

WESTERN WAYNE SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2024

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Brian T. Kelly, CPA
& Associates, LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Education of the
Western Wayne School District:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Western Wayne School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 activity, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis on pages 7 through 16, and the Required Supplementary Information on pages 58 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 63, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 12, 2024 on our consideration of the 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "B. Kelly CPA & ASSOCIATES L.L.C." The signature is written in a cursive, flowing style.

Carbondale, Pennsylvania
December 12, 2024

WESTERN WAYNE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Western Wayne School District (District) for the year ended June 30, 2024. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should review the basic financial statements and the notes to the financial statements for a better understanding of the District as a whole.

FINANCIAL HIGHLIGHTS

Total net position (deficit) of the District improved by \$4,719,296 in 2024 to \$(16,415,714) at June 30, 2024. Net position of the governmental activities increased \$4,700,382. Net position of the business-type activity increased \$18,914.

The District had \$49,618,143 in expenses related to governmental activities in 2024; only \$15,887,423 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes and state subsidies) of \$38,431,102 were adequate to provide for these programs.

In the District's business-type activity, net position increased by \$18,914 as a result of a change to the Community Eligibility Program (CEP) which offers free breakfast and lunch to all students regardless of income.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

The government-wide financial statements can be found on pages 17-18 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. The District uses several different types of funds, but the two most significant types are the governmental and proprietary fund types.

GOVERNMENTAL FUNDS

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

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the District's major funds: General Fund, the Capital Projects Fund, Capital Reserve Fund, and the Debt Service Fund.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 23 of this report to demonstrate compliance with this budget.

PROPRIETARY FUND

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

FIDUCIARY FUND

The District accounts for its custodial fund as a fiduciary fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-57 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the Board of Education.

The General Fund's approved budget for 2024 included revenues of \$52,898,066 and expenditures and other financing uses of \$54,347,024. There were no amendments made to the budget in 2024.

Actual revenues were higher than budgeted revenues in 2024 by \$1,534,920. Local source revenue was higher than budget by \$917,164 due to higher than expected real estate tax, real estate transfer tax collections, increased earning on investments and tuition from local patrons. State source revenue was higher than the budget by \$942,431 due primarily to additional basic education funding along with special education funding and transportation reimbursement. Federal source revenue was lower than budgeted revenue by \$324,675 due to not receiving Medical Access funding for our school age program.

Actual expenditures were higher than budgeted expenditures in 2024 by \$1,143,448. This was true across all areas of expenditures but due in large part to increased expenditures for our special education students instructional and support needs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

GOVERNMENTAL ACTIVITIES

The net position (deficit) of the governmental activities improved by \$4,700,382 in 2024, an increase of \$2,493,792 over 2023. Revenues increased \$3,032,327 due to increased investment earnings, state funding (retirement, transportation, basic and special education subsidies) and utilization of most of the remaining federal pandemic relief grant funds allocated to the District in prior years. In addition, real estate and real estate transfer taxes increased, with the former driven by a 2.49% increase in the tax levy for 2024.

Expenses increased \$538,535 or 1.1% due to increased salaries, benefits, and supply costs.

BUSINESS-TYPE ACTIVITY

The net position of the food service operation increased by \$18,914 from 2023 primarily due to our change to the Community Eligibility Program, which offers free breakfast and lunch to all students. All student meals are now state and federally subsidized. As a result, food subsidy payments increased at a greater pace than food costs. The General Fund also made a transfer to the Food Service Fund to eliminate the carried deficit.

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's condensed government-wide financial statements are presented comparatively as follows:

CONDENSED STATEMENT OF NET ASSETS (IN 000'S)

	Governmental Activities		Business-type Activity		Totals	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 19,093	\$ 19,922	\$ 38	\$ 13	\$ 19,131	\$ 19,935
Capital and other assets	37,127	36,106	26	35	37,153	36,141
Deferred outflows of resources	10,932	11,137	-	-	10,932	11,137
Total	<u>\$ 67,152</u>	<u>\$ 67,165</u>	<u>\$ 64</u>	<u>\$ 48</u>	<u>\$ 67,216</u>	<u>\$ 67,213</u>
Current liabilities	\$ 12,098	\$ 11,656	\$ 18	\$ 21	\$ 12,116	\$ 11,677
Long-term liabilities	67,853	73,018	46	46	67,899	73,064
Total liabilities	<u>79,951</u>	<u>84,674</u>	<u>64</u>	<u>67</u>	<u>80,015</u>	<u>84,741</u>
Deferred inflows of resources	<u>3,617</u>	<u>3,607</u>	<u>-</u>	<u>-</u>	<u>3,617</u>	<u>3,607</u>
Net investment in capital assets	28,145	23,854	26	35	28,171	23,889
Restricted	788	766			788	766
Unrestricted	<u>(45,349)</u>	<u>(45,736)</u>	<u>(26)</u>	<u>(54)</u>	<u>(45,375)</u>	<u>(45,790)</u>
Total net position	<u>(16,416)</u>	<u>(21,116)</u>	<u>-</u>	<u>(19)</u>	<u>(16,416)</u>	<u>(21,135)</u>
Total	<u>\$ 67,152</u>	<u>\$ 67,165</u>	<u>\$ 64</u>	<u>\$ 48</u>	<u>\$ 67,216</u>	<u>\$ 67,213</u>

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	Governmental Activities		Business-type Activity		Totals	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Charges for services	\$ 604	\$ 572	\$ 49	\$ 222	\$ 653	\$ 794
Operating grants and contributions	15,284	13,643	1,364	1,117	16,648	14,760
Taxes levied for general purposes	29,756	29,373	-	-	29,756	29,373
Grants, subsidies and contributions	7,931	7,156	-	-	7,931	7,156
Investment earnings	770	236	-	-	770	236
Transfers	(82)	-	82	-	-	-
Other	<u>56</u>	<u>306</u>	<u>1</u>	<u>1</u>	<u>57</u>	<u>307</u>
Total revenues	<u>54,319</u>	<u>51,286</u>	<u>1,496</u>	<u>1,340</u>	<u>55,815</u>	<u>52,626</u>
Instruction	29,730	27,951	-	-	29,730	27,951
Instructional student support	3,685	3,714	-	-	3,685	3,714
Administration and financial support	4,726	4,749	-	-	4,726	4,749
Operation and maintenance of plant	2,829	4,459	-	-	2,829	4,459
Pupil transportation	4,913	4,577	-	-	4,913	4,577
Student activities	1,321	1,143	-	-	1,321	1,143
Interest	171	253	-	-	171	253
Depreciation	2,244	2,233	-	-	2,244	2,233
Food service	<u>-</u>	<u>-</u>	<u>1,477</u>	<u>1,341</u>	<u>1,477</u>	<u>1,341</u>
Total expenses	<u>49,619</u>	<u>49,079</u>	<u>1,477</u>	<u>1,341</u>	<u>51,096</u>	<u>50,420</u>
Change in net position	4,700	2,207	19	(1)	4,719	2,206
Net position (deficit), beginning	<u>(21,116)</u>	<u>(23,323)</u>	<u>(19)</u>	<u>(18)</u>	<u>(21,135)</u>	<u>(23,341)</u>
Net position (deficit), ending	<u><u>\$ (16,416)</u></u>	<u><u>\$ (21,116)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (19)</u></u>	<u><u>\$ (16,416)</u></u>	<u><u>\$ (21,135)</u></u>

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND (MAJOR)

The following represents a summary of General Fund revenue, by source, along with changes from 2023:

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Local sources	\$31,772,734	\$30,545,696	\$ 1,227,038	4.02%
State sources	19,476,522	18,243,102	1,233,420	6.76%
Federal sources	<u>3,183,730</u>	<u>2,392,083</u>	<u>791,647</u>	<u>33.09%</u>
Total	<u>\$54,432,986</u>	<u>\$51,180,881</u>	<u>\$3,252,105</u>	<u>6.35%</u>

LOCAL SOURCES

The majority of the increase in local source revenue is attributable to increased real estate tax collections and interest earnings.

