

West Shore School District

Year Ended June 30, 2021



West Shore School District

Financial Statements with Supplementary Information

Year Ended June 30, 2021

TABLE of CONTENTS

	Page
Independent Auditors' Report	1 - 3
Required Supplementary Information	
Management's Discussion and Analysis	4 - 13
Basic Financial Statements	
Statement of Net Position	14 & 15
Statement of Activities	16 & 17
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21 & 22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25 & 26
Statement of Net Position - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28
Notes to Financial Statements	29 - 63

West Shore School District

Financial Statements with Supplementary Information

Year Ended June 30, 2021

TABLE of CONTENTS (Continued)

	Page
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	64
Notes to Required Supplementary Information	65
Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios - Single-Employer Defined Benefit OPEB Plan	66
Notes to Required Supplementary Information	67
Schedule of Employer Contributions - Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Plan	68
Notes to Required Supplementary Information	69
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability - Public School Employees' Retirement System Health Insurance Premium Assistance Plan	70
Schedule of Employer Contributions - Public School Employees' Retirement System	71
Schedule of School District's Proportionate Share of the Net Pension Liability - Public School Employees' Retirement System	72
Notes to Required Supplementary Information	73
Supplementary Information	
Schedule of Expenditures of Federal Awards	74 - 77
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78 & 79
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	80 & 81

West Shore School District

Financial Statements with Supplementary Information

Year Ended June 30, 2021

TABLE of CONTENTS (Continued)

	Page
Supplementary Information (Continued)	
Schedule of Findings and Questioned Costs	82 - 86
Summary Schedule of Prior Audit Findings	87 & 88
Corrective Action Plan	89 - 92



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of **West Shore School District** (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 19 to the financial statement, in 2021 the School District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 64 and 65, the other postemployment benefits (OPEB) health care benefits plan information on pages 66 through 70, and the pension information on pages 71 through 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **West Shore School District's** basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of **West Shore School District's** internal control over financial reporting and 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 **West Shore School 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 **West Shore School District's** internal control over financial reporting and compliance.



December 29, 2021
Lancaster, Pennsylvania

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2021

The management of **West Shore School District** is pleased to present the following discussion and analysis of the School 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 School 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 2021 and 2020. The MD&A also includes comparisons of current year financial activities to the previous year. The 2020 amounts are taken from our prior year MD&A, and are otherwise not a part of the June 2021 financial statements. Dollar amounts in this summary are presented in millions to make it easier to read.

FINANCIAL HIGHLIGHTS

During the 2020-2021 fiscal year, the School District made a transfer from the general fund to the capital reserve fund. The transfer in the amount of \$4,467,000 was to reduce the School District's unreserved fund balance from 2020-2021 below the 8% requirement under Act 48. The School District did not budget the transfer, rather the 2020-2021 budget shows a possible \$646,121 use of fund balance. Fortunately, revenues exceeded the budget of \$124,689,991 by \$4,623,150 due to some unanticipated revenues and stronger than expected local revenues. The unanticipated revenues were \$1,225,537 in various COVID relief funding sources. Local real estate taxes exceeded the budget by \$1,136,539. Earned income taxes were budgeted below collections of the previous three years due to advice from PASBO (Pa Association of Business Officials) and PSBA (Pa School Boards Association) due to fears that COVID business closures would lower earnings. However, EIT collections actually exceeded the previous year's collections, though collections in the beginning of the fiscal year were more in line with the budget. Real estate transfer tax also exceeded budgeted expectations by \$557,909.

On the expenditure side of the budget, health insurance costs were \$2,689,160 below budget and \$3,740,416 below prior year's actual cost. Transportation costs were \$562,056 under budget due to modified student schedules due to COVID. The School District wide salaries were over \$1 million under budget. This was due in part to the inability to fill some positions that remained vacant during the school year. Tuition to other LEA's and Charter Schools exceeded the budget by \$5,557,865. Technology equipment purchases also exceeded the budget by \$485,000 due to providing all students with an electronic device for remote learning. Finally, due to the refinancing of 2016 GO Bonds, the School District saved \$1,696,394 in interest. Maintenance expense exceeded the budget due to increased cleaning efforts to prevent the spread of COVID. The refinancing took place after the budgetary process, so the savings were not budgeted.

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

CONTINUITY of LEARNING

The School District successfully provided a combination of instructional delivery models for students in grades K-12. The 2020-2021 school year started with all students learning remotely, and within several weeks, students started to return to in-person learning via a hybrid model. Low-incidence special education students returned for in-person instruction five days per week, and elementary students in grades K-5 returned for in-person instruction four days per week by mid-October. Secondary students in grades 6-12 returned for in-person instruction two days per week in a cohort model. By the latter part of April 2021, the School District successfully returned all students for in-person instruction four days per week. Throughout the year, the fifth day of instruction was a remote learning day. These delivery models ensured a safe return for our students, while also ensuring their learning continued throughout the year. Of course, these delivery models would not have been possible without the significant investment in technology equipment and supporting resources, such as Wi-Fi hotspots, to ensure students could access their learning anywhere, anytime. In addition to these delivery models, there were students and families who were not comfortable in returning to in-person instruction. The School District did provide a remote learning experience for most of the school year, and since, the School District has developed its own virtual learning academy called ExCEL.

Learning and teaching remotely was a steep learning curve for staff, students, and families. The instructional technology department spent countless hours preparing tutorials, designing courses, and trouble-shooting work tickets from students, staff, and families. The School District invested not only in devices but in software that enabled teachers to teach more effectively in a remote environment. The School District went to a 1:1 device model over the summer to ensure all students had a computer before school started. The School District also needed to provide hot spots to families who lacked internet or whose internet was not capable of supporting the devices. Once we returned to school, we were faced with student and staff quarantines. Teachers had to plan for remote students as well as face-to-face students and some teachers who had to quarantine and were asymptomatic chose to teach remotely. When this occurred, a staff member needed to be in the classroom while the students were present for the class. Some of our students and staff members were quarantined several times over the year as we followed CDC guidelines.

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 14 through 17) provide information about the activities of the School District as a whole, and presents a longer-term view of the School District's finances than fund statements.

Fund financial statements are presented on pages 18, 20, and 23 through 28. For governmental activities, these statements tell how the School 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 School 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 School District.

The reconciliation of the governmental funds balance sheet to the statement of net position on page 19 connects governmental fund balance to the total net position balance from the statement of net position. The reconciliation on pages 21 and 22 does the same for the components of the changes in fund balances.

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

OVERVIEW of the FINANCIAL STATEMENTS (Continued)

Reporting the School 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 School District's Most Significant Funds

The funds statements provide financial information about the School District's significant funds rather than the School 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 School District in Trustee Capacity

The School 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 29. 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 27 and 28.

THE SCHOOL DISTRICT as a WHOLE

Table A-1 summarizes and compares the 2021 statement of net position from pages 14 and 15 of the financial statements with the same measurements for 2020. 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 School District's net position is invested in capital assets. These terms are discussed on pages 44 and 45.

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

THE SCHOOL DISTRICT as a WHOLE (Continued)

Table A-1
Net Position
June 30, 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 134.0	\$ 73.7	\$ 0.9	\$ 0.8	\$ 136.2	\$ 74.5
Non-current assets	115.7	104.1	0.4	0.5	114.8	104.6
Total assets	249.7	177.8	1.3	1.3	251.0	179.1
Deferred charges on refunding	0.3	0.3	-	-	0.3	0.3
Deferred outflows for OPEB	32.6	26.2	0.4	0.5	33.0	26.7
Deferred outflows for pensions	3.7	1.5	-	-	3.8	1.5
Total deferred outflows of resources	36.6	28.0	0.4	0.5	37.0	28.5
Current and other liabilities	28.9	28.1	0.1	0.2	29.0	28.3
Long-term liabilities	329.2	245.1	2.2	3.4	331.4	248.5
Total liabilities	358.1	273.2	2.3	3.6	360.5	276.8
Deferred inflows for pensions	4.5	6.3	1.1	0.1	5.6	6.5
Deferred inflows for OPEB	2.4	2.7	-	-	2.5	2.7
Total deferred inflows of resources	6.9	9.0	1.1	0.1	8.1	9.1
Invested in capital assets (net of related debt)	50.8	54.2	0.4	0.5	51.2	54.7
Unrestricted (deficit)	(129.5)	(130.6)	(2.3)	(2.4)	(131.7)	(133.0)
Total net position (deficit)	\$ (78.7)	\$ (76.4)	\$ (1.8)	\$ (1.9)	\$ (80.5)	\$ (78.3)

During 2021, the governmental activities net position balance decreased by \$2,256,693 bringing it to \$78,694,579 at the end of 2021. The change is analyzed in Table A-2.

Table A-2 summarizes and compares activity presented in the statement of activities (page 17). It shows the items that make up the \$2,256,693 operational decrease in the total primary government net position balance.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

THE SCHOOL DISTRICT as a WHOLE (Continued)

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 0.7	\$ 0.7	\$ 0.1	\$ 0.9	\$ 0.8	\$ 1.6
Operating grants and contributions	23.7	21.8	2.1	2.0	25.8	23.8
Capital grants and contributions	0.1	0.1	-	-	0.1	0.1
<i>General Revenues</i>						
Taxes	88.5	86.5	-	-	88.5	86.5
State general subsidies	15.5	15.5	-	-	15.5	15.5
Other (net of transfers)	0.7	1.1	-	0.1	0.7	1.2
Total Revenues	129.2	125.7	2.3	3.0	131.4	128.7
Direct Expenses	131.5	124.9	2.1	3.2	133.5	128.1
Changes in net position	\$ (2.4)	\$ 0.8	\$ 0.1	\$ (0.2)	\$ (2.1)	\$ 0.6

During 2021, total direct expenses for the governmental activities exceeded total revenue by \$2,256,693 compared with total revenues exceeding total direct expenses by \$806,889 for 2020. The components of the direct expenses are presented in Table A-3. There were no significant changes to the business-type activities.

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 \$106,875,546 must be recovered through general revenues, primarily taxes and state subsidies. These general revenues for 2021 were \$104,618,853. The net of those two amounts totaled a net loss of \$2,256,693.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

THE SCHOOL DISTRICT as a WHOLE (Continued)

Governmental Activities (Continued)

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

	Total Cost of Services		Less: Program Revenues		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
Classroom instruction	\$ 87.5	\$ 83.7	\$ 18.4	\$ 17.5	\$ 69.1	\$ 66.2
Instructional student support (Note 1)	9.0	9.5	1.9	1.4	7.1	8.2
Administrative and financial support	14.5	12.2	1.1	1.1	13.4	11.1
Operation and maintenance of buildings	9.6	10.5	0.9	0.5	8.7	10.0
Student transportation	4.7	4.8	1.9	1.7	2.8	3.1
Extracurricular student activities	2.0	1.8	0.3	0.3	1.7	1.5
Community services	0.1	0.1	-	-	0.1	0.1
Interest on long-term debt	3.5	1.9	0.1	0.1	3.4	1.8
Unallocated depreciation expense	0.5	0.4	-	-	0.5	0.4
Total governmental activities	\$ 131.4	\$ 124.9	\$ 24.6	\$ 22.6	106.8	102.3
Less state general subsidies					15.5	15.5
Total needs from taxes and other local sources					\$ 91.3	\$ 86.8

Note 1: This item represents such things as the library, school psychologist, etc.

The total costs of governmental activities for 2021 were 5.2% higher than 2020, primarily due to increases in the cost for classroom instruction.

Business-Type Activities

Table A-4 is similar to the previous table, except it presents business-type service costs. For both years, the cost of food services was paid primarily by program revenues.

Table A-4
Business-Type Activities
Years Ended June 30, 2021

	Total Cost of Services		Less: Program Revenues		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
Food services	\$ 2.1	\$ 3.2	\$ 2.2	\$ 2.9	\$ (0.1)	\$ 0.3
Less: Investment earnings					-	-
Total business- type activities					\$ (0.1)	\$ 0.3

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

SCHOOL DISTRICT'S FUNDS

The information in Table A-5 summarizes and compares the governmental funds' balance sheets for June 30, 2021 and 2020.

Table A-5
Comparative Fund Balances

	2021	2020	2020- 2021 Change
General Fund			
Nonspendable			
Inventories	\$ 0.27	\$ 0.35	\$ (0.08)
Prepaid expenses	0.38	0.38	0.00
Long-term receivable from			
life insurance contracts	1.30	1.18	0.12
Committed to:			
Future retirement costs	0.50	0.50	-
Future medical costs	2.00	2.00	-
Assigned to:			
Athletics and concessions	0.04	0.04	-
Unassigned	10.82	9.90	0.92
Total general fund	15.31	14.35	0.96
Capital Reserve Fund			
Committed to:			
Capital improvements and debt service	23.05	17.12	5.93
Total capital reserve fund	23.05	17.12	5.93
Capital Projects Fund			
Restricted to:			
Capital projects	67.14	13.37	53.77
Total capital projects fund	67.14	13.37	53.77
Total fund balance	\$ 105.50	\$ 44.84	\$ 60.66

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 \$105,498,341 and the total net deficit of \$78,694,579 (see Table A-1) are itemized in the reconciliation presented within the financial statements on page 19. The most significant difference relates to the inclusion of the net pension liability of \$185,781,000 in the statement of net position, but not the fund balance.

