WILMINGTON AREA SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND COMPLIANCE REPORTING

YEAR ENDED JUNE 30, 2023

McGill, Power, Bell & Associates, LLP
Certified Public Accountants • Business & Financial Advisors
90 Years and Still Counting

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
Wilmington Area School District
New Wilmington, PA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilmington Area School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wilmington Area School 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 activities, each major fund, and the aggregate remaining fund information of Wilmington Area School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Wilmington Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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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 Wilmington Area School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Wilmington Area School 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 Wilmington Area School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilmington Area School District's basic financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state 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 7, 2023, on our consideration of Wilmington Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Wilmington Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilmington Area School District's internal control over financial reporting and compliance.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Grove City, Pennsylvania
December 7, 2023

Wilmington Area School District
Management's Discussion and Analysis (MD&A)
June 30, 2023

As Management of Wilmington Area School District (the District), we offer readers of Wilmington Area School District's financial statements this narrative overview and analysis of the financial activities of Wilmington Area School District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2023 are as follows:

Government-Wide Financial Statements

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at June 30, 2023 by $18,281,874. The primary reason for this is due to the net pension liability in the amount of $26,275,105.

- The total net position increased by $1,964,141. Of this amount, a $1,889,033 increase was associated with governmental activities, and a $75,108 increase was associated with business-type activities.

- The District's total long-term liabilities increased by the net of $812,725 from the previous year.

Fund Financial Statements

- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of $5,958,654, a decrease of $204,559 in comparison with the prior year. Of this amount, $680,796 is unassigned and available for spending at the District's discretion.

- At the end of the current fiscal year, the fund balance for the General Fund was $5,655,484. Of the fund balance, $9 was restricted for capital projects, $1,893,611 was assigned for capital projects, $2,250,000 was assigned for healthcare and retirement costs, and $831,068 was assigned for subsequent year's expenditures. The remaining amount of $680,796 was unassigned and available for spending. The unassigned fund balance of the General Fund represented 3.0% of total General Fund budgeted expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide financial statements – The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

To assess the overall condition of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, the performance of its students and changes in student enrollment including the percentage of students needing special education services.

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

- Governmental activities – All of the District's basic services are included here, such as instruction, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and student activities. Property taxes and state and federal subsidies and grants finance most of these activities.

- Business-type activities – The District maintains a food service operation for use by staff and students. The operational costs are funded by user charges and state and federal subsidies.

Fund financial statements – The District's fund financial statements, which begin on page 14, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and bond requirements.

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

Proprietary funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, and changes in financial position. A significant portion of funding is provided through user charges. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements. However, the fund statements provide more detail and additional information, such as cash flows.

Fiduciary funds – The District is the trustee, or fiduciary, for student activity funds and the fitness center club. The District's fiduciary activities are reported in the separate financial statements on pages 22 and 23. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's total net deficit was $18,281,874 and $20,246,015 at June 30, 2023 and 2022, respectively.

Table A-1
June 30, 2023 and 2022
Net Position

	Governmental Activities		*Business-Type Activities*		*Total*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Current and other assets	$ 9,790,407	$ 9,532,159	$ 440,012	$ 436,136	$ 10,230,419	$ 9,968,295
Capital assets	21,356,225	20,810,557	24,471	28,540	21,380,696	20,839,097
Total assets	31,146,632	30,342,716	464,483	464,676	31,611,115	30,807,392
Deferred outflows of resources	3,687,232	4,837,273	-	-	3,687,232	4,837,273
Current liabilities	5,163,737	3,985,197	24,771	100,072	5,188,508	4,085,269
Long-term liabilities	46,170,375	45,900,912	-	-	46,170,375	45,900,912
Total liabilities	51,334,112	49,886,109	24,771	100,072	51,358,883	49,986,181
Deferred inflows of resources	2,221,338	5,904,499	-	-	2,221,338	5,904,499
NET POSITION (DEFICIT)						
Net investment in capital assets	4,152,974	2,494,319	24,471	28,540	4,177,445	2,522,859
Restricted	303,179	375,508	-	-	303,179	375,508
Unrestricted	(23,177,739)	(23,480,446)	415,241	336,064	(22,762,498)	(23,144,382)
TOTAL NET POSITION (DEFICIT)	**$ (18,721,586)**	**$ (20,610,619)**	**$ 439,712**	**$ 364,604**	**$ (18,281,874)**	**$ (20,246,015)**

A significant portion of the District's net position ($4,177,445) reflects its investments in capital assets (e.g. land, building, equipment, improvements), less any debt used to acquire those assets that is still outstanding. Restricted balances are amounts set aside by management to finance future purchases or capital projects as planned by the District. Unrestricted assets are a combination of designated and undesignated amounts. Unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

The results of this year's operations as a whole are reported in the Statement of Activities on page 13. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania, and the local taxes assessed to community taxpayers. Table A-2 takes the information from that Statement, rearranges it slightly, so you can see total revenues for the year.

Table A-2
Fiscal years ended June 30, 2023 and 2022
Changes in Net Position

	Governmental Activities		*Business-Type Activities*		*Total*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
REVENUES						
Program revenues:						
Charges for services	$ 169,232	$ 148,720	$ 226,094	$ 89,199	$ 395,326	$ 237,919
Operating grants and contributions	8,248,952	6,731,405	469,505	667,666	8,718,457	7,399,071
General revenues:						
Property taxes	7,412,110	7,418,576	-	-	7,412,110	7,418,576
Other taxes	1,537,004	1,450,101	-	-	1,537,004	1,450,101
Grants, subsidies and contributions unrestricted	6,023,410	5,834,194	-	-	6,023,410	5,834,194
Other	408,614	275,411	2,625	410	411,239	275,821
	23,799,322	21,858,407	698,224	757,275	24,497,546	22,615,682
EXPENSES						
Instruction	12,503,157	11,908,142	-	-	12,503,157	11,908,142
Instructional student support	1,962,853	2,063,800	-	-	1,962,853	2,063,800
Administrative and financial support services	1,530,863	1,760,559	-	-	1,530,863	1,760,559
Operation and maintenance of plant services	1,839,489	2,168,712	-	-	1,839,489	2,168,712
Pupil transportation	2,056,409	1,778,915	-	-	2,056,409	1,778,915
Student activities	690,725	722,429	-	-	690,725	722,429
Community services	5,615	5,389	-	-	5,615	5,389
Interest on long-term debt	586,301	609,216	-	-	586,301	609,216
Depreciation and amortization - unallocated	734,877	760,420	-	-	734,877	760,420
Food services	-	-	623,116	510,638	623,116	510,638
	21,910,289	21,777,582	623,116	510,638	22,533,405	22,288,220
Changes in net position	1,889,033	80,825	75,108	246,637	1,964,141	327,462
Net position, beginning of year	(20,610,619)	(20,691,444)	364,604	117,967	(20,246,015)	(20,573,477)
Net position, end of year	**$ (18,721,586)**	**$ (20,610,619)**	**$ 439,712**	**$ 364,604**	**$ (18,281,874)**	**$ (20,246,015)**

Table A-3 shows the total cost and net cost of each of the District's functions – instructional programs, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and student activities. Net cost is the total cost less revenues generated by each activity. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the extent to which the remaining financial needs are supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal years ended June 30, 2023 and 2022
Governmental Activities

	Total Cost of Services		*Net Cost of Services*	
Functions/Programs	*2023*	*2022*	*2023*	*2022*
Instruction	$ 12,503,157	$ 11,908,142	$ 6,209,359	$ 6,865,905
Instructional student support	1,962,853	2,063,800	1,673,592	1,761,672
Administrative and financial support services	1,530,863	1,760,559	1,387,654	1,564,393
Operation and maintenance of plant services	1,839,489	2,168,712	1,723,019	2,042,346
Pupil transportation	2,056,409	1,778,915	980,876	796,475
Student activities	690,725	722,429	613,919	651,274
Community services	5,615	5,389	5,615	5,389
Interest on long-term debt	586,301	609,216	163,194	449,583
Depreciation and amortization - unallocated	734,877	760,420	734,877	760,420
TOTAL GOVERNMENTAL ACTIVITIES	**$ 21,910,289**	**$ 21,777,582**	13,492,105	14,897,457
Less:				
Grants, subsidies, and contributions unrestricted			6,023,410	5,834,194
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES			**$ 7,468,695**	**$ 9,063,263**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a fund balance of $5,958,654 which is a decrease of $204,559 from the June 30, 2022 balance.