STATE SOURCES

The District received additional retirement and transportation reimbursements, as well as increased basic and special education subsidies.

FEDERAL SOURCES

The increase is primarily due to the Elementary and Secondary School Emergency Relief (ESSER) pandemic-related funds. These funds must be fully spent by September 30, 2024. The District has only a small amount left to spend as of June 30, 2024.

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

The following represents a summary of General Fund expenditures, by function, along with changes from 2023:

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Instruction	\$30,829,676	\$29,507,447	\$1,322,229	4.48%
Support services	19,798,608	18,258,047	1,540,561	8.44%
Noninstructional services	1,368,556	1,194,682	173,874	14.55%
Transfers out	<u>3,575,631</u>	<u>3,489,931</u>	<u>85,700</u>	<u>2.46%</u>
Total	<u>\$55,572,471</u>	<u>\$52,450,107</u>	<u>\$3,122,364</u>	<u>5.95%</u>

INSTRUCTION

The District saw higher costs resulting from scheduled salary and benefits increases as well as charter school tuition and special education expenses.

SUPPORT SERVICES

The District had scheduled salary and benefits increases and added security staff. Legal service fees increased from due process claims as did building upgrades, most of which were covered by federal grants.

NONINSTRUCTIONAL SERVICES

The District had increased costs for extra-curricular and athletic expenses, particularly athletic salaries and transportation.

TRANSFERS OUT

The increase is related to a transfer to the Food Service Fund to eliminate a carried deficit in that fund. The transfer out to the Debt Service Fund was consistent with 2023.

CAPITAL RESERVE AND CAPITAL PROJECTS FUNDS (MAJOR)

These funds account for major construction projects in the District. The combined total fund balance at June 30, 2024 was \$833,744, which represents capital reserve funds for future capital needs along with the remaining proceeds from a prior bond issue.

WESTERN WAYNE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)

DEBT SERVICE FUND (MAJOR)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations, primarily bonds payable. In 2024, the District paid approximately \$3.5 million of debt service, including \$3.15 million of principal.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2024 is summarized below.

	GOVERN- MENTAL <u>ACTIVITIES</u>	BUSINESS- TYPE <u>ACTIVITY</u>	<u>TOTALS</u>
Land	\$ 539,550	\$ -	\$ 539,550
Construction in progress	3,103,004	-	3,103,004
Land improvements	5,035,803	-	5,035,803
Buildings and improvements	66,670,232	-	66,670,232
Furniture and equipment	<u>5,524,608</u>	<u>174,299</u>	<u>5,698,907</u>
Total	80,873,197	174,299	81,047,496
Less accumulated depreciation	<u>(44,580,432)</u>	<u>(148,726)</u>	<u>(44,729,158)</u>
Net	<u>\$ 36,292,765</u>	<u>\$ 25,573</u>	<u>\$36,318,338</u>

Additional information on the District's capital assets can be found on page 39 of this report.

LONG TERM DEBT/SUBSEQUENT EVENT

At June 30, 2024, the District's general obligation debt was \$8,050,000. This amount is approximately 7.0% of its legal limit of \$115 million. \$3,270,000 of this debt is scheduled for payment in 2025. The District's bonds have an Aa3 rating from Moody's Investors Service.

In October 2024, the District issued \$9,255,000 of general obligation bonds for capital improvements related to upgrades of HVAC and the wastewater plant. These bonds are due in varying annual installments plus interest at rates ranging from 3.00% to 5.00%, with final maturity scheduled for 2031. Debt service for 2025 and 2026 will be slightly higher than 2024 due to interest but payments level off at \$2.4 million for 2027-2031.

Additional information on the District's long-term debt can be found on page 40 of this report.

ECONOMIC CONDITION AND OUTLOOK

The District is residential in nature and has experienced only modest growth in its tax base and a slight increase in student enrollment in recent years.

The District continues to experience pressure from rising salaries, benefits, and other costs. While offset to some degree by recent increases in state basic education funding, the District continues to rely on its real estate tax levy to cover the increased costs. For fiscal 2025, the District raised its levy by 4.75% to offset some of these costs and has planned to use a portion of its fund balance to cover the rest. For fiscal 2026, the District can raise taxes without state approval or voter referendum by a 4.0% index.

The District has labor contracts with both the professional and support professional unions that run through the end of fiscal 2025.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rose E. Emmett, Business Manager, Western Wayne School District, 1970C Easton Turnpike, Lake Ariel, PA 18436.

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITY	TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 5,588,081	\$ 1,132,563	\$ 6,720,644
Investments	5,637,004	-	5,637,004
Taxes receivable, net	1,592,645	-	1,592,645
Due from other governments	4,954,356	154,756	5,109,112
Internal balances	1,263,000	(1,263,000)	-
Other receivables	57,764	-	57,764
Inventories	-	13,759	13,759
Total current assets	19,092,850	38,078	19,130,928
CAPITAL ASSETS	36,292,765	25,573	36,318,338
ASSETS HELD FOR CAPITAL PROJECTS	833,744	-	833,744
Total assets	56,219,359	63,651	56,283,010
DEFERRED OUTFLOWS OF RESOURCES - PENSION AND OPEB	10,932,552	-	10,932,552
TOTAL	\$ 67,151,911	\$ 63,651	\$ 67,215,562
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION (DEFICIT)</u>			
Current liabilities:			
Accounts payable	\$ 1,470,243	\$ -	\$ 1,470,243
Accrued salaries and benefits	6,661,607	-	6,661,607
Payroll deductions and withholdings	207,985	-	207,985
Other current liabilities	2,476	-	2,476
Current maturities of bonds payable	3,275,000	-	3,275,000
Current portion of special termination benefits	248,000	-	248,000
Current portion of compensated absences	147,396	5,037	152,433
Accrued interest	70,644	-	70,644
Unearned revenues	20,112	13,211	33,323
Total current liabilities	12,103,463	18,248	12,121,711
BONDS PAYABLE	4,918,536	-	4,918,536
SPECIAL TERMINATION BENEFITS	368,640	-	368,640
OTHER POSTEMPLOYMENT BENEFITS	3,312,958	-	3,312,958
COMPENSATED ABSENCES	1,326,559	45,335	1,371,894
NET PENSION LIABILITY	57,921,000	-	57,921,000
Total liabilities	79,951,156	63,583	80,014,739
DEFERRED INFLOWS OF RESOURCES - PENSION AND OPEB	3,616,507	-	3,616,507
NET POSITION (DEFICIT):			
Net investment in capital assets	28,144,868	25,573	28,170,441
Restricted	788,105	-	788,105
Unrestricted	(45,348,725)	(25,505)	(45,374,230)
Total net position (deficit)	(16,415,752)	68	(16,415,684)
TOTAL	\$ 67,151,911	\$ 63,651	\$ 67,215,562

