

WEST SHORE SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
West Shore School District
New Cumberland, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the West Shore School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

In our opinion, the accompanying 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 discretely presented component unit and remaining fund information of the District, as of June 30, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information as listed in the Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information as listed in the Contents and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large loop at the end.

Camp Hill, Pennsylvania
December 5, 2024

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The management of West Shore School District is pleased to present the following discussion and analysis of the District's financial position and financial activities. The purpose of this discussion is to provide a narrative summary in order to enhance the reader's understanding of the District's basic financial statements.

This format is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Management's Discussion and Analysis (MD&A) includes comparisons of financial position at June 2024 and 2023. The MD&A also includes comparisons of current year financial activities to the previous year. The 2023 amounts are taken from our prior year MD&A and are otherwise not a part of the June 2024 financial statements. Dollar amounts in this summary are presented in millions to make it easier to read.

Financial Highlights

- During the 2023-2024 fiscal year, the District made a transfer from the General Fund to the Capital Reserve Fund. The transfer in the amount of \$5,400,000 was due to 2022-2023 surplus funds and is to help fund future capital projects.
- Real estate tax revenues increased from the previous year by approximately 5.7% mainly due to the Board authorizing the real estate tax millage to be increased to 13.5621 for Cumberland County and 16.1427 for York County, for the 2023-2024 tax year.
- The District was awarded several COVID-19 federal stimulus grants over the past few years. Approximately \$4,200,000 was used toward learning loss, summer and afterschool programs, cleaning supplies, technology equipment and software, and instructional materials throughout the entire District. The District will continue to use COVID-19 federal stimulus grants over the next few months to provide the above-mentioned items and will then close out the grants by submitting final expenditure reports.
- In the area of physical plant maintenance, the District funds large capital expenses annually from the Capital Reserve Fund. During 2023-2024, approximately \$3,500,000 was spent on upgrades to several buildings.
- Regarding food service operations, the District completed its ninth year with Sodexo managing the operation. The District was running the National School Breakfast, National School Lunch, and Summer Food Service Program. The state allowed the District to offer one free breakfast, daily to every student. Additional students ate free lunches if they qualified under the guidelines of the National School Lunch Program. The District received more federal funding due to Supply Chain Assistance funding.

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Overview of the Financial Statements

This report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 12 and 13) provide information about the activities of the District as a whole and presents a longer-term view of the District's finances than fund statements.

Fund financial statements are presented on pages 14, 16, and 18 through 22. For governmental activities, these statements tell how the District services have been financed in the short run, as well as show the amount remaining for future spending. Proprietary fund statements provide information about non-governmental operations, in this case food services. Fiduciary funds statements report funds held in trustee capacity by the District for others and as agent for other student-led activities. The fiduciary funds also include the financial transactions for the West Shore Foundation, a component unit of the District.

The reconciliation of the governmental funds balance sheet to the statement of net position on page 15 connects governmental fund balance to the total net position balance from the statement of net position. The reconciliation on page 17 does the same for the components of the changes in fund balances.

Reporting the District as a Whole

The government-wide statements present financial activities and the results of those activities in two categories: governmental and business-type. Capital assets (land, buildings, improvements, furniture, and equipment) are presented with all other assets. Long-term debt is presented with all other liabilities. This is distinctly different from the fund statements in which assets and liabilities are separated into various funds such as general, capital reserve, and capital projects.

The approach to measurement of revenue and expense is similar to that used in the private sector and is referred to as following the accrual basis of accounting. This is discussed further in the notes to the financial statements.

Reporting the District's Most Significant Funds

The funds statements provide financial information about the District's significant funds rather than the District as a whole. There are three fund types: governmental, proprietary, and fiduciary. The use of each type of fund is described in the notes to the financial statements. Unlike government-wide financial statements that measure receipts and disbursements on the accrual basis, the funds statements report receipts and disbursements only to the extent cash has been received or is expected to be received or paid in the near future.

The District in Trustee Capacity

The District acts in a trustee capacity for one fund, a student-led activities fund, and includes a component unit, the West Shore Foundation. The Foundation is discussed in the notes to the financial statements beginning on page 23. In comparison to the governmental funds, the amounts held in the fiduciary funds are small. Fund balances and activity for the year are presented on pages 21 and 22.

WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024

The District as a Whole

Table A-1 summarizes and compares the 2024 statement of net position from page 12 of the financial statements with the same measurements for 2023. Within this and certain other schedules in our discussion, we have presented the dollar figures in millions, unless otherwise indicated, to make them easier to read. This has resulted in rounding differences, and some columns may not add within a schedule.

Total net position is the difference between total assets plus total deferred outflows of resources, less total liabilities less total deferred inflows of resources. Total net position represents resources that can be used to pay for future operations and capital improvements. Most of the District's net position is invested in capital assets.

Table A-1
Statement of Net Position - 2023-2024

| | Governmental Activities | | Business-Type Activities | | Total School District | |
|---------------------------------------|----------------------------|------------------------|-----------------------------|---------------------|--------------------------|------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current assets | \$ 92,538,677 | \$ 117,542,950 | \$ 2,118,608 | \$ 2,235,891 | \$ 94,657,285 | \$ 119,778,841 |
| Noncurrent assets | 196,508,099 | 146,801,871 | 623,759 | 497,342 | 197,131,858 | 147,299,213 |
| Total assets | \$ 289,046,776 | \$ 264,344,821 | \$ 2,742,367 | \$ 2,733,233 | \$ 291,789,143 | \$ 267,078,054 |
| Deferred charges on refunding | \$ 69,002 | \$ 108,437 | \$ - | \$ - | \$ 69,002 | \$ 108,437 |
| Deferred outflows for pensions | 27,576,000 | 26,790,000 | 363,000 | 348,000 | 27,939,000 | 27,138,000 |
| Deferred outflows for OPEB | 4,188,326 | 4,763,237 | 20,996 | 26,046 | 4,209,322 | 4,789,283 |
| Deferred outflows of resources | \$ 31,833,328 | \$ 31,661,674 | \$ 383,996 | \$ 374,046 | \$ 32,217,324 | \$ 32,035,720 |
| Current and other liabilities | \$ 35,792,130 | \$ 31,521,227 | \$ 235,576 | \$ 265,488 | \$ 36,027,706 | \$ 31,786,715 |
| Long-term liabilities | 327,974,576 | 312,311,469 | 2,315,110 | 2,321,269 | 330,289,686 | 314,632,738 |
| Total liabilities | \$ 363,766,706 | \$ 343,832,696 | \$ 2,550,686 | \$ 2,586,757 | \$ 366,317,392 | \$ 346,419,453 |
| Deferred inflows for pensions | \$ 4,530,522 | \$ 5,212,003 | \$ 34,914 | \$ 59,649 | \$ 4,565,436 | \$ 5,271,652 |
| Deferred inflows for OPEB | 3,085,000 | 5,042,000 | 41,000 | 416,000 | 3,126,000 | 5,458,000 |
| Lease related | 579,077 | 767,125 | - | - | 579,077 | 767,125 |
| Deferred inflows of resources | \$ 8,194,599 | \$ 11,021,128 | \$ 75,914 | \$ 475,649 | \$ 8,270,513 | \$ 11,496,777 |
| Net investment in capital assets | \$ 57,386,201 | \$ 53,946,320 | \$ 623,759 | \$ 497,342 | \$ 58,009,960 | \$ 54,443,662 |
| Restricted | 24,667,915 | 20,091,126 | - | - | 24,667,915 | 20,091,126 |
| Unrestricted (deficit) | (133,135,317) | (132,884,775) | (123,996) | (452,469) | (133,259,313) | (133,337,244) |
| Total net position (deficit) | \$ (51,081,201) | \$ (58,847,329) | \$ 499,763 | \$ 44,873 | \$ (50,581,438) | \$ (58,802,456) |

During 2024, the governmental activities net position balance increased by \$7,766,128 bringing it to \$51,081,201 at the end of 2024. The change is analyzed in Table A-2.

Table A-2 summarizes and compares activity presented in the statement of activities (page 13). It shows the items that make up the \$7,766,128 operational increase in the total primary government net position balance.

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The District as a Whole (Continued)

**Table A-2
Changes in Net Position - 2023-2024**

| | Governmental Activities | | Business-Type Activities | | Total School District | |
|------------------------------------|----------------------------|----------------------|-----------------------------|-------------------|--------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,656,137 | \$ 1,708,764 | \$ 610,426 | \$ 906,172 | \$ 2,266,563 | \$ 2,614,936 |
| Operating Grants and Contributions | 29,567,284 | 29,053,536 | 3,301,297 | 2,910,705 | 32,868,581 | 31,964,241 |
| Capital Grants and Contributions | 127,730 | 125,214 | - | - | 127,730 | 125,214 |
| General Revenue: | | | | | | |
| Taxes | 100,582,129 | 96,684,899 | - | - | 100,582,129 | 96,684,899 |
| Unrestricted Grants and Subsidies | 18,891,647 | 17,473,598 | - | - | 18,891,647 | 17,473,598 |
| Other (net of transfers) | 6,587,191 | 4,248,951 | 102,869 | 39,903 | 6,690,060 | 4,288,854 |
| Total Revenues | 157,412,118 | 149,294,962 | 4,014,592 | 3,856,780 | 161,426,710 | 153,151,742 |
| Direct Expenses | 149,645,990 | 136,540,429 | 3,559,702 | 2,923,861 | 153,205,692 | 139,464,290 |
| Change in Net Position | \$ 7,766,128 | \$ 12,754,533 | \$ 454,890 | \$ 932,919 | \$ 8,221,018 | \$ 13,687,452 |

During 2024, total direct revenues for the governmental activities exceeded total expenses by \$7,766,128 compared with total expenses exceeding total direct revenues by \$12,754,533 for 2023. The components of the direct expenses are presented in Table A-3. For the business-type activities, total revenue exceeded total expenses by \$454,890 for 2024.

Governmental Activities

Table A-3 presents expense information from the statement of activities for governmental activities. The total cost of services represents the actual cost of providing the services, while the net cost represents the amount of cost not recovered through program revenues, user charges, grants, and contributions. The total net cost of services of \$118,294,839 must be recovered through general revenues, primarily taxes and state subsidies. These general revenues for 2024 were \$126,060,967. The net of those two amounts totaled a net gain of \$7,766,128.

**Table A-3
Governmental Activities - 2023-2024**

| | Total Cost of Services | | Less: Program Revenues | | Net Cost of Services | |
|--|---------------------------|-----------------------|---------------------------|----------------------|-------------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Instruction | \$ 99,383,405 | \$ 92,025,846 | \$ 23,877,313 | \$ 22,676,760 | \$ 75,506,092 | \$ 69,349,086 |
| Instructional student support | 10,450,482 | 8,999,052 | 2,775,060 | 3,798,481 | 7,675,422 | 5,200,571 |
| Administrative and financial support | 13,621,260 | 12,551,601 | 1,280,714 | 1,247,139 | 12,340,546 | 11,304,462 |
| Operation and maintenance of plant services | 12,834,058 | 11,047,099 | 814,929 | 847,938 | 12,019,129 | 10,199,161 |
| Pupil transportation | 6,558,790 | 5,629,329 | 2,083,512 | 1,801,221 | 4,475,278 | 3,828,108 |
| Student activities | 2,323,616 | 2,263,959 | 390,093 | 382,319 | 1,933,523 | 1,881,640 |
| Community service | 94,666 | 103,223 | 1,800 | 8,442 | 92,866 | 94,781 |
| Interest on long-term debt | 4,379,713 | 3,920,320 | 127,730 | 125,214 | 4,251,983 | 3,795,106 |
| Total governmental activities | \$ 149,645,990 | \$ 136,540,429 | \$ 31,351,151 | \$ 30,887,514 | 118,294,839 | 105,652,915 |
| Less unrestricted grants | | | | | 18,891,647 | 17,473,598 |
| Total needs from taxes and other local services | | | | | \$ 99,403,192 | \$ 88,179,317 |

The total costs of governmental activities for 2024 were 9.6% higher than 2023, primarily due to wage and benefit increases, and the rising cost of goods and services due to inflation.

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Business-Type Activities

The charts below are similar to the previous table, except it presents business-type service costs. Note that most of the cost of food services is paid by program revenues.

**Table A-4
Business-Type Activities - 2023-2024**

| | Total Cost of Services | | Less: Program Revenues | | Net Cost of Services | |
|---------------|---------------------------|--------------|---------------------------|--------------|-------------------------|------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Food services | \$ 3,559,702 | \$ 2,923,861 | \$ 3,911,723 | \$ 3,816,877 | \$ 352,021 | \$ 893,016 |

District's Funds

The information in Table A-5 summarizes and compares the governmental funds' balance sheets for June 30, 2024 and 2023.

**Table A-5
Comparative Fund Balances - 2023-2024**

| | 2024 | 2023 | 2023-2024 Change |
|---|----------------------|----------------------|------------------------|
| General Fund | | | |
| Nonspendable | | | |
| Inventories | \$ 70,123 | \$ 82,155 | \$ (12,032) |
| Prepaid expenses | 405,254 | 399,361 | 5,893 |
| Amounts receivable from life insurance contracts | 1,706,902 | 1,522,083 | 184,819 |
| Committed to: | | | |
| Future retirement costs | 500,000 | 500,000 | - |
| Future medical costs | 2,000,000 | 2,000,000 | - |
| Assigned to: | | | |
| Athletics, concessions, capital outlays | 5,055,957 | 5,037,132 | 18,825 |
| Unassigned | 14,074,439 | 17,853,429 | (3,778,990) |
| Total General Fund | 23,812,675 | 27,394,160 | (3,581,485) |
| Capital Reserve Fund | | | |
| Restricted for: | | | |
| Capital projects | 24,667,915 | 20,091,126 | 4,576,789 |
| Total capital reserve fund | 24,667,915 | 20,091,126 | 4,576,789 |
| Capital Projects Fund | | | |
| Committed to: | | | |
| Capital projects | 12,917,888 | 42,843,636 | (29,925,748) |
| Total capital projects fund | 12,917,888 | 42,843,636 | (29,925,748) |
| Total governmental fund balance | \$ 61,398,478 | \$ 90,328,922 | \$ (28,930,444) |

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

District's Funds (Continued)

The basis of measurement for fund assets and liabilities is different than that used in the statement of net position. The differences between the total governmental fund balance of \$61,398,478 and the total net deficit of \$51,081,201 (see Table A-1) are itemized in the reconciliation presented within the financial statements on page 15. The most significant difference relates to the inclusion of the net pension liability of \$167,246,000 in the statement of net position, but not the fund balance.