The General Fund reported a decrease of $206,540 while the budget was anticipating a decrease of $910,162. Revenues were greater than budgeted primarily because of greater than anticipated tax and subsidy revenues.

General Fund Budget: During the fiscal year, the Board of School Directors (the Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on page 18.

Transfers between specific categories of expenditures occur during the year. The most significant transfers occur from specific expenditure areas to other specific expenditure areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2023, the District had $21,380,696 invested in a broad range of capital assets, including land and land improvements, buildings, building improvements, and furniture and equipment. This amount represents a net increase (including additions and deletions) of $541,599, or 2.6% from last year.

Table A-4
Governmental and Business-Type Activities
Capital Assets – Net of Depreciation

	Governmental Activities		*Business-Type Activities*		*Total*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Land and land improvements	$ 295,629	$ 342,386	$ -	$ -	$ 295,629	$ 342,386
Buildings and building improvements	18,940,878	19,954,238	-	-	18,940,878	19,954,238
Furniture, equipment and other	246,275	284,322	24,471	28,540	270,746	312,862
Construction in progress	1,873,443	229,611	-	-	1,873,443	229,611
TOTAL	**$ 21,356,225**	**$ 20,810,557**	**$ 24,471**	**$ 28,540**	**$ 21,380,696**	**$ 20,839,097**

The following were the most significant additions in capital assets during the year ended June 30, 2023:

- HVAC project, current year costs = $1,597,293
- Paging System project, current year costs = $46,539

Debt administration

As of July 1, 2022, the District had total outstanding debt of $18,466,270. During the year, the District made payments against principal of $949,466 and the current year amortization of the bond discount and premium was $179,525, resulting in outstanding debt as of June 30, 2023 of $17,337,279.

Other obligations include accrued sick leave, the net pension liability, and the net OPEB liability for specific employees of the District. More detailed information about the long-term liabilities is included in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's debt rating is A1 as reviewed and assigned by Moody's Investors Services. The District's general obligation bond rating remains very favorable. Each of the District's bond issues are insured providing further protection for the bondholders.

The District does not expect any significant growth in residential units during the next couple of years. Most employment in the District is linked to educational or health related services. The District has never had much industrial employment and consequently does not expect any significant changes in employment. A large special education population and associated transportation costs continues to exert budgetary needs without external grant or entitlement funding increases to close the gap between the mandated expenditures and funding sources. The Pennsylvania Clean and Green Act continues to impact the level of real estate taxes the District receives; however, the District is beginning to experience increases in the assessed value of real estate.

The revenue budget for the 2023-2024 year is $1,038,401 more than the original budget for 2022-2023. This represents a 4.8% increase in budgeted revenues. The expenditure budget for the 2023-2024 year is $959,307 more than the original budget for 2022-2023, or a 4.3% increase.

The comparison of revenue and expenditure categories is as follows:

BUDGETED REVENUES

	2023-2024	2022-2023
Local	41.5%	41.5%
State	50.7%	51.4%
Federal/Other	7.8%	7.1%

BUDGETED EXPENDITURES

	2023-2024	2022-2023
Instruction	52.8%	56.1%
Support services	31.1%	32.4%
Non-Instructional	2.7%	2.7%
Capital Improvement	4.1%	2.3%
Fund transfers/Debt	9.3%	6.5%

In May 2005, the District chose not to participate in the Homeowner Tax Relief Act (Act 72 of 2004). Generally, the Act allows a district to enact a higher earned income or personal income tax while reducing real estate property taxes. This net reduction may be partially funded with allocations from recently enacted gaming revenue legislation. Act 72 contains restrictions similar to those of Act 50 in that a property tax increase above a state-determined index requires approval of the public through a referendum process.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional information, please contact Joshua Latore, Business Manager, at Wilmington Area School District, 300 Wood Street, New Wilmington, PA 16142, (724) 656-8866.

WILMINGTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	*Business-Type Activities*	*Total*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 7,676,292	$ 476,190	$ 8,152,482
Certificates of deposit	39,560	-	39,560
Receivables:			
Delinquent and other taxes receivable	428,248	-	428,248
Intergovernmental	1,533,120	12,731	1,545,851
Interfund	57,077	(57,077)	-
Inventories	-	8,168	8,168
	9,734,297	440,012	10,174,309
CAPITAL ASSETS			
Non-depreciable capital assets	2,067,448	-	2,067,448
Depreciable capital assets, net of accumulated depreciation	19,288,777	24,471	19,313,248
	21,356,225	24,471	21,380,696
OTHER ASSETS			
Investment in health consortium	56,110	-	56,110
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on bond refunding	134,028	-	134,028
Relating to the net pension liability, net of amortization	2,753,211	-	2,753,211
Relating to the net OPEB liability, net of amortization	799,993	-	799,993
	3,687,232	-	3,687,232
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 34,833,864	$ 464,483	$ 35,298,347
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 1,154,401	$ 16,970	$ 1,171,371
Current portion of long-term debt	1,476,724	-	1,476,724
Accrued salaries and benefits	2,420,751	-	2,420,751
Accrued interest payable	69,070	-	69,070
Unearned revenues	42,791	7,801	50,592
	5,163,737	24,771	5,188,508
NONCURRENT LIABILITIES			
Compensated absences	340,660	-	340,660
Net pension liability	26,275,105	-	26,275,105
Net OPEB liability	3,694,055	-	3,694,055
Long-term debt	15,860,555	-	15,860,555
	46,170,375	-	46,170,375
	51,334,112	24,771	51,358,883
DEFERRED INFLOWS OF RESOURCES			
Relating to the net pension liability, net of amortization	900,018	-	900,018
Relating to the net OPEB liability, net of amortization	1,321,320	-	1,321,320
	2,221,338	-	2,221,338
NET POSITION (DEFICIT)			
Net investment in capital assets	4,152,974	24,471	4,177,445
Restricted	303,179	-	303,179
Unrestricted	(23,177,739)	415,241	(22,762,498)
	(18,721,586)	439,712	(18,281,874)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 34,833,864	$ 464,483	$ 35,298,347