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION (DEFICIT)		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
GOVERNMENTAL ACTIVITIES:						
Instruction	\$ (29,729,902)	\$ 583,569	\$ 10,458,431	\$ (18,687,902)		\$ (18,687,902)
Instructional student support	(3,685,543)	-	526,941	(3,158,602)		(3,158,602)
Administration and financial support services	(4,725,677)	-	422,867	(4,302,810)		(4,302,810)
Operation and maintenance of plant services	(2,829,000)	3,011	321,530	(2,504,459)		(2,504,459)
Pupil transportation	(4,912,698)	-	3,431,111	(1,481,587)		(1,481,587)
Student activities	(1,320,965)	17,339	122,624	(1,181,002)		(1,181,002)
Interest	(170,655)	-	-	(170,655)		(170,655)
Depreciation	<u>(2,243,673)</u>	<u>-</u>	<u>-</u>	<u>(2,243,673)</u>		<u>(2,243,673)</u>
Total governmental activities	(49,618,113)	603,919	15,283,504	(33,730,690)		(33,730,690)
BUSINESS-TYPE ACTIVITY, FOOD SERVICE	<u>(1,476,879)</u>	<u>49,161</u>	<u>1,363,943</u>	<u>-</u>	<u>\$ (63,775)</u>	<u>(63,775)</u>
TOTAL	<u><u>\$ (51,094,992)</u></u>	<u><u>\$ 653,080</u></u>	<u><u>\$ 16,647,447</u></u>	<u>(33,730,690)</u>	<u>(63,775)</u>	<u>(33,794,465)</u>
GENERAL REVENUES:						
Taxes levied for general purposes, net				29,756,021	-	29,756,021
Grants, subsidies and contributions not restricted				7,931,441	-	7,931,441
Miscellaneous income				56,068	-	56,068
Transfers				(82,500)	82,500	-
Investment earnings				<u>770,072</u>	<u>189</u>	<u>770,261</u>
Total general revenues				<u>38,431,102</u>	<u>82,689</u>	<u>38,513,791</u>
CHANGE IN NET POSITION				4,700,412	18,914	4,719,326
NET POSITION (DEFICIT), BEGINNING				<u>(21,116,164)</u>	<u>(18,846)</u>	<u>(21,135,010)</u>
NET POSITION (DEFICIT), ENDING				<u>\$ (16,415,752)</u>	<u>\$ 68</u>	<u>\$ (16,415,684)</u>

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2024

	MAJOR FUNDS			
	GENERAL	CAPITAL RESERVE	CAPITAL PROJECTS	TOTALS
ASSETS:				
Cash and cash equivalents	\$ 5,588,081	\$ -	\$ -	\$ 5,588,081
Investments	5,637,004	-	-	5,637,004
Assets held for capital projects	-	788,105	45,639	833,744
Taxes receivable, net	1,592,645	-	-	1,592,645
Due from other funds	1,263,000	-	-	1,263,000
Due from other governments	4,954,356	-	-	4,954,356
Other receivables	57,764	-	-	57,764
TOTAL	<u>\$ 19,092,850</u>	<u>\$ 788,105</u>	<u>\$ 45,639</u>	<u>\$ 19,926,594</u>
LIABILITIES:				
Accounts payable	\$ 1,470,243	\$ -	\$ -	\$ 1,470,243
Accrued salaries and benefits	6,661,607	-	-	6,661,607
Payroll deductions and withholdings	207,985	-	-	207,985
Special termination benefits	248,000	-	-	248,000
Unearned revenues	20,112	-	-	20,112
Other current liabilities	2,476	-	-	2,476
Total liabilities	<u>8,610,423</u>	<u>-</u>	<u>-</u>	<u>8,610,423</u>
DEFERRED INFLOWS OF RESOURCES,				
Unavailable revenue - real estate taxes	<u>932,464</u>	<u>-</u>	<u>-</u>	<u>932,464</u>
FUND BALANCES:				
Restricted	-	788,105	45,639	833,744
Committed	1,137,922	-	-	1,137,922
Assigned	4,916,089	-	-	4,916,089
Unassigned	3,495,952	-	-	3,495,952
Total fund balances	<u>9,549,963</u>	<u>788,105</u>	<u>45,639</u>	<u>10,383,707</u>
TOTAL	<u>\$ 19,092,850</u>	<u>\$ 788,105</u>	<u>\$ 45,639</u>	<u>\$ 19,926,594</u>

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

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

JUNE 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 10,383,707
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Amounts reported for governmental activities
in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	36,292,765
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Real estate taxes receivable will not be collected soon enough to pay for the current period's expenditures and therefore are deferred in the funds	932,464
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Accrued interest payable is included in the statement of net position (deficit)	(70,644)
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Deferred outflows of resources related to the net pension and other postemployment liabilities are included in the statement of net position (deficit)	10,932,552
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Deferred inflows of resources related to the net pension and other postemployment liabilities are included in the statement of net position (deficit)	(3,616,507)
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Long-term liabilities are not due and payable in the
current period, and therefore are not reported in the
governmental funds:

Bonds payable	(8,193,536)
Special termination benefits	(368,640)
Other postemployment benefits (OPEB)	(3,312,958)
Compensated absences	(1,473,955)
Net pension liability	<u>(57,921,000)</u>

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	<u><u>\$ (16,415,752)</u></u>
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See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	MAJOR FUNDS				TOTALS
	GENERAL	CAPITAL RESERVE	CAPITAL PROJECTS	DEBT SERVICE	
REVENUES:					
Local sources	\$ 31,772,734	\$ 21,576	\$ 1,027	\$ -	\$ 31,795,337
State sources	19,476,522	-	-	-	19,476,522
Federal sources	3,183,730	-	-	-	3,183,730
Total revenues	54,432,986	21,576	1,027	-	54,455,589
EXPENDITURES:					
Instruction	30,829,676	-	-	-	30,829,676
Support services	19,798,608	-	240	-	19,798,848
Noninstructional services	1,368,556	-	-	-	1,368,556
Capital outlay	-	-	103,581	-	103,581
Debt service	-	-	-	3,493,131	3,493,131
Total expenditures	51,996,840	-	103,821	3,493,131	55,593,792
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,436,146	21,576	(102,794)	(3,493,131)	(1,138,203)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	3,493,131	3,493,131
Transfers out	(3,575,631)	-	-	-	(3,575,631)
Total other financing sources (uses)	(3,575,631)	-	-	3,493,131	(82,500)
NET CHANGE IN FUND BALANCES	(1,139,485)	21,576	(102,794)	-	(1,220,703)
FUND BALANCE, BEGINNING	10,689,448	766,529	148,433	-	11,604,410
FUND BALANCE, ENDING	\$ 9,549,963	\$ 788,105	\$ 45,639	\$ -	\$ 10,383,707

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (1,220,703)
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Amounts reported for governmental activities
in the statement of activities are different because:

Capital asset additions are reported as expenditures in the funds	3,346,367
Depreciation expense is reported in the statement of activities	(2,243,673)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net change in revenue accrued between the prior and current year	(54,564)
Repayment of bonds payable uses current financial resources and is reported in the funds but not the statement of activities	3,150,000
Amortization of premium on bonds payable	141,076
Change in accrued interest on bonds payable	31,400
Change in OPEB liability and related deferred outflows and inflows of resources	163,181
Change in special termination benefits	39,071
Change in compensated absences	103,257
Change in net pension liability and related deferred outflows and inflows of resources	<u>1,245,000</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,700,412</u>
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See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Local sources	\$ 30,855,570	\$31,772,734	\$ 917,164
State sources	18,534,091	19,476,522	942,431
Federal sources	<u>3,508,405</u>	<u>3,183,730</u>	<u>(324,675)</u>
Total revenues	<u>52,898,066</u>	<u>54,432,986</u>	<u>1,534,920</u>
EXPENDITURES:			
Instruction	30,519,313	30,829,676	(310,363)
Support services	19,192,418	19,798,608	(606,190)
Noninstructional services	<u>1,141,661</u>	<u>1,368,556</u>	<u>(226,895)</u>
Total expenditures	<u>50,853,392</u>	<u>51,996,840</u>	<u>(1,143,448)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,044,674</u>	<u>2,436,146</u>	<u>391,472</u>
OTHER FINANCING USES, Transfers out	<u>(3,493,632)</u>	<u>(3,575,631)</u>	<u>(81,999)</u>
NET CHANGE IN FUND BALANCE	(1,448,958)	(1,139,485)	309,473
FUND BALANCE, BEGINNING	<u>11,208,674</u>	<u>10,689,448</u>	<u>(519,226)</u>
FUND BALANCE, ENDING	<u>\$ 9,759,716</u>	<u>\$ 9,549,963</u>	<u>\$ (209,753)</u>