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

SCHOOL DISTRICT'S FUNDS (Continued)

The capital reserve fund balance increased from \$17,124,782 at the end of fiscal year 2020 to \$23,045,117 at the end of 2021. The capital expenditures were primarily used for capital improvements and included a transfer in from the general fund totaling \$9,107,560.

The capital projects fund balance increased \$53,776,454. The capital expenditures were used for capital improvements. Revenues were generated from the issuance of bonds in the amount of \$60,085,000 and bond premiums in the amount of \$11,831,682. The other financing uses included a transfer to the general fund totaling \$4,640,560.

General Fund Budgetary Highlights

Table A-6 has been summarized from the comparative budget information presented on page 64 of the other required supplementary information.

Table A-6
Comparison of Budget to Actual
Years Ended June 30, 2021 and 2020

	Budget		Actual		Variance	
	2021	2020	2021	2020	2021	2020
Total revenues	\$ 124.7	\$ 124.2	\$ 129.3	\$ 125.2	\$ 4.6	\$ 1.0
Total expenditures	125.0	128.6	124.0	128.6	1.0	-
Revenues over (under) expenditures	(0.3)	(4.4)	5.3	(3.4)	5.6	1.0
Other financing sources (uses)	(0.3)	4.2	(4.4)	4.7	(4.1)	0.5
Net change in fund balances	\$ (0.6)	\$ (0.2)	\$ 0.9	\$ 1.3	\$ 1.5	\$ 1.5

The variance between actual and budgeted revenues over (under) expenditures before other financing sources (uses) for fiscal year 2021 was favorable at \$5,671,813. The beginning fund balance was \$14,347,883. The actual net change in the general fund balance was an increase of \$963,885. Adding this to the beginning fund balance resulted in an ending fund balance of \$15,311,768.

CAPITAL ASSETS

Table A-7 summarizes and compares the capital assets note to the financial statements on pages 44 and 45. Each year, for capital assets other than land and construction in progress, this amount is depreciated (reduced in value) to reflect usage.

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

CAPITAL ASSETS (Continued)

Table A-7
Governmental Activities Capital Assets Comparison (net of accumulated depreciation)

	June 30	
	2021	2020
Land	\$ 8.8	\$ 8.8
Construction in progress	3.1	21.7
Buildings and improvements	98.3	67.6
Furniture and equipment	4.1	4.8
Total capital assets, net of accumulated depreciation	\$ 114.3	\$ 102.9

Capital assets, net of accumulated depreciation, increased by \$11,464,725 in 2021 over 2020.

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 46 through 59 for 2021 and 2020. Most of the debt relates to general obligation bonds sold by the School 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 School District is rated by Moody's Investor Services as Aa2 Positive Outlook. This is an increase from 2020.

Table A-8
Governmental Activities Long-Term Liability Comparison

	June 30	
	2021	2020
General obligation debt	\$ 115.7	\$ 57.9
Bond premium (discount)	15.3	4.2
Capital leases	0.1	0.2
Compensated absences	1.7	1.5
Net OPEB liability	13.7	11.2
Net pension liability	185.8	172.7
Total governmental long-term liabilities	\$ 332.3	\$ 247.7

Each year, the School District pays down a portion of its debt. The scheduled redemptions for 2021 totaled \$11,947,000. 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 pages 46 through 59.

See independent auditors' report.

West Shore School District
MANAGEMENT'S DISCUSSION and ANALYSIS
(Continued)
Year Ended June 30, 2021

NEXT YEAR'S BUDGET and ECONOMIC FACTORS

Table A-9 compares the 2022 budget, approved on June 17, 2021, to the final 2021 budget.

Table A-9
Comparison of Budgets
Years Ended June 30, 2022 and 2021

	2022	2021	Change in Dollars
Total revenues	\$ 133.9	\$ 124.7	\$ 9.2
Total expenditures	134.4	125.0	(9.4)
Revenues under expenditures	(0.5)	(0.3)	(0.2)
Other financing uses	(1.0)	(0.3)	(0.7)
Net change in fund balances	\$ (1.5)	\$ (0.6)	\$ (0.9)

The budget for 2021-2022 represents a 7.4% increase in revenues and a 7.5% increase in expenditures from the 2020-2021 budgeted amounts.

CONTACTING the SCHOOL DISTRICT

The School District's financial report is intended to provide the readers with a general overview of the School 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 School 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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 22,867,988	\$ 844,540	\$ 23,712,528
Investments	91,074,366	-0-	91,074,366
Taxes Receivable, net	8,018,612	-0-	8,018,612
Internal Balances	125,965	(125,965)	-0-
Due from Other Governments	11,142,908	104,558	11,247,466
Other Receivables	147,142	1,828	148,970
Inventories	270,199	54,969	325,168
Prepaid Expenses	384,088	-0-	384,088
	<hr/>	<hr/>	<hr/>
Total Current Assets	134,031,268	879,930	134,911,198
Noncurrent Assets			
Amounts Receivable from Life Insurance Contracts	1,298,184	-0-	1,298,184
Non-Depreciable Capital Assets	11,937,014	-0-	11,937,014
Depreciable Capital Assets, net	102,447,978	438,550	102,886,528
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	115,683,176	438,550	116,121,726
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	249,714,444	1,318,480	251,032,924
DEFERRED OUTFLOWS of RESOURCES			
Loss on Bond Refunding, net of Accumulated Amortization	307,448	-0-	307,448
Pension	32,609,000	351,000	32,960,000
Other Postemployment Benefits	3,728,000	28,000	3,756,000
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS of RESOURCES	\$ 36,644,448	\$ 379,000	\$ 37,023,448
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

West Shore School District

STATEMENT of NET POSITION

(Continued)

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 5,266,346	\$ 48,049	\$ 5,314,395
Current Portion of Long-Term Debt	2,637,000	-0-	2,637,000
Accrued Salaries and Benefits	15,254,723	-0-	15,254,723
Compensated Absences Due Within One Year	273,813	2,199	276,012
Current Portion of Capital Leases	81,437	-0-	81,437
Accrued Interest on Long-Term Debt	568,762	-0-	568,762
Unearned Revenues	4,690,964	97,078	4,788,042
Other Current Liabilities	115,016	-0-	115,016
Total Current Liabilities	28,888,061	147,326	29,035,387
Noncurrent Liabilities			
Bonds Payable, net of Unamortized			
Discount and Premium	128,280,665	-0-	128,280,665
Net Pension Liability	185,781,000	2,066,000	187,847,000
Long-Term Portion of Compensated Absences	1,378,200	6,259	1,384,459
Long-Term Portion of Capital Leases	52,545	-0-	52,545
Net Other Postemployment Benefits (OPEB) Liability	13,745,000	123,000	13,868,000
Total Noncurrent Liabilities	329,237,410	2,195,259	331,432,669
TOTAL LIABILITIES	358,125,471	2,342,585	360,468,056
DEFERRED INFLOWS of RESOURCES			
Pension	4,486,000	1,100,000	5,586,000
Other Postemployment Benefits	2,442,000	75,000	2,517,000
TOTAL DEFERRED INFLOWS of RESOURCES	6,928,000	1,175,000	8,103,000
NET POSITION			
Net Investment in Capital Assets	50,782,249	438,550	51,220,799
Unrestricted (Deficit)	(129,476,828)	(2,258,655)	(131,735,483)
TOTAL NET POSITION	\$ (78,694,579)	\$ (1,820,105)	\$ (80,514,684)

See notes to financial statements.

West Shore School District

STATEMENT of ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) 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	\$ 87,532,570	\$ 508,927	\$ 17,876,677	\$ -0-	\$ (69,146,966)	\$ -0-	\$ (69,146,966)
Instructional Student Support	9,011,580	-0-	1,913,736	-0-	(7,097,844)	-0-	(7,097,844)
Administrative and Financial Support Services	14,477,475	-0-	1,118,749	-0-	(13,358,726)	-0-	(13,358,726)
Operation and Maintenance of Plant Services	9,627,472	131,186	742,284	-0-	(8,754,002)	-0-	(8,754,002)
Pupil Transportation	4,736,896	-0-	1,852,604	-0-	(2,884,292)	-0-	(2,884,292)
Student Activities	2,015,712	92,590	223,751	-0-	(1,699,371)	-0-	(1,699,371)
Community Services	72,611	-0-	-0-	-0-	(72,611)	-0-	(72,611)
Interest on Long-Term Debt	3,509,109	-0-	-0-	108,472	(3,400,637)	-0-	(3,400,637)
Depreciation - Unallocated*	461,097	-0-	-0-	-0-	(461,097)	-0-	(461,097)
Total Governmental Activities	131,444,522	732,703	23,727,801	108,472	(106,875,546)	-0-	(106,875,546)
Business-Type Activities:							
Food Service	<u>2,079,072</u>	<u>49,073</u>	<u>2,146,989</u>	<u>-0-</u>	<u>-0-</u>	<u>116,990</u>	<u>116,990</u>
Total Government	<u>\$ 133,523,594</u>	<u>\$ 781,776</u>	<u>\$ 25,874,790</u>	<u>\$ 108,472</u>	\$ (106,875,546)	\$ 116,990	\$ (106,758,556)

* Excludes depreciation charged directly to various functions.

See notes to financial statements.

West Shore School District

STATEMENT of ACTIVITIES

(Continued)

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					\$ 68,137,350	\$ -0-	\$ 68,137,350
Public Utility Realty, Earned Income, and Other Taxes Levied for General Purposes, net					20,287,055	-0-	20,287,055
Unrestricted Grants and Subsidies					15,515,145	-0-	15,515,145
Unrestricted Investment Earnings					96,200	317	96,517
Miscellaneous Income					779,130	-0-	779,130
Loss on Capital Asset Dispositions					(196,027)	-0-	(196,027)
					104,618,853	317	104,619,170
					(2,256,693)	117,307	(2,139,386)
CHANGES in NET POSITION							
NET POSITION							
Beginning					(76,437,886)	(1,937,412)	(78,375,298)
Ending					\$ (78,694,579)	\$ (1,820,105)	\$ (80,514,684)

See notes to financial statements.

West Shore School District
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Capital Reserve Fund	Capital Projects Fund	
ASSETS				
Cash and Cash Equivalents	\$ 16,455,645	\$ 1,846,133	\$ 4,566,210	\$ 22,867,988
Investments	10,774,225	17,534,431	62,765,710	91,074,366
Taxes Receivable, net	8,018,612	-0-	-0-	8,018,612
Due from Other Funds	125,965	4,467,000	-0-	4,592,965
Due from Other Governments	11,142,908	-0-	-0-	11,142,908
Other Receivables	147,142	-0-	-0-	147,142
Inventories	270,199	-0-	-0-	270,199
Prepaid Expenses	384,088	-0-	-0-	384,088
Amounts Receivable from Life Insurance Contracts	1,298,184	-0-	-0-	1,298,184
TOTAL ASSETS	<u>48,616,968</u>	<u>23,847,564</u>	<u>67,331,920</u>	<u>139,796,452</u>
LIABILITIES and DEFERRED INFLOWS of RESOURCES and FUND BALANCES				
LIABILITIES				
Accounts Payable	4,273,435	802,447	190,464	5,266,346
Due to Other Funds	4,467,000	-0-	-0-	4,467,000
Accrued Salaries and Benefits	15,254,723	-0-	-0-	15,254,723
Unearned Revenues	4,690,964	-0-	-0-	4,690,964
Other Current Liabilities	115,016	-0-	-0-	115,016
TOTAL LIABILITIES	<u>28,801,138</u>	<u>802,447</u>	<u>190,464</u>	<u>29,794,049</u>
DEFERRED INFLOWS of RESOURCES				
Unavailable Tax Revenue	4,504,062	-0-	-0-	4,504,062
FUND BALANCES				
Nonspendable	1,952,471	-0-	-0-	1,952,471
Restricted	-0-	-0-	67,141,456	67,141,456
Committed	2,500,000	-0-	-0-	2,500,000
Assigned	37,132	23,045,117	-0-	23,082,249
Unassigned	10,822,165	-0-	-0-	10,822,165
TOTAL FUND BALANCES	<u>15,311,768</u>	<u>23,045,117</u>	<u>67,141,456</u>	<u>105,498,341</u>
TOTAL LIABILITIES and DEFERRED INFLOWS of RESOURCES and FUND BALANCES	<u>\$ 48,616,968</u>	<u>\$ 23,847,564</u>	<u>\$ 67,331,920</u>	<u>\$ 139,796,452</u>

See notes to financial statements.

