

**NEW ISSUE - BOOK ENTRY ONLY**

**RATING: S&P: "AA" (Stable Outlook)**  
(See "RATING" herein)

*In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excluded from gross income of the owners thereof for purposes of federal income taxation. This opinion of Bond Counsel is subject to continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations thereunder. In the further opinion of Bond Counsel, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on corporation for tax years beginning after December 31, 2022. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For further information concerning federal and state tax matters relating to the Bonds, see "TAX MATTERS" herein.*

**\$15,000,000\***

**WILSON SCHOOL DISTRICT**  
**(Berks County, Pennsylvania)**  
**General Obligation Bonds, Series of 2024**

**Bonds Dated:** Date of Delivery  
**Principal Due:** May 15, as shown on inside cover  
**Denomination:** Integral multiples of \$5,000

**Interest Payable:** May 15 and November 15  
**First Interest Payment:** May 15, 2025  
**Form:** DTC Book-Entry Only

**Legal Investment for Fiduciaries in Pennsylvania:** The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

**General:** The General Obligation Bonds, Series of 2024 (the "Bonds" or "2024 Bonds") in the aggregate principal amount of \$15,000,000\* are being issued by the Wilson School District (the "School District"), a public school district located in Berks County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Manufacturers and Traders Trust Company, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "**BOOK-ENTRY ONLY SYSTEM**" herein. Interest on the Bonds is payable initially on May 15, 2025, and thereafter, semiannually on May 15 and November 15 of each year.

**Security:** The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on October 21, 2024, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law. (see "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**", APPENDIX A - "**TAXING POWERS AND LIMITS**" and "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**" - "**Taxpayer Relief Act (Act 1)**" herein).

**Redemption:** The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

**Purpose:** The proceeds of the Bonds will be used for (i) the planning and construction of a new Lincoln Park Elementary School building; (ii) renovations, upgrades and additions to the Southern Middle School; (iii) various other capital equipment purchases and capital improvements to school facilities and school buildings owned and operated by the School District; and (iv) paying the costs and expenses related to the issuance of the Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to prior sale and subject to the receipt of the approving legal opinion to be issued by Fox Rothschild LLP, Blue Bell, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District by its Counsel, Fox Rothschild LLP, Exton, Pennsylvania, Solicitor to the School District, and for the Underwriter by its limited scope underwriter's counsel, McNeese Wallace & Nurick LLC, Lancaster, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about December \_\_\_\_, 2024.

**RAYMOND JAMES®**

\*Preliminary, subject to change.

This Preliminary Official Statement and the information herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

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**BOND MATURITY SCHEDULE**

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(May 15)	Principal	Interest			CUSIP
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Numbers</u> <sup>(1)</sup>

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<sup>(1)</sup>The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and Bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

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\*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriters to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS AND BONDS ARE MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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**SUMMARY PAGE**

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

<b>Issuer</b> .....	Wilson School District, Berks County, Pennsylvania (the “School District”).
<b>Bonds</b> .....	The General Obligation Bonds, Series of 2024 in the principal amount of \$15,000,000* (the “Bonds”), dated as of the date of delivery, maturing on May 15, ____ through May 15, ____.  Interest on the Bonds shall be payable semiannually on May 15 and November 15. See “ <b>DESCRIPTION OF THE BONDS</b> ” herein.
<b>Optional Redemption</b> .....	The Bonds stated to mature on or after May 15, 20__, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after _____, 20__, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
<b>Form</b> .....	Book-Entry Only.
<b>Application of Proceeds</b> .....	Proceeds of the Bonds will be used for (i) the planning and construction of a new Lincoln Park Elementary School building; (ii) renovations, upgrades and additions to the Southern Middle School; (iii) various other capital equipment purchases and capital improvements to school facilities and school buildings owned and operated by the School District; and (iv) paying the costs and expenses related to the issuance of the Bonds.
<b>Security</b> .....	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
<b>Rating</b> .....	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign the School District an underlying rating of “AA” (stable outlook). (See “ <b>RATING</b> ” herein.)
<b>Continuing Disclosure Undertaking</b> .....	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “Rule”). (See “ <b>CONTINUING DISCLOSURE UNDERTAKING</b> ” and “ <b>APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE</b> .”)

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\*Preliminary, subject to change.

**WILSON SCHOOL DISTRICT**  
**(Berks County, Pennsylvania)**  
 2601 Grandview Blvd.  
 West Lawn, Pennsylvania 19609

**BOARD OF SCHOOL DIRECTORS**

Steph Kocher.....	President
Jennifer Denny.....	Vice- President
Sean McCrae .....	Treasurer
Ed Case.....	Member
Brad Hart .....	Member
Guadalupe Kasper.....	Member
Dr. Amy Kennedy.....	Member
Bernard McCree .....	Member
Robert Schneider .....	Member

**SCHOOL ADMINISTRATION**

Dr. Chris Trickett.....	Superintendent of Schools
Christine Schlosman, CPA .....	Chief Financial Officer

**BOND COUNSEL**

Fox Rothschild LLP  
 Blue Bell, Pennsylvania

**SOLICITOR**

Fox Rothschild LLP  
 Exton, Pennsylvania

**UNDERWRITER**

Raymond James & Associates, Inc.  
 Lancaster, Pennsylvania

**FINANCIAL ADVISOR**

FSL Public Finance, LLC  
 Reading, Pennsylvania

**LIMITED SCOPE UNDERWRITER'S COUNSEL**

McNees Wallace & Nurick LLC  
 Lancaster, Pennsylvania

**PAYING AGENT**

Manufacturers and Traders Trust Company  
 Harrisburg, Pennsylvania

**OFFICIAL STATEMENT**

**\$15,000,000\***

**WILSON SCHOOL DISTRICT**

**(Berks County, Pennsylvania)**

**General Obligation Bonds, Series of 2024**

**INTRODUCTION**

This Official Statement is furnished by the Wilson School District (the "School District"), a public school district located in Berks County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2024 (the "Bonds") in the aggregate principal amount of \$15,000,000\*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on October 21, 2024 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on May 15 and November 15 of each year, commencing May 15, 2025. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Manufacturers and Traders Trust Company (the "Paying Agent"), serving as paying agent and sinking fund depository, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any Bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "**BOOK-ENTRY ONLY SYSTEM**" herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of the Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas in or about the School District, since the date of the Official Statement of the earliest date as of which certain information contained herein is given.

**PURPOSE OF THE ISSUE**

The proceeds of the Bonds will be used for (i) the planning and construction of a new Lincoln Park Elementary School building; (ii) renovations, upgrades and additions to the Southern Middle School; (iii) various other capital equipment purchases and capital improvements to school facilities and school buildings owned and operated by the School District; and (iv) paying the costs and expenses related to the issuance of the Bonds.

**SOURCES AND USES OF FUNDS**

<b>Sources of Funds</b>	<b>Total</b>
Proceeds of the Bonds .....	
Net Original Issue Premium [Discount].....	
<b>Total Sources of Funds</b> .....	
<b>Uses of Funds</b>	
Construction Fund Deposit.....	
Costs of Issuance <sup>(1)</sup> .....	
<b>Total Uses of Funds</b> .....	

<sup>(1)</sup> Includes legal fees, underwriter's discount, paying agent fees, rating fee, CUSIP, printing and miscellaneous fees.

\*Preliminary, subject to change.

## DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of \$5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on May 15, 2025, and thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as partnership nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of Bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.*

### Payment of Principal and Interest

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal and interest so paid. If the use of the book-entry only system for the Bonds is discontinued for any reason, Bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs.*

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, May 15, 2025, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

### Transfer, Exchange and Registration of Certificated Bonds

*Subject to the provisions herein under "BOOK-ENTRY ONLY SYSTEM", any certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated Bond or Bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.*

The School District and the Paying Agent shall not be required: (a) to register the transfer of or exchange any certificated Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption; or (b) to register the transfer of or exchange any portion of any certificated Bond selected for redemption until after the redemption date. Certificated Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate.



## REDEMPTION OF BONDS

### Mandatory Sinking Fund Redemptions

In the manner and upon the terms and conditions provided in the Resolution, the following Bond maturities are subject to mandatory redemption in direct order of maturity, pursuant to operation of the Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest, on May 15<sup>th</sup> of the following years and in the following principal amounts:

<u>Year</u>	<u>Amount</u>
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In lieu of such mandatory redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If any maturity of the Bonds that is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption or in such order of maturity as shall be directed in writing by the School District, in each case in multiples of \$5,000 principal amount.

### Optional Redemption

The Bonds maturing on and after May 15, \_\_\_\_\_, are subject to redemption prior to maturity at the option of the School District, in whole or in part, in any order of maturities as the School District shall select, on any date on or after May 15, \_\_\_\_\_, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity shall be drawn by lot by the Paying Agent.