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUND JUNE 30, 2024

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,132,563
Due from other governments	154,756
Inventories	<u>13,759</u>

Total current assets 1,301,078

CAPITAL ASSETS 25,573

TOTAL \$ 1,326,651

LIABILITIES AND NET POSITION (DEFICIT)

LIABILITIES:

Current liabilities:

Due to other funds	\$ 1,263,000
Unearned revenues	13,211
Current portion of compensated absences	<u>5,037</u>

Total current liabilities 1,281,248

COMPENSATED ABSENCES 45,335

Total liabilities 1,326,583

NET POSITION (DEFICIT):

Net investment in capital assets	25,573
Unrestricted	<u>(25,505)</u>

Total net position 68

TOTAL \$ 1,326,651

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION (DEFICIT) - PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES,	
Food service revenue	<u>\$ 49,161</u>
OPERATING EXPENSES:	
Salaries	460,751
Employee benefits	370,860
Purchased property services	13,699
Other purchased services	1,470
Food and supplies	620,320
Depreciation	<u>9,779</u>
Total operating expenses	<u>1,476,879</u>
OPERATING LOSS	<u>(1,427,718)</u>
NONOPERATING REVENUES:	
Earnings on investments	189
State sources	218,263
Federal sources	<u>1,145,680</u>
Total nonoperating revenues	<u>1,364,132</u>
TRANSFER IN	<u>82,500</u>
CHANGE IN NET POSITION	18,914
NET POSITION (DEFICIT), BEGINNING	<u>(18,846)</u>
NET POSITION (DEFICIT), ENDING	<u><u>\$ 68</u></u>

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF CASH FLOWS- PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from users	\$ 59,119
Cash payments to employees for services	(554,100)
Cash paid to suppliers for goods and services	<u>(558,624)</u>
Net cash used in operating activities	<u>(1,053,605)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State sources	225,913
Federal sources	<u>1,047,580</u>
Net cash provided by noncapital financing activities	<u>1,273,493</u>

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,

Earnings on investments	<u>189</u>
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CHANGE IN CASH AND CASH EQUIVALENTS

220,077

CASH AND CASH EQUIVALENTS, BEGINNING

912,486

CASH AND CASH EQUIVALENTS, ENDING

\$ 1,132,563

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS,

USDA donated commodities	<u><u>\$ 80,310</u></u>
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RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

Operating loss	\$ (1,427,718)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	9,779
USDA donated commodities	80,310
Increase or decrease in:	
Inventory	(3,445)
Due to other funds	291,285
Unearned revenues	(2,923)
Compensated absences	<u>(893)</u>
Net cash used in operating activities	<u><u>\$ (1,053,605)</u></u>

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2024

ASSETS

CASH	<u><u>\$ 99,221</u></u>
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NET POSITION

NET POSITION, Restricted for student activities	<u><u>\$ 99,221</u></u>
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See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

ADDITIONS:	
Student activity revenues	\$ 117,827
Interest income	<u>20</u>
Total additions	117,847
DEDUCTIONS,	
Student activity expenses	<u>104,763</u>
CHANGE IN NET POSITION	13,084
NET POSITION, BEGINNING	<u>86,137</u>
NET POSITION, ENDING	<u><u>\$ 99,221</u></u>

See Notes to Financial Statements

WESTERN WAYNE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major accounting principles and practices followed by the Western Wayne School District (District) are summarized below:

NATURE OF OPERATIONS

The District provides elementary and secondary education to the residents of the following municipalities: The Borough of Waymart, Canaan Township, South Canaan Township, Clinton Township, Salem Township, Sterling Township and Lake Township.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

REPORTING ENTITY

The reporting entity has been defined in accordance with the criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency, and legal separation.

Based on these criteria, the District has determined that there are no related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position (deficit) and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General, Capital Reserve, Capital Projects, and Debt Service Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions on these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

GENERAL FUND (MAJOR)

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund.

CAPITAL PROJECTS FUNDS

Capital Projects fund accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The District uses the following Capital Project sub-funds which it has elected to report as major funds:

CAPITAL RESERVE FUND (MAJOR)

The Capital Reserve Fund was established under the Pennsylvania Municipal Code to account for (1) moneys transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the District at the end of a fiscal year, and (3) interest earnings of the fund itself. Bond proceeds and other local, state, and federal revenue may not be deposited in this fund. No transfers out of this fund are allowable for any purpose. Expenditures from this fund are limited to capital improvements, replacement and additions to public works and improvements, for deferred maintenance, for the purchase or replacement of school buses, and for no other purpose.

OTHER CAPITAL PROJECTS FUND (MAJOR)

The Other Capital Projects Fund accounts for the financial resources to be used for acquisition, renovation, or construction of major capital facilities which are financed through the issuance of bonds or notes.

DEBT SERVICE FUND (MAJOR)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations.

PROPRIETARY FUND TYPE

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund which accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

FIDUCIARY FUND TYPE

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The fund included in this category is:

CUSTODIAL FUND

The Custodial Fund accounts for assets held, collected, and disbursed on behalf of various student activities and clubs.

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included in the statement of net position (deficit). The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net position (deficit).

FUND FINANCIAL STATEMENTS

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Proprietary funds are accounted for using the economic resources measurement focus.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

ACCRUAL BASIS

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

MODIFIED ACCRUAL BASIS

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. Expenditures, other than principal and interest on bonds payable, compensated absences, pension and other postemployment obligations, special termination benefits, and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences, pension and other postemployment obligations, special termination benefits, and claims and judgments are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue in both the government-wide and fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

ALLOCATION OF INDIRECT EXPENSES

The District does not allocate any indirect expenses, including depreciation.

BUDGETARY DATA

An operating budget is adopted each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the administration to prepare and submit a plan of financial operation to the Board of Education.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits, and investments purchased with an original maturity of three months or less.

INVESTMENTS

Investments consist of a certificate of deposit reported at cost, which approximates fair value.

ASSETS HELD FOR CAPITAL PROJECTS

Assets held for capital purposes consist of money market funds restricted for the acquisition of capital assets.

INVENTORIES

Food Service inventories are valued at the lower of cost (first-in, first-out method) or market except for donated inventories, which are valued at fair market value as determined by the U.S. Department of Agriculture at the date of donation.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position (deficit) but are not reported in the fund financial statements. Capital assets used by the Food Service Fund are reported both in the business-type activity of the government-wide statement of net position (deficit) and in the fund financial statements.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their fair value at date of receipt. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets except land are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

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

	GOVERNMENTAL <u>ACTIVITIES</u>	BUSINESS-TYPE <u>ACTIVITIES</u>
Land improvements	15 - 20 years	N/A
Buildings and improvements	30 - 40 years	N/A
Furniture and equipment	5 - 20 years	5 - 10 years

The District does not have any infrastructure capital assets.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position (deficit) in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Under the modified accrual basis of accounting, the District has an item that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from real estate taxes not yet collected which are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position (deficit) in this category.