West Shore School District
 RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
 to the STATEMENT of NET POSITION
 June 30, 2021

Total fund balances - governmental funds \$ 105,498,341

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

Capital 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 \$216,298,074 and the accumulated depreciation is \$101,913,082. 114,384,992

Property, earned income, and per capita 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. 4,504,062

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

Bonds Payable	(115,662,000)
Net Pension Liability	(185,781,000)
Accrued Interest on Long-Term Debt	(568,762)
Bond Discount, net of Amortization	190
Bond Premium, net of Amortization	(15,255,855)
Net Other Postemployment Benefits (OPEB) Liability	(13,745,000)
Compensated Absences	(1,652,013)
Capital Leases	(133,982)

Deferred outflows of resources - pension, OPEB, and loss on bond refunding are not due and payable in the current period and, therefore, are not reported in the funds. 36,644,448

Deferred inflows of resources - pension and OPEB are not due and collectable in the current period and, therefore, are not reported in the funds. (6,928,000)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (78,694,579)

See notes to financial statements.

West Shore School District

STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Capital Reserve Fund	Capital Projects Fund	
REVENUES				
Local Sources:				
Real Estate Taxes	\$ 68,650,789	\$ -0-	\$ -0-	\$ 68,650,789
Other Taxes	20,287,055	-0-	-0-	20,287,055
Investment Earnings	26,471	20,354	49,375	96,200
Other Revenue	<u>2,765,987</u>	<u>-0-</u>	<u>-0-</u>	<u>2,765,987</u>
Total Local Sources	91,730,302	20,354	49,375	91,800,031
State Sources	34,140,690	-0-	-0-	34,140,690
Federal Sources	<u>3,442,149</u>	<u>-0-</u>	<u>-0-</u>	<u>3,442,149</u>
Total Revenues	129,313,141	20,354	49,375	129,382,870
EXPENDITURES				
Instructional Services	80,705,139	-0-	-0-	80,705,139
Support Services	34,385,884	2,102,984	402,558	36,891,426
Noninstructional Services	1,978,297	-0-	-0-	1,978,297
Capital Outlay	218,894	1,619,020	13,146,485	14,984,399
Debt Service	<u>6,684,604</u>	<u>-0-</u>	<u>-0-</u>	<u>6,684,604</u>
Total Expenditures	123,972,818	3,722,004	13,549,043	141,243,865
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	5,340,323	(3,701,650)	(13,499,668)	(11,860,995)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-0-	-0-	60,085,000	60,085,000
Refund of Prior Year Revenue	(8,263)	-0-	-0-	(8,263)
Refunding Bond Proceeds	9,575,000	-0-	-0-	9,575,000
Refund of Prior Year Expenditures	-0-	514,425	-0-	514,425
Bond Premiums	-0-	-0-	11,831,682	11,831,682
Payment to Refunded Bond Escrow Agent	(9,490,105)	-0-	-0-	(9,490,105)
Interfund Transfers In (Out)	(4,467,000)	9,107,560	(4,640,560)	-0-
Proceeds from Sale of Fixed Assets	<u>13,930</u>	<u>-0-</u>	<u>-0-</u>	<u>13,930</u>
Net Other Financing Sources	(4,376,438)	9,621,985	67,276,122	72,521,669
NET CHANGES in FUND BALANCES	963,885	5,920,335	53,776,454	60,660,674
FUND BALANCES				
Beginning	<u>14,347,883</u>	<u>17,124,782</u>	<u>13,365,002</u>	<u>44,837,667</u>
Ending	<u>\$ 15,311,768</u>	<u>\$ 23,045,117</u>	<u>\$ 67,141,456</u>	<u>\$ 105,498,341</u>

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, 2021

Net changes in fund balances - total governmental funds \$ 60,660,674

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

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

Remaining Basis of Capital Assets Disposed	(209,957)	
Depreciation Expense	(5,751,919)	
Capital Outlays	<u>17,426,601</u>	11,464,725

Because some property, earned income, and per capita taxes will not be collected for several months after the School District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues decreased by this amount this year. (505,176)

The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, 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 obligations and related items. (80,685,671)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 12,026,536

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. \$ (251,842)

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
(Continued)
Year Ended June 30, 2021

In the statement of activities, certain operating expenses (e.g., compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

\$ (132,939)

In the statement of activities, deferred inflows of resources - OPEB, deferred outflows of resources - OPEB, and OPEB expense are recognized in conjunction with net OPEB liability. Whereas in the governmental funds, OPEB expense is recorded when required contributions are payable. This amount represents the current OPEB obligation expense over amounts payable.

29,000

In the statement of activities, deferred inflows of resources - pension, deferred outflows of resources - pension, and pension expense are recognized in conjunction with net pension liability. Whereas in the governmental funds, pension expense is recorded when required contributions are payable. This amount represents the current pension obligation expense over amounts payable.

(4,862,000)

CHANGES in NET POSITION of GOVERNMENTAL ACTIVITIES

\$ (2,256,693)

West Shore School District
STATEMENT of NET POSITION - PROPRIETARY FUND
June 30, 2021

	<u>Major Enterprise Fund</u> <u>Food Service Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 844,540
Due from Other Governments	104,558
Other Receivables	1,828
Inventories	54,969
Total Current Assets	1,005,895
Noncurrent Assets	
Furniture, Fixtures and Equipment, net of Accumulated Depreciation	<u>438,550</u>
TOTAL ASSETS	<u>1,444,445</u>
DEFERRED OUTFLOWS of RESOURCES	
Pension	351,000
Other Postemployment Benefits	<u>28,000</u>
TOTAL DEFERRED OUTFLOWS of RESOURCES	<u>379,000</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	48,049
Due to Other Funds	125,965
Compensated Absences Due Within One Year	2,199
Unearned Revenues	97,078
Total Current Liabilities	273,291
Noncurrent Liabilities	
Net Pension Liability	2,066,000
Net Other Postemployment Benefits (OPEB) Liability	123,000
Long-Term Portion of Compensated Absences	6,259
Total Noncurrent Liabilities	<u>2,195,259</u>
TOTAL LIABILITIES	<u>2,468,550</u>
DEFERRED INFLOWS of RESOURCES	
Pension	1,100,000
Other Postemployment Benefits	<u>75,000</u>
TOTAL DEFERRED INFLOWS of RESOURCES	<u>1,175,000</u>
NET POSITION	
Net Investment in Capital Assets	438,550
Unrestricted (Deficit)	<u>(2,258,655)</u>
TOTAL NET POSITION	<u>\$ (1,820,105)</u>

See notes to financial statements.

West Shore School District

STATEMENT of REVENUES, EXPENSES, and CHANGES in FUND NET POSITION -

PROPRIETARY FUND

Year Ended June 30, 2021

	<u>Major Enterprise Fund</u> Food Service Fund
OPERATING REVENUES	
Food Service Revenue	\$ 49,073
OPERATING EXPENSES	
Salaries	626,725
Employee Benefits	326,428
Purchased Professional and Technical Services	16,928
Other Purchased Services	894,176
Supplies	159,338
Depreciation	54,262
Other Operating Expenses	<u>1,215</u>
Total Operating Expenses	<u>2,079,072</u>
OPERATING LOSS	(2,029,999)
NONOPERATING REVENUES	
Investment Earnings	317
State Sources	123,606
Federal Sources	<u>2,023,383</u>
Net Nonoperating Revenues	<u>2,147,306</u>
CHANGES in NET POSITION	117,307
NET POSITION	
Beginning	<u>(1,937,412)</u>
Ending	<u><u>\$ (1,820,105)</u></u>

See notes to financial statements.

West Shore School District
STATEMENT of CASH FLOWS - PROPRIETARY FUND
Year Ended June 30, 2021

	<u>Major Enterprise Fund</u> Food Service Fund
CASH FLOWS from OPERATING ACTIVITIES	
Cash Received from Users	\$ 34,225
Cash Payments to Employees for Services	(1,035,412)
Cash Payments to Suppliers for Goods and Services	(914,029)
Cash Payments for Other Operating Expenses	<u>(1,215)</u>
Net Cash Used by Operating Activities	(1,916,431)
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES	
Purchase of Capital Acquisitions	(23,075)
CASH FLOWS from NONCAPITAL FINANCING ACTIVITIES	
State Sources	136,324
Federal Sources	1,937,324
Receipt of Nonoperating Due from General Fund	<u>151,453</u>
Net Cash Provided by Noncapital Financing Activities	2,225,101
CASH FLOWS from INVESTING ACTIVITIES	
Investment Earnings	317
Sale of Investments	<u>201,885</u>
Net Cash Provided by Investing Activities	<u>202,202</u>
INCREASE in CASH and CASH EQUIVALENTS	487,797
CASH and CASH EQUIVALENTS	
Beginning	<u>356,743</u>
Ending	<u>\$ 844,540</u>

See notes to financial statements.

West Shore School District
STATEMENT of CASH FLOWS - PROPRIETARY FUND
(Continued)
Year Ended June 30, 2021

	<u>Major Enterprise Fund</u> Food Service Fund
RECONCILIATION of OPERATING LOSS to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES	
Operating Loss	\$ (2,029,999)
ADJUSTMENTS to RECONCILE OPERATING LOSS to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES	
Depreciation	54,262
Donated Commodities Used	141,681
Pension-Related Changes Other than Periodic Pension Costs	(49,000)
OPEB-Related Changes Other than Periodic OPEB Costs	2,000
Increase in Other Receivables	(1,791)
Decrease in Inventory	12,410
Decrease in Interfund Payables	(32,481)
Increase in Accounts Payable	2,322
Decrease in Unearned Revenue	(13,057)
Decrease in Compensated Absences	<u>(2,778)</u>
Total Adjustments	<u>113,568</u>
Net Cash Used by Operating Activities	<u>\$ (1,916,431)</u>
SUPPLEMENTAL DISCLOSURE of CASH FLOW INFORMATION	
NONCASH FINANCING ACTIVITIES	
Receipt of USDA Donated Commodities	141,681

See notes to financial statements.

West Shore School District
 STATEMENT of NET POSITION - FIDUCIARY FUNDS
 June 30, 2021

	Primary Government	Component Unit
	Custodial Fund	West Shore Foundation Fund
ASSETS		
Cash and Cash Equivalents	\$ 302,044	\$ 112,218
Investments	-0-	974,136
Prepaid Expenses	-0-	5,495
TOTAL ASSETS	302,044	1,091,849
LIABILITIES		
Accounts Payable	-0-	1,036
NET POSITION		
Net Assets with Donor Restrictions	-0-	24,560
Unrestricted	302,044	1,066,253
TOTAL NET POSITION	\$ 302,044	\$ 1,090,813

See notes to financial statements.

West Shore School District
STATEMENT of CHANGES in FIDUCIARY NET POSITION - FIDUCIARY FUNDS
Year Ended June 30, 2021

	Primary Government	Component Unit
	Custodial Fund	West Shore Foundation Fund
ADDITIONS		
Gifts and Contributions	\$ -0-	\$ 154,211
Student Activity Revenues	261,774	-0-
Investment Income:		
Interest and Dividends	328	37,375
Net Appreciation in Fair Value of Investment	-0-	168,784
Investment Expenses	-0-	(9,478)
Net Investment Income	328	196,681
Total Additions	262,102	350,892
DEDUCTIONS		
Student Activity Expenses	300,134	-0-
Support for Education Programs	-0-	111,728
General and Administrative Services	-0-	14,345
Fundraising Expenses	-0-	34,006
Total Deductions	300,134	160,079
CHANGES in NET POSITION	(38,032)	190,813
NET POSITION		
Beginning, as Restated (Note 19)	340,076	900,000
Ending	\$ 302,044	\$ 1,090,813

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 School 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 School District to residents within the boundaries of the Cumberland County municipalities of 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 School 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:

Reporting Entity

Consistent with guidance contained in Statement No. 14 of the GASB, *The Financial Reporting Entity*, as amended, the criteria used by the School 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 School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if School District officials appoint a voting majority of the organization's governing body and the School 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 School District as defined below.

Impose its Will - If the School 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 School 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 School 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 School District.

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Based on the foregoing criteria, the School 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 School 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 School District office.

Joint Ventures

The School District is a participant in four joint venture organizations, each of which is a separate legal entity that offers services to the School District and its residents. Each of these entities serves several school 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 School 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, 2021, was approximately \$411,000.

Capital Area Intermediate Unit provides special education services and programs. The amount paid for these services for the year ended June 30, 2021, was approximately \$1,578,000.

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, 2021, was approximately \$1,493,000.

Basis of Presentation - Fund Accounting

The accounts of the School 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.

Basis of Presentation - Financial Statements

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 School 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
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements (Continued)

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.