### Notice of Redemption

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices and Beneficial Owners.*

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed for redemption.

The notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depository acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

### Manner of Redemption

*So long as Cede & Co., nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made by Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all of the Bonds in a particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner on such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.*

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a certificated Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for certificated Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of \$5,000 principal amount.

### **BOOK-ENTRY ONLY SYSTEM**

***The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter***

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

*The School District and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.*

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General Obligation Pledge**

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay, or cause to be paid, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power.

### **Actions in the Event of Default on the Bonds**

In the event of a failure by the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to remedies specified by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

## **Sinking Fund**

Under the Resolution, the School District has created a sinking fund (the “Sinking Fund”) as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the Sinking Fund, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

The Sinking Fund shall be held by Manufacturers and Traders Trust Company (the “Sinking Fund Depository”) and invested by the Sinking Fund Depository in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject to withdrawal or collection only by the Sinking Fund Depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

## **Commonwealth Enforcement of Debt Service Payments**

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education of the Pennsylvania Department of Education (“PDE”) shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. In addition, enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Budget Adoption**” herein.

## **Pennsylvania Budget Adoption Impasses**

The Commonwealth’s fiscal year begins on July 1. The budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely. Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Governor approved a five-month stopgap budget for fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. The legislation was sent to the Governor’s desk for approval and on November 23, 2020, the Governor approved the 2020-21 Supplemental Budget, which included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor signed the state’s 2021-2022 fiscal year budget on June 30, 2021. The budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included districts in both urban and rural areas of the Commonwealth. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a record high of \$13.55 billion in the 2021-22 budget.

After a week’s delay and intense negotiations, the \$45.2 billion budget for Pennsylvania’s 2022-23 fiscal year was signed by Governor Tom Wolf on July 8, 2022. The 2022-23 enacted budget included \$7,625,124,000 for the basic education funding appropriation and \$225,000,000 to supplement those school districts with a higher at risk student population. The total amount allocated for education included a \$767,820,000 (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$45.5 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$8.4 billion for the basic education funding appropriation. The total amount included a \$796.6 million (10.45%) increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

After a two week delay, a \$47.6 billion budget for the state’s 2024-25 fiscal year was signed by Governor Josh Shapiro on July 11, 2024, which included an increase of \$1.11 billion for K-12 education funding. The total basic education funding appropriation is \$8,157,444,000 which is a 3.62% increase over the 2023-24 enacted fiscal year appropriation. Also, the budget provides for \$100 million increase in additional aid to school districts for special education services.

**During a state budget impasse, school districts in the Commonwealth cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” below.**

#### **Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)**

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE otherwise due a school district that is subject to an intercept statute or an intercept agreement, in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statutes" Sections 633 of the Public School Code. The School District's general obligation debt, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

*The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.*

#### **BONDHOLDER CONSIDERATIONS**

*The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire official Statement inclusive of its Appendices.*

#### **Cybersecurity**

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and

systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **Climate Change**

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

### **Risk of Audit by Internal Revenue Service**

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See "TAX MATTERS" herein.

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirement of Rule 15-c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District's continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District's obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined "obligated persons") with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

<b>Fiscal Year Ending</b>	<b>Filing Due Date</b>	<b>Filing Date of the Audit, Operating Data &amp; Budget</b>
6/30/2023	3/26/2024	12/19/2023
6/30/2022	12/27/2022	12/21/2022
6/30/2021	12/27/2021	12/16/2021
6/30/2020	12/27/2020	12/08/2020
6/30/2019	12/27/2019	12/16/2019

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

**NO LITIGATION**

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, or any proceedings of the School District taken in connection with the issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the School District.

**TAX MATTERS**

**Federal**

*Certain Federal Income Tax Matters*

On the date of delivery of the Bonds, Fox Rothschild LLP (“Bond Counsel”) will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual “adjusted financial statement income” (as defined in Section 56A of the Code) of “applicable corporations” (as defined in Section 59 of the Code) for purposes of computing the alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. The opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District comply with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Bonds.

Notwithstanding the general exclusion of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Bonds.

The initial public offering price of the Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity. Bond Counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity (“original issue premium”). Investors should seek advice thereon from their own tax advisor.

The initial public offering price of Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes “original issue discount.” Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.

**Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption “Certain Federal Income Tax Matters” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX C. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

## **Pennsylvania**

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Bond Counsel will express no other opinion regarding other tax consequences with respect to the Bonds, including whether or not interest on the Bonds is subject to taxation under the laws of any jurisdiction other than the Commonwealth.

**Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption “Pennsylvania” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX C hereto.**

**Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.**

### **Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

### **Other**

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

**Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.**

## **LEGAL OPINIONS**

The Bonds are offered subject to the receipt of the approving legal opinion of Fox Rothschild LLP, Bond Counsel to the School District, of Blue Bell, Pennsylvania, substantially in the form of Appendix C. Certain legal matters will be passed upon for the School District by Fox Rothschild LLP, of Exton, Pennsylvania, School District Solicitor, and for the Underwriter by its limited scope underwriter’s counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania.

## **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned the School District an underlying rating of “AA” (stable outlook).

The above rating are not recommendations to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.



## **UNDERWRITING**

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds of \$\_\_\_\_\_, [plus/less] an original issue [premium/discount] of \$\_\_\_\_\_ less an underwriting discount of \$\_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

## **FINANCIAL ADVISOR**

The School District has retained FSL Public Finance, LLC, Reading, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor is not obligated to any holder of the Bonds to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor is an independent, registered advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **PAYING AGENT**

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

## **CERTAIN OTHER MATTERS**

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to be reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

The School District has authorized the distribution of this Official Statement.

**WILSON SCHOOL DISTRICT**  
**Berks County, Pennsylvania**

By: \_\_\_\_\_  
President, Board of School Directors

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**APPENDIX A**

**SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT**

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**DESCRIPTION OF THE SCHOOL DISTRICT**

**Introduction**

The Wilson School District (the “School District”) is located in south central Berks County, adjacent to the City of Reading, the County seat, 30 miles northeast of the City of Lancaster, 50 miles northwest of the City of Philadelphia and 25 miles east of the City of Lebanon. Covering 38.6 square miles, the School District is coterminous with the Townships of Lower Heidelberg and Spring, the Borough of Sinking Spring and a portion of the Borough of Wyomissing, north of U.S. Route 422.

The governing body of the School District is governed by a nine member Board of School Directors (the “School Board”) who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools. The Business Administrator is responsible for budget and financial operations. The School Board selects both officials.

**School Facilities**

<u>School</u>	<u>Year Constructed</u>	<u>Additions/ Alterations</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2024-25 Enrollment</u>
<b><u>Elementary</u></b>					
Cornwall Terrace.....	1974	1991, 2007	K-5	775	553
Whitfield.....	1963	1969, 1990, 1991, 1996	K-5	700	573
Shiloh Hills.....	2000	2013	K-5	600	572
Spring Ridge.....	1996	2013	K-5	550	575
Green Valley .....	2006	2013	K-5	600	505
<b><u>Secondary</u></b>					
West Middle School.....	2010	---	6-8	1,327	780
Southern Middle.....	1974	1998	6-8	1,022	754
Wilson Senior.....	1928/1964	1936, 1946, 1958, 1986, 1997, 1999	9-12	2,267	2,173

Source: School District Officials.

**Pupil Enrollment**

The past, current and projected enrollments within the School District are shown below:

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2020-21.....	3,152	3,071	6,223
2021-22.....	3,245	3,075	6,320
2022-23.....	3,279	3,110	6,389
2023-24.....	3,284	3,155	6,439
2024-25 (Current).....	3,304	3,181	6,485
2025-26 (Projected).....	3,324	3,214	6,538

Source: School District Officials.

## SCHOOL DISTRICT FINANCES

### Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Herbein & Company, Inc. of Reading, Pennsylvania currently serves as the School District's auditor. The School District's auditor has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Official Statement.

### Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the school districts' fiscal year beginning on July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together, the "Taxpayer Relief Act" or "Act 1") all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election preceding the next fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days prior public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from PDE suggest that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the Public School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the Public School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district's next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see "**The Taxpayer Relief Act (Act 1)**" herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district's next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district's next fiscal year; or (3) the School District seek approval to utilize one or more of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see "**The Taxpayer Relief Act (Act 1)**" herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

**Summary and Discussion of Financial Results**

The below table presents a summary of the School District’s General Fund Financial Condition for Fiscal Years ending June 30, 2020 through June 30, 2023, estimated 2024 and budgeted 2025. For more complete information, the financial statements of the School District may be reviewed at the School District’s Business Office.