The capital reserve fund balance increased from \$20,091,126 at the end of fiscal year 2023 to \$24,667,915 at the end of 2024. The capital expenditures were primarily used for capital improvements and included a transfer in from the general fund totaling approximately \$6,800,000.

The capital projects fund balance decreased to \$29,925,748. The capital expenditures were used for capital improvements.

General Fund Budgetary Highlights

The table below has been summarized from the comparative budget information presented on page 64 of the other required supplemental information.

**Table A-6
Comparison of Final Budget to Actual - 2023-2024**

| | Final Budget | | Actual | | Variance | |
|------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Total revenue | \$ 147,324,448 | \$ 139,400,056 | \$ 153,249,009 | \$ 146,141,166 | \$ 5,924,561 | \$ 6,741,110 |
| Total expenditures | 147,931,239 | 139,328,222 | 151,916,167 | 139,832,891 | (3,984,928) | (504,669) |
| Revenues over (under) expenditures | (606,791) | 71,834 | 1,332,842 | 6,308,275 | 1,939,633 | 6,236,441 |
| Other financing sources (uses) | (1,430,619) | (2,076,117) | (4,914,327) | (830,108) | (3,483,708) | 1,246,009 |
| Net change in fund balances | \$ (2,037,410) | \$ (2,004,283) | \$ (3,581,485) | \$ 5,478,167 | \$ (1,544,075) | \$ 7,482,450 |

The variance between actual and budgeted revenues over (under) expenditures before other financing sources (uses) for fiscal year 2024 was favorable at \$1,939,633. The beginning fund balance was \$27,394,160. The actual net change in the general fund balance was a decrease of \$3,581,485. Deducting this from the beginning fund balance resulted in an ending fund balance of \$23,812,675.

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Capital and Right-to-use Assets

Table A-7 summarizes and compares the capital and right-to-use assets note to the financial statements on pages 41 and 42. Each year, for capital assets other than land and construction in progress, this amount is depreciated (reduced in value) to reflect.

**Table A-7
Governmental Activities Capital and Right-to-use Assets Comparison
(net of accumulated depreciation/amortization)**

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Land | \$ 8,849,548 | \$ 8,849,548 |
| Construction in progress | 94,448,609 | 42,075,445 |
| Buildings and improvements | 84,017,826 | 88,819,155 |
| Furniture and equipment | 6,219,603 | 4,812,437 |
| Right-to-use subscription assets | 873,754 | - |
| Total capital and right-to-use assets being depreciated/amortized, net | \$ 194,409,340 | \$ 144,556,585 |

Capital assets, net of accumulated depreciation, increased by \$49,852,755 in 2024 over 2023.

Long-term Debt, Other Postemployment Benefits, and Defined Benefit Pension Plan

Table A-8 summarizes the long-term liabilities note to the financial statements on pages 43 through 45 for 2024 and 2023. Most of the debt relates to general obligation bonds sold by the District to pay for capital improvements. Our ability to raise future funds through the issuance of debt depends on how well our existing bonds are rated by the investment community. Currently, the District is rated by Moody's Investor Services as Aa2 Positive Outlook.

**Table A-8
Governmental Activities Long-Term Liability Comparison**

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| General obligation debt | \$ 136,465,000 | \$ 120,170,000 |
| Bond premium (discount) | 11,729,923 | 12,855,665 |
| Financed purchase agreements payable | 231,625 | - |
| Compensated absences | 2,351,821 | 2,415,990 |
| Subscription liabilities | 880,086 | 139,043 |
| OPEB liabilities | 12,936,963 | 12,709,319 |
| Net pension liability | 167,246,000 | 167,536,000 |
| Total governmental long-term liabilities | \$ 331,841,418 | \$ 315,826,017 |

Each year, the District pays down a portion of its debt. The scheduled redemptions for 2024 totaled \$2,945,000. The long-term liabilities balance at the end of each year reflects the prior year-end balance, plus new issues and less redemptions. Component changes to the general obligation debt, plus activity related to other components of long-term liabilities are presented in the notes to the financials on page 43.

**WEST SHORE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Next Year's Budget and Economic Factors

Table A-9 compares the 2024 budget, approved on June 13, 2024, to the final 2025 budget.

**Table A-9
Comparison of Original Budgets**

| | 2025 | 2024 | Change |
|------------------------------------|-----------------------|-----------------------|---------------------|
| Total Revenues | \$ 153,748,782 | \$147,324,448 | \$ 6,424,334 |
| Total Expenditures | 156,068,704 | 147,931,239 | 8,137,465 |
| Revenue over (under) expenditures | (2,319,922) | (606,791) | (1,713,131) |
| Other financing sources (uses) | (690,000) | (1,430,619) | 740,619 |
| Net changes in fund balance | \$ (3,009,922) | \$ (2,037,410) | \$ (972,512) |

The budget for 2024-2025 represents a 4.4% increase in revenues and a 5.5% increase in expenditures from the 2023-2024 budgeted amounts.

Contacting the District Financial Management

The District's financial report is intended to provide the readers 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 District office by mail at West Shore School District, 507 Fishing Creek Road, PO Box 803, New Cumberland, PA 17070, or by phone at (717) 938-9577. This audit report may also be viewed on our website located at www.wssd.k12.pa.us.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 15,898,767 | \$ 1,200,206 | \$ 17,098,973 |
| Investments | 63,489,052 | 845,483 | 64,334,535 |
| Taxes receivable, net | 5,310,865 | - | 5,310,865 |
| Internal balances | 382,301 | (382,301) | - |
| Due from other governments | 6,590,059 | 386,371 | 6,976,430 |
| Leases receivable | 198,630 | - | 198,630 |
| Other receivables | 193,626 | 4,298 | 197,924 |
| Inventories | 70,123 | 64,551 | 134,674 |
| Prepaid expenses | 405,254 | - | 405,254 |
| Total current assets | 92,538,677 | 2,118,608 | 94,657,285 |
| Noncurrent Assets | | | |
| Amounts receivable from life insurance contracts | 1,706,902 | - | 1,706,902 |
| Leases receivable | 391,857 | - | 391,857 |
| Capital and right-to-use assets, Land and construction-in-progress | 103,298,157 | - | 103,298,157 |
| Other capital and right-to-use assets, net of depreciation/amortization | 91,111,183 | 623,759 | 91,734,942 |
| Total capital and right-to-use assets | 194,409,340 | 623,759 | 195,033,099 |
| Total noncurrent assets | 196,508,099 | 623,759 | 197,131,858 |
| Total assets | \$ 289,046,776 | \$ 2,742,367 | \$ 291,789,143 |
| Deferred Outflows of Resources | | | |
| Deferred amounts on refunding debt | \$ 69,002 | \$ - | \$ 69,002 |
| Deferred amounts on pension liability | 27,576,000 | 363,000 | 27,939,000 |
| Deferred amounts on OPEB liabilities | 4,188,326 | 20,996 | 4,209,322 |
| Total deferred outflows of resources | \$ 31,833,328 | \$ 383,996 | \$ 32,217,324 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 9,716,134 | \$ 146,519 | \$ 9,862,653 |
| Retainage payable | 3,809,949 | - | 3,809,949 |
| Accrued salaries and benefits | 16,309,987 | - | 16,309,987 |
| Current portion of long-term debt | 3,050,000 | - | 3,050,000 |
| Current portion of compensated absences | 530,078 | 714 | 530,792 |
| Current portion of financed purchase agreements payable | 115,813 | - | 115,813 |
| Current portion of subscription liabilities | 170,951 | - | 170,951 |
| Accrued interest of long-term debt | 703,395 | - | 703,395 |
| Unearned revenues | 1,310,897 | 88,343 | 1,399,240 |
| Other current liabilities | 74,926 | - | 74,926 |
| Total current liabilities | 35,792,130 | 235,576 | 36,027,706 |
| Long-Term Liabilities | | | |
| Bonds and notes payable, net of unamortized premiums | 145,144,923 | - | 145,144,923 |
| Compensated absences | 1,821,743 | 1,813 | 1,823,556 |
| Financed purchase agreements payable | 115,812 | - | 115,812 |
| Long-term portion of subscription liabilities | 709,135 | - | 709,135 |
| Net pension liability | 167,246,000 | 2,203,000 | 169,449,000 |
| Other post-employment benefits (OPEB) liabilities | 12,936,963 | 110,297 | 13,047,260 |
| Total long-term liabilities | 327,974,576 | 2,315,110 | 330,289,686 |
| Total liabilities | \$ 363,766,706 | \$ 2,550,686 | \$ 366,317,392 |
| Deferred Inflows of Resources | | | |
| Deferred amounts on pension liability | \$ 3,085,000 | \$ 41,000 | \$ 3,126,000 |
| Deferred amounts on OPEB liabilities | 4,530,522 | 34,914 | 4,565,436 |
| Lease related | 579,077 | - | 579,077 |
| Total deferred inflows of resources | \$ 8,194,599 | \$ 75,914 | \$ 8,270,513 |
| Net Position (Deficit) | | | |
| Net investment in capital assets | \$ 57,386,201 | \$ 623,759 | \$ 58,009,960 |
| Restricted | 24,667,915 | - | 24,667,915 |
| Unrestricted (deficit) | (133,135,317) | (123,996) | (133,259,313) |
| Total net position (deficit) | \$ (51,081,201) | \$ 499,763 | \$ (50,581,438) |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|---|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction | \$ 99,383,405 | \$ 1,161,799 | \$ 22,715,514 | \$ - | \$ (75,506,092) | \$ - | \$ (75,506,092) |
| Instructional student support | 10,450,482 | - | 2,775,060 | - | (7,675,422) | - | (7,675,422) |
| Administrative and financial support | 13,621,260 | - | 1,280,714 | - | (12,340,546) | - | (12,340,546) |
| Operation and maintenance of plant services | 12,834,058 | 305,808 | 509,121 | - | (12,019,129) | - | (12,019,129) |
| Pupil transportation | 6,558,790 | - | 2,083,512 | - | (4,475,278) | - | (4,475,278) |
| Student activities | 2,323,616 | 188,530 | 201,563 | - | (1,933,523) | - | (1,933,523) |
| Community service | 94,666 | - | 1,800 | - | (92,866) | - | (92,866) |
| Interest on long-term debt | 4,379,713 | - | - | 127,730 | (4,251,983) | - | (4,251,983) |
| Total governmental activities | 149,645,990 | 1,656,137 | 29,567,284 | 127,730 | (118,294,839) | - | (118,294,839) |
| Business-Type Activities: | | | | | | | |
| Food Service | 3,559,702 | 610,426 | 3,301,297 | - | - | 352,021 | 352,021 |
| Total primary government | \$153,205,692 | \$2,266,563 | \$ 32,868,581 | \$ 127,730 | \$(118,294,839) | \$ 352,021 | \$(117,942,818) |
| General Revenues: | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | \$ 100,041,401 | \$ - | \$ 100,041,401 |
| Public utility, realty transfer, earned income, and other taxes levied for general purposes, net | | | | | 540,728 | - | 540,728 |
| Grants, subsidies and contributions not restricted | | | | | 18,891,647 | - | 18,891,647 |
| Investment earnings | | | | | 6,253,240 | 102,869 | 6,356,109 |
| Insurance recoveries | | | | | 333,951 | - | 333,951 |
| Total general revenues | | | | | 126,060,967 | 102,869 | 126,163,836 |
| Change in net position | | | | | 7,766,128 | 454,890 | 8,221,018 |
| Net Position (Deficit) - July 1, 2023 | | | | | (58,847,329) | 44,873 | (58,802,456) |
| Net Position (Deficit) - June 30, 2024 | | | | | \$ (51,081,201) | \$ 499,763 | \$ (50,581,438) |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

| | Major Funds | | | Total |
|---|---------------------|----------------------|----------------------|----------------------|
| | General | Capital | Capital | Governmental |
| | Fund | Reserve | Projects | Funds |
| | Fund | Fund | Fund | Funds |
| Assets | | | | |
| Cash and cash equivalents | \$15,164,105 | \$ 289,751 | \$ 444,911 | \$ 15,898,767 |
| Investments | 18,531,557 | 25,516,699 | 19,440,796 | 63,489,052 |
| Taxes receivable, net | 5,310,865 | - | - | 5,310,865 |
| Due from other funds | 382,301 | - | - | 382,301 |
| Due from other governments | 6,590,059 | - | - | 6,590,059 |
| Other receivables | 193,626 | - | - | 193,626 |
| Inventories | 70,123 | - | - | 70,123 |
| Prepaid expenses | 405,254 | - | - | 405,254 |
| Leases receivable | 590,487 | - | - | 590,487 |
| Amounts receivable from life insurance contracts | 1,706,902 | - | - | 1,706,902 |
| Total assets | \$48,945,279 | \$ 25,806,450 | \$ 19,885,707 | \$ 94,637,436 |
| Liabilities | | | | |
| Accounts payable | \$ 5,419,729 | \$ 1,097,654 | \$ 3,198,751 | \$ 9,716,134 |
| Retainage payable | - | 40,881 | 3,769,068 | 3,809,949 |
| Accrued salaries and benefits | 16,309,987 | - | - | 16,309,987 |
| Unearned revenues | 1,310,897 | - | - | 1,310,897 |
| Other current liabilities | 74,926 | - | - | 74,926 |
| Total liabilities | 23,115,539 | 1,138,535 | 6,967,819 | \$ 31,221,893 |
| Deferred Inflows of Resources | | | | |
| Delinquent property taxes | 1,437,988 | - | - | 1,437,988 |
| Lease related | 579,077 | - | - | 579,077 |
| Total deferred inflows of resources | 2,017,065 | - | - | 2,017,065 |
| Fund Balances | | | | |
| Nonspendable | 2,182,279 | - | - | 2,182,279 |
| Restricted | - | 24,667,915 | - | 24,667,915 |
| Committed | 2,500,000 | - | 12,917,888 | 15,417,888 |
| Assigned | 5,055,957 | - | - | 5,055,957 |
| Unassigned | 14,074,439 | - | - | 14,074,439 |
| Total fund balances | 23,812,675 | 24,667,915 | 12,917,888 | 61,398,478 |
| Total liabilities, deferred inflows of resources and fund balances | \$48,945,279 | \$ 25,806,450 | \$ 19,885,707 | \$ 94,637,436 |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2024