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes In Net Position		
Functions/Programs	*Expenses*	*Charges for Services*	*Operating Grants and Contributions*	*Governmental Activities*	*Business-Type Activities*	*Total*
GOVERNMENTAL ACTIVITIES						
Instruction	$ 12,503,157	$ 131,674	$ 6,162,124	$ (6,209,359)	$ -	$ (6,209,359)
Instructional student support	1,962,853	-	289,261	(1,673,592)	-	(1,673,592)
Administrative and financial support services	1,530,863	-	143,209	(1,387,654)	-	(1,387,654)
Operation and maintenance of plant services	1,839,489	-	116,470	(1,723,019)	-	(1,723,019)
Pupil transportation	2,056,409	-	1,075,533	(980,876)	-	(980,876)
Student activities	690,725	37,558	39,248	(613,919)	-	(613,919)
Community services	5,615	-	-	(5,615)	-	(5,615)
Interest on long-term debt	586,301	-	423,107	(163,194)	-	(163,194)
Depreciation and amortization - unallocated	734,877	-	-	(734,877)	-	(734,877)
	21,910,289	169,232	8,248,952	(13,492,105)	-	(13,492,105)
BUSINESS-TYPE ACTIVITIES						
Food services	623,116	226,094	469,505	-	72,483	72,483
	$ 22,533,405	$ 395,326	$ 8,718,457	(13,492,105)	72,483	(13,419,622)
GENERAL REVENUES						
Property taxes, levied for general purposes, net				7,412,110	-	7,412,110
Other taxes levied				1,537,004	-	1,537,004
Grants, subsidies, and contributions, unrestricted				6,023,410	-	6,023,410
Investment earnings				189,666	2,625	192,291
Miscellaneous income				218,948	-	218,948
				15,381,138	2,625	15,383,763
CHANGES IN NET POSITION (DEFICIT)				1,889,033	75,108	1,964,141
NET POSITION (DEFICIT), BEGINNING OF YEAR				(20,610,619)	364,604	(20,246,015)
NET POSITION (DEFICIT), END OF YEAR				$ (18,721,586)	$ 439,712	$ (18,281,874)

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

		Non-Major Funds		
	General Fund	*Capital Projects Fund*	*Scholarship Fund*	*Governmental Funds*
ASSETS				
Cash and cash equivalents	$ 7,412,682	$ 256,665	$ 6,945	$ 7,676,292
Certificates of deposit	-	-	39,560	39,560
Delinquent and other taxes receivable	428,248	-	-	428,248
Intergovernmental receivables	1,533,120	-	-	1,533,120
Interfund receivable	57,077	-	-	57,077
TOTAL ASSETS	**$ 9,431,127**	**$ 256,665**	**$ 46,505**	**$ 9,734,297**
LIABILITIES				
Accounts payable	$ 1,154,401	$ -	$ -	$ 1,154,401
Accrued salaries and benefits	2,420,751	-	-	2,420,751
Unearned grant revenue	42,791	-	-	42,791
	3,617,943	-	-	3,617,943
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - taxes	157,700	-	-	157,700
FUND BALANCES				
Restricted:				
Capital projects	9	256,665	-	256,674
Scholarship awards	-	-	46,505	46,505
Assigned:				
Capital projects	1,893,611	-	-	1,893,611
Healthcare and retirement costs	2,250,000	-	-	2,250,000
Subsequent year's budget	831,068	-	-	831,068
Unassigned	680,796	-	-	680,796
	5,655,484	256,665	46,505	5,958,654
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 9,431,127**	**$ 256,665**	**$ 46,505**	**$ 9,734,297**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		$ 5,958,654
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and unamortized bond issue costs are not financial resources and therefore are not reported in governmental funds. The cost of assets is $48,219,698 and the accumulated depreciation is $26,863,473.		21,356,225
The investments in health consortium is expensed in the fund financial statements.		56,110
Property and earned income taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are unavailable revenues in the funds.		157,700
Deferred outflows and deferred inflows of resources relating to the deferred amount on bond refunding and the net pension and net OPEB liabilities are not reported in the funds.		1,465,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	$ (17,337,279)	
Net pension liability	(26,275,105)	
Accrued interest on the bonds	(69,070)	
Compensated absences	(340,660)	
Net OPEB liability	(3,694,055)	(47,716,169)
TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES		**$ (18,721,586)**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

		Non-Major Funds		
REVENUES	*General Fund*	*Capital Projects Fund*	*Scholarship Fund*	*Governmental Funds*
Local sources:				
Taxes	$ 8,952,614	$ -	$ -	$ 8,952,614
Other	528,696	59,241	152	588,089
State sources	11,379,331	-	-	11,379,331
Federal sources	2,882,788	-	-	2,882,788
	23,743,429	59,241	152	23,802,822
EXPENDITURES				
Instruction	12,607,148	-	-	12,607,148
Support services	7,330,676	-	-	7,330,676
Non-instructional services	568,938	-	-	568,938
Capital outlay	1,920,122	57,412	-	1,977,534
Debt service:				
Principal retirement	949,466	-	-	949,466
Interest and issuance costs on long-term debt	570,435	-	-	570,435
Refund of prior year revenue	3,184	-	-	3,184
	23,949,969	57,412	-	24,007,381
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(206,540)	1,829	152	(204,559)
FUND BALANCE, BEGINNING OF YEAR	5,862,024	254,836	46,353	6,163,213
FUND BALANCE, END OF YEAR	**$ 5,655,484**	**$ 256,665**	**$ 46,505**	**$ 5,958,654**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND		$ (204,559)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized outlay expenditures ($1,655,471) is greater than depreciation ($1,109,803) in the period.		545,668
Change in investment in health care consortium.		(188,297)
Because some property and earned income taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues for taxes changed by this amount this year.		(3,500)
Governmental funds report issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt related items.		163,521
Change in accrued interest expense on bonds payable.		3,322
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		949,466
In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.		
Change in compensated absences	$ (63,147)	
Change in net pension liablity and relating to deferred inflows and outflows	627,099	
Change in net OPEB liability and relating to deferred inflows and outflows	59,460	623,412
TOTAL CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		**$ 1,889,033**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original and Final Budget	*Actual*	*Variance with Final Budget Positive (Negative)*	*Budgetary Basis to GAAP Difference*	*Actual Amounts GAAP Basis*
REVENUES					
Local Sources:					
Taxes	$ 8,703,336	$ 8,952,614	$ 249,278	$ (3,500)	$ 8,949,114
Other	228,875	528,696	299,821	-	528,696
State sources	11,070,299	11,379,331	309,032	-	11,379,331
Federal sources	1,539,061	2,882,788	1,343,727	-	2,882,788
	21,541,571	23,743,429	2,201,858	(3,500)	23,739,929
EXPENDITURES					
Regular programs	8,619,825	8,585,084	34,741	706,997	9,292,081
Special programs	3,442,248	3,414,728	27,520	-	3,414,728
Vocational education	537,828	630,058	(92,230)	-	630,058
Other instructional programs	9,266	80,692	(71,426)	-	80,692
Pupil personnel	680,592	725,975	(45,383)	(90,589)	635,386
Instructional staff	597,198	566,967	30,231	-	566,967
Administration	1,404,006	1,258,922	145,084	(71,754)	1,187,168
Pupil health	276,508	272,321	4,187	-	272,321
Business office	341,013	343,695	(2,682)	-	343,695
Operation and maintenance of plant	1,580,026	1,684,253	(104,227)	(40,995)	1,643,258
Student transportation	1,846,435	2,012,782	(166,347)	43,627	2,056,409
Other support services	538,908	488,179	50,729	-	488,179
Student activities	607,534	610,210	(2,676)	127,402	737,612
Community services	-	5,615	(5,615)	-	5,615
Land and existing site improvements	522,000	1,747,403	(1,225,403)	(1,643,832)	103,571
Debt service:					
Principal retirement	880,000	949,466	(69,466)	(949,466)	-
Interest and issuance costs on long-term debt	568,346	570,435	(2,089)	12,682	583,117
Refund of prior year revenue	-	3,184	(3,184)	-	3,184
	22,451,733	23,949,969	(1,498,236)	(1,905,928)	22,044,041
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(910,162)	(206,540)	703,622	1,902,428	1,695,888
FUND BALANCE, BEGINNING OF YEAR	-	5,862,024	5,862,024	(1,902,428)	20,907,937
FUND BALANCE, END OF YEAR	$ (910,162)	$ 5,655,484	$ 6,565,646	$ -	$ 22,603,825