**WILSON SCHOOL DISTRICT  
General Fund Revenues, Expenditures and Fund Balances  
(Fiscal Years Ending June 30)**

	ACTUAL				Estimated 2024	Budgeted 2025
	2020	2021	2022	2023		
<b>Revenues</b>						
Local Sources .....	\$81,702,434	\$81,892,701	\$87,378,041	\$93,790,297	\$101,431,593	\$99,093,183
State Sources .....	25,080,364	25,139,097	27,310,754	29,801,466	32,272,463	36,606,390
Federal Sources .....	<u>1,324,733</u>	<u>3,260,857</u>	<u>6,004,013</u>	<u>3,318,298</u>	<u>1,420,576</u>	<u>1,568,427</u>
<b>Total Revenues</b> .....	\$108,107,531	\$110,292,655	\$120,692,808	\$126,910,061	\$135,124,632	\$137,268,000
<b>Expenditures</b>						
Instructional services .....	\$64,939,489	\$67,251,027	\$70,202,212	\$73,369,066	\$77,052,390	\$86,080,375
Support services .....	28,407,721	29,407,380	31,405,188	33,185,766	35,759,372	40,368,806
Operation of non-instructional services....	2,431,878	2,282,027	2,772,955	2,923,349	3,004,567	3,359,949
Capital Outlay .....	0	0	0	0	41,207	34,730
Debt Service – Principal .....	0	0	745,940	1,035,837	933,530	1,015,000
Debt Service – Interest .....	0	170,425	41,082	56,831	81,833	11,140
Refund of prior year revenues .....	<u>11,876</u>	<u>252,329</u>	<u>38,198</u>	<u>80,870</u>	<u>2,568</u>	<u>0</u>
<b>Total Expenditures</b> .....	\$95,790,964	\$99,363,188	\$105,205,575	\$110,651,719	\$116,875,467	\$130,870,000
<b>Other Financing Sources (Uses)</b>						
Net Proceeds from financed purchases & lease and subscription issuances.....	\$0	\$0	\$1,146,140	\$1,572,593	\$676,100	\$1,000,000
Issuance of refunding bonds and notes.....	0	7,814,984	0	0	0	0
Payment to refunded bond escrow agent..	0	(7,515,000)	0	0	0	0
Interfund Transfers in (out) .....	(10,783,671)	(4,088,830)	(14,193,565)	(14,848,298)	(17,552,938)	(12,298,000)
Sale of capital assets .....	19,350	2,500	24,240	50,250	627,673	0
Budgetary reserve .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,000,000)</u>
<b>Total Other Financing Sources (Uses) ..</b>	<b><u>(\$10,764,321)</u></b>	<b><u>(\$3,786,346)</u></b>	<b><u>(\$13,023,185)</u></b>	<b><u>(\$13,225,455)</u></b>	<b><u>(16,249,165)</u></b>	<b><u>(12,298,000)</u></b>
<b>Excess Expenditures Over (Under) Revenues</b> .....	\$1,552,246	\$7,143,121	\$2,464,048	\$3,032,887	\$2,000,000	(\$5,900,000)
<b>Beginning Fund Balance</b> .....	<u>\$18,525,693</u>	<u>\$20,077,939</u>	<u>\$27,221,060</u>	<u>\$29,685,108</u>	<u>\$32,717,995</u>	<u>\$34,717,995</u>
<b>Fund Balance June 30</b> .....	<u>\$20,077,939</u>	<u>\$27,221,060</u>	<u>\$29,685,108</u>	<u>\$32,717,995</u>	<u>\$34,717,995</u>	<u>\$28,817,995</u>

Source: School District Officials Audits and Budget.

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## TAXING POWERS AND LIMITS

### In General

*Subject to certain limitations imposed by the Act 1 (more specifically described below),* the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a) for minimum salaries and increments of the teaching and supervisory staff;
  - b) to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c) *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and*
  - d) to pay for the amortization of a bond or Bond issue which provided a school building prior to the first Monday of July 1959.
3. An annual per capita tax on each resident over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, a per capita tax, an earned income and net profits tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth (“STEB”)/Tax Equalization Division (“TED”)) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

### PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

#### Taxpayer Relief Act (Act 1)

**The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.**

Under the Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one or more of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is great than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines.”



Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE, as the case may be. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

“Index” is defined in Act 1 as follows:

INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.
2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:
  - (i) 0.75; and
  - (ii) the school district's market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

“Statewide Average Weekly Wage” is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2<sup>nd</sup> Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

The Act 1 Index applicable to the School District for the current fiscal year and prior four fiscal years is as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2024-25	6.6
2023-24	5.0
2022-23	4.2
2021-22	3.7
2020-21	3.2

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum on the ballot at the May 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax (“EIT”) or a Emergency and Municipal Service tax (“EMS”) and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. A board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax (“EIT”) or impose a emergency and municipal service tax (“EMS”) for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or EMS shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. In the May 15, 2007 municipal primary, an Emergency and Municipal Services (EMS) tax referendum was passed, enabling the School District to enact its \$5 share of the existing \$52 EMS tax on those persons who work within the boundaries of the School District, currently imposed by the School District’s townships and boroughs.

**Status of the Bonds Under the Taxpayer Relief Act (Act 1)**

The debt service payable on the Bonds described in this Official Statement was not authorized before the effective date of Act 1; therefore, is not eligible for a specific exception to the Index limits of Act 1.

**Limitations on School District Fund Balance**

**Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.**

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school fiscal year that includes an estimated ending unreserved and undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

**Total Budgeted Expenditures:**

Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

**Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures<sup>(1)</sup>:**

“Estimated ending unreserved, undesignated fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

\*Applicable to the School District

<sup>(1)</sup> Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term “Unassigned” to refer to general fund balances that would fall within the definition of “Unreserved and Undesignated Fund Balance” in the statute known as Act 48 of 2003.

**TAX REVENUES OF THE SCHOOL DISTRICT**

**Tax Levies**

**2024-25 Real Estate and Non-Real Estate Tax Rates**

<u>Municipality</u>	<u>Real Estate (Mills)</u>							
	<u>School District</u>		<u>Municipal</u>		<u>County</u>			
Lower Heidelberg Township.....	30.64		6.7496		8.345			
Sinking Spring Borough.....	30.64		7.1600		8.345			
Spring Township.....	30.64		3.2500		8.345			
Wyomissing Borough.....	30.64		4.9000		8.345			

<u>Municipality</u>	<u>Emergency and Municipal Services</u>		<u>Real Estate Transfer</u>		<u>Earned Income</u>		<u>Per Capita</u>	
	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>
Lower Heidelberg Township.....	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%	\$ 5.00	\$ 5.00
Sinking Spring Borough.....	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%	\$ 5.00	\$ 5.00
Spring Township.....	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%	\$ 5.00	\$ 5.00
Wyomissing Borough.....	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%	\$ 5.00	\$ 5.00

Source: School District Officials

**Real Estate Tax Collection Record**

The School District's realty tax collection record for the current and previous four fiscal years ending June 30<sup>th</sup>, of the years shown below, is as follows:

<u>Fiscal Year</u>	<u>Adjusted Total Levy</u>	<u>Current Collections</u>	<u>Current Percent Collected</u>	<u>Total Collections<sup>(1)</sup></u>	<u>Total Percent Collected</u>
2018-19	\$65,796,093	\$63,982,240	97.2%	\$65,056,083	98.9%
2019-20	67,826,520	66,586,610	98.2%	67,475,156	99.5%
2020-21	67,826,520	66,813,444	98.5%	67,691,998	99.8%
2021-22	72,407,934	70,196,630	96.9%	71,308,563	98.5%
2022-23	75,879,547	73,389,954	96.7%	74,458,259	98.1%

<sup>(1)</sup>Includes delinquent real estate collection.

Source: School District Officials.

**Trends in Market and Assessed Valuations**

The trend in market and assessed valuations of real estate in the School District is shown below:

<u>Fiscal Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2019-2020	\$3,654,372,999	\$2,650,681,500	72.53%
2020-2021	3,766,654,215	2,624,084,500	69.67%
2021-2022	3,842,174,453	2,662,411,000	69.29%
2022-2023	4,108,721,911	2,680,382,500	65.24%
2023-2024	4,158,008,316	2,708,908,000	65.15%

Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year.