| | | |
|---|---------------|------------------------|
| Total fund balances - governmental funds | | \$ 61,398,478 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital and right-to-use assets used in governmental activities are not current financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$319,172,335 and the accumulated depreciation/amortization is \$124,762,995. | | 194,409,340 |
| Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds. | | 1,437,988 |
| Long-term liabilities, including bonds payable, compensated absences, net pension liability, other post-employment benefits, subscriptions payable, accrued interest payable, and financed purchase agreements 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 | (136,465,000) | |
| Bond premiums, net of amortization | (11,729,923) | |
| Compensated absences | (2,351,821) | |
| Subscription liabilities | (880,086) | |
| Net pension liability | (167,246,000) | |
| Other post-employment benefits (OPEB) liabilities | (12,936,963) | |
| Accrued interest on long-term debt | (703,395) | |
| Financed purchase agreements payable | (231,625) | (332,544,813) |
| Deferred outflows of resources - pension, OPEB and refunding of debt are not due and payable in the current period, and therefore, are not reported in the funds. | | 31,833,328 |
| Deferred inflows of resources - pension and OPEB are not due and collectable in the current period, and therefore, are not reported in the funds. | | (7,615,522) |
| Total net deficit - governmental activities | | \$ (51,081,201) |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Year Ended June 30, 2024

| | Major Funds | | | Totals |
|--|--------------------|----------------------------|-----------------------------|-----------------------|
| | General Fund | Capital Reserve Fund | Capital Projects Fund | Governmental Funds |
| Revenues | | | | |
| Local sources | | | | |
| Real estate taxes | \$76,136,316 | \$ - | \$ - | \$76,136,316 |
| Other taxes | 24,090,965 | - | - | 24,090,965 |
| Investment earnings | 3,022,945 | 1,276,257 | 1,954,038 | 6,253,240 |
| Other revenue | 3,319,445 | - | - | 3,319,445 |
| Total local sources | 106,569,671 | 1,276,257 | 1,954,038 | 109,799,966 |
| State sources | 39,725,131 | - | - | 39,725,131 |
| Federal sources | 6,954,207 | - | - | 6,954,207 |
| Total revenues | 153,249,009 | 1,276,257 | 1,954,038 | 156,479,304 |
| Expenditures | | | | |
| Instruction | 95,881,365 | - | - | 95,881,365 |
| Support services | 44,844,266 | - | 346,421 | 45,190,687 |
| Operation of non-instructional services | 2,421,019 | - | - | 2,421,019 |
| Capital outlay | 370,088 | 3,565,087 | 50,523,549 | 54,458,724 |
| Debt service | 8,396,632 | - | - | 8,396,632 |
| Refund of prior year's receipts | 2,797 | - | - | 2,797 |
| Total expenditures | 151,916,167 | 3,565,087 | 50,869,970 | 206,351,224 |
| Excess (deficiency) of revenues over expenditures | 1,332,842 | (2,288,830) | (48,915,932) | (49,871,920) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from issuance of bonds | - | - | 19,240,000 | 19,240,000 |
| Bond discounts | - | - | (249,816) | (249,816) |
| Interfund transfers in | - | 6,865,619 | - | 6,865,619 |
| Interfund transfers out | (6,865,619) | - | - | (6,865,619) |
| Refund of prior year's expenditures | 244,015 | - | - | 244,015 |
| Proceeds from subscription arrangements | 910,076 | - | - | 910,076 |
| Proceeds from financed purchase agreements | 463,250 | - | - | 463,250 |
| Insurance recoveries | 333,951 | - | - | 333,951 |
| Total other financing sources (uses) | (4,914,327) | 6,865,619 | 18,990,184 | 20,941,476 |
| Net change in fund balances | (3,581,485) | 4,576,789 | (29,925,748) | (28,930,444) |
| Fund Balances - July 1, 2023 | 27,394,160 | 20,091,126 | 42,843,636 | 90,328,922 |
| Fund Balances - June 30, 2024 | \$23,812,675 | \$24,667,915 | \$12,917,888 | \$61,398,478 |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

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

Year Ended June 30, 2024

| | |
|---|------------------------|
| Net change in fund balances - total governmental funds | \$ (28,930,444) |
|---|------------------------|

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. The amount by which capital outlays exceeds depreciation/amortization in the period is as follows:

| | | |
|--|--------------------|------------|
| Capital outlays | 57,652,385 | |
| Less Depreciation/amortization expense | <u>(7,940,164)</u> | 49,712,221 |

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

354,848

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus, requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in interest accrued in the Statement of Activities over the amount due is shown here.

(165,231)

Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

| | | |
|---|--|---------------------|
| District pension and OPEB contributions (PSERS) | | 20,342,000 |
| Cost of benefits earned net of employee contributions (PSERS) | | <u>(17,231,000)</u> |

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

| | | |
|--|--|-----------|
| Change in compensated absences | | 64,169 |
| Change in other post-employment benefits (District's Plan) | | (199,074) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction; however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|---|----------------|---------------------|
| Issuance of long-term debt, net of discount | (18,990,184) | |
| Repayment of long-term debt | 2,945,000 | |
| Amortization of charges for bond refunding | (39,435) | |
| Amortization of bond premiums and discounts - net | 875,926 | |
| Issuance of financed purchase agreements payable | (463,250) | |
| Issuance of subscription liabilities | (910,076) | |
| Repayment of financed purchase agreements payable | 231,625 | |
| Repayment of subscription liabilities | <u>169,033</u> | <u>(16,181,361)</u> |

| | |
|---|----------------------------|
| Change in net position - governmental activities | \$ <u>7,766,128</u> |
|---|----------------------------|

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE

June 30, 2024

| | Major Enterprise Fund Food Service Fund |
|---|--|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 1,200,206 |
| Investments | 845,483 |
| Receivables | |
| State sources | 51,430 |
| Federal sources | 334,941 |
| Other receivables | 4,298 |
| Inventories | 64,551 |
| Total current assets | 2,500,909 |
| Other capital assets, net of depreciation | 623,759 |
| Total assets | \$ 3,124,668 |
| Deferred Outflows of Resources | |
| Deferred amounts on pension liability | \$ 363,000 |
| Deferred amounts on OPEB liabilities | 20,996 |
| Total deferred outflows of resources | \$ 383,996 |
| Liabilities | |
| Current liabilities | |
| Due to other funds | \$ 382,301 |
| Accounts payable | 146,519 |
| Unearned revenues | 88,343 |
| Current portion of compensated absences | 714 |
| Total current liabilities | 617,877 |
| Long-Term Liabilities | |
| Net pension liability | 2,203,000 |
| Other post-employment benefits (OPEB) liabilities | 110,297 |
| Compensated absences | 1,813 |
| Total long-term liabilities | 2,315,110 |
| Total liabilities | \$ 2,932,987 |
| Deferred Inflows of Resources | |
| Deferred amounts on pension liability | \$ 41,000 |
| Deferred amounts on OPEB liabilities | 34,914 |
| Total deferred inflows of resources | \$ 75,914 |
| Net Position (Deficit) | |
| Net investment in capital assets | \$ 623,759 |
| Unrestricted (deficit) | (123,996) |
| Total net position | \$ 499,763 |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2024

| | Major Enterprise Fund Food Service Fund |
|---|--|
| Operating Revenues | |
| Food service revenue | \$ 610,426 |
| Operating Expenses | |
| Salaries | 1,085,564 |
| Employee benefits | 93,699 |
| Purchased professional and technical services | 3,969 |
| Purchased property services | 85,211 |
| Other purchased services | 1,805,414 |
| Supplies | 400,206 |
| Depreciation | 76,296 |
| Dues and fees | 9,343 |
| Total operating expenses | 3,559,702 |
| Operating loss | (2,949,276) |
| Nonoperating Revenues | |
| Investment earnings | 102,869 |
| State sources | 519,966 |
| Federal sources | 2,781,331 |
| Total nonoperating revenues | 3,404,166 |
| Change in net position | 454,890 |
| Net Position - July 1, 2023 | 44,873 |
| Net Position - June 30, 2024 | \$ 499,763 |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2024

| | Major Enterprise Fund Food Service Fund |
|--|--|
| Cash Flows From Operating Activities | |
| Cash received from users | \$ 585,717 |
| Cash payments to employees for services | (1,334,956) |
| Cash payments to suppliers for goods and services | (2,115,824) |
| Net cash used in operating activities | (2,865,063) |
| Cash Flows From Non-Capital Financing Activities | |
| State sources | 512,787 |
| Federal sources | 2,400,136 |
| Net cash provided by non-capital financing activities | 2,912,923 |
| Cash Flows from Capital and Related Financing Activities | |
| Capital outlay | (202,713) |
| Cash Flows From Investing Activities | |
| Investment earnings | 102,869 |
| Net change in cash and cash equivalents | (51,984) |
| Cash and Cash Equivalents: | |
| July 1, 2023 | 2,097,673 |
| June 30, 2024 | <u><u>\$ 2,045,689</u></u> |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | |
| Operating loss | \$ (2,949,276) |
| Adjustments to reconcile operating loss to net cash used in operating activities | |
| Depreciation | 76,296 |
| Value of donated commodities | 298,876 |
| (Increase) decrease in: | |
| Receivables | 29,572 |
| Inventory | 25,553 |
| Deferred outflow of resources | (9,950) |
| Increase (decrease) in: | |
| Internal balances | 260,220 |
| Accounts payable | (136,110) |
| Unearned revenue | (54,281) |
| Net pension liability | (4,000) |
| OPEB liabilities | (1,582) |
| Compensated absences | (646) |
| Deferred inflow of resources | (399,735) |
| Net cash used in operating activities | <u><u>\$ (2,865,063)</u></u> |
| Supplemental Disclosure | |
| Noncash non-capital financing activity | |
| USDA donated commodities | <u><u>\$ 298,876</u></u> |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

| | Primary Government Custodial Fund | Component Unit West Shore Foundation Fund |
|------------------------------------|--|--|
| Assets | | |
| Cash and cash equivalents | \$ 404,770 | \$ 135,966 |
| Investments | - | 1,012,828 |
| Prepaid expenses | - | 3,660 |
| Total assets | \$ 404,770 | \$ 1,152,454 |
| Liabilities | | |
| Accounts payable | \$ - | \$ - |
| Total liabilities | \$ - | \$ - |
| Net Position | | |
| Net assets with donor restrictions | \$ - | \$ 21,560 |
| Unrestricted | 404,770 | 1,130,894 |
| Total net position | \$ 404,770 | \$ 1,152,454 |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2024

| | Primary Government Custodial Fund | Component Unit West Shore Foundation Fund |
|--|--|--|
| Additions | | |
| Gifts and contributions | \$ - | \$ 169,631 |
| Student activity revenues | 736,160 | - |
| Investment income: | | |
| Interest and dividends | 4,637 | 23,496 |
| Net depreciation in fair value of investment | - | 99,062 |
| Investment expenses | - | (9,606) |
| Net investment income (loss) | 4,637 | 112,952 |
| Total additions | 740,797 | 282,583 |
| Deductions | | |
| Student activity expenses | 711,849 | - |
| Support for education programs | - | 138,949 |
| General and administrative services | - | 9,321 |
| Fundraising expenses | - | 43,779 |
| Total deductions | 711,849 | 192,049 |
| Change in net position | 28,948 | 90,534 |
| Net Position - July 1, 2023 | 375,822 | 1,061,920 |
| Net Position - June 30, 2024 | \$ 404,770 | \$ 1,152,454 |

See Notes to Financial Statements.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

West Shore School District (the District) is the level of government which has oversight responsibility and control over activities related to public school education. The report includes services provided by the District to residents within the boundaries of the Cumberland County municipalities Lemoyne Borough, Lower Allen Township, New Cumberland Borough, and Wormleysburg Borough and the York County municipalities of Fairview Township, Goldsboro Borough, Lewisberry Borough, and Newberry Township. Services provided include a comprehensive curriculum for primary and secondary education as well as special education and vocational education programs. The District receives revenue from local, state, and federal sources and must comply with the requirements of these funding sources.

The accounting policies of West Shore School District conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

Consistent with guidance contained in Statement No. 14 of the GASB, The Financial Reporting Entity, as amended, the criteria used by the District to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, and so forth) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the District reviews the applicability of the following criteria:

The District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if District officials appoint a voting majority of the organization's governing body and the District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the District as defined below.

Impose its Will - If the District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden - If the District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

3. Organizations which are fiscally dependent on the District and have a financial benefit or burden as defined above. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the District.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Based on the foregoing criteria, the District has included the West Shore Foundation (the Foundation) as a discretely presented component unit. The financial data of the Foundation is reported in the component unit column in the accompanying basic fund financial statements. This separate column is used to emphasize that the Foundation is legally separate from the District. The Foundation was formed in 1987 for the purpose of supporting projects related to educational programs and to create opportunities for development for the students, staff, and community within the West Shore School District. The separate financial statements for the Foundation are available by contacting the District office.

B. Joint Ventures

The District is a participant in three joint venture organizations, each of which is a separate legal entity that offers services to the District and its residents. Each of these entities serves several Districts and/or municipalities and therefore is not included in this reporting entity. These entities do not have taxing power, but are required to adopt an annual budget, which is funded primarily by its member Districts or others that use its services. Complete financial statements for these entities can be obtained from the respective entity's administrative office.

Cumberland County Tax Bureau provides earned income tax collection services. The amount paid for these services for the year ended June 30, 2024, was approximately \$341,108.

Capital Area Intermediate Unit provides special education services and programs. The amount paid for these services for the year ended June 30, 2024, was approximately \$1,877,000.

Cumberland Perry Area Vocational Technical School provides vocational and technical education services and programs. The amount paid for these services for the year ended June 30, 2024, was approximately \$1,746,000.

C. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

D. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) present information on all of the nonfiduciary activities of the District. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are presented separately from business-type activities which rely to a significant extent on fees and charges for support.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation - Government-Wide Financial Statements (Continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Real estate and personal taxes are recognized as revenues 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. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation and amortization are charged as an expense against current operations. Capital assets (net of accumulated depreciation), bonds and notes payable (net of unamortized discounts), net OPEB liability and net pension liability are presented in the statement of net position.