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND (FOOD SERVICE)
JUNE 30, 2023

	Food Service
ASSETS	
CURRENT ASSETS	
Cash	$ 476,190
Intergovernmental receivables	12,731
Inventories	8,168
	497,089
NONCURRENT ASSETS	
Depreciable capital assets, net	24,471
TOTAL ASSETS	**$ 521,560**
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 16,970
Interfund payable	57,077
Deferred revenues	7,801
	81,848
NET POSITION	
Net investment in capital assets	24,471
Unrestricted	415,241
	439,712
TOTAL LIABILITIES AND NET POSITION	**$ 521,560**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND (FOOD SERVICE)
YEAR ENDED JUNE 30, 2023

	Food Service
OPERATING REVENUES	
Food service sales	$ 226,094
OPERATING EXPENSES	
Food services and supplies	40,178
Food service management	511,631
Other operating costs	67,238
Depreciation	4,069
	623,116
OPERATING LOSS	(397,022)
NONOPERATING REVENUES	
State subsidies	70,828
Federal subsidies	398,677
Investment earnings	2,625
	472,130
CHANGE IN NET POSITION	75,108
NET POSITION, BEGINNING OF YEAR	364,604
NET POSITION, END OF YEAR	**$ 439,712**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND (FOOD SERVICE)
YEAR ENDED JUNE 30, 2023

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 202,295
Cash payments to suppliers for good and services	(597,575)
NET CASH USED IN OPERATING ACTIVITIES	(395,280)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State subsidies	71,092
Federal subsidies	393,820
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	464,912
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	2,625
CHANGE IN CASH	72,257
CASH, BEGINNING OF YEAR	403,933
CASH, END OF YEAR	**$ 476,190**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
OPERATING LOSS	$ (397,022)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Depreciation	4,069
Decrease in prepaid expenses	18,075
Increase in inventories	(2,178)
Increase in accounts payable	5,575
Decrease in deferred revenues	(23,799)
NET CASH USED IN OPERATING ACTIVITIES	**$ (395,280)**
SCHEDULE OF NONCASH NONCAPITAL FINANCING ACTIVITIES:	
DONATED FOOD RECEIVED	**$ 39,836**
DONATED FOOD USED	**$ 39,836**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Funds		
	Student Activities	*Fitness Center Club*	*Total*
ASSETS			
CASH AND CASH EQUIVALENTS	**$ 81,445**	**$ 611**	**$ 82,056**
NET POSITION	**$ 81,445**	**$ 611**	**$ 82,056**

See accompanying notes to the basic financial statements.

WILMINGTON AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

	Custodial Funds		
	Student Activities	*Fitness Center Club*	*Total*
REVENUES			
Student activities receipts	$ 136,659	$ -	$ 136,659
Other income	-	75	75
	136,659	75	136,734
EXPENSES			
Student activities disbursements	133,503	-	133,503
Non-instructional services	-	2,245	2,245
	133,503	2,245	135,748
CHANGES IN NET POSITION	3,156	(2,170)	986
NET POSITION, BEGINNING OF YEAR	78,289	2,781	81,070
NET POSITION, END OF YEAR	**$ 81,445**	**$ 611**	**$ 82,056**

See accompanying notes to the basic financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wilmington Area School District (the District) operates one elementary school, one Middle School, and one Senior High School in Lawrence and Mercer County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School Laws of Pennsylvania. The District operates under a locally elected nine member Board form of government.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting activities. The most significant of these accounting policies are as follows:

Reporting Entity

The Governmental Accounting Standards Board Statement No. 14 "*The Financial Reporting Entity*", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units, which may or may not fall within the school's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the school's reporting entity are financial accountability and the nature and significance of the relationship.

This report includes all of the funds of the District based on the above criteria.

The following joint ventures are not component units of the District, and are not included in the District's reporting entity.

Lawrence County Career and Technical Center – is a separate legal entity. It was organized by the eight public school districts in Lawrence County to provide services in the county. Each of the public school districts appoints member(s) to serve on the joint operating committee based on the Career and Technical Center's bylaws, and each has an ongoing financial responsibility to fund the Career and Technical Center. Funding requirements of the District are based on the number of students attending the full-day classes from the District compared to the total students attending the Lawrence County Career and Technical Center. Audited financial statements for the year ended June 30, 2023 for the Lawrence County Career and Technical Center are available at its business office.

Midwestern Intermediate Unit IV (IU IV) – is a separate legal entity. It was organized by constituent school districts in Butler, Lawrence, and Mercer counties to provide services to the school districts. Fourteen members comprise the voting Board from approximately one-half of the member districts. The District contracts with the IU IV to administer and manage several federal grant programs, special education services, and a virtual charter school for the District's students. Audited financial statements for the year ended June 30, 2023 for the IU IV are available at its business office.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

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

The District reports the following major funds and fund types in this report:

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination.

General Fund – the principal operating fund of the District used to account for all financial resources except those required to be reported in another fund.

Capital Projects Fund – account for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students of the District.

Scholarship Fund – used to account for the awarding of scholarships and other accounts sponsored by individuals.

Proprietary Funds – These are the funds that 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:

Food Service – used to account for the operation of the cafeteria.

Fiduciary Funds – These are the funds that account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are therefore not available to support the District's own programs. The funds included in this category are:

Student Activities Fund – used to account for the receipts and disbursements of Board of School Directors authorized student organizations.

Fitness Center Club Fund – used to account for the receipts and disbursements of the Wilmington Area Fitness Club whose purpose is to support the physical activities within the Wilmington Area School District.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements report information on all of the non-fiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the District. The District's major individual governmental funds and its enterprise fund are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the District's enterprise fund include food production costs, supplies, and depreciation on equipment. Building-wide costs, such as utilities, maintenance and depreciation on the portion of buildings used for food service are not allocated to the food service fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation on the Statement of Net Position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

The District's basic financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information

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

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

> The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
>
> The District publishes notice by advertisement after approval thirty days prior to the adoption of the annual budget and is available for public inspection at the administrative office of the District.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The entire supplemental budgetary appropriation was a result of program budgets prescribed by federal and state agencies.

For the year ended June 30, 2023, expenditures exceeded appropriations in twelve functions by approximately $1,791,000. These over-expenditures were funded by greater than anticipated revenues and use of fund balance.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from the date of acquisition.

Inventories

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2023. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

The District does not record any other inventory, but rather expenses the purchase of supplies at the time of procurement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed and are reported in the Statement of Net Position as construction in progress.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	*Years*
Land improvements	20 to 40
Buildings	50
Building improvements	20 to 40
Furniture	20
Equipment	5 to 15
Vehicles	8
Library books	7
Food service equipment	15

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as prepaid insurance costs, are deferred and amortized on the straight-line method over the life of the bonds.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources affecting the Statement of Net Position in the current year are related to the deferred amount on bond refunding and deferred outflows relating to the pension and net OPEB liabilities.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category. They are delinquent taxes as reported in the Balance Sheet of the governmental fund statement and deferred inflows relating to the pension and net OPEB liabilities as reported on the Statement of Net Position.