COMPENSATED ABSENCES

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements provide for payment of accumulated sick leave, at retirement, based upon years of service and days accumulated. The rate paid varies by position. Vacation leave is available only to administrative and twelve-month support employees. Vacation pay is earned in the year in which the service has been performed. Administrative employees are entitled to accrue an annual designated number of vacation days, which carry over from year to year.

PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides eligible employees with retirement and OPEB benefits through the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343. In addition, the District provides eligible employees with OPEB benefits through a single employer defined benefit plan sponsored by the District (District Plan).

For purposes of measuring the PSERS net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the PSERS pension and OPEB plans, and additions to/deductions from the 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.

GOVERNMENT FUND BALANCE CLASSIFICATIONS

Fund balances are classified on the level of constraints placed on the usage of fund resources as follows:

- *Nonspendable* fund balances are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District has no nonspendable fund balances.
- *Restricted* fund balances are amounts that are restricted to specific purposes by constraints placed on their use that are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- *Committed* fund balances are amounts that can only be used for specific purposes imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removed or changes the specific use by taking the same action it employed to previously commit the amounts. At June 30, 2024, the Board of Education has committed \$1,137,922 of General Fund balance for a capital project, retirement incentives, healthcare and to balance the 2024-2025 budget.
- *Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Education has designated the Business Manager to assign fund balance amounts as deemed financially necessary and appropriate. At June 30, 2024, the Business Manager has assigned General Fund balance of \$4,916,089 for healthcare, retirement, and capital improvements.
- *Unassigned* fund balance is a residual classification and represents amounts that have not been assigned to other funds, and has not been restricted, committed, or assigned to a specific purpose within the General Fund.

ELIMINATIONS AND INTERNAL BALANCES

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled "internal balances" on the statement of net position (deficit).

USE OF RESTRICTED RESOURCES

When an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to use restricted resources first, and then unrestricted resources as needed.

USE OF ESTIMATES

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District's deposits and investments adhere to those statutes.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The District does not have a formal policy for custodial credit risk. At June 30, 2024, the bank balance of the District's deposits with financial institutions including cash equivalents and certificates of deposit was \$13,937,537 compared to the carrying amount of \$13,290,613. The difference is primarily caused by items in-transit and outstanding checks. \$13,141,898 of the District's deposits were exposed to custodial credit risk and were uninsured but collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

3. REAL ESTATE TAXES

The tax on real estate, as levied by the Board of Education, was 11.7242 mills (\$11.7242 per \$1,000 of assessed valuation) for fiscal 2024. Assessed valuations of property are determined by Wayne County and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

August 1	Levy Date
August 1 - September 30	2% discount period
October 1 – November 30	Face payment period
December 1 - December 31	10% penalty period
January 1	Lien date

Delinquent real estate taxes receivable at June 30, 2024 amounted to \$1,592,645. The amount of taxes receivable is reported net of an allowance for doubtful collections of \$1,128,325.

4. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2024 consists of the following:

Governmental activities:

Pennsylvania Department of Education:

State source revenue	\$ 3,034,691
Federal source revenue	633,844

Pennsylvania Commission on Crime and Delinquency,

State source revenue	55,290
Federal source revenue	32,778

Northeastern Educational Intermediate Unit #19,

Local source revenue	548,374
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Pennsylvania Department of Human Services,

Federal source revenue	9,935
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Other, local source revenues	<u>639,444</u>
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Total	<u>\$ 4,954,356</u>
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The amount reported in the Food Service Fund as due from other governments of \$154,756 represents \$15,667 due from the Pennsylvania Department of Education (PDE) for state meal subsidies, as well as \$139,089 in federal funds passed through the PDE.

5. CAPITAL ASSETS

The changes in the District's capital assets in 2024 are summarized as follows:

	BALANCE JULY 1, <u>2023</u>	<u>INCREASE</u>	<u>DECREASE</u>	BALANCE JUNE 30, <u>2024</u>
<u>Governmental activities:</u>				
Cost:				
Land	\$ 539,550	\$ -	\$ -	\$ 539,550
Construction in progress	-	3,103,004	-	3,103,004
Land improvements	5,035,803	-	-	5,035,803
Buildings and improvements	66,566,651	103,581	-	66,670,232
Furniture and equipment	<u>5,384,826</u>	<u>139,782</u>	<u>-</u>	<u>5,524,608</u>
Total cost	<u>77,526,830</u>	<u>3,346,367</u>	<u>-</u>	<u>80,873,197</u>
Less accumulated depreciation:				
Land improvements	(3,141,373)	(238,363)	-	(3,379,736)
Buildings and improvements	(35,222,593)	(1,853,741)	-	(37,076,334)
Furniture and equipment	<u>(3,972,793)</u>	<u>(151,569)</u>	<u>-</u>	<u>(4,124,362)</u>
Total accumulated depreciation	<u>(42,336,759)</u>	<u>(2,243,673)</u>	<u>-</u>	<u>(44,580,432)</u>
Governmental activities capital assets, net	<u>\$ 35,190,071</u>	<u>\$ 1,102,694</u>	<u>\$ -</u>	<u>\$36,292,765</u>
<u>Business – type activity:</u>				
Furniture and equipment	\$ 174,299	\$ -	\$ -	\$ 174,299
Less accumulated depreciation	<u>(138,947)</u>	<u>(9,779)</u>	<u>-</u>	<u>(148,726)</u>
Business-type activity capital assets, net	<u>\$ 35,352</u>	<u>\$ (9,779)</u>	<u>\$ -</u>	<u>\$ 25,573</u>

6. BONDS PAYABLE/SUBSEQUENT EVENT

In fiscal 2019, the District issued \$7,550,000 of general obligation bonds (Series of 2019) to refund a note payable and to finance various capital improvements. These bonds are due in varying annual installments plus interest at rates ranging from 2.125% to 4.00%, with final maturity scheduled for 2027.

In fiscal 2022, the District issued \$9,460,000 of general obligation bonds (Series of 2021) to refund a prior bond issue. These bonds are due in varying annual installments plus interest at rates ranging from 2.00% to 4.00%, with final maturity scheduled for 2025.

The Series of 2019 and 2021 are considered direct placement borrowings.

The following summarizes the changes in bonds payable in 2024:

	BALANCE JULY 1, 2023	INCREASE	DECREASE	BALANCE JUNE 30, 2024
Series of 2019	\$ 7,500,000	\$ -	\$ (10,000)	\$ 7,490,000
Series of 2021	<u>3,700,000</u>	<u>-</u>	<u>(3,140,000)</u>	<u>560,000</u>
Total face value	11,200,000	-	(3,150,000)	8,050,000
Bond premiums	<u>284,612</u>	<u>-</u>	<u>(141,076)</u>	<u>143,536</u>
Total	<u>\$11,484,612</u>	<u>\$ -</u>	<u>\$(3,291,076)</u>	<u>\$ 8,193,536</u>

Total interest paid on these bonds in 2024 was \$343,131. No interest is reported as a direct expense in the statement of activities.

In October 2024, the District issued \$9,255,000 of general obligation bonds to finance capital improvements. These bonds are due in varying annual installments plus interest at rates ranging from 3.00% to 5.00%, with final maturity scheduled for 2031.