**Ten Largest Real Estate Taxpayers in the School District**

The following table represents the ten real estate taxpayers having the highest assessed values in the School District. These taxpayers represent approximately 8.19% of the School District’s total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>
GH Spring Ridge Associates Inc.	\$38,904,200
Threpa004 LLC	38,844,500
Parcel 9 Unit 7 Operating LLC - Equus Capital Partners LTD	30,539,100
GM Berkshire Hills LLC & GM Oberlin Berkshire Hills LLC	25,750,800
Meridian Boulevard Lofts Owner LLC & Agharta Meridian Realty LLC	17,509,500
Threpa006 LLC	16,835,600
Reading Hospital & Medical Ctr.	15,345,300
Spring AM WestTIC LLC/Spring Randolph TIC LLC/Spring Eatontown TIC LLC/ET AL	15,074,200
7SC Spring Meadow LLC - Vastgood Properties LLC	11,830,100
Wynnewood@ Wyomissing APT Assoc LP	<u>11,228,300</u>
<b>Totals</b>	<b><u>\$221,861,600</u></b>

Source: County Assessment Office

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## COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2023-24 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero. Beginning in 2024-25, there is also a Hold Harmless Relief Supplement for qualifying school districts.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>.

School districts also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

### **Lack of Commonwealth Appropriations for Debt Service Reimbursement**

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's CARF is currently higher at 47.74%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program. The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2019, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, and its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues will be used to provide PlanCon reimbursement to the School District for the current and future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature and has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the Commonwealth would start to allow applicants to enter into the new program. There is a moratorium for the new PlanCon program, which still remains in place.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

**DEBT STATEMENT AND DEBT LIMITS**

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

<b><u>DIRECT DEBT</u></b>	<b>Gross</b>	<b>Reimbursable</b>	<b>Effective</b>	<b>State</b>	<b>Local</b>
<b><u>NONELECTORAL DEBT</u></b>	<b><u>Outstanding</u></b>	<b><u>Percent (%)</u></b>	<b><u>Reimbursement<sup>(1)</sup></u></b>	<b><u>Share</u></b>	<b><u>Share</u></b>
General Obligation Bonds, Series of 2024 .....	\$15,000,000	0.00%	0.00%	\$0	\$15,000,000
General Obligation Bonds, Series C of 2021 .....	37,685,000	0.00%	0.00%	0	37,685,000
General Obligation Bonds, Series B of 2021 .....	7,010,000	11.29%	5.39%	377,828	6,632,172
General Obligation Notes, Series A of 2021 .....	4,310,000	7.50%	3.58%	154,320	4,155,680
General Obligation Notes, Series A of 2020 .....	3,480,000	10.58%	5.05%	175,771	3,304,229
General Obligation Notes, Series of 2020 .....	6,080,000	6.46%	3.08%	187,507	5,892,493
General Obligation Notes, Series B of 2019 (Federally Taxable) .....	3,165,000	9.98%	4.76%	150,795	3,014,205
General Obligation Notes, Series A of 2019 .....	9,700,000	0.00%	0.00%	0	9,700,000
General Obligation Bonds, Series A of 2016 .....	4,635,000	13.59%	6.49%	300,713	4,334,287
<b>Total Principal of Nonelectoral Debt .....</b>	<b>\$91,065,000</b>			<b>\$1,346,934</b>	<b>\$89,718,066</b>
<b><u>LEASE RENTAL DEBT</u></b>					
<b>Total Principal of Lease Rental Debt .....</b>	<b>0</b>				
<b>TOTAL DIRECT DEBT .....</b>	<b>\$91,065,000</b>				
<b><u>OVERLAPPING DEBT</u></b>					
Component Municipalities Debt .....	\$41,640,890				
Berks County <sup>(2)</sup> .....	15,211,199				
<b>Total Principal of Overlapping Debt .....</b>	<b>\$56,852,089</b>				
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$147,917,089</b>				
<b><u>DEBT RATIOS OF DIRECT DEBT</u></b>					
Market Valuation of Real Estate .....	2.19%				
Assessed Valuation of Real Estate .....	3.36%				
Per Capita (2020 Population) .....	\$1,819				
<b><u>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</u></b>					
Market Valuation of Real Estate .....	3.56%				
Assessed Valuation of Real Estate .....	5.46%				
Per Capita (2020 Population) .....	\$2,955				
<b><u>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</u></b>					
Market Value .....	\$4,158,008,316				
Assessed Value .....	\$2,708,908,000				
Population (2020) .....	50,057				

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “Commonwealth Aid to School Districts” herein.

<sup>(2)</sup>School District’s pro rata 12.31% share of the County’s \$123,529,000 principal amount outstanding.

Source: Department of Community and Economic Development (“DCED”) website.

**FUTURE FINANCING**

The School District does anticipate issuing an additional \$60 million of long-term debt to fund its capital improvement plan in the next 1 -2 years.

**BORROWING CAPACITY**  
**(Under Local Government Unit Debt Act)**

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	<u>2021-22</u>	<u>2022-23</u>	<u>Estimated 2023-24</u>
<b>Total General Fund Revenues</b> .....	\$120,692,808	\$126,910,061	\$135,124,632
<b>Less: Required Deductions</b>			
a. Rental and Sinking Fund Reimbursement.....	539,947	309,850	280,037
b. Revenues for Self-Liquidating Debt.....	0	0	0
c. Interest Earned on Sinking Funds.....	0	0	0
d. Grant and Gifts for Capital Projects.....	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)	0	368,790	2,775,801
<b>Total Deductions</b> .....	<u>539,947</u>	<u>678,640</u>	<u>3,055,838</u>
<b>Total Net General Fund Revenues</b> .....	<u>\$120,152,861</u>	<u>\$126,231,421</u>	<u>\$132,068,794</u>
<b>Total Net Revenues for Three Years</b> .....		\$378,453,076	
<b>Borrowing Base - Average Net Revenues for Three-Year Period</b> .....		\$126,151,025	
<b>Computation of Borrowing Capacity</b>			
Debt Limitation - 225% of Borrowing Base.....		\$283,839,807	
Less: Net Non-Electoral and Lease Rental Debt.....		<u>91,065,000</u>	
Current Non-Electoral and Lease Rental Borrowing Capacity.....		<u>\$192,774,807</u>	

**LABOR RELATIONS**

**Employees and Labor Contracts**

There are presently 1,562 employees of the School District, including teachers, administrators, and support personnel including secretaries, maintenance staff, cafeteria workers and aides.

Professional/instructional employees of the School District are represented for purposes of collective bargaining by the Wilson Education Association, which is affiliated with the Pennsylvania State Education Association ("PSEA"). The expiration date of the current collective bargaining which is in place between the School District and the PSEA is June 30, 2027.

**Pension Program**

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees who render at least 500 hours of service in the school year can participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002, range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. For the fiscal year ended June 30, 2025, the PSERS Board certified employer rate, to be paid by the School District, is 33.9%. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 (“Act 5”) PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members’ classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019, will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer’s share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District payments, net of reimbursement, have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019-20	\$ 8,657,247
2020-21	8,772,127
2021-22	9,515,541
2022-23	10,199,539
2023-24	(estimated) 10,418,852

On June 30, 2023, the School District reported a liability of \$166,187,000 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 PSERS' total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System’s fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.3738%, which was an increase of 0.0181% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.6% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS’ rate of return for fiscal year ended June 30, 2023, was 3.54%. The Fund had plan net assets of \$72.8 billion on June 30, 2023. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

**Other Post-Employment Benefits (“OPEB”)**

The School District implemented Governmental Accounting Standards Board Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions,” for certain post-employment healthcare benefits and life insurance benefits provided by the School District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year.

Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition. Single-Employer Defined Benefit OPEB Plan The School District's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

The School District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

For a full description of the pension and OPEB plans, please refer to Appendix E – Financial Statements.

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**APPENDIX B**

**LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION**

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**DEMOGRAPHIC AND STATISTICAL INFORMATION**

The following tables provide population trends, age, family income and housing indices for the School District, the County and the Commonwealth of Pennsylvania.

**Population**

	<u>2010</u>	<u>2020</u>
School District .....	55,671	50,057
Berks County .....	411,442	428,849
Pennsylvania.....	12,702,379	13,002,700

Source: U.S. Bureau of Census.

**Age Composition  
(2020)**

	<u>Percent Under 18</u>	<u>Percent 65 and Over</u>
School District .....	16.3%	29.1%
Berks County .....	21.8	18.2
Pennsylvania.....	20.2	19.6

Source: U.S. Bureau of Census.

**Family Income  
(2020)**

<u>Municipalities in the School District</u>	<u>Median Household</u>	<u>Per Capita</u>	<u>Individuals in Poverty</u>
Lower Heidelberg Township	\$120,468	\$60,673	2.7%
Sinking Spring Borough	*	*	*
Spring Township	95,573	44,906	6.0%
Wyomissing Borough	86,786	65,321	4.7%

\*Population under 5,000, information unavailable.