Net Position

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy the District's obligations. Net position is classified as follows:

> *Net Investment in Capital Assets:* This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
>
> *Restricted Net Position:* This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
>
> *Unrestricted:* This consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

The Government Accounting Standards Board (GASB) issued Statement No. 54*, Fund Balance Reporting and Governmental Fund Type Definitions* with the intention of providing a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

> *Restricted:* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> *Committed:* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's board, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District's board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> *Assigned:* This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes but are neither restricted nor committed. The District Superintendent and Business Manager have the authority to assign the amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
>
> *Unassigned:* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District considers restricted funds to have been used first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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 or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued and Adopted Accounting Principles

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for reporting periods beginning after June 15, 2022. The Statement was adopted by the District on July 1, 2022. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Statement had no material impact on the District's financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Principles

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of Statement No. 62*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Subsequent Events

Management has evaluated subsequent events through December 7, 2023, the date on which the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

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

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

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

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

NOTE B – CASH AND CASH EQUIVALENTS (CONTINUED)

The deposit and investment policy of the District adheres to state statues and prudent business practice. Deposits of the District consist of demand deposits at various financial institutions, certificates of deposit, money market mutual fund investments in Pennsylvania Local Government Investment Trust (PLGIT), and Pennsylvania School District Liquid Asset Fund (PSDLAF).

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, the carrying amount of the District's deposits was $7,032,176 with a corresponding bank balance of $7,046,893. Of the bank balances at year end, $265,119 was covered by federal depository insurance, and the remaining amount was held in collateral by the depository's agent but not in the District's name in accordance with Act 72 of the Pennsylvania state legislature. Act 72 requires financial institutions to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution's name.

Additionally, the District had cash maintained in fiduciary funds. At June 30, 2023, the carrying amount for the fiduciary funds amounted to $82,056. The bank balances amounted to $82,943 and were in excess of FDIC coverage, but were collateralized with securities held by the pledging financial institution in separate pooled accounts but not in the District's name.

A portion of the District's deposits are in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the funds act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an annual independent audit. The District's cash equivalent investments in PLGIT and PSDLAF cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the District's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania. Funds amounting to $1,120,297 and $9 were on deposit with PLGIT and PSDLAF, respectively.

NOTE C – CERTIFICATES OF DEPOSIT

Certificates of deposit amounted to $39,560 for the Scholarship Fund as of June 30, 2023. These investments are held in trust by financial institutions on behalf of the District. To the extent that the certificates of deposit are not insured by FDIC, they are collateralized with securities held by the pledging financial institutions.

NOTE D – TAXES

Based upon assessments provided by the counties, the District bills and collects its property taxes through elected tax collectors in each of the seven municipalities that comprise the District. The District tax rate for the year ended June 30, 2023 was 15.748 and 67.05 mills ($15.748 per $1,000 of assessed valuation based on 75% of 1966's market value and $67.05 per $1,000 of assessed valuation based on 2002's market value) as levied by the Board of School Directors for Lawrence and Mercer Counties, respectively.

The Board of School Directors also levies per capita taxes based on the census of residents in the District. The tax rate under Section 679 is $5/person and under Act 511 is $5/person. Taxes are levied on July 1 and payable at a 2% discount to September 30, at face from October 1 to November 30 and at a 10% penalty thereafter. All uncollected real estate taxes are filed with each County on January 15.

The District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue with the balance deferred in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected. Per capita and local services taxes receivable at year end are insignificant and recognized as revenue when collected.

In addition to per capita taxes, the District also levies taxes under Act 511 of the 1965 Local Tax Enabling Act: $10 local services tax, ½ of 1% earned income tax and a 1% realty transfer tax.

The balances at June 30, 2023 are as follows:

	Net Estimated to be Collectible	*Tax Revenue Recognized*	*Unavailable Taxes*
Real estate	$ 185,589	$ 27,889	$ 157,700
Earned income	220,692	220,692	-
Realty transfer tax	21,967	21,967	-
TOTAL	**$ 428,248**	**$ 270,548**	**$ 157,700**

NOTE E – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is presented as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	$ 194,005	$ -	$ -	$ 194,005
Construction in progress	229,611	1,643,832	-	1,873,443
Total capital assets, not being depreciated	423,616	1,643,832	-	2,067,448
Capital assets being depreciated:				
Land improvements	1,162,262	-	-	1,162,262
Buildings and building improvements	43,607,038	-	-	43,607,038
Furniture, equipment and other	1,371,311	11,639	-	1,382,950
Total capital assets, being depreciated	46,140,611	11,639	-	46,152,250
Less accumulated depreciation:				
Land improvements	(1,013,881)	(46,757)	-	(1,060,638)
Buildings and building improvements	(23,468,263)	(1,013,360)	-	(24,481,623)
Furniture, equipment and other	(1,271,526)	(49,686)	-	(1,321,212)
Total accumulated depreciation	(25,753,670)	(1,109,803)	-	(26,863,473)
Total capital assets, being depreciated, net	20,386,941	(1,098,164)	-	19,288,777
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	**$ 20,810,557**	**$ 545,668**	**$ -**	**$ 21,356,225**
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated:				
Furniture, equipment and other	$ 444,156	$ -	$ -	$ 444,156
Less accumulated depreciation:				
Furniture, equipment and other	(415,616)	(4,069)	-	(419,685)
BUSINESS-TYPE CAPITAL ASSETS, NET	**$ 28,540**	**$ (4,069)**	**$ -**	**$ 24,471**

Construction in progress at June 30, 2023 consists of costs associated with the HVAC project and the paging system project.

NOTE E – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the District as follows:

GOVERNMENTAL ACTIVITIES		
Instruction	$	5,139
Operation and maintenance of plant services		5,195
Non-instructional services		185,067
Unallocated		914,402
		1,109,803
BUSINESS-TYPE ACTIVITIES		
Food service		4,069
TOTAL DEPRECIATION EXPENSE, GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	**$**	**1,113,872**

NOTE F – LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the District's long-term liabilities changed as follows:

	Beginning Balance	*Increases*	*Decreases*	*Ending Balance*	*Amount Due Within One Year*
Long-term debt	$ 17,291,190	$ -	$ (949,466)	$ 16,341,724	$ 1,476,724
Deferred amounts:					
Discount	(38,308)	3,085	-	(35,223)	(3,085)
Premium	1,213,388	-	(182,610)	1,030,778	182,610
Due to refunding	(150,032)	16,004	-	(134,028)	(16,004)
Net pension liability	24,141,357	2,133,748	-	26,275,105	-
Net OPEB liability	3,965,238	-	(271,183)	3,694,055	-
Compensated absences	277,513	63,147	-	340,660	-
TOTAL	**$ 46,700,346**	**$ 2,215,984**	**$ (1,403,259)**	**$ 47,513,071**	**$ 1,640,245**

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

The future annual payments required to amortize outstanding long-term debt as of June 30, 2023, including total interest payments are as follows:

June 30,	*Interest*	*Principal*	*Total*
2024	$ 534,022	$ 1,476,724	$ 2,010,746
2025	482,052	1,455,000	1,937,052
2026	423,422	1,510,000	1,933,422
2027	362,441	1,570,000	1,932,441
2028	298,914	1,635,000	1,933,914
2029-2033	673,712	7,605,000	8,278,712
2034-2035	21,150	1,090,000	1,111,150
TOTAL	**$ 2,795,713**	**$ 16,341,724**	**$ 19,137,437**

A portion of debt service payments is reimbursed by the Commonwealth. Such reimbursements fluctuate from year-to-year, but normally amount to approximately 28% of the total payment.