The statement of activities demonstrates the degree to which the direct expenses of given functions or programs are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are presented as general revenues.

E. Basis of Presentation - Fund Financial Statements

Fund financial statements are also provided for governmental, proprietary and fiduciary funds of the District. Major individual governmental funds and proprietary funds are presented as separate columns in the fund financial statements. Nonmajor funds, if any, are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Governmental funds are presented 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 received within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if received within 60 days of the end of the fiscal period. Derived tax revenues (earned income taxes) are recognized when the underlying exchange transaction from which the tax revenue is derived occurs. In governmental funds, amounts not available to liquidate current period obligations are deferred. Revenue from federal, state, and other grants designated for payment of specific expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recognized as unearned revenues until earned. Expenditures generally are recognized 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 recognized only when payment is due.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation - Fund Financial Statements (Continued)

Proprietary funds generally follow standards for accounting and financial presentation for private business enterprises to the extent that those standards do not conflict with or contradict guidance of the GASB. 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 the fund's principal ongoing operations. Operating expenses for the District's proprietary fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are presented as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, the District's general policy is to use the restricted (primarily operating grants) resources first, then unrestricted resources as they are needed.

The District has the following major governmental funds:

General Fund - The general fund is the principal operating fund of the District. It is used to account for all financial resources except those accounted for in another fund.

Capital Reserve Fund - This fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Projects Fund - This fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, related to bond funded construction projects.

The District reports the following proprietary funds:

Food Service Fund - This fund accounts for the revenues, food purchases, and other costs and expenses of providing meals to students during the school year.

The District reports the following fiduciary funds:

Custodial Fund - This fund accounts for assets held by the District as agent for others. This fund accounts for the receipts and disbursements of monies related to student-led activities.

F. Budgetary Accounting and Encumbrances

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

The Pennsylvania School Code dictates specific procedures relative to budget adoption and financial statement presentation. The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year. This process includes the publishing of notices by advertisement, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District, and that public hearings are held on the proposed operating budget which are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Budgetary Accounting and Encumbrances (Continued)

Legal budgetary control is maintained at the sub-function/major object level. The Board may approve transfers of funds appropriated to any particular item of expenditure in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval, provided it is not at a higher level than the Board adopted budget.

In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recognized. Unused encumbrances expire at the end of each year.

Included in the budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, amounts in demand and interest-bearing bank deposits, and short-term investments with original maturities of three months or less from the date of acquisition. They are carried at cost plus accrued interest, which approximates fair value.

Investments: The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. The securities of 2a-7-like investment pools are valued at amortized cost, which approximates fair value of the pool.

The types of authorized investments are limited by State regulations. Pooled investment funds are required to be operated in accordance with State regulations.

Taxes Receivable and Deferred Inflows of Tax Revenues: The portion of delinquent real estate taxes receivable that is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining amount of those and other taxes receivable is recorded as deferred inflows of resources.

Real estate and personal taxes are levied as of July 1 with a legal, enforceable claim against the property. Amounts not collected within six months (December 31) are considered delinquent and submitted to outside agencies/entities for collection actions.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Inventories: Inventories represent food and supplies and are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when consumed in the food service fund and on the government-wide financial statements. 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 costs of inventory items in governmental funds are recorded as expenditures when purchased. The inventory cost has been recorded as an asset in the governmental funds, offset by fund balance classified as non-spendable in an equal amount.

Prepaid Expenses: Certain payments, if any, to vendors reflect expenses applicable to future accounting periods and are presented as prepaid expenses in both government-wide and fund financial statements.

Lease Receivable: The District is a lessor for non-cancellable leases of building and land. A lease receivable and a deferred inflow of resources is recognized in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets and Depreciation: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are presented in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are presented at historical cost or estimated historical cost if purchased or constructed. Donated assets are stated at acquisition value on the date donated.

Major outlays for capital assets and improvements are capitalized when incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Capital Assets and Depreciation (Continued): Upon sale or retirement, the cost and related accumulated depreciation, if applicable, are eliminated from the respective government-wide and proprietary accounts and any resulting gain or loss is reflected in those accounts.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (in years):

| Assets | Governmental Activities | Business-Type Activities |
|------------------------------------|----------------------------|-----------------------------|
| Site Improvements | 15 to 20 | - |
| Buildings and Improvements | 20 to 40 | - |
| Furniture, Fixtures, and Equipment | 3 to 15 | 3 to 12 |
| Library Books | 7 | - |
| Transportation Equipment | 8 | - |

Deferred Outflows of Resources - Pension and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Unearned Revenues: Revenues that are received but not earned are reported as unearned revenues in the government-wide and 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.

Long-Term Obligations: In government-wide financial statements and in proprietary fund types in fund financial statements, bonds and notes payable and other long-term obligations are presented as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. They are categorized as gain or loss on bond refunding in the event that debt is refinanced. Amortization continues over the life of the new or refinanced debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and charges on refunding, as current period expenditures. The face amount of debt issued, and any related issuance premiums are presented as other financing sources while discounts and charges on refunding are presented as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are presented as support service expenditures.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities: The District enters into non-cancellable arrangements for the leasing of buildings and equipment and for subscription based information technology. Leases and SBITAs that are significant, either individually or in the aggregate, are recognized as a liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a lease or SBITA, the District initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the contract commencement date. Subsequently, the right-to-use asset is amortized on a straight-line basis over its useful life and the useful life is consistent with the term of the agreement.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) contract term, and (3) contract payments. The District uses the interest rate charged by the lessor as the discount rate for lease and SBITA liabilities, if provided. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for lease and SBITA liabilities.

The term includes the non-cancellable period of the lease or SBITA. Payments included in the measurement of the liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its arrangements and will remeasure the related asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Right-to-use assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Compensated Absences: Compensated absences (those for which employees received pay) are presented using the termination payment method. A liability is computed using estimates which apply historical data to current factors. The District maintains records of unused leave and applies the contracted rate for employees eligible for termination payments. The District allows only restricted sabbatical leave and therefore does not present any liability in advance of the sabbatical. Payments for compensated absences are made in the year the absence is taken, or the employee retires. When an employee retires, the payout is as follows:

Vacation Leave - Administrative employees may accumulate up to five days of unused vacation time per year, up to a maximum of fifty days for non-contracted administrators, with additional days granted to contracted administrators. Unused vacation days are paid at retirement based on the retiree's daily rate then in effect.

Sick Leave - Teachers, support staff, and administrators who retire with at least 15, 15, and 10 years full-time active service with the District, respectively, are eligible to receive a benefit based on the number of unused sick days they have accumulated to the date of retirement based on various options available to the retirees.

For governmental funds, that portion of unpaid compensated absences that are expected to be paid using expendable, available resources, are reported as expenditures in the fund from which the individual earning the leave is paid, and a corresponding liability reflected.

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

Other Post-Employment Benefits (OPEB): In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans, the first is a single employer plan administered by the District. The Plan provides retiree health, vision, dental care and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Other Post-Employment Benefits (OPEB) (Continued): The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2024, are as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
| OPEB Liabilities | | | |
| District's Single Employer Plan | \$ 6,135,963 | \$ 20,297 | \$ 6,156,260 |
| PSERS Cost-Sharing Plan | 6,801,000 | 90,000 | 6,891,000 |
| Total | <u>\$ 12,936,963</u> | <u>\$ 110,297</u> | <u>\$ 13,047,260</u> |
| Deferred Outflows of Resources | | | |
| District's Single Employer Plan | \$ 3,037,526 | \$ 5,796 | \$ 3,043,322 |
| PSERS Cost-Sharing Plan | 1,150,800 | 15,200 | 1,166,000 |
| Total | <u>\$ 4,188,326</u> | <u>\$ 20,996</u> | <u>\$ 4,209,322</u> |
| Deferred Inflows of Resources | | | |
| District's Single Employer Plan | \$ 3,134,922 | \$ 16,514 | \$ 3,151,436 |
| PSERS Cost-Sharing Plan | 1,395,600 | 18,400 | 1,414,000 |
| Total | <u>\$ 4,530,522</u> | <u>\$ 34,914</u> | <u>\$ 4,565,436</u> |

Additional disclosures related to other post-employment benefits of the School's Single Employer Plan and PSERS Cost Sharing Plan can be found in subsequent notes to the financial statements.

Deferred Inflows of Resources - Pension and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Interfund Activity: Exchange transactions between governmental funds are eliminated on the government-wide statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Net Position: Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In the District-wide financial statements and proprietary fund financial statements, categories of net position are:

Net Investment in Capital Assets - This category presents all capital assets into one component of net position. Accumulated depreciation and outstanding debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category presents the net position (deficit) of the District, which is not restricted for any project or other purpose. However, these funds may be committed or assigned for specific projects or purposes in the fund financial statements.

Fund Balance Classification: GASB has established criteria for classifying fund balances into specifically defined classifications based on a hierarchy that reflects the extent to which the District is bound to honor constraints on how those funds can be spent. The District's general policy is to first use restricted funds, if any, prior to using unassigned funds. The classifications of fund balance are:

Non-spendable - Amounts that cannot be spent because they are either in a (a) non-spendable form (i.e., inventories) or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

Restricted - Amounts constrained to be used for a specific purpose as per: External parties, contributors or enabling legislation.

Committed - Amounts constrained to be used for a specific purpose as per: The District's highest level of decision-making authority which is the Board of School Directors.

Assigned - Amounts intended to be used for a specific purpose as per: Committee or individual authorized by the Board of School Directors. Under the District's budgetary policies, the Business Manager may assign amounts.

Unassigned - Amounts available for any purpose (amounts that are not Non-spendable, Restricted, Committed or Assigned) in the general fund.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

H. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which, based on our review, may be applicable to the District's reporting requirements.

Following is a description of a significant pronouncement that was considered or initially selected during the year ended June 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years:

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its year ending June 30, 2025, (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the District beginning with its year ending June 30, 2025 (fiscal year beginning after June 15, 2024). This Statement establishes financial reporting requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

I. Other

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates used in preparation of these financial statements include insurance deposit, depreciation, compensated absences, pension related items, and other postemployment benefits. Actual results could differ from those estimates.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 5, 2024, the date the financial statements were available to be issued. There were no subsequent events identified.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Under Section 440.1 of the Public-School Code of 1949, as amended, the District is permitted to invest its monies as follows:

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.

Certain other high-quality bank and corporate instruments.

Deposits in savings accounts or 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 is pledged by the depository.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were significant violations 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 default, the District's investments may not be returned to it. A summary of the District's deposits at June 30, 2024, are shown below:

| | Carrying Amount | Bank Balance | Financial Institution |
|--|----------------------|----------------------|--------------------------|
| Insured (FDIC) | \$ 250,000 | \$ 250,000 | PNC |
| Insured (FDIC) | 5,665 | 5,749 | M&T |
| Insured (FDIC) | 154,656 | 155,256 | AmeriChoice |
| Insured (FDIC) | 156,686 | 171,074 | NCFCU |
| Insured (FDIC) | 2,723 | 2,723 | Members 1st |
| Insured (FDIC) | 2,826 | 2,826 | Fulton |
| Insured (FDIC) | 60,230 | 61,086 | Susquehanna Valley FCU |
| Insured (FDIC) | 27,445 | 27,445 | Pennian |
| Uninsured, collateralized in accordance with Act 72 | 14,067,734 | 14,859,137 | PNC |
| | <u>\$ 14,727,965</u> | <u>\$ 15,535,296</u> | |

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District currently does not have any investments that are measured at fair value.

Investments measured at amortized cost are as follows at June 30, 2024:

| | Credit Rating | Weighted Avg. Maturity in Years | Carrying Value |
|--|------------------|---------------------------------------|----------------------|
| Pennsylvania School District Liquid Asset Fund | | | |
| PSDMAX | AAAm | 0.142 | \$ 1,463,783 |
| Pennsylvania Local Government Investment Trust | | | |
| PLGIT/Class | AAAm | 0.271 | 1,311,795 |
| PLGIT/Reserve Class | AAAm | 0.271 | - |
| PLGIT/PRIME | AAAm | 0.227 | 44,134,535 |
| PLGIT/TERM | AAAm | Various | 20,200,000 |
| | | | <u>\$ 67,110,113</u> |

The PSDMAX fund is a 2a7-like pool. The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals. The pool is audited annually by PricewaterhouseCoopers, LLP, an independently elected public official.

The Pennsylvania Local Government Investment Trust (PLGIT) is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District's investments in the PLGIT account are subject to a one-day holding period. The PLGIT/Class is a flexible option which requires no minimum balance, no minimum initial investment, and pays dividends monthly. The PLGIT/Reserve-Class is an option which requires a minimum investment of \$50,000 and limits redemptions or exchanges to two per calendar month with dividends being paid monthly. The PLGIT/PRIME investment option is a variable rate investment portfolio which requires no minimum balance and no minimum initial investments with redemptions or exchanges limited to two per calendar month. The District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP, an independently elected public official.

The fair value of the PLGIT/TERM investment categorized as Level 2 is derived from the closing bid prices of the last business day of the month as supplied by a third-party pricing service. When prices are not available, the investment is priced using a yield-based matrix system. The PLGIT/TERM is a fixed term investment portfolio with maturity of up to one year, depending upon the termination date of any particular series within the PLGIT/TERM portfolio. This option requires a minimum investment of \$100,000, a minimum investment period of sixty (60) days and has a premature withdrawal penalty.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Weighted-Average Maturity: The weighted-average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar-size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Interest Rate Risk: The District does not have a formal investment policy for interest rate risk, but generally limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The District places no limit on the amount they may invest in any one issuer. On June 30, 2024, the District does not have any concentrations of credit risk in its investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk on June 30, 2024.