Source: U.S. Bureau of Census.

**Housing Characteristics  
(2020)**

	<u>Housing Units</u>	<u>Households</u>	<u>Persons Per Household</u>
Berks County .....	171,712	160,065	2.59
Pennsylvania.....	5,815,392	5,147,783	2.44

Source: U.S. Bureau of Census.

## **Educational Institutions**

A variety of institutions of higher learning are located near the School District and Berks County. Included are four degree-granting institutions and a number of business schools. The larger educational institutions in the area are Penn State Berks University, Albright College, Alvernia University and Kutztown University of Pennsylvania, which offers master's degrees in business administration, education, library education and various fields of the arts and sciences. The County of Berks is the sponsoring government for the Reading Area Community College and appoints members to the Board of Trustees. Tower Health and Drexel University reached an agreement to build a Medical College Campus near Reading Hospital.

## **Transportation**

The School District's economic position has been bolstered by a fine network of Federal and State highways and rail transportation. This transportation network affords residents and industry accessibility to all urban areas and major market centers. U.S. Route 422 connects the School District with Philadelphia to the east and Lebanon to the west and U.S. Route 222 traverses the School District and connects the area with Lancaster and the Pennsylvania Turnpike to the south and Reading and Allentown to the north. The School District is also served by State Route 724.

ConRail provides freight transportation to the industrial residents of the School District along with twenty-four motor freight lines that serve the Reading area.

Commuter and intercity bus service is furnished by the Berks Area-Reading Transportation Authority, Capitol Trailways, Greyhound Trailways and Beiber Tourways.

## **Utilities and Communications**

Various municipal authorities provide sewer service to the developed portions of the School District and Western Berks Water Authority, Wernersville Municipal Authority and Citizens Utilities Water Company of Pennsylvania supply water service to the School District residents.

Electric service is provided by GPU Energy and Pennsylvania Power and Light Company. Telephone service is provided by Verizon and gas service by UGI Corporation.

## **Medical Facilities**

The School District and County are served by five (5) medical centers, three (3) medical and dental laboratories, two (2) general hospitals and five (5) specialized institutions which deal with geriatric patients, mental and tuberculosis patients, as well as the physically handicapped.

## **Commerce**

The County continues to be a leader in specialty manufacturing with one of the highest concentration in the Commonwealth of Pennsylvania. Companies have expanded including East Penn Manufacturing and EnerSys Batteries. The County has experienced significant growth in box distribution centers along its Route 78 and Route 61 corridors, attracting wholesale distribution and retail order fulfillment companies in support of their east coast business. The County is also experiencing growth in the City of Reading and its suburbs with commercial, medical, education institutions and residential development. Most recent, The Tower Health joint venture with Drexel University completed the regional medical campus near Reading hospital and Penn National's Hollywood Casino Morgantown is up and running.

## **ECONOMIC INFORMATION**

### **Ten Largest Employers in Berks County 1st Quarter, 2023**

East Penn Manufacturing Company  
Reading Hospital  
Carpenter Technology Corporation  
Penske Truck Leasing Co. LP  
Amazon.com Services Inc.  
Wal-Mart Associates Inc.  
County of Berks  
Reading School District  
Redner's Tiger Markets Inc.  
State Government

Source: Pennsylvania Department of Labor & Industry – Center for Workforce Information and Analysis.

**READING METROPOLITAN STATISTICAL AREA**

(Berks County)

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND  
UNEMPLOYMENT RATE BY PLACE OF RESIDENCE

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY- MENT <sup>2</sup>	UNEMPLOY- MENT	RATE (%)	SEASONALLY ADJUSTED <sup>4</sup>			
					LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)
August 2023	216,800	207,100	9,700	4.5	214,100	206,000	8,000	3.8
July	215,700	207,400	8,300	3.8	213,500	205,700	7,800	3.6
June	215,800	207,200	8,600	4.0	213,500	205,600	7,900	3.7
August 2022	212,200	201,900	10,300	4.8	214,300	204,900	9,400	4.4

**August 2023  
NONFARM JOBS - NOT SEASONALLY ADJUSTED**

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Aug 2023	Jul 2023	Jun 2023	Aug 2022	Jul 2023	Aug 2022
<b>TOTAL NONFARM</b>	<b>179,000</b>	179,200	180,000	176,300	-200	2,700
<b>TOTAL PRIVATE</b>	<b>161,500</b>	161,800	161,200	158,900	-300	2,600
<b>GOODS-PRODUCING</b>	<b>39,300</b>	39,600	39,500	39,700	-300	-400
<b>Mining, Logging, and Construction</b>	<b>8,200</b>	8,400	8,300	8,400	-200	-200
<b>Manufacturing</b>	<b>31,100</b>	31,200	31,200	31,300	-100	-200
Durable Goods	<b>21,700</b>	21,800	21,700	21,500	-100	200
Non-Durable Goods	<b>9,400</b>	9,400	9,500	9,800	0	-400
<b>SERVICE-PROVIDING</b>	<b>139,700</b>	139,600	140,500	136,600	100	3,100
<b>PRIVATE SERVICE-PROVIDING</b>	<b>122,200</b>	122,200	121,700	119,200	0	3,000
<b>Trade, Transportation, and Utilities</b>	<b>35,200</b>	35,300	35,200	34,600	-100	600
Wholesale Trade	<b>6,500</b>	6,500	6,400	6,300	0	200
Retail Trade	<b>19,100</b>	19,100	19,000	18,600	0	500
Grocery and convenience retailers	<b>3,700</b>	3,700	3,700	3,600	0	100
Transportation, Warehousing, and Utilities	<b>9,600</b>	9,700	9,800	9,700	-100	-100
<b>Information</b>	<b>1,000</b>	1,000	1,000	1,000	0	0
<b>Financial Activities</b>	<b>6,900</b>	6,900	7,000	7,000	0	-100
Credit Intermediation and Related Activities including Mone	<b>2,400</b>	2,400	2,400	2,400	0	0
<b>Professional and Business Services</b>	<b>23,300</b>	23,200	23,000	22,600	100	700
<b>Education and Health Services</b>	<b>31,900</b>	31,800	31,700	30,800	100	1,100
Health care and social assistance	<b>29,100</b>	28,900	28,900	28,200	200	900
<b>Leisure and Hospitality</b>	<b>15,600</b>	15,700	15,600	15,300	-100	300
<b>Other Services</b>	<b>8,300</b>	8,300	8,200	7,900	0	400
<b>Government</b>	<b>17,500</b>	17,400	18,800	17,400	100	100
Federal Government	<b>800</b>	800	800	800	0	0
State Government	<b>3,000</b>	2,800	2,800	2,900	200	100
Local Government	<b>13,700</b>	13,800	15,200	13,700	-100	0
Data benchmarked to March 2022	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**



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 Blue Bell, PA 19422  
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 www.foxrothschild.com

\_\_\_\_\_, 2024

Raymond James & Associates, Inc.  
 570 Lausch Lane, Suite 101  
 Lancaster, PA 17601-3057

Re: Wilson School District  
 Berks County, Pennsylvania  
 \$ \_\_\_\_\_ General Obligation Bonds, Series of 2024

Ladies and Gentlemen:

We have acted as Bond Counsel to the Wilson School District, Berks County, Pennsylvania (the “School District”), a school district located in the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the authorization, issuance and sale by the School District of its General Obligation Bonds, Series of 2024, dated \_\_\_\_\_, 2024, in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the “Bonds”).

The Board of Directors of the School District, by a Resolution dated October 21, 2024 (the “Resolution”), has authorized and directed the issuance of the Bonds. The Resolution provides, inter alia, that the proceeds of the Bonds will be used for purposes of providing financing for: (i) the planning and construction of a new Lincoln Park Elementary School building; (ii) renovations, upgrades and additions to the Southern Middle School; (iii) various other capital equipment purchases and capital improvements to school facilities and school buildings owned and operated by the School District; and (iv) paying the costs and expenses related to the issuance of the Bonds, all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the “LGUDA”). Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the provisions of the LGUDA. The Department of Community and Economic Development (the “Department”) of the Commonwealth has approved the proceedings for the incurring of this debt of the School District as authorized in the Resolution, as required by the LGUDA.

As to questions of fact material to our opinion, without undertaking to verify such facts by independent investigation, we have relied upon the certified proceedings and other certifications



Raymond James & Associates, Inc.

\_\_\_\_\_, 2024

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of the School District and other public officials, including without limitation, the matters listed in the following paragraph, which have been furnished to us.

As Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings related to the issuance and delivery of the Bonds as filed with and approved by the Department; (2) an executed counterpart of the Resolution; (3) a form of Bond; (4) a General Certificate of the School District; (5) a Tax Compliance Agreement; (6) a Due Diligence Memorandum completed and executed by the School District; and (7) the usual closing affidavits, certificates and documents. In our examination, we have assumed the genuineness of all signatures, including electronic signatures.

We have assumed that the School District, pursuant to the Resolution, has established a sinking fund with the Paying Agent named in the Resolution, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds will be deposited no later than the date fixed for the disbursement thereof. The School District has set forth in the Resolution to make payments out of such sinking fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the Bonds.

The School District in the Resolution has covenanted to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payment due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due and it has pledged its full faith, credit and taxing power to such payment, budgeting and appropriation.

We have further assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, succession or inheritance taxes or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

Based upon the foregoing, and subject to the further qualifications stated herein, and assuming investment and application of the proceeds of the Bonds as set forth in the Tax Compliance Agreement and the continuing compliance by the School District therewith and with the applicable provisions of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder, we are of the opinion that:

1. The School District is authorized, under applicable laws of the Commonwealth, to issue the Bonds to provide funds as enumerated in the Resolution.





Raymond James & Associates, Inc.

\_\_\_\_\_, 2024

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2. The amount of non-electoral debt of the School District issued and outstanding or authorized by vote of the Board of Directors of the School District, including the Bonds, computed in accordance with the LGUDA, is not in excess of legal limitations; and the incurring of non-electoral debt of the School District, which is evidenced by the Bonds, is permitted by the LGUDA and the Constitution of the Commonwealth to be made by vote of the Board of Directors of the School District without assent of electors of the School District.

3. The proceedings pursuant to which the Bonds have been authorized and thus the incurring of the non-electoral debt of the School District, which is evidenced by the Bonds, are in accordance with applicable law. The Bonds are a full faith and credit obligation of the School District, the payment for which the School District is obligated, if necessary, to exercise its ad valorem taxing power, subject to the limits of Act 1, discussed below, upon all taxable property within the School District.

4. The Bonds are not presently “arbitrage bonds” as that term is contemplated by, and defined in, Section 103(b)(2) and Section 148, respectively, of the Code and applicable Regulations promulgated thereunder.

5. Interest on the Bonds is excluded from gross income for Federal income tax purposes, and is not an item of “tax preference” for purposes of computing Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Bonds will be included in the “adjusted financial statement income” of such corporations for purposes of computing such alternative minimum tax.

6. The Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from the personal income tax and the corporate net income tax imposed by the Commonwealth.

7. The Bonds, when issued and approved by the Pennsylvania Department of Community and Economic Development, will constitute indebtedness of the Local Government Unit for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.

Notwithstanding the general excludability of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in other Federal, state, local and/or foreign tax consequences to certain taxpayers, including, without limitation, corporations required to include such interest in the calculation and payment of the alternative minimum tax under Section 55 of the Code (as noted in Paragraph 5 above); certain foreign corporations doing business in the United States that are subject to the Branch Profits Tax imposed by Section 884 of the Code; individuals or entities required to take such interest into



Raymond James & Associates, Inc.

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account as market discount; financial institutions; insurance companies required to include such interest in amounts required to reduce the deductions for loss reserves pursuant to Section 832 of the Code; certain "S" Corporations (as defined in Section 1361 of the Code) with accumulated earnings and profits; individual recipients of Social Security, or Railroad Retirement benefits; and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We offer no opinion as to any of such other tax consequences.

With respect to the foregoing opinion, we advise you that the rights of the holders of the Bonds and the enforceability of the Bonds will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

The opinions set forth in paragraphs 4 and 5 above are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Code establishes certain requirements relating to the use and expenditures of the Bonds proceeds, restrictions on investments prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Non-compliance with any of these or other applicable requirements of the Code might cause interest on the Bonds to be subject to Federal income taxation either prospectively or retroactively to the date of issuance. The School District has covenanted to comply with such requirements.

We call to your attention to the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006, as amended by Act 25 of 2011 ("Act 1"). Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by more than an index based on factors described in Act 1 without voter approval by referendum. The Bonds were not authorized before the effective date of Act 1 and, as a result, are not "grandfathered" and the School District cannot be granted an exception to the Act 1 referendum requirement on the basis of the debt service due and payable on the Bonds if a tax increase greater than the applicable index is needed.

We express no opinion herein as to any matter not expressly set forth herein, including Federal, state, local and/or foreign tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 4, 5 and 6 above. Further, we express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the time of closing on the date hereof, and is based on existing law as enacted and construed as of that time. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any



Raymond James & Associates, Inc.  
\_\_\_\_\_, 2024

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changes in such laws, regulations, or judicial or administrative decisions, any of which could adversely affect a holder of the Bonds.

Very truly yours,

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**WILSON SCHOOL DISTRICT  
BERKS COUNTY, PENNSYLVANIA  
GENERAL OBLIGATION BONDS, SERIES OF 2024**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Wilson School District, Berks County, Pennsylvania (the “School District”), in connection with the issuance of its \$ \_\_\_\_\_ aggregate principal amount General Obligation Bonds, Series of 2024 (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the School District, dated October 21, 2024 (the “Resolution”). The School District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Certificate to be for the benefit of such Beneficial Owners.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the School District and which has filed with the School District a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Certificate.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Certificate made with each NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Certificate.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule. Currently, MSRB’s address, phone number and fax number for purposes of the Rule are:

MSRB  
1300 I Street, NW #1000  
Washington, DC 20005  
Phone: 202-838-1500  
Fax: 202-898-1500

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). **As of the date of this Disclosure Certificate, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Certificate, no SID has been designated.

### SECTION 3. Provision of Annual Reports.

(a) The School District shall not later than 270 days after the end of each fiscal year of the School District, commencing with the fiscal year ending June 30, 2025, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In connection therewith, not later than fifteen (15) Business Days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent (if one has been designated by the School District under this Disclosure Certificate). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited

financial statements of the School District may be submitted separately from the remainder of the Annual Report when such audited financial statements are available. If the audited financial statements are not submitted as part of the Annual Filing to each Repository pursuant to this Section 3(a), the School District shall provide to each Repository such audited financial statements when they are available to the School District.

(b) If the School District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the School District shall send or cause the Dissemination Agent to send a notice to each NRMSIR and the SID in substantially the form attached as Exhibit A.

(c) The School District or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(iii) The School District shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID.

(d) If the Dissemination Agent does not receive the Annual Report from the School District by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the School District with respect to the School District's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following:

(i) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;

(ii) the annual budget or summary thereof for the most recent fiscal year;

(iii) the total assessed value and market value of all taxable real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar

amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount) (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and

(v) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to each of the Repositories or the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each such other document so incorporated by reference. The School District reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

#### SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events, with respect to a particular series of the Bonds, constitutes a "Listed Event" only with respect to such series of the Bonds. This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of securities holders, if material;
- (viii) Bond calls, if material, and tender offers for the Bonds;



- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the School District;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) Failure to provide annual financial information as required.
- (xvi) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and
- (xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the School District, any of which reflect financial difficulties.

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall as soon as possible (with respect to those Listed Events where a determination of materiality by the School District is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the School District is not relevant to the obligation to give notice of a Listed Event or (ii) the School District determines (with respect to those Listed Events where a determination of materiality by the School District is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School District shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Paying Agent.

(d) For purposes of the Listed Events in Section 5(a)(xii), the School District and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: “ *Note: for the purposes of the event identified in subparagraph*

*(b)(5)(1)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;”*

SECTION 6. Termination of Reporting Obligation. The School District’s obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the School District covenants to use its best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Certificate to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The School District shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Bonds or the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent, if other than the School District. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the School District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the School District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Undertaking with Respect to Certain Procedures and Policies. The School District agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single School District official will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other School District employees with respect to the School District's continuing disclosure undertakings.

SECTION 13. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 14. Alternative Filing. Notwithstanding the other provisions of this Disclosure Certificate, any filing under this Disclosure Certificate, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Certificate).