General Obligation Bonds, Series of 2017

During the 2018 year-end, the District issued general obligation bonds in the amount of $5,435,000. The purpose of the bonds was to refund the General Obligation Bonds, Series of 2011 and 2012, pay the cost of the issuance of the bond, and take advantage for more favorable interest rates. The bond bears interest of 1.10% to 3.00% and matures November 2031. The refunding resulted in a cash savings of $167,506 and a present value savings of $167,019. At June 30, 2023, the balance outstanding on this bond is $4,550,000.

General Obligation Bonds, Series of 2019

During the 2019 year-end, the District issued general obligation bonds in the amount of $2,515,000. The purpose of the bonds was to pay off the interim financing for the elementary roof project and obtain funding for future capital projects. The bond bears interest of 2.00% to 3.00% and matures November 2034. At June 30, 2023, the balance outstanding on this bond is $2,495,000.

General Obligation Bonds, Series of 2021A and 2021B

During the 2021 year-end, the District issued General Obligation Bonds, Series of 2021A in the amount of $1,490,000 for the purpose of refunding General Obligation Bonds, Series of 2015, pay the costs of the issuance of the bond, and take advantage of more favorable interest rates. The bond bears interest of 0.60% to 4.00% and matures November 2031. At June 30, 2023, the balance outstanding on this bond is $715,000.

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

During the 2021 year-end, the District issued General Obligation Bonds, Series of 2021B in the amount of $8,545,000 for the purpose of refunding General Obligation Bonds, Series of 2016, pay the costs of the issuance of the bond, and take advantage of more favorable interest rates. The bond bears interest of 3.00% to 4.00% and matures November 2028. At June 30, 2023, the balance outstanding on this bond is $8,510,000.

Equipment Loan

During 2021, the District entered into a financing arrangement with Honeywell for HVAC control upgrades at the Elementary School in the total amount of $282,525. Interest was imputed at the prime rate at the time of the agreement which was 3.25%. Principal and interest payments are due annually in the total amount of $74,055 through December 2023. At June 30, 2023, the balance outstanding on this arrangement is $71,724.

Compensated Absences

The District allows all employees to accumulate their unused sick leave. Employees may accumulate an unlimited number of sick days and upon retirement or termination are paid at the rate of $40 per day ($25 for support staff) for accumulated unused sick leave days. In addition, the professional staff receives $40 per year for each year of employment with the District. A liability has been recorded for the unused sick leave days for eligible employees only.

NOTE G – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2023, is as follows:

Receivable Fund	*Payable Fund*	*Purpose*	*Amount*
General Fund	Food Service Fund	Operations	$ 57,077

NOTE H – SELF INSURANCE – MEDICAL INSURANCE

In July of 2000, the District moved from a fully-insured program with premiums paid to the District's medical insurance carrier to a self-funded program. As of July 1, 2005, the District participates in the Midwestern Health Combine Plan along with other public school or similar districts. The Reschini Agency administers and monitors the school's deposits into the school district trust account to be held for the payment of medical and prescription drug claims. Highmark Blue Cross/Blue Shield processes and pays the claims. The District is limited in liability to $350,000 per individual claim per year by purchasing stop-loss insurance coverage. The District has recorded a liability for estimated claims incurred through June 30, 2023 but not funded at year-end of $170,163. At June 30, 2023, the District's investment was $56,110 which represents the District's portion of the consortium fund balance at year-end.

NOTE I – PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

NOTE I – PENSION PLAN (CONTINUED)

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

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

Contributions

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

Member Contribution Rates

Membership Class	*Continuous Employment Since*	*Defined Benefit (DB) Contribution Rate*	*DC Contribution Rate*	*Total Contribution Rate*
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% ----------- 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary

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

NOTE I – PENSION PLAN (CONTINUED)

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $2,886,106 for the year ended June 30, 2023.

*The defined contribution rate of 0.20% is an estimated rate. It is recommended employers use the actual defined contributions made to PSERS defined contribution plan. This may impact contributions made to the pension plan.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance (OPEB). Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2023 for pension and OPEB benefits was $1,511,099.

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

At June 30, 2023, the District reported a liability of $26,275,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.0591%, which was an increase of 0.0003% from its proportion measured as of June 30, 2022. The net pension liability will be liquidated through future contributions to PSERS at the statutory rates. Contributions will be made from the General Fund.

For the year ended June 30, 2023, the District recognized pension expense of $2,294,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

NOTE I – PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,914	$ 227,259
Changes in assumptions	784,606	-
Net difference between projected and actual investments earnings	-	445,759
Changes in proportions	802,000	227,000
Difference between employer contributions and proportionate share of total contributions	47,119	-
Contributions subsequent to the measurement date	1,107,572	-
TOTAL	**$ 2,753,211**	**$ 900,018**

$1,107,572 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the year ended June 30,:

Year Ended	
2024	$ 186,405
2025	186,405
2026	186,405
2027	186,406
TOTAL	**$ 745,621**

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the System's total pension liability at June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, including inflation at 2.75%.
- 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.

NOTE I – PENSION PLAN (CONTINUED)

- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
    - Salary growth rate – decreased from 5.00% to 4.50%.
    - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
    - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

The 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 target asset allocation percentage and by adding expected inflation.

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

Asset Class	*Target Allocation*	*Long-Term Expected Real Rate of Return*
Global public entity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
TOTAL	**100%**	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

NOTE I – PENSION PLAN (CONTINUED)

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 net pension liability, calculated using the 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-percentage point lower (6.00%) or 1-percentage point higher (8.00%) 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	$ 33,985,051	$ 26,275,105	$ 19,774,687

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2023, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of $1,017,450. This amount represents the District's contractually obligated contributions for wages earned during the 2023 year-end. The balance will be paid in the 2024 year-end.

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN

School District OPEB Plan

General Information about the OPEB Plan

Plan Description

The District's defined benefit OPEB plan, Wilmington Area School District Postemployment Benefit Plan, provides OPEB benefits to all eligible retirees who qualify and elect to participate. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan provides medical, prescription drug, and dental insurance for eligible retirees based on specific eligibility requirements. Coverage, premium sharing, and life insurance amounts vary by employee classification.

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at July 1, 2021, the date of the last actuarial valuation.

Active participants	114
Vested former participants	4
Retired participants	11
TOTAL	**129**

Total OPEB Liability

The District's total OPEB liability of $2,608,000 was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	None
Salary increases	Assumed salary increases are based on the rates utilized in the Actuarial Valuation for PSERS and vary by age
Discount rate	3.65%
Healthcare cost trend rates	Assumed to increase as shown in the following table (selected years shown):

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Fiscal Year Ending June 30,	*Increase in Health Cost over Prior Year*
2023	5.70%
2024	5.40%
2025	5.10%
2026	4.90%
2027	4.80%
2032	4.40%
2037	4.40%
2042	4.30%
2052	4.20%
2075 and later	3.70%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index.

The RP-2014 Mortality Tables were used and were adjusted to reflect Mortality Improvement Scale MP-2019 from 2006 base year and projected forward on a generational basis with Scale MP-2019 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee).

The actuarial assumptions used in the July 1, 2021 were based on census information at that time.

Changes in the Total OPEB liability

	Increase (Decrease)
	Total OPEB Liability
BALANCES AT JULY 1, 2022	$ 2,574,000
Changes for the year:	
Service cost	107,000
Interest	89,000
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	-
Changes of assumptions	(19,000)
Benefit payments	(143,000)
Net changes	34,000
BALANCES AT JULY 1, 2023	**$ 2,608,000**

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

There were no changes in the benefit terms since the prior valuation.

