	Accrued/ (Unearned) Revenue at June 30, 2021
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>									
Medicaid Cluster									
Passed through Pennsylvania Department of Human Services:									
Medical Assistance Program	I	93.778	N/A	07/01/20-06/30/21	N/A	2,261	-	8,543	6,282
Medical Assistance Program	I	93.778	N/A	07/01/19-06/30/20	N/A	2,540	2,540	-	-
<b>TOTAL MEDICAID CLUSTER AND U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						4,801	2,540	8,543	6,282
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>									
Child Nutrition Cluster									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	3,540	3,540	-	-
COVID-19 School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	130,276	-	147,485	17,209
Subtotal - ALN 10.553						133,816	3,540	147,485	17,209
COVID-19 National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	5,599	5,599	-	-
COVID-19 National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	557,564	-	602,242	44,678
Passed through Commonwealth of Pennsylvania Department of Agriculture:									
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	94,111	(3,891)	92,077	(5,925)
Subtotal - ALN 10.555						657,274	1,708	694,319	38,753
<b>TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE</b>						791,090	5,248	841,804	55,962
<b>TOTAL FEDERAL AWARDS</b>						<b>\$ 3,314,429</b>	<b>\$ 241,061</b>	<b>\$ 4,223,085</b>	<b>\$ 1,149,717</b>

I = Indirect Source of Funding

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

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

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

**NOTE 1 - BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Conrad Weiser 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Conrad Weiser Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Conrad Weiser Area School District.

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

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

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

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The District did not elect to use the de minimis rate for indirect costs.

**NOTE 4 - ACCESS PROGRAM**

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The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding classified as fee-for-service and recognized for the year ended June 30, 2021 was \$150,469.

**NOTE 5 - FOOD COMMODITIES**

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Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District has \$5,925 of food commodity inventory.

**CONRAD WEISER AREA SCHOOL DISTRICT**

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

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

**NOTE 6 - TRANSFERS OF FUNDS**

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During the year ended June 30, 2021, the District transferred \$44,691 of funds from the Supporting Effective Instruction State Grant to Title I - Grants to Local Educational Agencies and \$19,552 of funds from the Student Support and Academic Enrichment Program Grant to Title I - Grants to Local Educational Agencies. The expenditures for these grants are reported on the schedule of expenditures of federal awards with the grant program to which they were awarded.



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

**To the Board of School Directors  
Conrad Weiser Area School District  
Robesonia, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conrad Weiser Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Conrad Weiser Area School District's basic financial statements, and have issued our report thereon dated November 17, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Conrad Weiser Area School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Conrad Weiser Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Conrad Weiser 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 Conrad Weiser Area School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**November 17, 2021**



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

**To the Board of School Directors  
Conrad Weiser Area School District  
Robesonia, Pennsylvania**

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

We have audited Conrad Weiser 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 Conrad Weiser Area School District's major federal programs for the year ended June 30, 2021. Conrad Weiser 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Conrad Weiser 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 Conrad Weiser 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 Conrad Weiser Area School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Conrad Weiser 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 Conrad Weiser 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 Conrad Weiser Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Conrad Weiser 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.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**November 17, 2021**

**CONRAD WEISER AREA SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   no

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

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?        Yes   X   no

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

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

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

**Identification of major program:**

**Assistance Listing Number(s)    Name of Federal Program or Cluster**

U.S. Department of Education	Education Stabilization Fund
84.425C	COVID-19 - Governor's Emergency Relief Fund (GEER)
84.425D	COVID-19 - Elementary Secondary School Emergency Relief (ESSER)

U.S. Department of Treasury	
21.019	COVID-19 - Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?   X   yes        No

**CONRAD WEISER AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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**Section II - Financial Statement Findings**

There were no financial statement findings.

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

There were no federal awards findings or questioned costs reported.



**CONRAD WEISER AREA  
SCHOOL DISTRICT**  
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Stephen V. Burnham, Ed.D.  
*Assistant Superintendent*

Ryan R. Giffing, Ed.D.  
*Superintendent*

Mark P. Moyer  
*Director of Business*

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

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

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### **Section II - Financial Statement Findings**

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

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

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