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Paying Agent, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[signature page follows]

[Signature page to Continuing Disclosure Certificate  
General Obligation Bonds, Series of 2024]

Attest:

**WILSON SCHOOL DISTRICT**  
Berks County, Pennsylvania

By: \_\_\_\_\_  
Laura Burkholder, Secretary  
Board of School Directors

By: \_\_\_\_\_  
Stephanie Koher, President  
Board of School Directors

Date: \_\_\_\_\_, 2024

EXHIBIT A<sup>1</sup>

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Wilson School District  
Berks County, Pennsylvania

Name of Bond Issue: Wilson School District Berks County, Pennsylvania  
\$ \_\_\_\_\_ aggregate principal amount General Obligation  
Bonds, Series of 2024 (the “Bonds”)

Date of Issuance: \_\_\_\_\_, 2024

NOTICE IS HEREBY GIVEN that Wilson School District, Berks County, Pennsylvania (the “School District”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated \_\_\_\_\_, executed by the School District. The School District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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<sup>1</sup> The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

WILSON SCHOOL DISTRICT,  
BERKS COUNTY, PENNSYLVANIA [OR  
DISSEMINATION AGENT ON BEHALF OF  
WILSON SCHOOL DISTRICT, BERKS  
COUNTY, PENNSYLVANIA]

Dated: \_\_\_\_\_

\_\_\_\_\_

cc: Paying Agent

**APPENDIX E**  
**AUDITED FINANCIAL STATEMENTS**



***WILSON SCHOOL DISTRICT***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2023**



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## INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

### **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 Wilson School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wilson 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 Wilson School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Wilson 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.

#### **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective July 1, 2022, Wilson School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilson 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 Responsibility 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 Wilson 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 Wilson 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, budgetary comparison schedule for the general fund, and pension and other postemployment benefit information on pages 95 through 99, 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 Wilson School District's basic financial statements. The individual general fund schedules, the combining fiduciary fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual general fund schedules, combining fiduciary fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of Wilson 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 Wilson 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 Wilson School District's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 18, 2023**



# WILSON SCHOOL DISTRICT

2601 Grandview Boulevard, West Lawn, PA 19609 | 610-670-0180 | wilsonsd.org

## Management's Discussion and Analysis (MD&A)

The following is a discussion and analysis of the Wilson School District's annual financial performance during the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

### Financial Highlights

- The District realized significant financial growth during the 2022-23 fiscal year, with an increase in net position of \$12.0 million. District-wide revenues totaled \$135.0 million consisting of general revenues in the form of property and other taxes, state subsidies and investment earnings totaling \$105.6 million or 78% of total revenues, while program specific revenues generated \$29.4 million or 22% of total revenues in the form of charges for services, grants and contributions. District-wide expenses of \$123.1 million consisted of \$92.3 million or 75% of total expenses related to instruction, instructional student support, and student transportation costs, with operation and maintenance of plant, administrative, financial support and other services totaling \$30.8 million or 25% of total expenses.
- The District recognized approximately \$2.4 million in COVID-19 related federal grant revenues and expenditures during 2022-23, which were awarded to assist with the additional costs associated with reopening schools and to address COVID-19-related health, safety and learning loss needs and includes the National School Lunch and Breakfast programs and Child Care programs.
- The Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, subjects Pennsylvania Public Schools to a real estate property base tax increase cap, or adjusted tax increase cap, if applicable, annually. For fiscal year 2022-23, the District's Act 1 Adjusted Index was 4.2%. In October of 2021, the School Board passed the accelerated opt out resolution to not raise real estate millage above the Act 1 Adjusted Index, and in June 2022, authorized the increase in millage by 3.6% or 1.0 mill to 28.66 mills.
- Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer Relief Act, the School Board passed the 2022-23 Homestead and Farmstead Exclusion Resolution in June 2022 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2022 real estate tax bills of \$7,057 each, which resulted in a \$202.25 tax reduction per homestead and farmstead. This property tax reduction was the result of the District's allocation of gambling tax funds of \$1,722,006 as well as \$10,292 of Philadelphia tax credit reimbursement funds, and \$186 of remaining property tax reduction funds received in 2021-22, totaling \$1,732,484 available during the current year for real estate tax reduction.

- Act 1 also requires each school district to offer homestead and farmstead property owners the option of paying the flat rate of their real estate taxes in installments. Act 25 of 2011 broadened the mandatory real estate tax installment option to include small business owners. The District allows all District property owners to choose the installment option, in which three equal installments are due August 31, October 31, and December 31. Approximately 5% of District real estate taxpayers elected the installment method for the 2022-23 fiscal year, consistent with the prior year.
- The District's collective bargaining agreement with the Wilson Education Association (WEA) included a 3.0% average salary increase for 2022-23.
- The required District contribution to the Pennsylvania School Employees Retirement System (PSERS) increased from 34.94% in 2021-22 to 35.26% for 2022-23. As of June 30, 2023, \$19.2 million of the general fund balance is committed by the School Board to be used toward future PSERS contribution increases.
- The District is a member of the Berks County School District Health Trust, which increased health insurance premiums by 1.5% for 2022-23 over the prior year.
- Pennsylvania's Governor announced a universal free K-12 breakfast program in September 2022, which was effective October 1, 2022 through the end of the 2022-23 school year. The USDA, which provided several nationwide waivers to provide all K-12 students with subsidized free meals throughout the entire 2021-22 school year, did not extend those waivers for 2022-23.
- The District was awarded a Pre-K Counts Program grant through the Pennsylvania Office of Child Development and Early Learning in the amount of \$360,000 for the 2022-23 school year to provide pre-kindergarten services to at-risk three- and four-year olds at no cost to families, consisting of two classrooms, serving 18 students each. The program began in October 2022.
- Effective July 1, 2022, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based IT Arrangements*, to be in conformity with generally accepted accounting principles. Statement No. 96 establishes standards to define subscription-based information technology arrangements (SBITAs) and to record right-to-use subscription intangible assets and corresponding subscription liabilities, to provide for capitalization criteria and required note disclosures. The adoption of Statement No. 96 resulted in the District restating beginning assets of \$0.1 million, beginning liabilities of \$0.1 million in governmental activities, with no net impact on the District's net position as of July 1, 2022.
- During 2022-23, capital additions totaled \$4.0 million related to renovations and improvements to buildings, new vehicles and equipment. Commitments remaining on construction contracts, vehicles and equipment as of June 30, 2023 totaled \$7.3 million.

- In November 2022, the School Board approved the schematic design phase for the high school performing arts addition and renovations project, which is a reduced scope from the prior year high school campus additions and renovations project bid during 2021-22, for which all construction bids were rejected due to bid amounts exceeding estimates by the design professional by 25%. In November 2023, the School Board awarded construction bids for the high school performing arts addition and renovations project totaling \$21.2 million, with an estimated total project cost of \$23.6 million, which will be funded by the General Obligation Bonds-Series C of 2021.
- As a result of continued student enrollment growth in the District, the School Board established a committed fund balance in June 2022, to be used toward future projected enrollment expansion costs. As of June 30, 2023, \$4.5 million was committed for this purpose.
- Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the financial statements to reflect an expense and corresponding liability for the normal cost of postemployment benefits (the present value of benefits allocated to the year) and requires the financial statements to reflect the net unfunded liability for other postemployment benefits (OPEB). The Health Insurance Premium Assistance Program (HIPAP) portion of PSERS and the District OPEB plan are both components of the recognized liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to OPEB. As of June 30, 2023, the HIPAP portion of PSERS and the District OPEB plan liability totaled \$15.3 million, with related deferred inflows of resources of \$7.4 million and related deferred outflows of resources of \$3.6 million included in the Statement of Net Position. The District has not funded the related liabilities, but rather pays these benefits as they become due.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures in order to improve accounting and financial reporting for pensions by governments and establishes standards for recording and reporting contributions made to a defined benefit plan after the measurement date of the government's beginning net pension liability. Pension expense recognized in the Statement of Activities for the year ended June 30, 2023 totaled \$16.9 million, with a District-wide net pension liability of \$166.2 million as of June 30, 2023 in the Statement of Net Position. Related deferred outflows of resources of \$34.3 million and related deferred inflows of resources of \$4.9 million as of June 30, 2023 related to the pension calculation in accordance with these GASB statements are recorded in the Statement of Net Position.



## Overview of the Financial Statements

This annual report consists of three parts: (1) management’s discussion and analysis, (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements include two District-wide financial statements that provide both short-term and long-term information about the District’s overall financial status. The remaining statements are the fund financial statements that focus on individual parts of the District - reporting the District’s operations in more detail than the district-wide statements. The governmental fund statements indicate how basic services such as regular and special education were financed in the short term as well as indicate future spending plans. Proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services and child care. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, such as student activity funds and scholarship funds and taxes collected for underlying municipalities.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure 1 shows how the various parts of this annual report are arranged and related to one another.