Changes of assumptions and other inputs reflect a change in the discount rate to 3.65%. Per capita costs and future retiree healthcare trend rates were updated. The mortality assumption has been updated from the RP-2014 Mortality Tables with Mortality Improvement Projection Scale MP2019 to the PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021. Assumed termination and retirement rates have been updated to those used in the most recent actuarial valuation of PSERS.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage -point higher (4.65 percent) than the current discount rate:

	1% Decrease 2.65%	Current Rate 3.65%	1% Increase 4.65%
Total OPEB liability (asset)	$ 2,819,000	$ 2,608,000	$ 2,413,000

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

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

	1% Decrease	Current Rate	1% Increase
Total OPEB liability (asset)	$ 2,297,000	$ 2,608,000	$ 2,979,000

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

For the year ended June 30, 2023, the District recognized OPEB expense of $107,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 322,000	$ 649,000
Changes in assumptions	265,000	359,000
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	-	-
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	**$ 587,000**	**$ 1,008,000**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows: see table on next page.

Year Ended	
2024	$ (89,000)
2025	(89,000)
2026	(25,000)
2027	(31,000)
2028	(38,000)
Thereafter	(149,000)
TOTAL	**$ (421,000)**

PSERS OPEB Plan

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other OPEB for all eligible retirees who qualify and elect to participate. Employer contributions rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program. As of June 30, 2022 there were no assumed future benefit increase to participating eligible retirees.

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Premium Assistance Eligibility Criteria

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

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

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.

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Employer Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $63,089 for the year ended June 30, 2023.

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the OPEB obligation and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2023 for pension and OPEB benefits was $1,511,099.

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

At June 30, 2023, the District reported a liability of $1,086,055 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0590 percent, which was an increase of 0.0003 from its proportion measured as of June 30, 2022. The net OPEB obligation will be liquidated through future contributions to PSERS at the statutory rates. Contributions will be made from the General Fund.

For the year ended June 30, 2023, the District recognized OPEB expense of $27,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 10,000	$ 5,819
Changes in assumptions	120,581	256,501
Net difference between projected and actual earnings on OPEB plan investments	2,954	-
Changes in proportion	69,000	51,000
Difference between employer contributions and proportionate share of total contributions	1,493	-
Contributions subsequent to the measurement date	8,965	-
TOTAL	**$ 212,993**	**$ 313,320**

$8,965 reported as deferred outflows of resources related to the OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Year Ended		
2024	$	(21,858)
2025		(21,858)
2026		(21,858)
2027		(21,859)
2028		(21,859)
TOTAL	**$**	**(109,292)**

Actuarial Assumptions:

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment rate of return – 4.09% – 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, 2021 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, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 and 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.

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

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

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

OPEB -Asset Class	*Target Allocation*	*Long-Term Expected Real Rate of Return*
Cash	100.0%	0.5%
TOTAL	**100.0%**	

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, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy set contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB's plan 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 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retires 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.

NOTE J – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

The following presents the System net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	*Current Trend Rate*	*1% Increase*
System net OPEB liability	$ 1,840,584,000	$ 1,840,771,000	$ 1,840,921,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current rate:

	1% Decrease 3.09%	*Current Discount Rate 4.09%*	*1% Increase 5.09%*
District's proportionate share of the net OPEB liability	$ 1,228,198	$ 1,086,055	$ 967,111

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2023, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of $1,017,450. This amount represents the District's contractually obligated contributions for wages earned during the 2023 year-end. The balance will be paid in the 2024 year-end.

NOTE K – CONTINGENT LIABILITIES

Grant Programs

The District participates in 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 expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2023 and the two previous fiscal years, no settlements exceeded insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

WILMINGTON AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	2023	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*	*2014*
District's proportion of the net pension liability	0.0591%	0.0588%	0.0559%	0.0578%	0.0554%	0.0596%	0.0605%	0.0637%	0.0651%	0.0632%
District's proportionate share of the net pension liability	$26,275,105	$24,141,357	$ 27,524,610	$27,040,347	$26,594,751	$29,435,489	$29,981,880	$27,591,852	$ 25,767,047	$ 25,871,713
District's covered-employee payroll	$ 8,674,670	$ 8,318,896	$ 7,840,383	$ 7,971,802	$ 7,459,408	$ 7,937,064	$ 7,832,316	$ 8,189,676	$ 8,310,381	$ 8,107,165
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	302.89%	290.20%	351.06%	339.20%	356.53%	370.86%	382.80%	336.91%	310.06%	319.12%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%

Notes:
The data provided in this schedule is based as of the measurement date of PSERS' net pension liability, which is as of the beginning of the District's fiscal year.

WILMINGTON AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE PENSION PLAN
LAST TEN FISCAL YEARS

	2023	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*	*2014*
Contractually required contribution	$ 2,886,106	$ 2,990,670	$ 2,902,723	$ 2,638,212	$ 2,617,924	$ 2,389,659	$ 2,325,563	$ 1,880,974	$1,727,441	$1,360,677
Contributions in relation to the contractually required contribution	2,886,106	2,990,670	2,902,723	2,638,212	2,617,924	2,389,659	2,325,563	1,880,974	1,727,441	1,360,677
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,411,852	$ 8,798,675	$ 8,621,097	$ 7,887,031	$ 7,459,408	$ 7,937,064	$ 7,832,316	$ 8,189,676	$8,310,381	$8,107,165
Contributions as a percentage of covered-employee payroll	34.31%	33.99%	33.67%	33.45%	35.10%	30.11%	29.69%	22.97%	20.79%	16.78%

Notes to Schedule:

Changes of benefits terms:

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

Changes in assumptions used in measurement of the total pension liability beginning June 30, 2022:

None.

Changes in assumptions used in measurement of the total pension liability beginning June 30, 2021:

The discount rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the total pension liability beginning June 30, 2017, beginning June 30, 2018, beginning June 30, 2019, and beginning June 30, 2020:

None.

Changes in assumptions used in measurement of the total pension liability beginning June 30, 2016:

The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.

Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprise of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females of 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females to the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

WILMINGTON AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2023	*2022*	*2021*	*2020*	*2019*	*2018*
TOTAL OPEB LIABILITY						
Service cost	$ 107,000	$ 186,000	$ 180,000	$ 128,000	$ 124,000	$ 175,000
Interest	89,000	77,000	77,000	95,000	99,000	106,000
Changes of benefit terms	-	-	-	(223,000)	-	-
Differences between expected and actual experience	-	-	-	-	-	-
Effect of liability gains or losses	-	(865,000)	-	582,000	-	-
Changes of assumptions	(19,000)	(280,000)	18,000	419,000	62,000	(528,000)
Benefit payments	(143,000)	(198,000)	(202,000)	(206,000)	(126,000)	(161,000)
NET CHANGE IN TOTAL OPEB LIABILITY	34,000	(1,080,000)	73,000	795,000	159,000	(408,000)
TOTAL OPEB LIABILITY - BEGINNING	2,574,000	3,654,000	3,581,000	2,786,000	2,627,000	3,035,000
TOTAL OPEB LIABILITY - ENDING	**$ 2,608,000**	**$ 2,574,000**	**$ 3,654,000**	**$ 3,581,000**	**$ 2,786,000**	**$ 2,627,000**

Notes to Schedule:

Changes of assumptions:
The discount rate has increased from 3.54% to 3.65% based on the Bond Buyer 20-Year Bond GO Index.