WESTERN WAYNE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

The following summarizes the District's scheduled debt service on its bonds payable (as adjusted for the Series of 2024 bond issue):

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$ 3,275,000	\$ 418,477	\$ 3,693,477
2026	3,430,000	552,581	3,982,581
2027	1,940,000	479,650	2,419,650
2028	2,010,000	409,750	2,419,750
2029	2,110,000	309,250	2,419,250
2030-2031	<u>4,540,000</u>	<u>296,750</u>	<u>4,836,750</u>
Total	<u>\$17,305,000</u>	<u>\$ 2,466,458</u>	<u>\$ 19,771,458</u>

7. COMPENSATED ABSENCES

The following summarizes the changes in compensated absences in 2024:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Balance, July 1, 2023	\$1,577,212	\$ 51,265
Increases	370,561	8,275
Decreases	<u>(473,818)</u>	<u>(9,168)</u>
Balance, June 30, 2024	1,473,955	50,372
Less current portion	<u>147,396</u>	<u>5,037</u>
Long-term compensated absences	<u>\$1,326,559</u>	<u>\$ 45,335</u>

The District pays its compensated absences from the General Fund (governmental activities) and the Food Service Fund (business-type activity).

8. RETIREMENT PLAN

PLAN DESCRIPTION

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Class T-E and 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.

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

Benefits are generally between 1% to 2.5%, depending on 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 5 years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of 5 years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon death of an active member who has reached age 62 with at least 1 year of credited service (age 65 with at least 3 years of credited service for Class T-E and Class T-F members) or who has at least 5 years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective of the member had retired on the day before death.

MEMBER CONTRIBUTIONS

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

Members who joined PSERS on or after July 22, 1983, contribute 6.25% (Membership Class T-C) or 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 1, 2011 who elected Membership Class T-E or T-F contribute 7.50% or 10.30% (base rates), respectively, of the member's qualifying compensation. Class T-E and Class T-F members are affected by a "shared risk" provision that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 5.50% and 9.50% and the Class T-F contribution rate to fluctuate between 8.30% and 12.30%. The contribution rates for Class T-E and T-F are 8.00% and 10.80%, respectively, for periods after July 1, 2021 due to the shared risk provision.

Members who joined PSERS after June 30, 2019 and elected Membership Class T-G or T-H contribute 5.50% or 4.50% (base rates), respectively, of the member's qualifying compensation. Class T-G and Class T-H members are also subject to the shared risk provision that in future fiscal years could cause the Class T-G contribution rate to fluctuate between 2.50% and 8.50% and the Class T-H contribution rate to fluctuate between 1.50% and 7.50%. The contribution rates for Class T-G and T-H are 6.25% and 5.25%, respectively, for periods after July 1, 2021 due to the shared risk provision. In addition, these members contribute 2.75% (Class T-G) and 3.00% (Class T-H) to a defined contribution plan.

DISTRICT CONTRIBUTIONS

The District's contractually required contribution rate for PSERS for the fiscal year ended June 30, 2024 was 33.09% 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 PSERS from the District were approximately \$6,975,000 for the year ended June 30, 2024.

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION

At June 30, 2024, the District reported a liability of \$57,921,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by rolling forward the total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability is calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion of .1302%, which was a decrease of .0026% from its proportion calculated as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$5,730,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,639,000	\$ -
Changes in proportion	734,000	1,347,000
Changes in assumptions	864,000	-
Difference between expected and actual experience	13,000	793,000
Contributions after the measurement date	<u>6,975,000</u>	<u>-</u>
Total	<u>\$ 10,225,000</u>	<u>\$ 2,140,000</u>

The District will recognize the \$6,975,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDING JUNE 30

2025	\$ 780,000
2026	(1,669,000)
2027	1,452,000
2028	<u>547,000</u>
Total	<u>\$1,110,000</u>

CHANGES IN ACTUARIAL ASSUMPTIONS

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

- Valuation date – June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2023.
- Demographic and economic assumptions approved by the PSERS Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience, and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

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

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

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the District’s proportionate share of the net pension liability, calculated using the current discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	<u>\$75,082,000</u>	<u>\$57,921,000</u>	<u>\$43,443,000</u>

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about PSERS’ fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found at www.psers.pa.gov.

9. SPECIAL TERMINATION BENEFITS

The District’s collective bargaining agreements provide an early retirement incentive for those employees who retire with a specified level of service to the District and with PSERS. The District pays eligible employees \$19,000 annually for a maximum of five years. The number of payments is reduced by one for each year worked after initial eligibility for this benefit. The liability is discounted using a rate of 4%. Thirteen retirees are receiving this benefit as of June 30, 2024. Payments are made from General Fund.

Changes in the special termination benefits liability in 2024 were as follows:

Balance, July 1, 2023	\$ 662,500
Additions	195,000
Payments	<u>(225,500)</u>
Balance, June 30, 2024	632,000
Less unamortized discount	<u>15,360</u>
Present value of special termination benefits	616,640
Less current portion	<u>248,000</u>
Long-term special termination benefits	<u><u>\$ 368,640</u></u>

10. INTERNAL BALANCES / INTERFUND TRANSFERS

The Food Service Fund owed the General Fund \$1,263,000 at June 30, 2024 for reimbursement of salaries and benefits. This balance is expected to be paid in 2025.

The General Fund transferred \$3,493,131 to the Debt Service Fund to pay long-term debt as it came due. The General Fund also transferred \$82,500 to the Food Service Fund to cover its deficit.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

DISTRICT OPEB PLAN (DISTRICT PLAN)

PLAN DESCRIPTION AND BENEFITS

The District provides postemployment healthcare benefits for its employees who meet minimum District and PSERS service requirements under a plan that is considered a single employer plan. For teachers that retired prior to July 1, 2014, benefits include payment of 100% of the premiums for medical, prescription drug, dental, and vision for the employees and their spouse until age 65.

In addition, under Act 110 of 1998 and Act 43 of 1989, other eligible retired employees may continue to receive benefits by paying 100% of the cost of such coverage until age 65.

The contribution requirements of plan members and the District are established and may be amended by the Board of Education. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. As such, the plan is unfunded, there is no underlying trust, and no financial report is prepared.

EMPLOYEES COVERED BY THE DISTRICT PLAN

At July 1, 2023, a total of 308 participants were covered by the District Plan, including 297 active participants and 11 retired participants currently receiving benefits. There were no participants entitled to but not receiving benefits under the District Plan.

DISTRICT PLAN TOTAL OPEB LIABILITY

The District Plan's total OPEB liability of \$964,958 was measured as of June 30, 2024, as rolled forward from an actuarial valuation as of July 1, 2023.

CHANGES IN THE DISTRICT PLAN TOTAL OPEB LIABILITY

Balance at July 1, 2023	\$ 1,374,711
Service cost	50,068
Interest	53,412
Differences between expected and actual experience	(323,346)
Changes in assumptions	11,729
Benefit payments	<u>(201,616)</u>
Balance at June 30, 2024	<u>\$ 964,958</u>

The changes in assumptions amount results from a change in the discount rate from 4.06% to 4.13%. The trend assumption was also updated.

DISTRICT PLAN OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

For the year ended June 30, 2024, the District recognized OPEB expense of \$14,741 for the District Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the District Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 126,630	\$ 349,582
Difference between expected and actual experience	-	581,925
District contributions after the measurement date	<u>127,922</u>	<u>-</u>
Total	<u>\$ 254,552</u>	<u>\$ 931,507</u>

The \$127,922 reported as deferred outflows of resources from District contributions after the measurement date will be recognized as a reduction of the District Plan's total OPEB liability in the year ended June 30, 2025.