Note 3. Real Estate Taxes

Based upon assessments provided by the County, the District bills and collects its own property taxes. The District tax rate for the year ended June 30, 2024, was 13.5621 mills for Cumberland, and 16.1427 mills for York, as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2024, follows:

| | |
|--------------------------|---------------------|
| July 1 | Tax Levy Date |
| July 1 - August 31 | 2% Discount Period |
| September 1 - October 31 | Face Payment Period |
| November 1 - December 31 | 10% Penalty Period |
| January 1 | Lien Filing Date |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 4. Taxes Receivable and Deferred Taxes

The District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable. A portion of the receivable amount which was available within 60 days was recognized as revenue and the balance deferred in the fund financial statements. An allowance of \$233,680 as of June 30, 2024, has been recorded for taxes receivable that are not considered to be fully collectible. The balances at June 30, 2024, are as follows:

| | Gross Taxes Receivable | Net Taxes Receivable | Revenue Recognized | Deferred Taxes |
|-------------------------|------------------------------|----------------------------|-----------------------|-------------------|
| Real Estate Taxes | \$ 1,819,149 | \$ 1,776,454 | \$ 341,898 | \$ 1,434,556 |
| Personal Taxes | 194,417 | 3,432 | - | 3,432 |
| Earned Income Taxes | 3,530,979 | 3,530,979 | 3,530,979 | - |
| General Fund | 5,544,545 | 5,310,865 | 3,872,877 | 1,437,988 |
| Full Accrual Adjustment | - | - | - | (1,437,988) |
| Governmental Activities | \$ 5,544,545 | \$ 5,310,865 | \$ 3,872,877 | \$ - |

Note 5. Leases Receivable

The District leases buildings and land to third parties. When implemented as of July 1, 2021, one lease was for four years and the District is to receive monthly payments of \$12,914, and the other lease was for 9 years and 10 months with the District to receive annual payments of \$70,000. The District recognized \$188,048 in total lease revenue and \$13,304 in total interest revenue during the fiscal year ended June 30, 2024 related to these leases.

At June 30, 2024, the District's receivable for lease payments was \$590,487. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$579,077.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Interfund Balances and Interfund Transfers

Individual fund receivable and payable balances at June 30, 2024, are as follows:

| Fund | Interfund Receivables | Interfund Payables |
|--------------------|--------------------------|-----------------------|
| Governmental Funds | | |
| General | \$ 382,301 | \$ - |
| Proprietary Funds | | |
| Food Service | - | 382,301 |
| | <u>\$ 382,301</u> | <u>\$ 382,301</u> |

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances are expected to be repaid within the following year.

Individual fund transfers during the fiscal year ended June 30, 2024, are as follows:

| Fund | Transfer In | Transfer Out |
|--------------------|---------------------|---------------------|
| Governmental Funds | | |
| General | \$ - | \$ 6,865,619 |
| Capital Reserve | 6,865,619 | - |
| | <u>\$ 6,865,619</u> | <u>\$ 6,865,619</u> |

Transfers from the general fund to the capital reserve fund were made to provide resources for future capital expenditures.

Note 7. Amounts Receivable from Life Insurance Contracts

The District provides its current and former administrative employees with life insurance coverage through the use of split-dollar endorsement insurance agreements. Under these agreements, the District pays the life insurance premiums and is reimbursed for a portion of the premiums by the employees, predominantly through payroll deductions. The premiums may continue after the employee's retirement under certain circumstances. The District is the owner of all the split-dollar endorsement insurance policies.

Upon the death or termination, other than retirement, of the employee, the District is entitled to receive the greater of the amount of the premiums paid by it toward the policy, or any excess death benefit provided by the policy after payment of death benefits. It has been the District's policy to record a receivable equal to the lesser of the net cash values of the policies or the total accumulated premiums paid, which totals \$1,706,902 at June 30, 2024. Because this asset does not represent a current financial resource to be used in the general fund, it is included in non-spendable fund balance.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital and Right-to-use Assets

Capital and right-to-use asset activity for the year ended June 30, 2024, was as follows:

| | July 1, 2023 | Additions | Deletions | June 30, 2024 |
|---|-----------------|---------------|----------------|------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 8,849,548 | \$ - | \$ - | \$ 8,849,548 |
| Construction-in-progress | 42,075,445 | 53,494,387 | (1,121,223) | 94,448,609 |
| Total capital assets not being depreciated | 50,924,993 | 53,494,387 | (1,121,223) | 103,298,157 |
| Capital and right-to-use assets being depreciated/amortized | | | | |
| Site improvements | 10,206,905 | 502,000 | - | 10,708,905 |
| Buildings and improvements | 174,414,263 | 888,223 | - | 175,302,486 |
| Furniture, fixtures, and equipment | 22,152,460 | 2,863,723 | - | 25,016,183 |
| Library books | 1,905,135 | - | - | 1,905,135 |
| Transportation equipment | 1,728,815 | 115,199 | - | 1,844,014 |
| Right-to-use subscription assets | 187,379 | 910,076 | - | 1,097,455 |
| Total capital and right-to-use assets being depreciated/amortized | 210,594,957 | 5,279,221 | - | 215,874,178 |
| Less accumulated depreciation/amortization | | | | |
| Site improvements | 6,188,629 | 320,667 | - | 6,509,296 |
| Buildings and building improvements | 89,613,384 | 5,870,885 | - | 95,484,269 |
| Furniture, fixture, and equipment | 17,604,696 | 1,508,635 | - | 19,113,331 |
| Library books | 1,814,831 | 16,562 | - | 1,831,393 |
| Transportation equipment | 1,554,446 | 46,559 | - | 1,601,005 |
| Right-to-use subscription assets | 46,845 | 176,856 | - | 223,701 |
| Total accumulated depreciation/amortization | 116,822,831 | 7,940,164 | - | 124,762,995 |
| Total capital and right-to-use assets being depreciated/amortized, net | 93,772,126 | (2,660,943) | - | 91,111,183 |
| Total Governmental Activities, Capital and Right-to-use Assets - Net | \$ 144,697,119 | \$ 50,833,444 | \$ (1,121,223) | \$ 194,409,340 |
| Business-Type Activities | | | | |
| Capital assets being depreciated | | | | |
| Furniture and equipment | \$ 1,411,172 | \$ 202,713 | \$ - | \$ 1,613,885 |
| Less accumulated depreciation | | | | |
| Furniture and equipment | 913,830 | 76,296 | - | 990,126 |
| Business-Type Activities, Capital Assets - Net | \$ 497,342 | \$ 126,417 | \$ - | \$ 623,759 |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital and Right-to-use Assets (Continued)

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

| | Amount |
|---|----------------------------|
| Governmental Activities | |
| Instruction | \$ 5,768,249 |
| Instructional student support | 709,003 |
| Administration and financial support services | 862,945 |
| Operation and maintenance of plant services | 452,789 |
| Transportation | 17,590 |
| Student activities | 128,441 |
| Community Service | 1,147 |
| Total governmental activities | <u>7,940,164</u> |
| Business-Type Activities | |
| Food service | 76,296 |
| Total School District | <u><u>\$ 8,016,460</u></u> |

Note 9. Accrued Salaries and Benefits

At June 30, 2024, the District was liable for \$6,130,798 of payroll, which is payable during July and August 2024, to those employees who have a ten-month contract but are paid over a twelve-month period, to non-salaried employees who performed services through June 30, 2024, and to retiring professional employees who are receiving a payout of their accumulated compensated absences. The District was also liable for the benefits on payroll paid prior to or accrued as of June 30, 2024.

Accrued salaries and benefits as of June 30, 2024, are as follows:

| | Total |
|--------------------|-----------------------------|
| Accrued salaries | \$ 6,130,798 |
| Accrued benefits | |
| Retirement | 7,237,202 |
| Medical and dental | 2,251,837 |
| Other benefits | 690,150 |
| | <u><u>\$ 16,309,987</u></u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Obligations

A summary of the District's long-term obligations as of June 30, 2024, and transactions during the year then ended follows:

| | July 1, 2023 | Increases | Decreases | June 30, 2024 | Due within one year |
|--------------------------------------|-----------------------|----------------------|---------------------|-----------------------|------------------------|
| Governmental Activities: | | | | | |
| General obligation debt | \$ 120,170,000 | \$ 19,240,000 | \$ 2,945,000 | \$ 136,465,000 | \$ 3,050,000 |
| Unamortized bond premiums/discounts | 12,855,665 | - | 1,125,742 | 11,729,923 | - |
| Financed purchase agreements payable | - | 463,250 | 231,625 | 231,625 | 115,813 |
| Subscription liabilities | 139,043 | 910,076 | 169,033 | 880,086 | 170,951 |
| Compensated absences | 2,415,990 | - | 64,169 | 2,351,821 | 530,078 |
| Total governmental activities | <u>\$ 135,580,698</u> | <u>\$ 20,613,326</u> | <u>\$ 4,535,569</u> | <u>\$ 151,658,455</u> | <u>\$ 3,866,842</u> |
| Business-Type Activities: | | | | | |
| Compensated absences | <u>\$ 3,173</u> | <u>\$ -</u> | <u>\$ 646</u> | <u>\$ 2,527</u> | <u>\$ 714</u> |

The District pays the long-term obligations of the governmental activities from the general fund and the long-term obligations of the business-type activities from the food service fund.

General Obligation Debt

The District issues general obligation bonds and notes to provide funds for major capital improvements. These bonds and notes are direct obligations and pledge the full faith and credit of the District. Currently, the District has general obligation debt with interest rates and outstanding principal amounts at June 30, 2024, as follows:

| Issue | Final Maturity | Interest Rates | Principal Outstanding at June 30, 2024 | Principal Due within one year | Interest Due within one year |
|------------------------|-------------------|-----------------|--|----------------------------------|---------------------------------|
| Series A of 2017 Bonds | November 2028 | 2.00% to 5.00% | \$ 8,810,000 | \$ 1,640,000 | \$ 238,313 |
| Series of 2018 Bonds | November 2048 | 2.00% to 5.00% | 22,680,000 | 30,000 | 1,131,650 |
| Series of 2019 Bonds | November 2048 | 2.00% to 4.00% | 8,835,000 | 5,000 | 352,850 |
| Series of 2020 Bonds | November 2048 | 2.00% to 5.00% | 60,010,000 | 5,000 | 2,484,375 |
| *Series of 2021 Note | September 2028 | 0.94% | 6,900,000 | 1,360,000 | 58,468 |
| Series of 2022 Bonds | November 2051 | 4.00% to 4.50% | 9,990,000 | 5,000 | 428,978 |
| Series of 2023 Bonds | November 2052 | 4.00% to 5.00% | 9,520,000 | 5,000 | 454,994 |
| Series of 2024 Bonds | November 2052 | 4.375% to 5.00% | 9,720,000 | - | 383,878 |
| | | | <u>\$ 136,465,000</u> | <u>\$ 3,050,000</u> | <u>\$ 5,533,506</u> |

*Direct Borrowings

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual debt service requirements to maturity for the above governmental general debt obligations are as follows:

| Year ending June 30: | Direct Borrowings | | General Obligation Bonds | | Total |
|----------------------|---------------------|-------------------|--------------------------|----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 2025 | \$ 1,360,000 | \$ 58,468 | \$ 1,690,000 | \$ 5,475,038 | \$ 8,583,506 |
| 2026 | 1,370,000 | 45,637 | 1,780,000 | 5,429,878 | 8,625,515 |
| 2027 | 1,385,000 | 32,689 | 1,845,000 | 5,366,278 | 8,628,967 |
| 2028 | 1,395,000 | 19,623 | 1,880,000 | 5,327,803 | 8,622,426 |
| 2029 | 1,390,000 | 6,532 | 1,940,000 | 5,287,171 | 8,623,703 |
| 2030-2034 | - | - | 18,610,000 | 24,174,875 | 42,784,875 |
| 2035-2039 | - | - | 23,190,000 | 19,554,384 | 42,744,384 |
| 2040-2044 | - | - | 28,715,000 | 14,034,591 | 42,749,591 |
| 2045-2049 | - | - | 35,605,000 | 7,157,642 | 42,762,642 |
| 2050-2053 | - | - | 14,310,000 | 1,315,068 | 15,625,068 |
| | <u>\$ 6,900,000</u> | <u>\$ 162,949</u> | <u>\$ 129,565,000</u> | <u>\$ 93,122,728</u> | <u>\$ 229,750,677</u> |

Financed Purchase Agreements Payable

The District finances computer equipment for both students and staff that are located throughout the District. The related finance purchase agreements are recorded at the present values of related future, minimum payments as of the inception date. All financed purchase agreements are funded by the General Fund.

The assets acquired through financed purchase agreements are as follows:

| Assets | Amount |
|---|-------------------|
| Computer equipment | \$ 463,250 |
| Less accumulated depreciation | (92,650) |
| Total computer equipment - net book value | <u>\$ 370,600</u> |

Scheduled minimum payments are as follows.

| | Amount |
|---|-------------------|
| June 30, 2025 | \$ 115,813 |
| June 30, 2026 | 46,325 |
| June 30, 2027 | 69,487 |
| Total minimum lease payments | 231,625 |
| Less amount representing interest | - |
| Total present value of net minimum lease payments | <u>\$ 231,625</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Obligations (Continued)

Subscription Based Information Technology Arrangements (SBITA) Liabilities:

The District enters into various arrangements for administrative and educational software and other information technology. Many of the software and information technology arrangements are for a term of one year or less. However, the District also enters into arrangements that are for greater than one year which require accounting for and reporting of a right-to-use subscription asset and liability. These terms range from two to seven years in length.

The District's subscription based information technology arrangements contain scheduled annual payments with expiration dates extending through 2034. Payments of the subscription liability are primarily funded by the general fund.

The following is a schedule of future minimum subscription liability payments for agreements with initial or remaining terms in excess of one year as of June 30, 2024:

| Year ending June 30: | Principal | Interest | Total |
|----------------------|-------------------|------------------|-------------------|
| 2025 | \$ 170,951 | \$ 16,586 | \$ 187,537 |
| 2026 | 174,453 | 13,083 | 187,536 |
| 2027 | 129,691 | 9,509 | 139,200 |
| 2028 | 132,309 | 6,891 | 139,200 |
| 2029 | 134,979 | 4,221 | 139,200 |
| 2030-2034 | 137,703 | 1,496 | 139,199 |
| | <u>\$ 880,086</u> | <u>\$ 51,786</u> | <u>\$ 931,872</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% and 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 ten years of service.