Fund Financial Statements

Fund financial statements are also provided for governmental, proprietary, and fiduciary funds of the School 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 School 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
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements (Continued)

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

The School District has the following major governmental funds:

General Fund - The general fund is the principal operating fund of the School 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 all 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 School District reports the following major proprietary fund:

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

The School District reports the following fiduciary fund:

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

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 School 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 School 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

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 School 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. An allowance of \$251,249 as of June 30, 2021, has been recorded for taxes receivable that are not considered to be fully collectible (Note 4).

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

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Inventories and Prepaid Expenses

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 nonspendable in an equal amount.

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.

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 School 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.

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 - 20	-
Buildings and Improvements	20 - 40	-
Furniture, Fixtures and Equipment	3 - 15	3 - 12
Library Books	7	-
Transportation Equipment	8	-

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 refundings, 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 refundings are presented as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are presented as support service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including deferred charges on bond refundings and various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources at June 30, 2021, consist of various amounts related to pension and OPEB liabilities on the statement of net position and unavailable tax revenue on the governmental fund balance sheet.

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 School District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

Compensated Absences

Compensated absences (those for which employees are compensated) are presented using the termination payment method. A liability is computed using estimates which apply historical data to current factors. The School District maintains records of unused leave and applies the contracted rate for employees eligible for termination payments. The School 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.

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

Sick Leave - Teachers, support staff, and administrators who retire with at least 15, 15, and 10 years full-time active service with the School 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.

Pension Plan

Substantially all full-time and qualifying part-time employees of the School District participate in a cost-sharing multiple-employer defined benefit and defined contribution pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The School District made all required contributions for the year ended June 30, 2021, and has recognized them as expenditures in the governmental funds.

In the government-wide financial statements and in the proprietary funds, 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 PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

Single-Employer Defined Benefit OPEB Plan

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

Cost-Sharing Multiple-Employer Defined Benefit Plan

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

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In government-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 School 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 School District is bound to honor constraints on how those funds can be spent. The School District's general policy is to first use restricted funds, if any, prior to using unassigned funds. The classifications of fund balance are:

Nonspendable - 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 School 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 School District's budgetary policies, the Director of Business Affairs may assign amounts for athletics and concessions.

Unassigned - Amounts available for any purpose (amounts that are not nonspendable, restricted, committed, or assigned) in the general fund.

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. Actual results could differ from those estimates. Significant estimates used in preparation of these financial statements include taxes receivable, claims liability, depreciation, compensated absences, pension related items, and other postemployment benefits. Actual results could differ from those estimates.

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Year Changes in Accounting Principles

During the current year, the School District adopted GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. Upon implementation of this standard, the assets of the former private purpose trust fund and nonfiduciary student activities were moved into the general fund and the former agency fund is now reported as a custodial fund. See Note 19 for prior period adjustments related to the adoption of this standard.

Pending Changes in Accounting Principles

In June 2017, GASB issued Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability, and consistency of information about the leasing activities of governments. The provisions of this statement are effective for the School District's June 30, 2022, financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period incurred, and not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this statement are effective for the School District's June 30, 2022, financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) in which a government compensates an operator of a nonfinancial asset for services for a period of time in an exchange transaction. The provisions of this statement are effective for the School District's June 30, 2023, financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. The provisions of this statement are effective for the School District's June 30, 2023, financial statements.

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pending Changes in Accounting Principles (Continued)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this statement are effective for the School District's June 30, 2022, financial statements.

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

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS

Under Section 440.1 of the Public-School Code of 1949, as amended, the School 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 School 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 School District.

Cash and Cash Equivalents - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a written policy for custodial credit risk although the public-school code requires that all deposits of the School District, which are not insured, are collateralized by the depository institution.

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Cash and Cash Equivalents - Custodial Credit Risk (Continued)

As of June 30, 2021, \$11,784,127 of the School District's bank balance of \$12,321,893 is exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	-0-
Collateralized with Securities Held by the Pledging Financial Institution	-0-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the School District's Name	<u>11,784,127</u>
	11,784,127

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured Amount Above	11,784,127
Insured Amount	<u>537,766</u>
Bank Balance	12,321,893
External Investment Pool Balances	
Classified as Cash and Cash Equivalents	12,074,545
Outstanding Checks	<u>(381,866)</u>
Total Cash and Cash Equivalents per Financial Statements	24,014,572

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 School District currently does not have any investments that are measured at fair value.

Investments measured at amortized cost are as follows at June 30, 2021:

		Maturity
PLIGIT Class	4,879,709	<=397 Days
PLIGIT Reserve Class	2,354,876	<=397 Days
PLIGIT Prime	91,074,366	<=397 Days
PSDLAF/Max Series	<u>4,851,477</u>	<=397 Days
Total Investments at Amortized Cost	103,160,428	
Less: Outstanding Checks	(11,517)	
Less: External Investment Pool		
Balances Classified as Cash and Cash Equivalents	<u>(12,074,545)</u>	
Total Investments per the Financial Statements	91,074,366	

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Investments (Continued)

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 School 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 Pennsylvania School District Liquid Asset Fund (PSDLAF) is a 2a7-like pool with respect to Max Series investments. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PMA Financial Network, Inc. The pool is audited annually by PricewaterhouseCoopers, LLP, an independently elected public official.

Restrictions on Qualified Investment Pool Withdrawals

The School District's investments in the PLGIT account are subject to a one-day holding period. The School District is limited to two withdrawals per calendar month from the PLGIT Reserve Class and Prime accounts.

The School District has an investment in a qualified investment pool with PSDLAF. Except for direct deposits from the Commonwealth, investments in the PSDLAF/Max account are subject to a 14-day minimum holding period, and to penalty for early withdrawal. This requirement has been waived by the trust since inception.

Interest Rate Risk

The School 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.

Credit Risk

The School District does not have an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the School District investments are rated as:

Investments	Standard & Poor's
PLGIT (Class, Reserve Class, and Prime)	AAAm
PSDLAF - Max Series	AAAm

Concentration of Credit Risk

The School District places no limit on the amount they may invest in any one issuer. On June 30, 2021, the School 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 School 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 School District has no investments subject to custodial credit risk on June 30, 2021.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 3 - REAL ESTATE TAXES

Based upon assessments provided by the Counties, the School District bills and collects its own property taxes. The School District tax rates for the year ended June 30, 2021, were 12.3200 and 14.9648 mills for Cumberland County and York County, respectively, as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2021, follows:

July 1	- 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 Date (Cumberland and York County Tax Claim Bureaus)

NOTE 4 - TAXES RECEIVABLE and DEFERRED TAXES

The School 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 measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements. The balances at June 30, 2021, are as follows:

	Gross Taxes Receivable	Net Taxes Receivable	Revenue Recognized	Deferred Taxes
Real Estate Taxes	1,577,611	1,525,255	518,169	1,007,086
Personal Taxes	242,024	43,131	1,400	41,731
Earned Income Taxes	<u>6,450,226</u>	<u>6,450,226</u>	<u>2,994,981</u>	<u>3,455,245</u>
General Fund	8,269,861	8,018,612	3,514,550	4,504,062
Full Accrual Adjustment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(4,504,062)</u>
Governmental Activities	8,269,861	8,018,612	3,514,550	-0-

NOTE 5 - INTERFUND ACCOUNTS

Individual fund receivable and payable balances at June 30, 2021, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	125,965	4,467,000
Capital Reserve Fund	4,467,000	-0-
Food Service Fund	<u>-0-</u>	<u>125,965</u>
	4,592,965	4,592,965

A transfer is pending from the general fund to the capital reserve fund to set aside resources for future capital expenditures.

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 5 - INTERFUND ACCOUNTS (Continued)

A transfer is pending from the food service fund to the general fund for reimbursement of expenses paid by the general fund.

Interfund transfers for the year ended June 30, 2021, are as follows:

	Transfers In	Transfers Out	
General Fund	4,640,560	9,107,560	
Capital Projects Fund	-0-	4,640,560	
Capital Reserve Fund	<u>9,107,560</u>	<u>-0-</u>	
	13,748,120	13,748,120	

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

Transfers from the capital projects fund to the general fund were made to reimburse the general fund with bond proceeds for capital project expenditures.

NOTE 6 - DUE from OTHER GOVERNMENTS

Due from other governments are as follows:

	Governmental Activities	Business-Type Activities	Total
Local Sources - Other Taxes	178,416	-0-	178,416
Local Sources - Other Items	1,414,417	-0-	1,414,417
State Sources	4,272,874	-0-	4,272,874
Federal Sources	<u>5,277,201</u>	<u>104,558</u>	<u>5,381,759</u>
	11,142,908	104,558	11,247,466

NOTE 7 - AMOUNTS RECEIVABLE from LIFE INSURANCE CONTRACTS

The School 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 School 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 School District is the owner of all the split-dollar endorsement insurance policies.

Upon the death or termination, other than retirement, of the employee, the School 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 School 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 \$1,298,184 at June 30, 2021. Because this asset does not represent a current financial resource to be used in the general fund, it is included in nonspendable fund balance as disclosed in Note 15.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 8 - CHANGES in CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021, is as follows:

Historical Cost:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets not Being Depreciated:				
Land	8,849,548	-0-	-0-	8,849,548
Construction in Progress	<u>21,699,174</u>	<u>15,726,993</u>	<u>34,338,701</u>	<u>3,087,466</u>
Total Cost	30,548,722	15,726,993	34,338,701	11,937,014
Capital Assets Being Depreciated:				
Site Improvements	7,284,233	2,423,727	-0-	9,707,960
Buildings and Improvements	139,471,637	33,148,168	466,571	172,153,234
Furniture, Fixtures, and Equipment	19,042,505	335,881	-0-	19,378,386
Library Books	1,843,676	34,087	-0-	1,877,763
Transportation Equipment	<u>1,147,271</u>	<u>96,446</u>	<u>-0-</u>	<u>1,243,717</u>
Total Cost	168,789,322	36,038,309	466,571	204,361,060
Accumulated Depreciation:				
Site Improvements	5,413,417	189,541	-0-	5,602,958
Buildings and Improvements	73,778,348	4,390,914	256,614	77,912,648
Furniture, Fixtures, and Equipment	14,662,145	1,113,034	-0-	15,775,179
Library Books	1,762,711	26,492	-0-	1,789,203
Transportation Equipment	<u>801,156</u>	<u>31,938</u>	<u>-0-</u>	<u>833,094</u>
Total Accumulated Depreciation	<u>96,417,777</u>	<u>5,751,919</u>	<u>256,614</u>	<u>101,913,082</u>
Net Capital Assets Being Depreciated	<u>72,371,545</u>	<u>30,286,390</u>	<u>209,957</u>	<u>102,447,978</u>
Net Capital Assets	102,920,267	46,013,383	34,548,658	114,384,992

Capital asset activity for business-type activities for the year ended June 30, 2021, was as follows:

Historical Cost:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Being Depreciated:				
Furniture, Fixtures, and Equipment	1,157,950	23,075	-0-	1,181,025
Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	<u>688,213</u>	<u>54,262</u>	<u>-0-</u>	<u>742,475</u>
Net Capital Assets	469,737	(31,187)	-0-	438,550

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 8 - CHANGES in CAPITAL ASSETS (Continued)

Depreciation expenses were charged to programs/functions as follows:

Governmental Activities:

Instruction	3,266,480
Instructional Student Support	460,887
Administrative and Financial Support Services	1,203,471
Operation and Maintenance of Plant	311,879
Pupil Transportation	32,629
Student Activities	15,476
Unallocated Depreciation Expense	<u>461,097</u>
	5,751,919

NOTE 9 - ACCRUED SALARIES and BENEFITS

At June 30, 2021, the School District was liable for \$5,480,014 of payroll, which is payable during July and August 2021, 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, 2021, and to retiring professional employees who are receiving a payout of their accumulated compensated absences and bonuses. It is the School District's policy to accrue medical benefits for the summer as of June 30, 2021.

Accrued salaries and benefits as of June 30, 2021, are as follows:

Accrued Salaries	5,480,014
Accrued Benefits:	
Retirement	7,499,684
Medical and Dental	2,106,814
Other Benefits	<u>168,211</u>
	15,254,723

NOTE 10 - UNEARNED REVENUES

Unearned revenues consist of the following as of June 30, 2021:

	General Fund	Food Service Fund	Total
Federal Grants	4,687,439	-0-	4,687,439
Miscellaneous School Funds	3,525	-0-	3,525
Prepaid Student Lunches	<u>-0-</u>	<u>97,078</u>	<u>97,078</u>
	4,690,964	97,078	4,788,042

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - LONG-TERM DEBT

General Obligation Debt

The School 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 School District. Currently, the School District has general obligation debt with interest rates and outstanding principal amounts at June 30, 2021, as follows:

Issue	Final Maturity Date	Interest Rates	Principal Amount Outstanding at June 30, 2021	Balance Due Within One Year
Series A of 2016 Note	August 15, 2021	1.20% - 1.35%	1,132,000	1,132,000
Series A of 2017 Bonds	November 15, 2028	2.00% - 5.00%	13,255,000	1,410,000
Series of 2018 Bonds	November 15, 2048	2.05% - 5.00%	22,770,000	30,000
Series of 2019 Bonds	November 15, 2048	2.00% - 4.00%	8,850,000	5,000
Series of 2020 Bonds	November 15, 2048	2.00% - 5.00%	60,080,000	60,000
Series of 2021 Note	September 15, 2028	0.94%	<u>9,575,000</u>	<u>-0-</u>
			115,662,000	2,637,000

The Series of 2021 General Obligation Note was issued in June 2021 and the proceeds were used to currently refund the Series of 2016 General Obligation Bonds and to pay the costs and expenses of issuing the Note. The difference between the cash flows required to service the refinanced debt and the new debt amounts to \$272,262. The present value of the School District's savings over the term of the note amounts to \$252,628.