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

YEAR ENDING JUNE 30

2025	\$ (88,739)
2026	(88,739)
2027	(88,739)
2028	(88,739)
2029	(88,739)
Thereafter	<u>(361,182)</u>
Total	<u>\$ (804,877)</u>

DISTRICT PLAN ACTUARIAL ASSUMPTIONS

The District Plan’s total OPEB liability was determined by rolling forward the District Plan’s total OPEB liability as of the July 1, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – July 1, 2023.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Discount rate – 4.13% based on the S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2023.
- Salary growth - 2.50% cost of living adjustment, 1.50% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates – 7.00% in 2023 with .50% decrease per year until 5.50% in 2026. Rates gradually decrease from 5.40% in 2027 to 4.10% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

SENSITIVITY TO CHANGES IN THE DISCOUNT RATE

The following presents the District Plan’s total OPEB liability, as well as what the District Plan’s total OPEB liability would be if it were calculated a discount rate that is 1% lower and higher than the current discount rate:

	1% Decrease <u>3.13%</u>	Current Rate <u>4.13%</u>	1% Increase <u>5.13%</u>
District Plan total OPEB liability	<u>\$1,026,349</u>	<u>\$964,958</u>	<u>\$906,588</u>

SENSITIVITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the District Plan's total OPEB liability, as well as what the District Plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
District Plan total OPEB liability	<u>\$882,557</u>	<u>\$964,958</u>	<u>\$1,060,780</u>

PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (PSERS PLAN)

GENERAL INFORMATION ABOUT THE HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

PSERS provides Premium Assistance, which is a governmental cost-sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for 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, 2023, there were no assumed future benefit increases to participating eligible retirees.

PREMIUM ASSISTANCE ELIGIBILITY CRITERIA

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

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

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

DISTRICT CONTRIBUTIONS

The District's contractually required contribution rate for the year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS plan from the District were approximately \$135,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$2,348,000 for its proportionate share of the PSERS Plan's net OPEB liability. The PSERS Plan's net OPEB liability was measured as of June 30, 2023, and the PSERS Plan's total OPEB liability used to calculate the PSERS Plan's net OPEB liability was determined by rolling forward the PSERS Plan's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the PSERS Plan's net OPEB liability was calculated utilizing the District's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was .1298%, which was a decrease of .0028% from its proportion calculated as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$85,000 for the PSERS Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the PSERS Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 5,000	\$ -
Changes in proportion	95,000	78,000
Changes in assumptions	203,000	444,000
Difference between expected and actual experience	15,000	23,000
District contributions after the measurement date	<u>135,000</u>	<u>-</u>
Total	<u>\$ 453,000</u>	<u>\$ 545,000</u>

The District will recognize the \$135,000 reported as deferred outflows of resources resulting from PSERS Plan OPEB contributions after the measurement date as a reduction of the PSERS Plan's total OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30

2025	\$ (25,000)
2026	(49,000)
2027	(64,000)
2028	(74,000)
2029	<u>(15,000)</u>
Total	<u>\$ (227,000)</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.13% - S&P 20-Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

- Asset valuation method: Market value.
- Participation rate: The actual data for retirees benefiting under the PSERS Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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, 2023.

Discount Rate

The discount rate used to measure the PSERS Plan's total OPEB liability was 4.13%. Under the PSERS 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 PSERS Plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the PSERS Plan's total OPEB liability.

Sensitivity to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the District's proportionate share of the PSERS Plan's net OPEB liability, as well as what the proportionate share of the PSERS Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
District's proportionate share of the PSERS Plan's net OPEB liability	<u>\$2,348,000</u>	<u>\$2,348,000</u>	<u>\$2,349,000</u>

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the District's proportionate share of the PSERS Plan's net OPEB liability, as well as what the proportionate share of the PSERS Plan's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

	<u>1% Decrease</u> <u>3.13%</u>	<u>Current Rate</u> <u>4.13%</u>	<u>1% Increase</u> <u>5.13%</u>
District's proportionate share of the PSERS Plan's net OPEB liability	<u>\$2,655,000</u>	<u>\$2,348,000</u>	<u>\$2,092,000</u>

OPEB Plan Fiduciary Net Position

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

12. CONTINGENCIES

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The District is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matters either are adequately covered by insurance or will not have a material effect on the District's financial statements.

13. TAX ABATEMENTS

The District may enter into property tax abatements with local property owners under the Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act of 1998 (Act). The Act authorizes political subdivisions to apply to the Pennsylvania Department of Community and Economic Development for designation of an area within the respective political subdivision as a Keystone Opportunity Expansion Zone granting exemptions, deductions, abatements, or credits from all taxes identified in the Act. The District had no abated property taxes in 2024.

14. FUTURE ACCOUNTING STANDARD

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This guidance updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 is effective for the District's fiscal year ending June 30, 2025. The District has not yet determined the effects of the adoption of this guidance on its financial statements.

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE PSERS NET PENSION LIABILITY
YEARS ENDED JUNE 30
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the PSERS net pension liability	0.1302%	0.1328%	0.1349%	0.1288%	0.1287%	0.1271%	0.1227%	0.1243%	0.1130%	0.1276%
District's proportionate share of the PSERS net pension liability	<u>\$ 57,921</u>	<u>\$ 59,041</u>	<u>\$ 55,386</u>	<u>\$ 63,420</u>	<u>\$ 60,209</u>	<u>\$ 61,014</u>	<u>\$ 60,600</u>	<u>\$ 61,599</u>	<u>\$ 48,946</u>	<u>\$ 50,505</u>
District's covered employee payroll	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>	<u>\$ 16,102</u>	<u>\$ 14,535</u>	<u>\$ 16,277</u>
District's proportionate share of the PSERS net pension liability as a percentage of its covered employee payroll	<u>274.78%</u>	<u>302.71%</u>	<u>290.09%</u>	<u>350.93%</u>	<u>339.32%</u>	<u>356.54%</u>	<u>371.03%</u>	<u>382.55%</u>	<u>336.75%</u>	<u>310.28%</u>
PSERS plan fiduciary net position as a percentage of the PSERS total pension liability	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>	<u>57.24%</u>

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PSERS PENSION CONTRIBUTIONS
YEARS ENDED JUNE 30
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PSERS contractually required contribution	\$ 6,975	\$ 6,906	\$ 6,683	\$ 6,361	\$ 6,017	\$ 5,763	\$ 5,493	\$ 4,821	\$ 3,940	\$ 2,960
Contributions in relation to the contractually required contribution	(6,975)	(6,906)	(6,683)	(6,361)	(6,017)	(5,763)	(5,493)	(4,821)	(3,940)	(2,960)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 21,079	\$ 19,504	\$ 19,093	\$ 18,072	\$ 17,744	\$ 17,113	\$ 16,333	\$ 16,102	\$ 14,535	\$ 16,277
Contributions as a percentage of covered employee payroll	33.09%	35.41%	35.00%	35.20%	33.91%	33.68%	33.63%	29.94%	27.11%	18.19%

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET OPEB LIABILITY YEARS ENDED JUNE 30 (UNAUDITED) (DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the PSERS net OPEB liability	0.1298%	0.1326%	0.1349%	0.1288%	0.1287%	0.1271%	0.1227%
District's proportionate share of the PSERS net OPEB liability	<u>\$ 2,348</u>	<u>\$ 2,441</u>	<u>\$ 3,192</u>	<u>\$ 2,783</u>	<u>\$ 2,737</u>	<u>\$ 2,650</u>	<u>\$ 2,500</u>
District's covered employee payroll	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>
District's proportionate share of the PSERS net OPEB liability as a percentage of its covered employee payroll	<u>11.14%</u>	<u>12.52%</u>	<u>16.72%</u>	<u>15.40%</u>	<u>15.42%</u>	<u>15.49%</u>	<u>15.31%</u>
PSERS plan fiduciary net position as a percentage of the PSERS total OPEB liability	<u>7.22%</u>	<u>6.86%</u>	<u>5.30%</u>	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

Information for years prior to 2018 is not available.