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

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

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan (Continued)

Contributions

Member Contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

| Member Contribution Rates | | | | |
|---------------------------|-----------------------------|---|----------------------|-------------------------|
| Membership Class | Continuous Employment Since | Defined Benefit (DB) Contribution Rate | DC Contribution Rate | Total Contribution Rate |
| T-C | Prior to July 22, 1983 | 5.25% | N/A | 5.25% |
| | | | | 6.25% |
| T-C | On or after July 22, 1983 | 6.25% | N/A | 6.25% |
| T-D | Prior to July 22, 1983 | 6.50% | N/A | 6.50% |
| | | | | 7.50% |
| T-D | On or after July 22, 1983 | 7.50% | N/A | 7.50% |
| T-E | On or after July 1, 2011 | 7.50% base rate with shared risk provision | N/A | Prior to 7/1/21: 7.50% |
| | | | | After 7/1/21: 8.00% |
| T-F | On or after July 1, 2011 | 10.30% base rate with shared risk provision | N/A | Prior to 7/1/21: 10.30% |
| | | | | After 7/1/21: 10.8% |
| T-G | On or after July 1, 2019 | 5.50% base rate with shared risk provision | 2.75% | Prior to 7/1/21: 8.25% |
| | | | | After 7/1/21: 9.00% |
| T-H | On or after July 1, 2019 | 4.50% base rate with shared risk provision | 3.00% | Prior to 7/1/21: 7.50% |
| | | | | After 7/1/21: 8.25% |
| DC | On or after July 1, 2019 | N/A | 7.50% | 7.50% |

| Shared Risk Program Summary | | | | |
|-----------------------------|--------------------------------|-----------------------|---------|---------|
| Membership Class | Defined Benefit (DB) Base Rate | Shared Risk Increment | Minimum | Maximum |
| T-E | 7.50% | +/-0.50% | 5.50% | 9.50% |
| T-F | 10.30% | +/-0.50% | 8.30% | 12.30% |
| T-G | 5.50% | +/-0.75% | 2.50% | 8.50% |
| T-H | 4.50% | +/-0.75% | 1.50% | 7.50% |

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.36% 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. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .27 percent.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2024, was \$20,276,265, and is equal to the required contribution for the year. For the year ended June 30, 2024, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$10,328,785.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan (Continued)

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

At June 30, 2024, the District reported a liability of \$169,449,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the District's reported proportion was .3809 percent, which was a decrease of .0009 percent from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$16,849,000. At June 30, 2024, 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 | \$ 38,000 | \$ 2,320,000 |
| Changes in assumptions | 2,528,000 | - |
| Net difference between projected and actual investment earnings | 4,795,000 | - |
| Changes in proportion | 301,000 | 806,000 |
| Contributions subsequent to the measurement date | 20,277,000 | - |
| | <u>\$ 27,939,000</u> | <u>\$ 3,126,000</u> |

\$20,277,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending June 30:</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2025 | \$ 1,631,000 |
| 2026 | (3,685,000) |
| 2027 | 4,991,000 |
| 2028 | 1,599,000 |
| | <u>\$ 4,536,000</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

Investments

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

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

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan (Continued)

Investments (Continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------|--|
| Global public equity | 30.0% | 5.2% |
| Private equity | 12.0% | 7.9% |
| Fixed income | 33.0% | 3.2% |
| Commodities | 7.5% | 2.7% |
| Infrastructure/MLPs | 10.0% | 5.4% |
| Real estate | 11.0% | 5.7% |
| Absolute return | 4.0% | 4.1% |
| Cash | 3.0% | 1.2% |
| Leverage | (10.5)% | 1.2% |
| | <u>100.0%</u> | |

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, 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.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Defined Benefit Pension Plan (Continued)

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1- percentage-point higher (8.00%) than the current discount rate:

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|--|----------------------|--------------------------------|----------------------|
| District's proportionate share of the net pension liability | \$ 219,652,000 | \$ 169,449,000 | \$ 127,092,000 |

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.

Plan Payables

At June 30, 2024, the District reported a payable to PSERS of \$7,549,331 which represents the employer contributions owed to the pension plan.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - District's Single Employer Plan

Plan Description

The District maintains a single employer defined benefit OPEB plan to provide postemployment health care benefits. The Board of School Directors is authorized to establish and amend the financing requirements and benefits, subject to collective bargaining for certain classes of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue stand-alone financial statements.

| GROUP | ELIGIBILITY | COVERAGE AND PREMIUM SHARING | DURATION |
|----------------------------------|--|--|---|
| <u>I. ADMINISTRATORS</u> | | | |
| A. Medical Insurance | Retire through PSERS | <p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: If the member has 15 years of service with WSSD then the district pays the full single rate for the member until the earlier of 10 years or member reaching age 65. If the spouse is on the plan, then the member must pay the difference between the single rate and the two-party rate. After the 10 years of the district paid benefit, the member and spouse can stay on the plan by paying the full premium until age 65.</p> <p>Otherwise, member pays premiums in full</p> <p>Dependents: Spouse included</p> <p>Grandfathered Retirees: Two retirees are eligible to receive a \$250/month reimbursement for medical coverage for life.</p> | <p>Member coverage ceases at member age 65.</p> <p>Spouse coverage ceases at the earlier of member age 65 or spouse age 65.</p> |
| B. Life insurance | 15 years of service with WSSD | <p>Coverage: Life insurance amount determined by the table below</p> <p>1-5 years of service - \$100,000 life insurance coverage 6-10 years of service - \$125,000 life insurance coverage 11-15 years of service - \$150,000 life insurance coverage 16-20 years of service - \$175,000 life insurance coverage 21+ years of service - \$200,000 life insurance coverage</p> <p>Premium Sharing: District pays premiums in full but member is required to contribute the economic benefit value which is based on their age and per thousand dollars of insurance</p> <p>Dependents: None included</p> | Lifetime of member |
| <u>II. TEACHERS</u> | | | |
| | Retire through PSERS | <p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: Member pays premiums in full</p> <p>Dependents: Spouse included</p> | Same as I-A |
| | Member has passed away and has a spouse at the time of passing | <p>Year 1: Spouse can stay on plan by paying active contribution amount.</p> <p>Years 2 and 3: Spouse can stay on plan by paying premium in full</p> <p>Past year 3: Moves to COBRA (not valued in this report)</p> | Spouse receives benefit for 3 years past member passing |
| <u>III. SUPPORT STAFF</u> | | | |
| | 15 years of PSERS or Act 110/43 | <p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: Member pays premiums in full</p> <p>Dependents: Spouse included</p> | Same as I-A |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Plan Description (Continued)

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

PSERS Retirement:

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

Employees Covered by the Benefit Terms

On July 1, 2022, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 46 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | 888 |
| | <u>934</u> |

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

At June 30, 2024, the District reported a liability of \$6,156,260 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022. The OPEB liability is composed of the following:

| | Amount |
|------------------------|---------------------|
| Balance, beginning | <u>\$ 5,793,198</u> |
| Changes for the year | |
| Service cost | 373,537 |
| Interest | 242,956 |
| Changes in assumptions | 83,669 |
| Benefit payments | <u>(337,100)</u> |
| Net Changes | 363,062 |
| Balance, ending | <u>\$ 6,156,260</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2024, the District recognized OPEB expense of \$532,520. At June 30, 2024, 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 |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 2,090,413 | \$ 1,537,993 |
| Changes in assumptions | 617,196 | 1,613,443 |
| Benefit payments subsequent to the measurement date | 335,713 | - |
| | <u>\$ 3,043,322</u> | <u>\$ 3,151,436</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$335,713 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| Year ending June 30: | Total |
|----------------------|---------------------|
| 2025 | \$ (83,973) |
| 2026 | (83,973) |
| 2027 | (83,973) |
| 2028 | (83,973) |
| 2029 | (83,973) |
| Thereafter | (23,962) |
| | <u>\$ (443,827)</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation – 2.5%
- Salary Increases – 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
- Discount Rate – 4.13%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
- Healthcare Cost Trend: 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs: Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality Rates: PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
- Percent of Eligible Retirees Electing Coverage: 95% of administrators, 45% of teachers, and 25% of support staff are assumed to elect coverage.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District calculated using the discount rate of 4.13%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.13%) or one percentage higher (5.13%) than the current discount rate:

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|----------------------|----------------------|--------------------------------|----------------------|
| Total OPEB liability | \$ 6,622,726 | \$ 6,156,260 | \$ 5,713,555 |

Changes in Actuarial Assumptions

The discount rate used to measure the total OPEB liability increased from 4.06% as of July 1, 2022 to 4.13% as of July 1, 2023.

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

The following presents the total OPEB liability of the District calculated using the health care cost trend rates of (7.0% decreasing to 4.1%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|----------------------|----------------|-----------------------|----------------|
| Total OPEB liability | \$ 5,455,250 | \$ 6,156,260 | \$ 6,978,726 |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Post-Employment Benefits – PSERS Cost-Sharing Plan

Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other post-employment 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, 2023, there were no assumed future benefit increases to participating eligible retirees.

Retirees of the System can participate in Premium Assistance 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

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

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.

Employer Contribution

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% 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 \$388,993 for the year ended June 30, 2024.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

At June 30, 2024, the District reported a liability of \$6,891,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the District's reported proportion was .3809 percent, which was a decrease of .0009 percent from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$292,000. At June 30, 2024, 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 |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 45,000 | \$ 68,000 |
| Changes in assumptions | 595,000 | 1,304,000 |
| Net difference between projected and actual investment earnings | 16,000 | - |
| Changes in proportion | 121,000 | 42,000 |
| Contributions subsequent to the measurement date | 389,000 | - |
| | <u>\$ 1,166,000</u> | <u>\$ 1,414,000</u> |

\$389,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ending June 30: | Amount |
|----------------------|---------------------|
| 2025 | \$ (88,000) |
| 2026 | (132,000) |
| 2027 | (179,000) |
| 2028 | (223,000) |
| 2029 | (15,000) |
| | <u>\$ (637,000)</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13%, as of June 30, 2023.

The actuarial assumptions used in the June 30, 2022 valuation, were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021, determined the employer contribution rate for fiscal year 2023.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

Investments

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------|-------------------|--|
| Cash | 100.0% | 1.2% |
| | <u>100.0%</u> | |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 2023.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.13%. 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 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

The following presents the District's proportionate share of the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current discount rate:

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|---|----------------------|--------------------------------|----------------------|
| District's proportionate share of the net OPEB liability | \$ 7,791,000 | \$ 6,891,000 | \$ 6,138,000 |

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|----------------|-----------------------|----------------|
| District's proportionate share of the net OPEB liability | \$ 6,891,000 | \$ 6,891,000 | \$ 6,892,000 |

OPEB Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2024, the District reported a payable to PSERS of \$144,831 which represents the employer contributions owed to the OPEB plan.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Fund Balance Classifications

Non-spendable fund balance represents the component of fund balance that cannot be spent either because they are not in a spendable form or is required to be legally or contractually maintained intact. Committed fund balances represent fund balances that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. At June 30, 2024, the District has the following non-spendable and committed fund balance:

| | General Fund | Capital Reserve Fund | Capital Projects Fund | Total Governmental Funds |
|---|----------------------|----------------------------|-----------------------------|--------------------------------|
| Nonspendable, reported in | | | | |
| Inventory | \$ 70,123 | \$ - | \$ - | \$ 70,123 |
| Prepaid expenses | 405,254 | - | - | 405,254 |
| Amounts receivable from life insurance contracts | 1,706,902 | - | - | 1,706,902 |
| Restricted for, reported in | | | | |
| Capital projects | - | 24,667,915 | - | 24,667,915 |
| Committed to, reported in | | | | |
| Offset future retirement contribution rate increases | 500,000 | - | - | 500,000 |
| Future healthcare costs | 2,000,000 | - | - | 2,000,000 |
| Capital projects | - | - | 12,917,888 | 12,917,888 |
| Assigned, reported in | | | | |
| Social workers | 27,445 | - | - | 27,445 |
| Concession | 28,512 | - | - | 28,512 |
| Capital outlays | 5,000,000 | - | - | 5,000,000 |
| Unassigned, reported in | | | | |
| General Fund | 14,074,439 | - | - | 14,074,439 |
| | <u>\$ 23,812,675</u> | <u>\$ 24,667,915</u> | <u>\$ 12,917,888</u> | <u>\$ 61,398,478</u> |

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 15. Risk Management

Health Insurance

The District self-insures its employees' medical, dental, and prescription drug benefits and retains independent claims companies to administer the plans. The District obtains reinsurance coverage for the medical and prescription drug benefits through a commercial insurance company, reinsuring claims in excess of \$225,000 per individual. The District does not reinsure its dental benefits which are subject to a \$1,000 per participant liability per year.

A liability for claims incurred prior to June 30, 2024, and subsequently paid is recorded in the amount of \$1,347,126 in accounts payable in the general fund. For the year ended June 30, 2023, the liability for claims incurred prior to June 30, 2023, and subsequently paid was \$1,312,542.

Changes in the District's claims liability amount in fiscal years 2024 and 2023 are:

| | Beginning Liability | Claims and Changes in Estimates | Claims Paid | Ending Liability |
|-----------|------------------------|---------------------------------------|----------------|---------------------|
| 2022-2023 | \$ 1,125,540 | \$ 12,562,211 | \$ 12,375,209 | \$ 1,312,542 |
| 2023-2024 | \$ 1,312,542 | \$ 12,741,076 | \$ 12,706,492 | \$ 1,347,126 |

Management maintains the accrued medical, dental and drug expenses at a level it believes will be sufficient to pay the estimated amounts of claims that will be incurred but not reported (IBNR). In estimating the expense accrual, management considers advice from its independent claims' companies and any extraordinary claims that have been incurred or are expected to be incurred and paid from expendable available financial resources.

Other Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For State unemployment compensation laws, the District is self-insured, which is a common practice for local governmental units. Any unemployment claims are paid by the District on a quarterly basis as incurred.

WEST SHORE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 16. Commitments, Contingencies and Uncertainties

General

The District is named as a defendant in various lawsuits, all in the ordinary course of business. The District intends to vigorously defend itself against these actions. Legal counsel for the District has advised that they cannot offer an opinion as to the probable outcome of all such actions. In the opinion of management, the ultimate liabilities, if any, resulting from these claims will not have a material adverse effect on the financial position of the District.

Collective Bargaining Agreement

The District has entered into collective bargaining agreements with the West Shore Education Association (WSEA) and the District Council 89 of the American Federation of State, County & Municipal Employees, AFL-CIO (AFSCME). The agreement with the WSEA in effect is for the period of September 1, 2022 through August 31, 2027. The AFSCME agreement in effect is for the period of July 1, 2024 through June 30, 2028. The agreements stipulate the overall working conditions as well as the provisions for wages and employee benefits for the District's professional and support staff for the terms of the contracts.