In May 2017, the School District approved the sale of bonds and notes up to a maximum aggregate principal amount of \$118,000,000. The School District is authorized to issue multiple series of bonds over multiple years. To date, the School District has issued \$117,220,000 in bonds and notes. The purpose of the debt is funding of capital projects of the School District and paying the related costs related to the issuance of bonds and notes.

Long-term obligation activity can be summarized as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Governmental Activities				
General Obligation Debt	57,949,000	69,660,000	11,947,000	115,662,000
Bond Premium	4,247,125	11,831,682	822,952	15,255,855
Bond Discount	(9,643)	-0-	(9,453)	(190)
Capital Lease Obligations	213,518	-0-	79,536	133,982
Estimated Liability for Compensated Absences	<u>1,519,074</u>	<u>263,419</u>	<u>130,480</u>	<u>1,652,013</u>
Total Governmental Activities	63,919,074	81,755,101	12,970,515	132,703,660
Business-Type Activities				
Estimated Liability for Compensated Absences	<u>11,236</u>	<u>367</u>	<u>3,145</u>	<u>8,458</u>
Total Government	63,930,310	81,755,468	12,973,660	132,712,118

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - LONG-TERM DEBT (Continued)

The School 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.

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

Year Ending June 30	Principal	Interest	Total
2022	2,637,000	4,514,861	7,151,861
2023	2,850,000	4,449,743	7,299,743
2024	2,940,000	4,359,945	7,299,945
2025	3,040,000	4,265,655	7,305,655
2026	3,135,000	4,166,849	7,301,849
2027-2031	15,735,000	19,749,124	35,484,124
2032-2036	17,565,000	16,372,875	33,937,875
2037-2041	21,745,000	12,175,500	33,920,500
2042-2046	26,900,000	7,029,175	33,929,175
2047-2049	<u>19,115,000</u>	<u>1,244,675</u>	<u>20,359,675</u>
	115,662,000	78,328,402	193,990,402

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the OPEB Plan

Plan Description

The School 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.

Benefits Provided

Under the collective bargaining agreements with the School District’s teachers and with its support staff, the School District provides for the continuance of medical, prescription drug, and dental coverage for employees with 15 years of service with the School District until the retiree becomes 65 years of age. The retiree will pay the active monthly contribution amount for each month of coverage. There are also provisions to allow deceased teachers’ spouses to stay in the plan by paying the active contribution amount for a maximum of three years beyond the death of the retiree.

The School District also provides for the continuance of medical, prescription drug, and dental coverage for its retired administrators. The member pays 100% of the premium. Three retired administrators and their spouses are eligible to remain in the plan for their lifetimes. Other already retired administrators are eligible for the continuance of their medical prescription drug and dental coverage until age 65; spousal coverage for these other retired administrators ceases at the earlier of the retired member or spouse reaching age 65.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Benefits Provided (Continued)

Administrators retiring after July 1, 2006, with at least 15 years of service with the School District are also eligible for the continuance of their medical and prescription drug coverage until reaching age 65. Spousal coverage for these administrators ceases at the earlier of the retired member or spouse reaching age 65. The School District pays the full single contribution rate for the retired member until the earlier of 10 years after retirement or the member reaching age 65. If the spouse is on the plan, then the member must pay the difference between the single contribution rate and the two-party rate. After the ten years of the School District paid benefit, the member and spouse can stay on the plan by paying the full contribution rate until age 65. In addition, administrators retiring after July 1, 2006, with at least 15 years of service to the School District are eligible to continue their life insurance coverage for their lifetime. The life insurance coverage is based on the years of service to the School District. The School District pays the premiums in full, but the retiree is required to contribute the economic benefit value based on their age and amount of insurance coverage.

Employees Covered by Benefit Terms

On July 1, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	53
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	<u>874</u>
	927

Total OPEB Liability

The School District’s total OPEB liability of \$5,625,000 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate: 1.86%, Based on S&P municipal bond 20-year high grade rate index.
- Long Term Expected Rate of Return: N/A, the plan is unfunded.
- Actuarial Cost Method: Entry age normal, level percent of pay.
- Healthcare Cost Trend: 5.50% in 2020 through 2023. Rates gradually decrease from 5.40% in 2024 to 4.00% in 2075 and later based on the Society of Actuaries long-run medical cost trend model.
- Retirees’ Share of Benefit-Related Costs: 100.00% of premium.
- Mortality Rates: RP-2014 mortality tables for males and females adjusted for mortality improvement using the Buck Modified 2016 projection scale.
- Percent of Eligible Retirees Electing Coverage: 95.00% of administrators, 45.00% of teachers, and 25.00% of support staff are assumed to elect coverage.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period ended July 1, 2020.

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Changes in the Total OPEB Liability

Balance, June 30, 2020	3,411,000
Changes for the Year	
Service Cost	193,000
Interest	118,000
Changes of Benefit Terms	(99,000)
Differences Between Expected and Actual Experience	1,572,000
Changes of Assumptions	589,000
Benefit Payments	<u>(159,000)</u>
Net Changes	<u>2,214,000</u>
 Balance, June 30, 2021	 5,625,000

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

The following presents the total OPEB liability of the School District for the single-employer plan, as well as what the School District's total OPEB liability for the single-employer plan would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate:

Total OPEB Liability

0.86% Discount Rate (1.00% Decrease)	6,021,000
1.86% Discount Rate (Current Rate)	5,625,000
2.86% Discount Rate (1.00% Increase)	5,244,000

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

The following presents the total OPEB liability of the School District's single-employer plan, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00% lower or 1.00% higher than the current healthcare cost trend rates:

Total OPEB Liability

4.50% (1.00% Decrease)	4,984,000
5.50% (Current Rate)	5,625,000
6.50% (1.00% Increase)	6,383,000

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The Pennsylvania Public School Employees' Retirement System (System) provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan 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 (HOP). As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Benefits Provided

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

Employer Contributions

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$447,000 for the year ended June 30, 2021.

OPEB Liabilities and OPEB Expense

At June 30, 2021, the School District reported a liability of \$8,243,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District's proportion was 0.3815 percent, which was an increase of 0.0054 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$511,000 related to this plan.

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions

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

Actuarial Cost Method: Entry age normal, level percent of pay.

Investment Return: 2.66%, based on the 20-year S&P municipal bond rate.

Salary Growth: Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Premium Assistance reimbursement is capped at \$1,200 per year.

Assumed Healthcare Cost Trends: Applied to retirees with less than \$1,200 in Premium Assistance per year.

Mortality Rates: RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation Rate:

Eligible retirees will elect to participate pre-age 65 at 50.00%.

Eligible retirees will elect to participate post-age 65 at 70.00%.

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

The following assumptions were used to determine the contribution rate:

The results of the actuarial valuation as of June 30, 2018, determined the employer contribution rate for fiscal year 2020.

Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

Asset valuation method: Market Value.

Participation Rate: 63.00% of eligible retirees are assumed to elect premium assistance.

Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25.00% males and 75.00% females is used to determine actuarial equivalent benefits).

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the System's 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.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions (Continued)

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.30%	(1.00%)
US Core Fixed Income	46.50%	(0.10%)
Non-US Developed Fixed	<u>3.20%</u>	(0.10%)
	100.00%	

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

Discount Rate

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

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

The following presents the School District’s proportionate share of the net OPEB liability, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current discount rate:

Net OPEB Liability

1.66% Discount Rate (1.00% Decrease)	9,398,000
2.66% Discount Rate (Current Rate)	8,243,000
3.66% Discount Rate (1.00% Increase)	7,286,000

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

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

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

The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00% lower or 1.00% higher than the current healthcare cost trend rates:

Net OPEB Liability

1.00% Decrease	8,242,000
Current Rate	8,243,000
1.00% Increase	8,244,000

OPEB Plan Fiduciary Net Position

Detailed information about the PSERS OPEB plan's fiduciary net position is available in the separately issued PSERS comprehensive annual financial report which is available on the System's website at www.psers.pa.gov.

AGGREGATE OPEB INFORMATION

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$684,000. At June 30, 2021, the School 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
Contributions and Benefit Payments After the Measurement Date	710,000	-0-
Differences Between Expected and Actual Experience	1,525,000	2,197,000
Changes of Assumptions	1,075,000	264,000
Difference Between Projected and Actual Investment Earnings	14,000	-0-
Changes in Proportion	<u>432,000</u>	<u>56,000</u>
	3,756,000	2,517,000

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

AGGREGATE OPEB INFORMATION (Continued)

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

An amount of \$710,000 reported as deferred outflows of resources related to OPEB resulting from the School District’s benefit payments after the measurement date of the single-employer plan and contributions after the measurement date of the cost-sharing multiple-employer plan will be recognized as a reduction in the total or net OPEB liability, respectively, in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

Year Ended June 30:	
2022	81,000
2023	80,000
2024	82,000
2025	89,000
2026	47,000
Thereafter	150,000

NOTE 13 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The School District contributes to a governmental cost-sharing multi-employer defined benefit pension plan administered by PSERS. PSERS provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members, whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

West Shore School District
NOTES to FINANCIAL STATEMENTS
(Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Continued)

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

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

Contributions

The contribution policy is set by the Code and requires contributions by active members, participating employers, and the Commonwealth of Pennsylvania. Plan members may belong to four membership classes. Class T-C, Class T-D, Class T-E, and Class T-F are available to plan members.

Member Contributions

Active members who joined the plan before July 22, 1983, are required to contribute 5.25% of their compensation if they are in Class T-C or 6.50% for Class T-D. Members who joined on or after July 22, 1983, and were active or inactive as of July 1, 2001, are required to contribute 6.25% for Class T-C or 7.50% for Class T-D.

Members who joined the plan after June 30, 2001 and before July 1, 2011, are automatically in Class T-D and are required to contribute 7.50%. For all new hires and for members who elected Class T-D, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the plan after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The School Districts' contractually required contribution rate for fiscal year ended June 30, 2021, was 33.69% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$18,289,000 for the year ended June 30, 2021.

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2021, the School District reported a liability of \$187,847,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the School District's proportion was .3815 percent, which was an increase of .0054 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$22,654,000. At June 30, 2021, the School 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
Difference Between Expected and Actual Experience	491,000	4,502,000
Changes in Assumptions	-0-	-0-
Net Difference Between Projected and Actual Investment Earnings	8,255,000	-0-
Changes in Proportion	6,145,000	1,050,000
Difference Between Employer Contributions and Proportionate Share of Total Contributions	228,000	34,000
Contributions Subsequent to the Measurement Date	<u>17,841,000</u>	<u>-0-</u>
	32,960,000	5,586,000

An amount of \$17,841,000 reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase or (decrease) in pension expense as follows:

Year Ended June 30:	
2021	2,236,000
2022	1,705,000
2023	3,140,000
2024	2,452,000

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

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

Long Term Expected Rate of Return: 7.25%, includes inflation at 2.75%.

Actuarial Cost Method: Entry age normal, level percent of pay.

Salary Growth: Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality Rates: 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.

There were no changes in assumptions used in measurement of the total pension liability beginning June 30, 2020. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

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

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

West Shore School District
 NOTES to FINANCIAL STATEMENTS
 (Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's Proportionate Share of the Net Pension Liability	232,406,000	187,847,000	150,099,000

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 PSERS' website at www.psers.pa.gov.

Payable to the Pension Plan

At June 30, 2021, the School District reported a payable of \$7,499,684 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2021. These amounts relate to the second quarter of 2021 and are payable to PSERS within five business days of the School District receiving its related retirement subsidy from the Commonwealth of Pennsylvania.

Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, are required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a stand-alone defined contribution plan.

Membership Class T-G, one of the hybrid options, contains a "shared risk" provision whereby Membership Class T-G member contribution rates into the defined benefit plan can fluctuate between 2.5% and 8.5% (5.5% currently). In addition, employees electing this class contribute 2.75% into the defined contribution plan. The School District is required to contribute 2.25% into the defined contribution plan. This is the default option.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Reform (Continued)

Membership Class T-H, one of the hybrid options, contains a "shared risk" provision whereby Membership Class T-H member contribution rates into the defined benefit plan can fluctuate between 1.50% and 7.50% (4.50% currently). In addition, employees electing this class contribute 3.00% into the defined contribution plan. The School District is required to contribute 2.00% into the defined contribution plan.