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PSERS OPEB CONTRIBUTIONS YEARS ENDED JUNE 30 (UNAUDITED) (DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018
PSERS contractually required contribution	\$ 135	\$ 151	\$ 157	\$ 156	\$ 152	\$ 147	\$ 141
Contributions in relation to the contractually required contribution	<u>(135)</u>	<u>(151)</u>	<u>(157)</u>	<u>(156)</u>	<u>(152)</u>	<u>(147)</u>	<u>(141)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 21,079</u>	<u>\$ 19,504</u>	<u>\$ 19,093</u>	<u>\$ 18,072</u>	<u>\$ 17,744</u>	<u>\$ 17,113</u>	<u>\$ 16,333</u>
Contributions as a percentage of covered employee payroll	<u>0.64%</u>	<u>0.77%</u>	<u>0.82%</u>	<u>0.86%</u>	<u>0.86%</u>	<u>0.86%</u>	<u>0.86%</u>

Information for years prior to 2018 is not available.

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY - DISTRICT PLAN YEARS ENDED JUNE 30 (UNAUDITED)

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 50,068	\$ 78,900	\$ 84,724	\$ 61,137	\$ 67,532	\$ 63,585	\$ 117,878
Interest	53,412	41,172	41,309	77,808	87,600	104,240	106,876
Change in benefit terms	-	-	(32,387)	-	-	-	(352,872)
Differences between expected and actual experience	(323,346)	-	(132,585)	-	(224,940)	-	(131,697)
Changes in assumptions	11,729	(347,886)	(41,722)	164,398	(41,970)	12,556	(9,374)
Benefit payments	<u>(201,616)</u>	<u>(271,383)</u>	<u>(396,342)</u>	<u>(451,672)</u>	<u>(569,618)</u>	<u>(581,529)</u>	<u>(705,532)</u>
Net change	(409,753)	(499,197)	(477,003)	(148,329)	(681,396)	(401,148)	(974,721)
Total OPEB liability, beginning	<u>1,374,711</u>	<u>1,873,908</u>	<u>2,350,911</u>	<u>2,499,240</u>	<u>3,180,636</u>	<u>3,581,784</u>	<u>4,556,505</u>
Total OPEB liability, ending	<u>\$ 964,958</u>	<u>\$ 1,374,711</u>	<u>\$ 1,873,908</u>	<u>\$ 2,350,911</u>	<u>\$ 2,499,240</u>	<u>\$ 3,180,636</u>	<u>\$ 3,581,784</u>
Covered employee payroll	<u>\$ 19,450,328</u>	<u>\$ 18,718,464</u>	<u>\$ 18,718,464</u>	<u>\$ 16,543,726</u>	<u>\$ 16,543,726</u>	<u>\$ 15,369,478</u>	<u>\$ 15,369,478</u>
Total OPEB liability as a percentage of covered employee payroll	<u>4.96%</u>	<u>7.34%</u>	<u>10.01%</u>	<u>14.21%</u>	<u>15.11%</u>	<u>20.69%</u>	<u>23.30%</u>

The Plan is unfunded; therefore, total and net OPEB liability are the same.

Information for years prior to 2018 is not available.

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	PASS- THROUGH GRANTOR NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2023	REVENUES RECOGNIZED	FEDERAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2024
U.S. DEPARTMENT OF EDUCATION								
Passed through the Pennsylvania Department of Education (PDE):								
Title 1 Grants to Local Education Agencies	013-230479	84.010	\$ 466,131	\$ -	\$ 124,829	\$ -	\$ -	\$ 124,829
Title 1 Grants to Local Education Agencies	013-240479	84.010	547,030	404,308	-	504,057	504,057	99,749
Total				404,308	124,829	504,057	504,057	224,578
Supporting Effective Instruction State Grants	020-220479	84.367	62,801	1,534	-	1,534	1,534	-
Supporting Effective Instruction State Grants	020-230479	84.367	70,170	-	18,339	-	-	18,339
Supporting Effective Instruction State Grants	020-240479	84.367	69,043	55,184	-	69,043	69,043	13,859
Total				56,718	18,339	70,577	70,577	32,198
Student Support and Academic Enrichment	144-220479	84.424	38,960	23	-	23	23	-
Student Support and Academic Enrichment	144-230479	84.424	38,164	-	1,809	-	-	1,809
Student Support and Academic Enrichment	144-230479	84.424	37,900	37,900	-	37,900	37,900	-
Total				37,923	1,809	37,923	37,923	1,809
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	200-210479	84.425D	1,913,105	-	(27,774)	27,774	27,774	-
COVID-19 American Rescue Plan (ARP) ESSER	223-210479	84.425U	3,869,657	2,532,866	392,218	2,479,307	2,479,307	338,659
COVID-19 ARP ESSER	225-210479	84.425U	300,760	32,810	10,103	40,536	40,536	17,829
COVID-19 ARP ESSER	181-212480	84.425W	15,834	406	(935)	-	-	(1,341)
Total				2,566,082	373,612	2,547,617	2,547,617	355,147
Special Education Cluster (IDEA):								
Passed through NEIU # 19:								
Special Education - Grants to States	N/A	84.027	509,543	463,289	462,560	509,543	509,543	508,814
Special Education - Preschool Grants	N/A	84.173	45,963	47,980	41,577	45,963	45,963	39,560
Total Special Education Cluster (IDEA)				511,269	504,137	555,506	555,506	548,374
Total U.S. Department of Education				3,576,300	1,022,726	3,715,680	3,715,680	1,162,106
U.S. DEPARTMENT OF TREASURY								
Passed through the Pennsylvania Commission on Crime and Delinquency								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	2023-CM-01-42824	21.027	122,361	-	-	32,778	32,778	32,778
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through the Pennsylvania Department of Human Services,								
Medical Assistance Program	N/A	93.778	22,743	26,914	13,292	22,743	22,743	9,121
U.S. DEPARTMENT OF AGRICULTURE								
Passed through PDE:								
Child and Adult Care Food Program	164	10.558	5,163	5,332	260	5,163	5,163	91
Pandemic EBT Administrative Costs	358	10.649	653	653	-	653	653	-
Child Nutrition Cluster:								
School Breakfast Program	365	10.553	294,427	290,887	37,752	294,427	294,427	41,292
National School Lunch Program	356	10.555	44,983	44,983	(222)	44,859	44,859	(346)
National School Lunch Program	362	10.555	720,268	705,725	83,163	720,268	720,268	97,706
Passed through the Pennsylvania Department of Agriculture,								
Food Donation	N/A	10.555	80,310	80,310	-	80,310	80,310	-
Total Child Nutrition Cluster				1,121,905	120,693	1,139,864	1,139,864	138,652
Total U.S. Department of Agriculture				1,127,890	120,953	1,145,680	1,145,680	138,743
TOTAL				\$ 4,731,104	\$ 1,156,971	\$ 4,916,881	\$ 4,916,881	\$ 1,342,748

See Notes to Schedule of Expenditures of Federal Awards

WESTERN WAYNE SCHOOL DISTRICT

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Western Wayne School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures, other than Child Nutrition Cluster expenditures, are reported on the Schedule on the modified accrual basis of accounting. Child Nutrition Cluster expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. If applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The District elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Brian T. Kelly, CPA
& Associates, LLC

**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**

To the Board of Education of the
Western Wayne School District:

We have audited, 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, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Western Wayne School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in blue ink that reads "B. Kelly CPA & Assesses L.L.C.".

Carbondale, Pennsylvania
December 12, 2024

Brian T. Kelly, CPA
& Associates, LLC

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Education of the
Western Wayne School District:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "B. Kelly CPA & Associates L.L.C.".

Carbondale, Pennsylvania
December 12, 2024

WESTERN WAYNE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

WESTERN WAYNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

84.425

Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.