Changes of benefit terms: None

The District is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

WILMINGTON AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET OPEB LIABILITY
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0590%	0.0587%	0.0559%	0.0578%	0.0554%	0.0596%	0.0605%
District's proportionate share of the net OPEB liability	$1,086,055	$1,391,238	$1,207,830	$ 1,229,315	$ 1,155,062	$ 1,214,298	$ 1,303,163
District's covered-employee payroll	$ 8,674,670	$ 8,318,896	$ 7,840,383	$ 7,971,802	$ 7,459,408	$ 7,937,064	$ 7,832,316
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	12.52%	16.72%	15.41%	15.42%	15.48%	15.30%	16.64%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

Notes:

The District is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

The data provided in this schedule is based as of the measurement date of PSERS' net OPEB liability, which is as of the beginning of the District's fiscal year.

WILMINGTON AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE PSERS OPEB PLAN
LAST TEN FISCAL YEARS

	2023	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*	*2014*
Contractually required contribution	$ 63,089	$ 70,389	$ 71,031	$ 66,251	$ 66,653	$ 62,490	$ 66,103	$ 63,201	$ 75,839	$ 79,089
Contributions in relation to the contractually required contribution	63,089	70,389	71,031	66,251	66,653	62,490	66,103	63,201	75,839	79,089
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,411,852	$ 8,798,675	$ 8,456,016	$ 7,459,408	$ 7,937,064	$ 7,832,316	$ 8,189,676	$8,310,381	$8,107,165	
Contributions as a percentage of covered-employee payroll	0.75%	0.80%	0.84%	0.89%	0.84%	0.80%	0.81%	0.76%	0.94%	

Notes to Schedule:

Changes of benefits terms:
None.

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2022:
The Discount Rate increased from 2.18% to 4.09%.

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2021:
The Discount Rate decreased from 2.66% to 2.18%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2020:
The Discount Rate decreased from 2.79% to 2.66%

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2019:
The Discount Rate decreased from 2.98% to 2.79%.

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2018:
The Discount Rate decreased from 3.13% to 2.98%.

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2017:
The Discount Rate increased from 2.71% to 3.13%.

Changes in assumptions used in measurement of the total OPEB liability beginning June 30, 2016:
Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprise of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females ot 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females to the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

See accompanying notes.

SUPPLEMENTARY INFORMATION

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

To the Board of School Directors
Wilmington Area School District
New Wilmington, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilmington Area School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wilmington Area School District's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilmington Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Grove City, Pennsylvania
December 7, 2023

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

To the Board of School Directors
Wilmington Area School District
New Wilmington, PA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wilmington Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Wilmington Area School District's major federal programs for the year ended June 30, 2023. Wilmington Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wilmington Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Wilmington Area School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wilmington Area School District's compliance with the compliance requirements referred to above.

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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 Wilmington Area School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wilmington Area School 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 generally accepted auditing standards, *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 Wilmington Area School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Wilmington Area School 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 Wilmington Area School 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 Wilmington Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Grove City, Pennsylvania
December 7, 2023

Grantor *Project Title*	*Source*	*Assistance Listing Number*	*Pass-Through Grantor's Number*		*Total Received for the Year*	*Revenues*	*Expenditures*
U.S. DEPARTMENT OF AGRICULTURE							
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION							
Child Nutrition Discretionary Grants Limited Availability	I	10.579	N/A	F	$ 12,731	$ 12,731	$ 12,731
Child Nutrition Cluster:							
School Breakfast Program	I	10.553	365	F	77,065	77,065	77,065
National School Lunch Program	I	10.555	362	F	217,320	233,379	233,379
Supply Chain Assistance	I	10.555	356	F	35,037	35,037	35,037
PASSED THROUGH THE U.S. DEPARTMENT OF AGRICULTURE							
Donated Commodities - Non-Cash Assistance	I	10.555	N/A	F	39,836	39,836	39,836
					292,193	308,252	308,252
Total Child Nutrition Cluster					369,258	385,317	385,317
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	I	10.649	358	F	628	628	628
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION							
School Breakfast Program	I	N/A	511	S	5,045	4,937	4,937
State Breakfast Initiative	I	N/A	521	S	54,294	54,294	54,294
National School Lunch Program	I	N/A	510	S	11,752	11,597	11,597
					71,091	70,828	70,828
TOTAL U.S. DEPARTMENT OF AGRICULTURE					453,708	469,504	469,504
U.S. DEPARTMENT OF EDUCATION							
Innovative Approaches to Literacy; Full-Service Community Schools; and Promise Neighborhood	D	84.125K	N/A	F	51,224	51,224	51,224
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION							
Title I Grants to Local Educational Agencies	I	84.010	013-230488	F	419,402	490,083	490,083
Title II Supporting Effective Instruction	I	84.367	020-230488	F	56,277	62,413	62,413
Student Support and Academic Enrichment Program	I	84.424	144-230488	F	47,256	38,983	38,983

See notes to schedule of expenditures of federal and state awards.

COVID-19 - Education Stabilization Fund							
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER Fund)	I	84.425D	200-210488	F	681,700	1,260,400	1,260,400
COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	I	84.425U	223-210488	F	790,559	614,081	614,081
COVID-19 - ARP ESSER 7% SEA Reserve	I	84.425U	225-210488	F	89,374	67,952	67,952
PASSED THROUGH MIDWESTERN INTERMEDIATE UNIT #4							
COVID-19 - ARP ESSER Homeless Children and Youth	I	84.425W	N/A	F	4,919	4,919	4,919
					1,566,552	1,947,352	1,947,352
Special Education Cluster (IDEA):							
PASSED THROUGH MIDWESTERN INTERMEDIATE UNIT #4							
Special Education - Grants to States (IDEA, Part B)	I	84.027	N/A	F	241,553	241,553	241,553
Total Special Education Cluster (IDEA)					241,553	241,553	241,553
TOTAL U.S. DEPARTMENT OF EDUCATION					2,382,264	2,831,608	2,831,608
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE							
Medicaid Cluster:							
Medical Assistance Program	I	93.778	N/A	F	5,221	5,221	5,221
Total Medicaid Cluster					5,221	5,221	5,221
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					5,221	5,221	5,221
U.S. DEPARTMENT OF JUSTICE							
Public Safety Partnership and Community Policing Grants	D	16.710	N/A	F	-	46,539	46,539
TOTAL U.S. DEPARTMENT OF JUSTICE					-	46,539	46,539
Total Federal and State Expenditures							3,352,872
Less: State Matching Funds							(70,828)
TOTAL FEDERAL AWARDS							$ 3,282,044

SOURCE CODE:
D = DIRECT FUNDING
I = INDIRECT FUNDING

S = STATE PROGRAM
F = FEDERAL PROGRAM

See notes to schedule of expenditures of federal and state awards.

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal award activity of Wilmington Area School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Wilmington Area School District, it is not intended to be and does not present the financial position, changes in net position, or cash flows for Wilmington Area School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Any 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. Wilmington Area School District has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FOOD COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had $4,017 of food commodity inventory.

NOTE D – SUBRECIPIENT FUNDING

There were no funds passed through to subrecipients from any of the federal programs.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

*	Material weakness(es) identified?		yes	X	no
*	Significant deficiency(ies) identified that are not considered to be material weakness?		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 that are not considered to be material weakness?		yes	X	none reported

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

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

Identification of major programs:

Assistance Listing Number(s)	*Name of Federal Program(s) or Cluster(s)*
84.425	COVID-19 - 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

There are no findings and questioned costs in the current year.

Section III - Federal Award Findings and Questioned Costs

There are no findings and questioned costs in the current year.