Membership Class DC, the defined contribution option, requires that employees electing this class contribute 7.50% into the defined contribution plan and the School District will contribute 2.00%.

The School District will continue to contribute to the defined benefit portion of PSERS based on an actuarially determined contribution rate which will continue to be calculated as a percent of all compensation of PSERS eligible employees but now reduced by the amounts already remitted to the defined contribution plan portion.

The total School District contribution into the defined contribution plan portion of PSERS was \$60,460 for the year ended June 30, 2021.

PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6.00%.

NOTE 14 - CAPITAL LEASE OBLIGATIONS

The School District leases computer equipment under various capital lease arrangements. Lease amortization is included in depreciation expense. The leases are secured by the leased computer equipment for the year ended June 30, 2021, as follows:

Lease	Annual Payment	Period	Nominal Interest Rate	Cost	Accumulated Depreciation
1	30,838	July 2021	2.39%	119,000	115,792
2	53,801	July 2022	2.39%	<u>207,787</u>	<u>138,525</u>
				326,787	254,317

The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2021:

	2022	84,639
	2023	<u>53,801</u>
Minimum Lease Payments for all Capital Leases		138,440
Amount Representing Interest		<u>(4,458)</u>
Present Value of Minimum Lease Payments		133,982
	Current Maturities	81,437
	Long-Term Portion	52,545

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 15 - FUND BALANCE CLASSIFICATIONS

Nonspendable fund balance consists of amounts that cannot be spent, either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. At June 30, 2021, the School District has included the following as nonspendable fund balances:

General Fund - Inventory	270,199
General Fund - Prepaid Expense	384,088
General Fund - Long-Term Receivable from Life Insurance Contracts	<u>1,298,184</u>
	1,952,471

Restricted fund balance represents fund balances that can only be used for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed only with the consent of the resource providers. At June 30, 2021, the School District has included the following as restricted fund balances:

Capital Projects Fund - Capital Outlays	67,141,456
-----------------------------------------	------------

Committed fund balances represent fund balances that can only be used for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. At June 30, 2021, the School District has included the following as committed fund balances:

General Fund - Committed to Offset Future Retirement Contributions Rate Increases	500,000
General Fund - Committed for Future Healthcare Costs	<u>2,000,000</u>
	2,500,000

Assigned fund balance comprises amounts intended to be used by the government for specific purposes determined by the governing body or by an official body to which the governing body delegates authority. At June 30, 2021, the School District has included the following as assigned fund balances:

General Fund - Assigned for Athletics	14,343
General Fund - Assigned for Concessions	22,789
Capital Reserve Fund - Assigned for Capital Outlays	<u>23,045,117</u>
	23,082,249

NOTE 16 - OPERATING LEASES

The School District has entered into several operating lease agreements in which it has agreed to lease certain pieces of equipment (predominantly copy machines and fiber optic transmission systems) over various time periods. The copier agreements contain termination and “lease-up” trade-in provisions which could allow the School District to effectively change the terms of the agreements. Total operating lease payments included in general fund expenditures for the year ended June 30, 2021 approximated \$301,000.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 16 - OPERATING LEASES (Continued)

Minimum lease rental payments for future years as of June 30, 2021, assuming no voluntary terminations, are as follows:

2022	225,973
2023	4,183
2024	<u>3,486</u>
Total	233,642

The School District subleases excess capacity (in the form of a royalty) in its Educational Broadband Station through September 2028 to a commercial entity. Under terms of the agreement, the School District currently receives a royalty for the excess capacity in the amount of \$132,652 annually, increasing by 3.00% per year for the remaining term of the agreement.

NOTE 17 - RISK MANAGEMENT

Health Insurance

The School District self-insures its employees’ medical, dental, and prescription drug benefits and retains independent claims companies to administer the plans. The School 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 School 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, 2021, and subsequently paid is recorded in the amount of \$1,152,882 in accounts payable in the general fund. For the year ended June 30, 2020, the liability for claims incurred prior to June 30, 2020, and subsequently paid was \$1,270,967.

Changes in the School District’s claims liability amount in fiscal years 2021 and 2020 are:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2019-2020	589,421	11,174,362	10,492,816	1,270,967
2020-2021	1,270,967	8,976,102	9,094,187	1,152,882

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.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 17 - RISK MANAGEMENT (Continued)

Other Insurance

The School 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 School 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 School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

NOTE 18 - COMMITMENTS and CONTINGENCIES

General

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. The School District has continued operations within rigid guidelines aimed at halting the spread of the virus. At this point, the future impact of COVID-19 on the School District's operations and financial condition cannot be estimated. The School District's management is monitoring the evolving situation and adapting operations and decision making as necessary.

The School District is named as a defendant in various lawsuits, all in the ordinary course of business. The School District intends to vigorously defend itself against these actions. Legal counsel for the School 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 School District.

Collective Bargaining Agreements

The School 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, 2014 through August 31, 2020, and was extended through August 31, 2021, during the year ended June 30, 2020 and was extended again through August 31, 2022, during the year ended June 30, 2021. The AFSCME agreement in effect is for the period of July 1, 2020 through June 30, 2024. The agreements stipulate the overall working conditions as well as the provisions for wages and employee benefits for the School District's professional and support staff for the terms of the contracts.

Capital Projects

In May 2017, the School 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 are \$218.3 million to \$246.7 million. In addition, the School District has 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 described in Note 11. The School District has entered into various contracts for these and other projects. The amount remaining on the outstanding contracts is approximately \$1,667,000 as of June 30, 2021.

West Shore School District

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 18 - COMMITMENTS and CONTINGENCIES (Continued)

Grant Programs

The School 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 School District has entered into an agreement for the transportation of school pupils. The Agreement is for the period of December 16, 2013 through June 30, 2018, and was extended through June 30, 2023. 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 \$4,026,000 for the year ended June 30, 2021, which included a cost reduction from the original contract based on an amended agreement due to the COVID-19 impact.

NOTE 19 - CHANGE in ACCOUNTING PRINCIPLE

Effective for the year ended June 30, 2021, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as described in Note 1. As a result, the School District determined the former private purpose trust fund did not meet the definition of a fiduciary activity under the new standard. The financial activity of the former private purpose trust fund is now reported within the general fund. Additionally, the agency fund which accounted for student activities at June 30, 2020, has student-led activities that meet the definition of fiduciary activities remain in the newly classified custodial fund. The student activities that do not meet the fiduciary activities definition are now reported in the general fund. The implementation of GASB Statement No. 84 had the following effects on net position:

	Custodial Fund
Net Position as Previously Reported on June 30, 2020	-0-
Prior Period Adjustment - GASB No. 84	<u>340,076</u>
Net Position as Restated July 1, 2020	340,076

West Shore School District

SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -

BUDGET and ACTUAL - GENERAL FUND

Year Ended June 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
	REVENUES			
Local Sources:				
Real Estate Taxes	\$ 67,514,250	\$ 67,514,250	\$ 68,650,789	\$ 1,136,539
Other Taxes	17,993,000	17,993,000	20,287,055	2,294,055
Investment Earnings	450,000	450,000	26,471	(423,529)
Other Revenue	2,668,000	2,668,000	2,765,987	97,987
Total Local Sources	88,625,250	88,625,250	91,730,302	3,105,052
State Sources	34,020,113	34,020,113	34,140,690	120,577
Federal Sources	2,044,628	2,044,628	3,442,149	1,397,521
Total Revenues	124,689,991	124,689,991	129,313,141	4,623,150
EXPENDITURES				
Instructional Services:				
Regular Programs	59,003,327	59,763,065	58,553,177	1,209,888
Special Programs	17,760,756	19,867,329	19,834,605	32,724
Vocational Programs	1,493,058	1,493,058	1,493,058	-0-
Other Instructional Programs	146,233	306,124	306,121	3
Non-Public School Programs	30,651	30,651	52,150	(21,499)
Adult Education Programs	466,028	466,028	466,028	-0-
Support Services:				
Pupil Personnel Services	4,766,937	4,611,307	4,611,151	156
Instructional Staff Services	1,213,353	1,215,031	1,205,696	9,335
Administrative Services	7,464,001	7,134,108	6,995,052	139,056
Pupil Health	2,289,109	2,280,485	2,270,038	10,447
Business Services	1,390,795	1,297,465	1,296,797	668
Operation of Plant and Maintenance Services	9,466,111	9,008,827	9,302,164	(293,337)
Student Transportation Services	5,373,826	4,706,052	4,705,843	209
Central and Other Business Services	3,981,750	3,999,293	3,999,143	150
Noninstructional Services:				
Student Activities	1,936,396	1,943,541	1,903,816	39,725
Community Service	101,838	72,251	74,481	(2,230)
Capital Outlay	57,800	218,894	218,894	-0-
Debt Service (Principal and Interest)	8,394,143	6,607,972	6,684,604	(76,632)
Total Expenditures	125,336,112	125,021,481	123,972,818	1,048,663
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	(646,121)	(331,490)	5,340,323	5,671,813
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In (Out)	-0-	-0-	(4,467,000)	(4,467,000)
Refund of Prior Year Revenues	-0-	-0-	(8,263)	(8,263)
Budgetary Reserve	-0-	(314,631)	-0-	314,631
Refunding Bond Proceeds	-0-	-0-	9,575,000	9,575,000
Payment to Refunded Bond Escrow Agent	-0-	-0-	(9,490,105)	(9,490,105)
Proceeds from Sale of Fixed Assets	-0-	-0-	13,930	13,930
Net Other Financing Sources (Uses)	-0-	(314,631)	(4,376,438)	(4,061,807)
NET CHANGES in FUND BALANCES	\$ (646,121)	\$ (646,121)	963,885	\$ 1,610,006
FUND BALANCES				
Beginning			14,347,883	
Ending			\$ 15,311,768	

See independent auditors' report.

West Shore School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION

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 with 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 School 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 School 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, 2021.
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.

See independent auditors' report.

West Shore School District

SCHEDULE of CHANGES in NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY and RELATED RATIOS - SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

Last 10 Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 193,000	\$ 195,000	\$ 367,000	\$ 346,000
Interest	118,000	104,000	193,000	141,000
Change of Benefit Terms	(99,000)	-0-	-0-	-0-
Differences Between Expected and Actual Experience	1,572,000	-0-	(2,856,000)	-0-
Changes of Assumptions	589,000	(102,000)	4,000	281,000
Benefit Payments	<u>(159,000)</u>	<u>(163,000)</u>	<u>(293,000)</u>	<u>(289,000)</u>
Net Change in Total OPEB Liability	2,214,000	34,000	(2,585,000)	479,000
Total OPEB Liability - Beginning	<u>3,411,000</u>	<u>3,377,000</u>	<u>5,962,000</u>	<u>5,483,000</u>
Total OPEB Liability - Ending	<u>\$ 5,625,000</u>	<u>\$ 3,411,000</u>	<u>\$ 3,377,000</u>	<u>\$ 5,962,000</u>
Covered Payroll	51,291,732	47,024,297	47,024,297	43,556,499
Net OPEB Liability as a Percentage of Covered Payroll	11.0%	7.3%	7.2%	13.7%

Note: Information is not available prior to 2018.

See independent auditors' report.

West Shore School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION
Last 10 Fiscal Years

Funding:

No assets are accumulated in a trust that meet the criteria included in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, to pay related benefits.

Changes of Assumptions:

Measurement period ending June 30, 2020:

Discount rate was reduced from 3.36% to 1.86%.

Measurement period ending June 30, 2019:

Discount rate was increased from 2.98% to 3.36%.

Measurement period ending June 30, 2018:

Discount rate was reduced from 3.13% to 2.98%.

Measurement period ending June 30, 2017:

Discount rate was increased from 2.49% to 3.13%.

Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

Changes in Benefit Terms:

Measurement period ended June 30, 2020:

For retired administrators eligible for Package 1, the participant contribution rate for premiums increased from 13.50% to 100.00%.

See independent auditors' report.

West Shore School District

SCHEDULE of EMPLOYER CONTRIBUTIONS - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

(PSERS) HEALTH INSURANCE PREMIUM ASSISTANCE PLAN

Last 10 Fiscal Years

Fiscal Year Ended June 30	Contractually Required Contributions	Contributions from Employer	Contributions Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	362,000	362,000	-0-	49,924,664	.83%
2019	415,000	415,000	-0-	51,873,994	.83%
2020	449,000	449,000	-0-	53,536,996	.84%
2021	447,000	447,000	-0-	54,234,324	.82%

Note: Information is not available prior to 2018.

See independent auditors' report.

West Shore School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION
Last 10 Fiscal Years

Changes of Assumptions:

Measurement period ending June 30, 2020:

Discount rate was decreased from 2.79% to 2.66%.

Measurement period ending June 30, 2019:

Discount rate was decreased from 2.98% to 2.79%.