Capital Projects

In May 2017, the District adopted the facilities and feasibility study option number one, the feeder school concept. The study was an in-depth review of the school facilities that resulted in a plan for ensuring schools meet the needs of the students. The construction and associated costs will be completed in various phases that began during the year ended June 30, 2020, and will continue beyond 2026. The total estimated costs at the time of the study were \$218.3 million to \$246.7 million. Initially, the District entered into an agreement with an underwriter to fund up to \$118,000,000 in general obligation bonds to begin Phases I and 2 of this project. As time passed and those projects have moved forward, it is clear the initial amount authorized is no longer sufficient to complete phases 1 and 2. In addition, after 5 years, the board felt it was not appropriate to rely solely on the authorization issued in 2017 and have adopted parameter resolutions prior to each bond issuance. The District has entered into various contracts for these and other projects.

Grant Programs

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and review by the grantor agencies; therefore, any findings or adjustments by the grantor agencies could have an effect on the recorded grants receivable and/or deferred grant revenues, and on the related grant revenues and expenditures.

Transportation Contract

The District has entered into an agreement for the transportation of school pupils. The Agreement is for the period of July 1, 2018 through June 30, 2023, and was extended through June 30, 2024. This Agreement has once again been extended through June 30, 2025. The contractor provides all equipment and labor necessary. The cost for the transportation services will be determined based on rate schedules included in the contract. The transportation services expense related to this contract was approximately \$4,898,281 for the year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

WEST SHORE SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2024**

| | Budgeted Amounts | | Actual | Variance with |
|--|-----------------------|-----------------------|----------------------|-----------------------|
| | Original | Final | Budgetary | Final Budget - |
| | | | Basis | Favorable |
| | | | | (Unfavorable) |
| Revenues | | | | |
| Local sources | | | | |
| Real estate taxes | \$ 76,135,834 | \$ 76,135,834 | \$ 76,136,316 | \$ 482 |
| Other taxes | 22,601,000 | 22,601,000 | 24,090,965 | 1,489,965 |
| Investment earnings | 200,000 | 200,000 | 3,022,945 | 2,822,945 |
| Other revenue | 2,865,000 | 2,865,000 | 3,319,445 | 454,445 |
| Total Local sources | 101,801,834 | 101,801,834 | 106,569,671 | 4,767,837 |
| State sources | 39,210,957 | 39,210,957 | 39,725,131 | 514,174 |
| Federal sources | 6,311,657 | 6,311,657 | 6,954,207 | 642,550 |
| Total revenues | 147,324,448 | 147,324,448 | 153,249,009 | 5,924,561 |
| Expenditures | | | | |
| Instruction | | | | |
| Regular programs | 67,856,156 | 67,841,798 | 66,059,734 | 1,782,064 |
| Special programs | 25,125,802 | 25,125,802 | 27,268,905 | (2,143,103) |
| Vocational programs | 1,745,539 | 1,745,539 | 1,745,539 | - |
| Other instructional programs | 183,614 | 183,614 | 254,798 | (71,184) |
| Non-public school programs | 50,693 | 50,693 | 60,380 | (9,687) |
| Adult education programs | 492,009 | 492,009 | 492,009 | - |
| Support services | | | | |
| Pupil personnel services | 5,526,153 | 5,526,153 | 5,586,487 | (60,334) |
| Instructional staff services | 1,679,465 | 1,675,130 | 1,515,242 | 159,888 |
| Administrative services | 8,644,864 | 8,664,557 | 8,626,460 | 38,097 |
| Pupil health | 2,600,850 | 2,600,850 | 2,931,030 | (330,180) |
| Business services | 1,533,155 | 1,533,155 | 1,363,099 | 170,056 |
| Operation of plant and maintenance services | 12,375,153 | 12,375,153 | 13,549,835 | (1,174,682) |
| Student transportation services | 6,074,272 | 6,074,272 | 6,663,531 | (589,259) |
| Central and other business services | 3,755,601 | 3,755,601 | 4,608,582 | (852,981) |
| Operation of non-instructional services | | | | |
| Student activities | 2,453,386 | 2,452,386 | 2,327,529 | 124,857 |
| Community service | 95,403 | 95,403 | 93,490 | 1,913 |
| Capital outlay | - | - | 370,088 | (370,088) |
| Debt service (principal and interest) | 7,734,124 | 7,734,124 | 8,396,632 | (662,508) |
| Refund of prior year's receipts | 5,000 | 5,000 | 2,797 | 2,203 |
| Total expenditures | 147,931,239 | 147,931,239 | 151,916,167 | (3,984,928) |
| Excess (deficiency) of revenues over expenditures | (606,791) | (606,791) | 1,332,842 | 1,939,633 |
| Other Financing Sources (Uses) | | | | |
| Interfund transfers in (out) | (1,465,619) | (1,465,619) | (6,865,619) | (5,400,000) |
| Refund of prior year's expenditures | - | - | 244,015 | 244,015 |
| Proceeds from sale of fixed assets | 35,000 | 35,000 | - | (35,000) |
| Proceeds from subscription arrangements | - | - | 910,076 | 910,076 |
| Proceeds from financed purchase agreements | - | - | 463,250 | 463,250 |
| Insurance recoveries | - | - | 333,951 | 333,951 |
| Total other financing uses | (1,430,619) | (1,430,619) | (4,914,327) | (3,483,708) |
| Net change in fund balance | \$ (2,037,410) | \$ (2,037,410) | (3,581,485) | \$ (1,544,075) |
| Fund balances - July 1, 2023 | | | 27,394,160 | |
| Fund balances - June 30, 2024 | | | <u>\$ 23,812,675</u> | |

See Notes to Required Supplementary Information.

WEST SHORE SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting General Fund

West Shore School District follows the following procedures on establishing the budgetary data reflected in the supplementary information:

1. The Pennsylvania Department of Education (PDE) issues a schedule of actions for school districts for the development of the annual budget under Act 1. One deadline is the action to resolve to keep any tax increase in the real estate tax millage rate below the index announced by PDE. Prior to that deadline, management submits to the School Board, for consideration, a draft operating budget projection or other information to review, for the fiscal year commencing the following July 1. The School Board determines if it will approve a resolution to keep any tax increase below the index.
2. If the School Board adopts the resolution, prior to May 31, management submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
3. A public hearing is conducted to obtain taxpayer comments.
4. If the School Board does not adopt the resolution, management prepares and submits a proposed operating budget for the fiscal year commencing the following July 1 in accordance to the deadlines established by PDE under Act 1. These deadlines will vary with the setting of the spring municipal election date each year.
5. Prior to June 30, the budget is legally enacted through passage of a resolution.
6. Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the School Board. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
7. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
8. Unused appropriations lapse at the end of each fiscal year; however, the District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of the fund balance in a like amount. There were no outstanding encumbrances for the year ended June 30, 2024.
9. The budget for the general fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
10. Where applicable, unbudgeted federal and state revenue and expenditures have been added to the original budgeted revenue and expenditures.

WEST SHORE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

| For the Fiscal Year Ended June 30 | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|--|--|-------------------------------|---|--|
| 2024 | 0.3809% | \$ 169,449,000 | \$ 58,355,019 | 290.38% | 61.85% |
| 2023 | 0.3818% | \$ 169,743,000 | \$ 56,134,415 | 302.39% | 61.34% |
| 2022 | 0.3840% | \$ 157,658,000 | \$ 54,387,271 | 289.88% | 63.67% |
| 2021 | 0.3815% | \$ 187,847,000 | \$ 53,536,996 | 350.87% | 54.32% |
| 2020 | 0.3761% | \$ 175,949,000 | \$ 51,873,994 | 339.19% | 55.66% |
| 2019 | 0.3707% | \$ 177,954,000 | \$ 49,924,664 | 356.45% | 54.00% |
| 2018 | 0.3630% | \$ 180,910,000 | \$ 48,769,224 | 370.95% | 51.84% |
| 2017 | 0.3512% | \$ 174,044,000 | \$ 45,486,864 | 382.62% | 50.14% |
| 2016 | 0.3487% | \$ 151,040,000 | \$ 44,867,367 | 336.64% | 54.36% |
| 2015 | 0.3645% | \$ 144,272,000 | \$ 46,514,777 | 310.16% | 57.24% |

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years.

WEST SHORE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

| For the Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|--|--|-------------------------------|---|
| 2024 | \$ 20,276,265 | \$ (20,276,265) | \$ - | \$ 60,781,171 | 33.36% |
| 2023 | \$ 20,202,170 | \$ (20,202,170) | \$ - | \$ 58,566,994 | 34.49% |
| 2022 | \$ 19,176,761 | \$ (19,176,761) | \$ - | \$ 56,209,031 | 34.12% |
| 2021 | \$ 18,289,000 | \$ (18,289,000) | \$ - | \$ 54,234,324 | 33.69% |
| 2020 | \$ 18,034,000 | \$ (18,034,000) | \$ - | \$ 53,536,996 | 33.36% |
| 2019 | \$ 16,985,000 | \$ (16,985,000) | \$ - | \$ 51,873,994 | 32.60% |
| 2018 | \$ 15,680,000 | \$ (15,680,000) | \$ - | \$ 49,924,664 | 31.74% |
| 2017 | \$ 13,861,000 | \$ (13,861,000) | \$ - | \$ 48,769,224 | 29.20% |
| 2016 | \$ 11,179,000 | \$ (11,179,000) | \$ - | \$ 45,486,864 | 25.00% |
| 2015 | \$ 9,016,000 | \$ (9,016,000) | \$ - | \$ 44,867,367 | 20.50% |

The schedule is presented to illustrate the requirement to show information for 10 years.

WEST SHORE SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN**
For the Fiscal Year Ended June 30,

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | | | |
| Service cost | \$ 373,537 | \$ 490,628 | \$ 491,014 | \$ 193,000 | \$ 195,000 | \$ 367,000 | \$ 346,000 |
| Interest | 242,956 | 139,876 | 111,104 | 118,000 | 104,000 | 193,000 | 141,000 |
| Changes of benefit terms | - | 136,769 | - | (99,000) | - | - | - |
| Differences between expected and actual experience | - | 1,184,484 | - | 1,572,000 | - | (2,856,000) | - |
| Changes in assumptions | 83,669 | (1,677,248) | (171,342) | 589,000 | (102,000) | 4,000 | 281,000 |
| Benefit payments | (337,100) | (274,008) | (262,740) | (159,000) | (163,000) | (293,000) | (289,000) |
| | - | | | | | | |
| Net change in total OPEB liability | 363,062 | 501 | 168,036 | 2,214,000 | 34,000 | (2,585,000) | 479,000 |
| Total OPEB Liability - beginning | 5,793,198 | 5,792,697 | 5,624,661 | 3,411,000 | 3,377,000 | 5,962,000 | 5,483,000 |
| Total OPEB Liability - ending | <u>\$ 6,156,260</u> | <u>\$ 5,793,198</u> | <u>\$ 5,792,697</u> | <u>\$ 5,625,000</u> | <u>\$ 3,411,000</u> | <u>\$ 3,377,000</u> | <u>\$ 5,962,000</u> |
| Covered payroll | <u>\$ 56,500,951</u> | <u>\$ 56,500,951</u> | <u>\$ 51,291,732</u> | <u>\$ 51,291,732</u> | <u>\$ 47,024,297</u> | <u>\$ 47,024,297</u> | <u>\$ 43,556,499</u> |
| Total OPEB liability as a percentage of covered payroll | 10.9% | 10.3% | 11.3% | 11.0% | 7.3% | 7.2% | 13.7% |

Notes to Schedule:

Changes in assumptions: The discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

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

WEST SHORE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

| For the Fiscal Year Ended June 30 | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---|--|---|-------------------------------|--|---|
| 2024 | 0.3809% | \$ 6,891,000 | \$ 58,355,019 | 11.81% | 7.22% |
| 2023 | 0.3818% | \$ 7,028,000 | \$ 56,134,415 | 12.52% | 6.86% |
| 2022 | 0.3837% | \$ 9,093,000 | \$ 54,387,271 | 16.72% | 5.30% |
| 2021 | 0.3815% | \$ 8,243,000 | \$ 53,536,996 | 15.40% | 5.69% |
| 2020 | 0.3761% | \$ 7,999,000 | \$ 51,873,994 | 15.42% | 5.56% |
| 2019 | 0.3707% | \$ 7,729,000 | \$ 49,924,664 | 15.48% | 5.56% |
| 2018 | 0.3663% | \$ 7,463,000 | \$ 48,769,224 | 15.30% | 5.73% |

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

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

WEST SHORE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

| For the Fiscal Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|--|--|-------------------------------|---|
| 2024 | \$ 388,993 | \$ (388,993) | \$ - | \$ 60,781,171 | 0.64% |
| 2023 | \$ 439,050 | \$ (439,050) | \$ - | \$ 58,566,994 | 0.75% |
| 2022 | \$ 449,368 | \$ (449,368) | \$ - | \$ 56,209,031 | 0.80% |
| 2021 | \$ 447,000 | \$ (447,000) | \$ - | \$ 54,234,324 | 0.82% |
| 2020 | \$ 449,000 | \$ (449,000) | \$ - | \$ 53,536,996 | 0.84% |
| 2019 | \$ 415,000 | \$ (415,000) | \$ - | \$ 51,873,994 | 0.83% |
| 2018 | \$ 362,000 | \$ (362,000) | \$ - | \$ 49,924,664 | 0.83% |

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

SUPPLEMENTARY INFORMATION

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

Board of School Directors
West Shore School District
New Cumberland, 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 discretely presented component unit and aggregate remaining fund information of West Shore School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

West Shore School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is positioned in the center of the page.