Measurement period ending June 30, 2018:

Discount rate was decreased from 3.13% to 2.98%.

Measurement period ending June 30, 2017:

Discount rate was increased from 2.71% to 3.13%.

Salary growth changed from an effective average of 5.50% to 5.00%.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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.

West Shore School District

SCHEDULE of the SCHOOL DISTRICT'S PROPORTIONATE SHARE of the NET OTHER
 POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY - PUBLIC SCHOOL EMPLOYEES' RETIREMENT
 SYSTEM (PSERS) HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
 Last 10 Fiscal Years

Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered-Employee Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.3663%	7,463,000	48,769,224	15.3027%	5.73%
2018	0.3707%	7,729,000	49,924,664	15.4813%	5.56%
2019	0.3761%	7,999,000	51,873,994	15.4201%	5.56%
2020	0.3815%	8,243,000	53,536,996	15.3968%	5.69%

Note: Information is not available prior to 2017.

See independent auditors' report.

West Shore School District
 SCHEDULE of EMPLOYER CONTRIBUTIONS -
 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
 Last 10 Fiscal Years

Defined Benefit Pension Plan	Contractually Required Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	9,016,000	9,016,000	-0-	44,867,367	20.50%
2016	11,179,000	11,179,000	-0-	45,486,864	25.00%
2017	13,861,000	13,861,000	-0-	48,769,224	29.20%
2018	15,680,000	15,680,000	-0-	49,924,664	31.74%
2019	16,985,000	16,985,000	-0-	51,873,994	32.60%
2020	18,034,000	18,034,000	-0-	53,536,996	33.36%
2021	18,289,000	18,289,000	-0-	54,234,324	33.69%

Note: Information is not available prior to 2015.

See independent auditors' report.

West Shore School District

SCHEDULE of SCHOOL DISTRICT'S PROPORTIONATE SHARE of the NET PENSION LIABILITY -

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3645%	144,272,000	46,514,777	310.16%	57.24%
2015	0.3487%	151,040,000	44,867,367	336.64%	54.36%
2016	0.3512%	174,044,000	45,486,864	382.62%	50.14%
2017	0.3663%	180,910,000	48,769,224	370.95%	51.84%
2018	0.3707%	177,954,000	49,924,664	356.45%	54.00%
2019	0.3761%	175,949,000	51,873,994	339.19%	55.66%
2020	0.3815%	187,847,000	53,536,996	350.87%	54.32%

Note: Information is not available prior to 2014.

See independent auditors' report.

West Shore School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION
Last 10 Fiscal Years

Changes of Benefit Terms:

Measurement period ending June 30, 2017:

Beginning June 12, 2017, with the passage of Act 5, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes of Assumptions:

Measurement period ending June 30, 2016:

Investment rate of return was adjusted from 7.50% to 7.25%.

Inflation assumption was decreased from 3.00% to 2.75%.

Salary growth changed from an effective average of 5.50% to 5.00%.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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.

See independent auditors' report.

West Shore School District
 SCHEDULE of EXPENDITURES of FEDERAL AWARDS
 Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients	
Child Nutrition Cluster													
U.S. Department of Agriculture	Pennsylvania Department of Agriculture	National School Lunch Program (Note 2)	I	10.555	N/A	07/01/20-06/30/21	-0-	\$ -0-	\$ 141,681	\$ 141,681	\$ -0-	\$ -0-	
U.S. Department of Agriculture	Pennsylvania Department of Education	COVID-19 - Summer Food Service Program for Children (Note 3)	I	10.559	N/A	07/01/20-06/30/21	-0-	81,065	1,713,853	1,721,050	88,262	-0-	
U.S. Department of Agriculture	Pennsylvania Department of Education	Child Nutrition Discretionary Grants Limited Availability	I	10.579	NSLP-20-PA-01	03/01/21-6/21/21	16,295	-0-	-0-	16,295	16,295	-0-	
Total Child Nutrition Cluster								81,065	1,855,534	1,879,026	104,557	-0-	
U.S. Department of Treasury	York County	COVID-19 - Coronavirus Relief Fund	I	21.019	N/A	06/01/20-12/30/20	50,000	-0-	50,000	50,000	-0-	-0-	
U.S. Department of Treasury	Pennsylvania Commission on Crime and Delinquency	COVID-19 - Coronavirus Relief Fund	I	21.019	2020-CS-01-33401	03/01/20-10/30/20	413,989	-0-	413,989	413,308	(681)	-0-	
Total								21.019	-0-	463,989	463,308	(681)	-0-
Special Education Cluster (IDEA)													
U.S. Department of Education	Capital Area Intermediate Unit	Special Education - Grants to States	I	84.027	062-200015	07/01/19-06/30/20	1,449,537	811,304	811,304	-0-	-0-	-0-	
U.S. Department of Education	Capital Area Intermediate Unit	Special Education - Grants to States	I	84.027	062-210015	07/01/20-09/30/21	1,400,528	-0-	-0-	1,400,528	1,400,528	-0-	
U.S. Department of Education	Capital Area Intermediate Unit	Special Education - Preschool Grants	I	84.173	131-210615	07/01/20-06/30/21	7,168	-0-	7,168	7,168	-0-	-0-	
Total Special Education Cluster (IDEA)								\$ 811,304	\$ 818,472	\$ 1,407,696	\$ 1,400,528	\$ -0-	

See independent auditors' report.

West Shore School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-210476	07/16/20-09/30/21	1,221,553	\$ -0-	\$ 977,385	\$ 1,218,419	\$ 241,034	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-200476	07/08/19-09/30/20	1,236,576	315,775	329,031	13,256	-0-	-0-
			Total	84.010				315,775	1,306,416	1,231,675	241,034	-0-
U.S. Department of Education	Pennsylvania Department of Education	English Language Acquisition State Grants	I	84.365	010-210476	07/16/20-09/30/21	51,385	-0-	17,128	19,541	2,413	-0-
U.S. Department of Education	Pennsylvania Department of Education	English Language Acquisition State Grants	I	84.365	010-200476	07/08/19-09/30/20	38,073	(6,929)	12,691	24,696	5,076	-0-
			Total	84.365				(6,929)	29,819	44,237	7,489	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	020-210476	07/16/20-09/30/21	220,321	-0-	220,321	201,960	(18,361)	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	020-200476	07/08/19-09/30/20	236,217	(22,008)	(5,786)	16,222	-0-	-0-
			Total	84.367				(22,008)	214,535	218,182	(18,361)	-0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-210476	07/16/20-09/30/21	93,384	-0-	37,354	33,774	(3,580)	-0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-200476	07/08/19-09/30/20	93,751	875	25,000	24,125	-0-	-0-
			Total	84.424				\$ 875	\$ 62,354	\$ 57,899	\$ (3,580)	\$ -0-

See independent auditors' report.

West Shore School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425C	252-200476	03/03/20-09/30/21	50,140	\$ -0-	\$ 13,195	\$ 36,360	\$ 23,165	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425D	200-200476	03/13/20-09/30/21	1,011,358	154,625	1,011,358	850,729	(6,004)	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425D	200-210476	03/13/21-09/30/23	4,492,237	-0-	208,941	100,574	(108,367)	-0-
U.S. Department of Education	Pennsylvania Commission on Crime and Delinquency	COVID-19 - Education Stabilization Fund	I	84.425D	2020-ES-01-35056	03/13/20-09/30/22	234,829	-0-	71,818	229,766	157,948	-0-
			Total	84.425D				154,625	1,292,117	1,181,069	43,577	-0-
			Total	84.425				154,625	1,305,312	1,217,429	66,742	-0-
Medicaid Cluster												
U.S. Department of Health and Human Services	Pennsylvania Department of Public Welfare	Medical Assistance Program	I	93.778	N/A	07/01/19-06/30/20	45,358	\$ 20,119	\$ 20,119	\$ -0-	\$ -0-	\$ -0-
U.S. Department of Health and Human Services	Pennsylvania Department of Public Welfare	Medical Assistance Program	I	93.778	N/A	07/01/20-06/30/21	54,074	-0-	21,620	54,074	32,454	-0-
			Total Medicaid Cluster					20,119	41,739	54,074	32,454	-0-
TOTAL EXPENDITURES of FEDERAL AWARDS								\$ 1,354,826	\$ 6,098,170	\$ 6,573,526	\$ 1,830,182	\$ -0-

Legend
I = Indirect Funding
AL = Assistance Listings

See independent auditors' report.

West Shore School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2021

NOTES to SCHEDULE of EXPENDITURES of FEDERAL AWARDS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 2 - FOOD COMMODITIES - PASSED THROUGH the PENNSYLVANIA DEPARTMENT of AGRICULTURE

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received.

NOTE 3 - NATIONAL SUMMER MEALS

This portion represents the National Summer Meals portion of the National School Lunch Program.

NOTE 4 - DE MINIMIS INDIRECT COST RATE

The School District did not elect to use the 10% de minimis indirect cost rate.

NOTE 5 - ACCESS

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct, eligible health-related services provided to enrolled special needs students. Reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance. Because only federal financial assistance is included on the schedule of expenditures of federal awards, ACCESS reimbursements are not included on the schedule. The amount of ACCESS funding received for the year ended June 30, 2021, was \$35,038 which is listed on the PDE confirmation as program #044-007476.

NOTE 6 - COVID-19

Federal funding provided by Congress to address the COVID-19 pandemic is identified by "COVID-19" in the federal program column of the schedule of expenditures of federal awards. This includes new grants created by pandemic-related legislation, as well as incremental funding for existing federal programs.

See independent auditors' report.



INDEPENDENT AUDITOR’S REPORT on INTERNAL CONTROL over FINANCIAL REPORTING and on COMPLIANCE and OTHER MATTERS BASED on an AUDIT of FINANCIAL STATEMENTS PERFORMED in ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board Officers and Members
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 remaining fund information of **West Shore School District**, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise **West Shore School District’s** basic financial statements and have issued our report thereon dated December 29, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items #2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item #2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **West Shore School District's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

West Shore School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. **West Shore School District's** responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



December 29, 2021
Lancaster, Pennsylvania



**INDEPENDENT AUDITOR'S REPORT on COMPLIANCE for EACH MAJOR PROGRAM and
on INTERNAL CONTROL over COMPLIANCE REQUIRED by the UNIFORM GUIDANCE**

To the Board Officers and Members
West Shore School District
New Cumberland, Pennsylvania

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, **West Shore School District** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items #2021-003 and #2021-004 that we consider to be significant deficiencies.

West Shore School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. **West Shore School District's** responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Inout CPA

December 29, 2021
Lancaster, Pennsylvania

West Shore School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
Year Ended June 30, 2021

A. Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of **West Shore School District**.
2. One material weakness and one significant deficiency relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **West Shore School District** were disclosed during the audit.
4. Two significant deficiencies relating to the audit of the major federal programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **West Shore School District** expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for **West Shore School District** are reported in part C of this schedule.
7. The programs tested as major federal programs are: Coronavirus Relief Fund Assistance Listing #21.019, Education Stabilization Fund Assistance Listing #84.425, and the Special Education Grants to States Cluster Assistance Listing #84.027 and #84.173.
8. The threshold for distinguishing type A and B programs was \$750,000.
9. **West Shore School District** was not determined to be a low-risk auditee.

West Shore School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
(Continued)
Year Ended June 30, 2021

B. Findings - Financial Statements Audit

Internal Control Over Financial Reporting

Material Weaknesses

#2021-001

Closing Adjustments

Criteria: The financial closing process includes preparation of reconciliations, supporting schedules, year-end accruals, and adjusting journal entries.

Statement of Condition: During our audit, we proposed material adjustments to the following School District records based on the result of our procedures. Adjustments were proposed to fixed assets and related depreciation (governmental activities and food service fund), interfund balances and transfers (food service, capital reserve, and capital projects funds), accounts payable, (capital reserve and capital projects funds), grants and subsidies receivable (food service fund). The entries were to reverse prior year closing entries and to record current year amounts as of and for the year ended June 30, 2021.

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.

Identification of Repeat Finding: Yes

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

Based on our discussions with School District personnel, we recognize that the School District has taken steps to improve the year end close and reconciliation process over the past few years. The School District implemented our closing recommendations from last year as it relates to the general fund. Additionally, subsequent to June 30, 2021, the School District started to use QuickBooks for its capital reserve and capital projects fund accounting. Our comments and suggestions above relate to areas that are opportunities for continued improvements.

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

West Shore School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
(Continued)
Year Ended June 30, 2021

B. Findings - Financial Statements Audit (Continued)

Internal Control Over Financial Reporting (Continued)

Significant Deficiencies

#2021-002

Capital Asset Accounting

Criteria: Capital assets are reported on the government-wide financial statements and are disclosed in the notes to the financial statements. The detailed transactions for capital asset activity (i.e., additions, deletions, and annual depreciation) provide the necessary information for financial reporting.

Statement of Condition: During our audit, we worked with School District personnel to obtain the annual information (additions, disposals, depreciation) needed to record and disclose capital asset activity. Fixed asset detail is tracked in various forms, including large Excel files.

Cause and Effect: There were numerous revisions needed to obtain complete listings of capital assets that rolled forward from the prior year. Maintaining accurate capital asset information is paramount to financial reporting and disclosure.

Identification of Repeat Finding: Yes

Recommendation: The School District should constantly update the fixed asset schedule and ensure prior year information rolls forward to the current year for all capital asset classes. By identifying assets to be capitalized throughout the year, the School District can reduce the time needed during the closing process to produce the necessary reports. Additionally, the adjustments for capital asset activity in the food service fund should be posted prior to audit fieldwork.

It is our understanding that the School District plans to investigate software solutions for its fixed asset record keeping. We agree that this could provide a solution to achieve the recommendations above.

View of Responsible Officials: Based on last year's recommendation, the business office assumed responsibility for fixed asset schedules. The School District continues to work on improving the capital asset accounting system. Fixed asset schedules will be updated to ensure prior year information rolls forward to the current year for all capital asset classes. The School District plans to purchase a new fixed asset software solution for implementation during the 2021-2022 fiscal year.

West Shore School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
(Continued)
Year Ended June 30, 2021

C. Findings and Questioned Costs - Major Federal Awards Programs Audit

#2021-003 Significant Deficiency in internal control over compliance - allowable costs/cost principles - time and effort reporting.

Special Education - Grants to States (IDEA, Part B), CFDA #84.027

Criteria: School Districts are required to have appropriate controls over time and effort records for employees that work on federal programs. In accordance with Uniform Guidance, salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Statement of Condition: We noted that while the School District does not have written procedures for time and effort, the School District has completed certification forms for employees working on other Federal programs. These certification forms were not completed; however, to support the employees' time charged to the IDEA federal award program.

Cause and Effect: Although the certifications were not completed, the School District provided additional documentation to support compliance with the time and effort requirement of the program. Therefore, we determined that salaries and benefits charged to the federal program are allowable activities.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: We recommend that the School District implement written procedures over time and effort records for employees who work on federal programs. We recommend that these procedures are enforced to ensure that consistent records are maintained for all employees who work on federal programs to support the time allocated to those programs.

View of Responsible Officials and Planned Corrective Action: The School District will implement written procedures over time and effort records for employees who work on federal programs. These procedures will be enforced, as recommended, to ensure that consistent records are maintained for all employees who work on federal programs to support the time allocated to those programs.

West Shore School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
(Continued)
Year Ended June 30, 2021

C. Findings and Questioned Costs - Major Federal Awards Programs Audit (Continued)

#2021-004 Significant Deficiency in internal control over compliance - allowable costs/cost principles (Credits).

Special Education - Grants to States (IDEA, Part B), CFDA #84.027

Criteria: In accordance with the Uniform Guidance, to the extent that a non-Federal entity receives credits, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

Statement of Condition: The School District receives retirement subsidies and did not properly reduce the retirement expenditures charged against the IDEA, Part B grant program, accordingly.

Cause and Effect: The accounting records did not originally appear to reflect sufficient expenditures to support the IDEA, Part B balance as reported on the SEFA. The School District did, however, incur expenditures in excess of the grant received. The expenditures were recorded in other accounts, and the School District posted an adjustment.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: We recommend that the School District implement procedures to properly reduce retirement expenditures by retirement subsidies and to ensure that all IDEA, Part B expenditures are properly reflected in the general ledger to support the balance on the SEFA.

View of Responsible Officials and Planned Corrective Action: The School District will implement procedures to properly reduce retirement expenditures by retirement subsidies and ensure that all IDEA, Part B expenditures are properly reflected in the general ledger to support the balance on the SEFA.



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

West Shore School District
SUMMARY SCHEDULE of PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

#2020-001 - Closing Adjustments

Criteria: The financial closing process includes preparation of reconciliations, supporting schedules, year-end accruals, and adjusting journal entries.

Statement of Condition: During our audit, we proposed material adjustments to the following School District records based on the result of our procedures. Adjustments were proposed to cash (capital reserve and capital projects funds), fixed assets and related depreciation (governmental activities and food service fund), interfund balances (general, food service, and capital projects funds), accounts payable (capital reserve, capital projects, and food service funds), deferred revenue (food service fund), bond issuance (capital projects fund), fund balance (capital reserve and capital projects funds), and a land purchase and subsequent interfund reimbursement (general and capital projects funds). The entries were to reverse prior year closing entries and to record current year amounts as of and for the year ended June 30, 2020.

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

Current Status: During the current audit, we noted improvement in the general fund closing adjustments. However, certain other closing corrections were needed and we proposed additional adjustments. This finding will be repeated as #2021-001.

#2020-002 - General Ledger Accounting - Capital Projects Fund

Criteria: The detail maintained in a general ledger accounting system is integral to financial reporting and day to day oversight of the School District.

Statement of Condition: During our audit, we noted that the School District does not maintain the accounting records for the 2019 bond account in the capital projects fund in its general ledger accounting software. We were able to obtain the detail for these areas through supplemental records.



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

West Shore School District
SUMMARY SCHEDULE of PRIOR AUDIT FINDINGS
(Continued)
Year Ended June 30, 2021

Recommendation: The School District should include all activity in its general ledger accounting system. Separate expense accounts can be maintained for different capital projects funds to segregate the projects. By including this fund in the general ledger, the School District can obtain more timely and complete information for entity wide reporting.

Current Status: This issue was not noted during the current audit and is deemed to be resolved.

#2020-003 - Capital Asset Accounting

Criteria: Capital assets are reported on the government-wide financial statements and are disclosed in the notes to the financial statements. The detailed transactions for capital asset activity (i.e., additions, deletions, and annual depreciation) provide the necessary information for financial reporting.

Statement of Condition: During our audit, we worked with School District personnel to obtain the annual information (additions, disposals, depreciation) needed to record and disclose capital asset activity. The School District currently relies on an individual outside of the business office to serve as the point person for capital asset records.

Recommendation: The School District should shift the primary responsibility of capital asset reporting and reconciliation to the business office. The School District should constantly update the fixed asset schedule and ensure prior year information rolls forward to the current year for all capital asset classes. By identifying assets to be capitalized throughout the year, the School District can reduce the time needed during the closing process to produce the necessary reports. Additionally, the adjustments for capital asset activity in the food service fund should be posted prior to audit fieldwork.

Current Status: During the current audit, the auditors worked with the School District personnel to obtain the annual information needed to record and disclose capital asset activity. This finding will be repeated as #2021-002.

WEST SHORE SCHOOL DISTRICT



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

Correct Action Plan
December 29, 2021

West Shore School District respectfully submits the following corrective action plan for the year ending June 30, 2021.

Oversight Agency for Audit: U.S. Department of Education

Name and address of independent public accounting firm: Trout CPA, 1705 Oregon Pike, Lancaster, Pennsylvania, 17601-4200

Audit Period: July 1, 2020 through June 30, 2021.

The finding from the Schedule of Findings and Questions Costs for the year ended June 30, 2021 is discussed below. The finding is numbered consistently with the number assigned in the schedule:

Findings – Financial Statement Audit

Material Weakness-Internal Control Over Financial closing Process

#2021-001 – Closing Adjustments

Criteria: The financial closing process includes preparation of reconciliations, supporting schedules, year-end accruals, and adjusting journal entries.

Statement of Condition: During the audit, we proposed material adjustments to the following School District records based on the result of our procedures. Adjustments were proposed to fixed assets and related depreciation (governmental activities and food service fund), interfund balances and transfers (food service, capital reserve, and capital projects funds), accounts payable (capital reserve and capital projects), grants and subsidies receivable (food service).

The entries were to reverse prior year closing entries and to record current year amounts as of and for the year ended June 30, 2021.

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.

Recommendation: The School District should revise its year-end close procedures related to the accounts above to proactively address these adjustments in the future. Closing procedures should include a review

507 Fishing Creek Road, P. O. Box 803, New Cumberland, Pennsylvania 17070-0803

District Office, 507 Fishing Creek Road, Lewisberry, Pennsylvania 17339-9517

Phone 717-938-9577

Fax 717-938-2779

www.wssd.k12.pa.us

An equal opportunity employer

of balance sheet accounts for completeness and accuracy. Any necessary reconciliations should be maintained as part of the School District's accounting records. The closing adjustments should be posted to the School District's accounts prior to the start of audit fieldwork.

Based on our discussions with School District personnel, we recognize that the School District has taken steps to improve the year end close and reconciliation process over the past few years. The School District implemented our closing recommendations from last year as it relates to the general fund. Additionally, subsequent to June 30, 2021, the School District started to use QuickBooks for its capital reserve and capital projects accounting. Our comments and suggestions above relate to areas that are opportunities for continued improvements.

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

Significant Deficiencies

#2021-002– Capital Asset Accounting

Criteria: Capital assets are reported on the government-wide financial statements and are disclosed in the notes to the financial statements. The detailed transactions for capital asset activity (i.e. additions, deletions, and annual depreciation) provide the necessary information for financial reporting.

Statement of Condition: During our audit, we worked with School District personnel to obtain the annual information (additions, disposals, depreciation) needed to record and disclose capital asset activity. Fixed asset detail is tracked in various forms, including large Excel files.

Cause and Effect: There were numerous revisions needed to obtain complete listings of capital assets that rolled forward from the prior year. Maintaining accurate capital asset information is paramount to financial reporting and disclosure.

Recommendation: The School District should constantly update the fixed asset schedule and ensure prior year information rolls forward to the current year for all capital asset classes. By identifying assets to be capitalized throughout the year, the School District can reduce the time needed during the closing process to produce the necessary reports. Additionally, the adjustments for capital asset activity in the food service fund should be posted prior to audit fieldwork.

It is our understanding that the School District plans to investigate software solutions for its fixed asset record keeping. We agree that this could provide a solution to achieve the recommendations above.

View of Responsible Officials: Based on last year's recommendation, the business office assumed responsibility for fixed asset schedules. The District continues to work on improving the capital asset accounting system. Fixed Asset schedules will be updated to ensure prior year information rolls forward to the current year for all capital asset classes. The District plans to purchase a new fixed asset software solution for implementation during the 2021-2022 fiscal year.

Findings and Questioned Costs-Major Federal Awards Programs Audit

#2021-003 Significant Deficiency in internal control over compliance – allowable costs/cost principles-time and effort reporting.

Special Education – Grants to States (IDEA, Part B), CFDA #84.027

Criteria: School Districts are required to have appropriate controls over time and effort records for employees that work on federal programs. In accordance with Uniform Guidance, salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Statement of condition: We noted that while the School District does not have written procedures for time and effort, the School District has completed certification forms for employees working on other Federal Programs. These certification forms were not completed; however, to support the employees' time charged to the IDEA federal award program.

Cause and Effect: Although the certifications were not completed, the School District provided additional documentation to support compliance with the time and effort requirement of the program. Therefore, we determined that salaries and benefits charged to the federal program are allowable activities.

Questioned Costs: None

Recommendation: We recommend that the School District implement written procedures over time and effort records for employees who work on federal programs. We recommend that these procedures are enforced to ensure that consistent records are maintained for all employees who work on federal programs to support the time allocated to those programs.

View of Responsible Officials and Planned Corrective Action: The School District will implement written procedures over time and effort records for employees who work on federal programs. These procedures will be enforced, as recommended, to ensure that consistent records are maintained for all employees who work on federal programs to support the time allocated to those programs.

#2021-004 Significant Deficiency in internal control over compliance – allowable costs/cost principles (Credits).

Special Education – Grants to States (IDEA, Part B), CFDA #84.027

Criteria: In accordance with the Uniform Guidance, to the extent that a non-Federal entity receives credits, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

Statement of Condition: The School District receives retirement subsidies and did not reduce the retirement expenditures charged against the IDEA, Part B grant program, accordingly.

Cause and Effect: The accounting records did not originally appear to reflect sufficient expenditures to

support the IDEA, Part B balance as reported on the SEFA. The School District did, however, incur expenditures in excess of the grant received. The expenditures were recorded in other accounts, and the School District posted an adjustment.

Questioned Costs: None

Recommendation: We recommend that the School District implement procedures to properly reduce retirement expenditures by retirement subsidies and to ensure that all IDEA, Part B expenditures are properly reflected in the general ledger to support the balance on the SEFA.

View of Responsible Official and Planned Corrective Action: The School District will implement procedures to properly reduce retirement expenditures by retirement subsidies and ensure that all IDEA, Part B expenditures are properly reflected in the general ledger to support the balance on the SEFA.

If you have any questions in regards to the corrective action plan, please contact Melinda L. Stuck at 717.938.9577 Extension 10610.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melinda L. Stuck', written over a faint, illegible background.

Melinda L. Stuck
Director of Business Affairs