Camp Hill, Pennsylvania
December 5, 2024

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

Board of School Directors
West Shore School District
New Cumberland, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Shore School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink, reading "Boyer & Ritten". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Camp Hill, Pennsylvania
December 5, 2024

WEST SHORE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

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 ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness (es)? ☒ Yes ☐ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness (es)? ☐ Yes ☒ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of the major programs:

| Assistance Listing Number | Name of Federal Programs/Cluster |
|----------------------------------|---|
| Child Nutrition Cluster | |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.559 | Summer Food Service Program for Children |
| Special Education Cluster | |
| 84.027 | Special Education – Grants to States (IDEA, Part B) |
| 84.173 | Special Education – Preschool Grants (IDEA Preschool) |

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

WEST SHORE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2024

Section II -- Financial Statement Findings

A. Significant Deficiency in Internal Control

2024-001 - Closing Adjustments – All Funds

Criteria: The District should have procedures in place to identify any significant adjustments necessary to their financial statements, including the posting of all adjustments necessary to present financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: During our audit, adjustments were made to the District's records based on the result of our procedures. There were both auditor-identified adjusting entries and management identified adjusting entries posted subsequent to receiving trial balances to begin the audit. Management does approve all adjustments and reviews and accepts the financial statements prior to their final issuance.

Cause and Effect: When the financial close process does not properly include all year-end accruals and adjusting journal entries, the accounting records do not provide the proper basis for preparation of financial statements. By not performing timely reconciliations, the risk that material errors, irregularities, or fraud could go undetected increases.

Identification of Repeat Finding: Yes

Recommendation: The District should review and revise, where necessary, its year-end closing procedures to proactively address these adjustments in the future. Closing procedures should include a review of revenue, expenditure and balance sheet accounts for completeness and accuracy. Any necessary reconciliations should be maintained as part of the District's accounting records. The closing adjustments should be posted to the District's accounts prior to the start of audit fieldwork.

Management Response: The District will continue to work to improve the year end close and reconciliation process. We will work to develop procedures for year-end closing that include review of balance sheet accounts and work to complete all closing adjustments prior to the start of audit fieldwork.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported

Section III -- Federal Award Findings and Questioned Costs

A. Compliance Findings

There were no findings relating to the Federal awards required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance.

B. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance.

WEST SHORE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

| Grantor Program Title | Assistance Listing Number | Pass-Through Grantor's Number | Grant Period | Program or Annual Award | Total Received for the Year | Accrued or (Deferred) Revenue at July 1, 2023 | Revenue Recognized | Expenditures Recognized | Accrued or (Deferred) Revenue at June 30, 2024 | Provided to Subrecipients |
|---|---------------------------|-------------------------------|--------------|-------------------------|-----------------------------|---|--------------------|-------------------------|--|---------------------------|
| U.S. Department of Education | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education | | | | | | | | | | |
| Title I - Grants to Local Educational Agencies | 84.010 | 013-230476 | 22-23 | \$ 1,186,399 | \$ 394,853 | \$ 213,650 | \$ 181,203 | \$ 181,203 | \$ - | \$ - |
| Title I - Grants to Local Educational Agencies | 84.010 | 013-240476 | 23-24 | \$ 1,317,001 | 793,450 | - | 1,059,568 | 1,059,568 | 266,118 | - |
| | | | | | <u>1,188,303</u> | <u>213,650</u> | <u>1,240,771</u> | <u>1,240,771</u> | <u>266,118</u> | <u>-</u> |
| Title III - English Language Acquisition State Grants | 84.365 | 010-230476 | 22-24 | \$ 49,398 | 9,022 | (4,527) | 13,549 | 13,549 | - | - |
| Title III - English Language Acquisition State Grants | 84.365 | 010-240476 | 23-24 | \$ 61,847 | 28,644 | - | 28,359 | 28,359 | (285) | - |
| | | | | | <u>37,666</u> | <u>(4,527)</u> | <u>41,908</u> | <u>41,908</u> | <u>(285)</u> | <u>-</u> |
| Title II - Supporting Effective Instruction State Grants | 84.367 | 020-220476 | 21-22 | \$ 213,843 | 1,470 | 1,470 | - | - | - | - |
| Title II - Supporting Effective Instruction State Grants | 84.367 | 020-230476 | 22-23 | \$ 200,858 | (1,857) | (22,798) | 20,941 | 20,941 | - | - |
| Title II - Supporting Effective Instruction State Grants | 84.367 | 020-240476 | 22-24 | \$ 206,051 | 205,836 | - | 206,051 | 206,051 | 215 | - |
| | | | | | <u>205,449</u> | <u>(21,328)</u> | <u>226,992</u> | <u>226,992</u> | <u>215</u> | <u>-</u> |
| Title IV - Student Support and Academic Enrichment Program | 84.424 | 144-230476 | 22-24 | \$ 94,516 | 22,487 | 13,703 | 8,784 | 8,784 | - | - |
| Title IV - Student Support and Academic Enrichment Program | 84.424 | 144-240476 | 23-24 | \$ 93,021 | 93,021 | - | 78,541 | 78,541 | (14,480) | - |
| | | | | | <u>115,508</u> | <u>13,703</u> | <u>87,325</u> | <u>87,325</u> | <u>(14,480)</u> | <u>-</u> |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund | 84.425D | 200-210476 | 21-24 | \$ 4,494,928 | 731,766 | 731,766 | - | - | - | - |
| COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | 223-210476 | 20-25 | \$ 9,091,938 | 4,298,007 | 477,851 | 4,150,772 | 4,150,772 | 330,616 | - |
| COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | 224-210476 | 20-25 | \$ 74,403 | 6,764 | (1,586) | 6,861 | 6,861 | (1,489) | - |
| COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | 225-210476 | 20-25 | \$ 706,649 | 12,848 | (17,503) | 30,351 | 30,351 | - | - |
| | | | | | <u>4,317,619</u> | <u>458,762</u> | <u>4,187,984</u> | <u>4,187,984</u> | <u>329,127</u> | <u>-</u> |
| COVID-19 - American Rescue Plan Elementary and Secondary Schools Emergency Relief - Homeless Children and Youth (ARP-HCY) | 84.425W | 181-212478 | 21-25 | \$ 38,637 | 14,861 | 3,681 | 11,180 | 11,180 | - | - |
| Total passed through the Pennsylvania Department of Education | | | | | <u>6,611,172</u> | <u>1,395,707</u> | <u>5,796,160</u> | <u>5,796,160</u> | <u>580,695</u> | <u>-</u> |
| Passed through the Capital Area Intermediate Unit | | | | | | | | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 062-230015 | 22-23 | \$ 1,414,045 | 439,325 | 439,325 | - | - | - | - |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 062-240015 | 23-24 | \$ 1,600,897 | 978,857 | - | 1,600,897 | 1,600,897 | 622,040 | - |
| | | | | | <u>1,418,182</u> | <u>439,325</u> | <u>1,600,897</u> | <u>1,600,897</u> | <u>622,040</u> | <u>-</u> |
| Special Education Preschool Grants (IDEA Preschool) | 84.173 | 131-230015 | 22-23 | \$ 9,252 | 9,252 | 9,252 | - | - | - | - |
| Special Education Preschool Grants (IDEA Preschool) | 84.173 | 131-240015 | 23-24 | \$ 9,440 | - | - | 9,440 | 9,440 | 9,440 | - |
| | | | | | <u>9,252</u> | <u>9,252</u> | <u>9,440</u> | <u>9,440</u> | <u>9,440</u> | <u>-</u> |
| Total passed through the Capital Area Intermediate Unit | | | | | <u>1,427,434</u> | <u>448,577</u> | <u>1,610,337</u> | <u>1,610,337</u> | <u>631,480</u> | <u>-</u> |
| Total U.S. Department of Education | | | | | <u>8,038,606</u> | <u>1,844,284</u> | <u>7,406,497</u> | <u>7,406,497</u> | <u>1,212,175</u> | <u>-</u> |

(Continued)

WEST SHORE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

| Grantor Program Title | Assistance Listing Number | Pass-Through Grantor's Number | Grant Period | Program or Annual Award | Total Received for the Year | Accrued or (Deferred) Revenue at July 1, 2023 | Revenue Recognized | Expenditures Recognized | Accrued or (Deferred) Revenue at June 30, 2024 | Provided to Subrecipients |
|---|---------------------------|-------------------------------|--------------|-------------------------|-----------------------------|---|--------------------|-------------------------|--|---------------------------|
| U.S. Department of the Treasury | | | | | | | | | | |
| Passed through the Pennsylvania Department of Community and Economic Development | | | | | | | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | C000086557 | 20-25 | \$ 1,000,000 | 1,000,000 | - | 2,582 | 2,582 | (997,418) | - |
| Total U.S. Department of the Treasury | | | | | 1,000,000 | - | 2,582 | 2,582 | (997,418) | - |
| U.S. Department of Health and Human Services | | | | | | | | | | |
| Passed through the Pennsylvania Department of Public Welfare | | | | | | | | | | |
| Medicaid Cluster | | | | | | | | | | |
| Medical Assistance Program (Medicaid; Title XIX) | 93.778 | N/A | 22-23 | \$ 46,563 | 22,514 | 22,514 | - | - | - | - |
| Medical Assistance Program (Medicaid; Title XIX) | 93.778 | N/A | 23-24 | \$ 46,485 | 6,062 | - | 46,485 | 46,485 | 40,423 | - |
| Total Medicaid Cluster passed through the Pennsylvania Department of Public Welfare | | | | | 28,576 | 22,514 | 46,485 | 46,485 | 40,423 | - |
| Passed through the Pennsylvania Department of Education | | | | | | | | | | |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 228-230001 | 23-24 | \$ 28,180 | 11,742 | - | 5,200 | 5,200 | (6,542) | - |
| Total U.S. Department of Health and Human Services | | | | | 40,318 | 22,514 | 51,685 | 51,685 | 33,881 | - |
| U.S. Department of Agriculture | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education | | | | | | | | | | |
| School Breakfast Program | 10.553 | N/A | 23-24 | N/A | 524,686 | 61,895 | 549,266 | 549,266 | 86,475 | - |
| National School Lunch Program | 10.555 | N/A | 23-24 | N/A | 1,638,412 | 187,421 | 1,697,416 | 1,697,416 | 246,425 | - |
| COVID-19 - National School Lunch Program - Supply Chain Assistance | 10.555 | N/A | 22-23 | N/A | - | (50,045) | 50,045 | 50,045 | - | - |
| COVID-19 - National School Lunch Program - Supply Chain Assistance | 10.555 | N/A | 23-24 | N/A | 168,101 | - | 168,101 | 168,101 | - | - |
| | | | | | 1,806,513 | 137,376 | 1,915,562 | 1,915,562 | 246,425 | - |
| COVID-19 - Summer Food Service Program for Children | 10.559 | N/A | 23-24 | N/A | 15,635 | 3,306 | 14,371 | 14,371 | 2,042 | - |
| COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant | 10.649 | N/A | 23-24 | N/A | 3,256 | - | 3,256 | 3,256 | - | - |
| Total passed through the Pennsylvania Department of Education | | | | | 2,350,090 | 202,577 | 2,482,455 | 2,482,455 | 334,942 | - |
| Passed through the Pennsylvania Department of Agriculture | | | | | | | | | | |
| National School Lunch Program - Food Donations | 10.555 | N/A | 23-24 | N/A | 298,876 | - | 298,876 | 298,876 | - | - |
| Total U.S. Department of Agriculture | | | | | 2,648,966 | 202,577 | 2,781,331 | 2,781,331 | 334,942 | - |
| Total Expenditures of Federal Awards | | | | | \$ 11,727,890 | \$ 2,069,375 | \$ 10,242,095 | \$ 10,242,095 | \$ 583,580 | \$ - |
| Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555 and 10.559) | | | | | \$ 2,645,710 | \$ 202,577 | \$ 2,778,075 | \$ 2,778,075 | \$ 334,942 | \$ - |
| Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173) | | | | | \$ 1,427,434 | \$ 448,577 | \$ 1,610,337 | \$ 1,610,337 | \$ 631,480 | \$ - |
| Education Stabilization Fund (Assistance Listing Number - 84.425) | | | | | \$ 5,064,246 | \$ 1,194,209 | \$ 4,199,164 | \$ 4,199,164 | \$ 329,127 | \$ - |

See Notes to Schedule of Expenditures of Federal Awards.

WEST SHORE SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. 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 District's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Access Program

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule for the year ended June 30, 2024, was \$1,103,780.



Todd B. Stoltz, Ed.D.
Superintendent of Schools

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2024

Financial Statement Finding - Significant Deficiency

#2023-001 Internal Control – Significant Deficiency – Closing Adjustments – All Funds

Statement of Condition: During our audit, adjustments were made to the District's records based on the result of our procedures. There were both auditor-identified adjusting entries and management identified adjusting entries posted subsequent to receiving trial balances to begin the audit. Management does approve all adjustments and reviews and accepts the financial statements prior to their final issuance.

Recommendation: The District should review and revise, where necessary, its year-end closing procedures to proactively address these adjustments in the future. Closing procedures should include a review of revenue, expenditure and balance sheet accounts for completeness and accuracy. Any necessary reconciliations should be maintained as part of the District's accounting records. The closing adjustments should be posted to the District's accounts prior to the start of audit fieldwork.

Current Status: The District continues to work to improve the year end close and reconciliation process. Procedures are being developed that include review of balance sheet accounts and the completion of closing adjustment entries prior to the start of the audit fieldwork.



Todd B. Stoltz, Ed.D.
Superintendent of Schools

CORRECTIVE ACTION PLAN

Cognizant or Oversight Agency for Audit: Department of Education

West Shore School District respectfully submits the following corrective action plan for the year ended June 30, 2024.

The findings from the June 30, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – FINANCIAL STATEMENT AUDIT

#2024-001 Internal Control – Significant Deficiency – Closing Adjustments – All Funds

Corrective Action Planned: The District will continue to work to improve the year end close and reconciliation process. A meeting will be scheduled with the audit firm to discuss what specific year-end entries this applies to and put measures in place to ensure that the entries are completed prior to the start of audit fieldwork. The District has started to reconcile bank statements for various funds in the accounting software rather than on Excel spreadsheets. All manual entries (manual checks, journal entries, cash deposits) are being reviewed by at least two individuals to ensure accuracy.

Anticipated Completion Date: Action has already been taken by the District to resolve the underlying issue of the finding.

Contact Person Responsible: Stevie Jo Boone, Director of Business Affairs

FINDINGS – FEDERAL AWARD PROGRAMS AUDITS

None

If the Department of Education has questions regarding this plan, please call Stevie Jo Boone at 717-938-9577, ext. 43019.

Sincerely yours,

Director of Business Affairs