**Figure 1**  
**Organization of the Wilson School District Annual Financial Report**

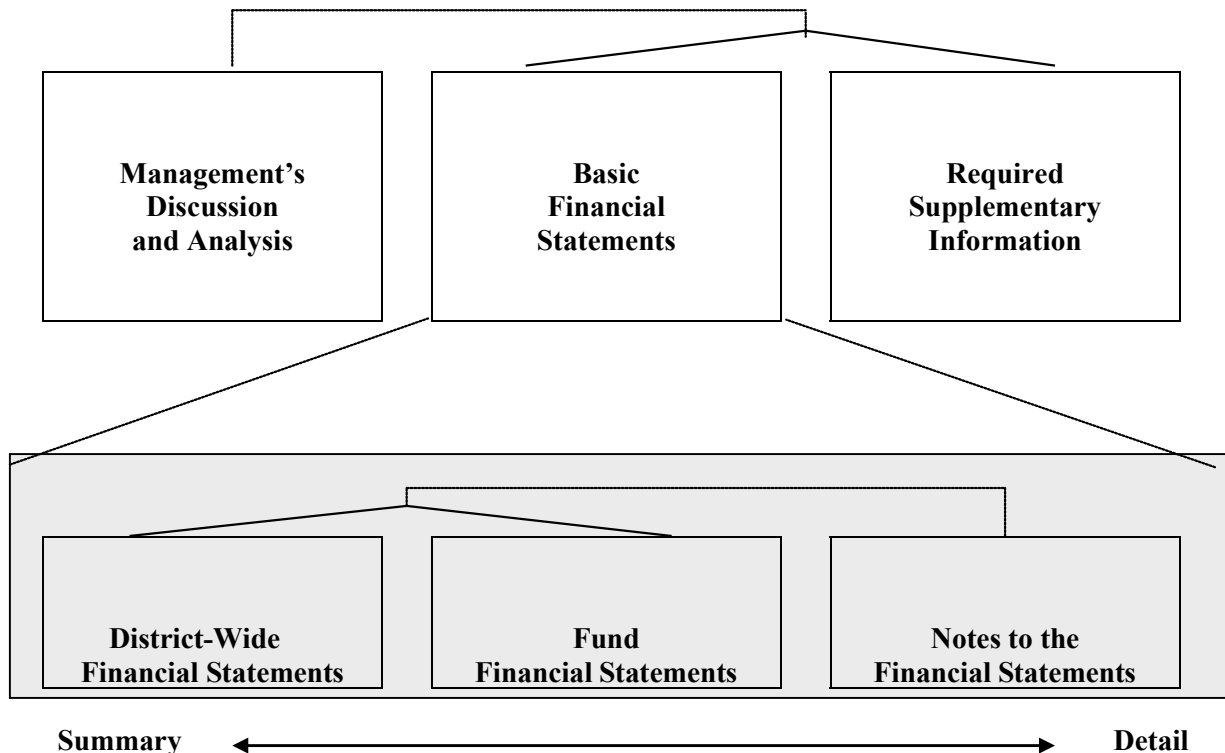


Figure 2 summarizes the major features of the District’s financial statements including the portion of the District activity they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**Figure 2**

<b><u>Major Features of the District-Wide and Fund Financial Statements</u></b>				
	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services and child care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, student activities monies, and tax collections for underlying municipalities
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or noncurrent liabilities included	All assets and liabilities, both financial and capital, current and noncurrent	All assets and liabilities, both current and noncurrent; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **District-Wide Statements**

The District-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 presents all of the District's assets and liabilities, deferred inflows and outflows of resources with the difference reported as "net position." Over time, increases and decreases in net position measure whether the District's financial condition is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods: uncollected taxes, accrued interest expense, retirement incentives, and unused sick leave.

Both statements report two activities:

- **Governmental Activities** - Most of the District's basic services such as regular and special education, maintenance and operation of plant services are reported under this category. Taxes, state subsidies, and state and federal grants generally finance these programs.
- **Business-Type Activities** - The District charges fees to cover the costs of business-type services it provides. For food service operations these consist of charges for meal purchases, federal and state subsidies and in-district catering. The child care program is funded by charges for services and state subsidies and state grants.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the major individual funds of the District. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into three categories - (1) governmental, (2) proprietary, and (3) fiduciary.

- **Governmental Funds** - Most of the District's basic services are included in governmental funds that focus on how money flows into and out of these funds and the balances left at the year-end for future spending. The governmental fund financial statements provide a detailed short-term view of the general operations and the basic services provided and provide some direction as to whether there will be more or fewer resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the district-wide statements, an explanation of the relationship (and differences) between the fund statements and district-wide statements is provided on the reconciliations following the fund statements.

- **Proprietary Funds (Enterprise)** - Services for which the District charges a fee are generally reported in the proprietary fund and utilize the accrual accounting method - the same method used by private sector businesses.
- **Fiduciary Funds** - The District acts as a trustee or custodian for assets that belong to others, such as scholarship funds, student activities funds and tax collection funds. The District is responsible for ensuring that the assets reported in these funds are used only for the intended purposes and by those to whom the assets belong. These activities are excluded from the District-wide financial statements since these assets cannot be used to finance the District's operations.

## Financial Analysis of the District as a Whole

The Statement of Net Position contains information about what the District owns, owes, i.e., assets, liabilities, deferred inflows and outflows of resources and the remaining financial position. Figure 3 shows a comparative summary of the District's net position for the fiscal years ended June 30, 2022 and June 30, 2023.

**Figure 3**  
**Condensed Statements of Net Position**

Fiscal Years Ended June 30, 2022 and June 30, 2023						
	Governmental		Business-Type		Total	
	2022	2023	2022	2023	2022	2023
	(Restated)				(Restated)	
Current and other assets	\$ 103,443,997	\$ 110,731,471	\$ 2,421,656	\$ 3,184,294	\$ 105,865,653	\$ 113,915,765
Capital Assets	174,587,239	168,234,027	608,399	564,575	175,195,638	168,798,602
<b>Total Assets</b>	<b>278,031,236</b>	<b>278,965,498</b>	<b>3,030,055</b>	<b>3,748,869</b>	<b>281,061,291</b>	<b>282,714,367</b>
<b>Deferred Outflows of Resources</b>	35,576,443	36,791,090	963,349	1,112,340	36,539,792	37,903,430
Current liabilities	27,405,148	28,578,934	286,240	198,323	27,691,388	28,777,257
Noncurrent liabilities	258,810,396	264,108,814	3,894,868	4,570,191	262,705,264	268,679,005
<b>Total Liabilities</b>	<b>286,215,544</b>	<b>292,687,748</b>	<b>4,181,108</b>	<b>4,768,514</b>	<b>290,396,652</b>	<b>297,456,262</b>
<b>Deferred Inflows of Resources</b>	26,383,446	11,342,080	1,927,317	958,710	28,310,763	12,300,790
Net Investment in Capital Assets	91,650,001	116,678,490	599,425	557,974	92,249,426	117,236,464
Restricted for Capital Projects	34,086,736	14,692,970	-	-	34,086,736	14,692,970
Restricted - Other	187,301	209,507	-	-	187,301	209,507
Unrestricted (Deficit)	(124,915,349)	(119,854,207)	(2,714,446)	(1,423,989)	(127,629,795)	(121,278,196)
<b>Total Net Position (Deficit)</b>	<b>\$ 1,008,689</b>	<b>\$ 11,726,760</b>	<b>\$ (2,115,021)</b>	<b>\$ (866,015)</b>	<b>\$ (1,106,332)</b>	<b>\$ 10,860,745</b>

Total assets increased by \$1.7 million from the prior year primarily due to a \$8.1 million increase in current and other assets, due to an increase in cash of \$7.8 million and \$0.3 million increase in receivables and other assets, net of a decrease in capital assets of \$6.4 million, as a result of depreciation and amortization of capital assets totaling \$7.9 million, the reduction in the construction-in-progress related to the prior high school campus additions and renovation project and athletic facilities improvement project, no longer being pursued totaling \$2.5 million, net of \$4.0 million of current year additions. Deferred outflows of resources increased \$1.4 million from the prior year, with a \$1.5 million increase in deferred pension, net of a \$0.1 million decrease in deferred outflows for OPEB. The overall increase in liabilities of \$7.1 million is primarily the result of financed purchased equipment and subscription liability additions totaling \$1.6 million, net of \$10.6 million of payments on bonds payable and direct borrowings and subscription liabilities as well as a \$20.1 million increase in net pension liability, a \$0.4 million increase in long-term compensated absences, net of a \$5.5 million decrease in net OPEB liabilities related to GASB Statements No. 68 and No. 71 and approximately \$1.1 million of increased current liabilities. Deferred inflows of resources decreased by \$16.0 million related to the decrease in deferred inflows for pension of \$21.6 million related to GASB Statements No. 68 and No. 71, a \$0.1 million decrease in deferred charges on bond refunding and a \$0.1 million decrease in deferred inflows for leases related to GASB Statements No. 87, net of the \$5.8 million increase in deferred inflows for OPEB.

**Figure 4**  
**Changes in Net Position from Operating Results**

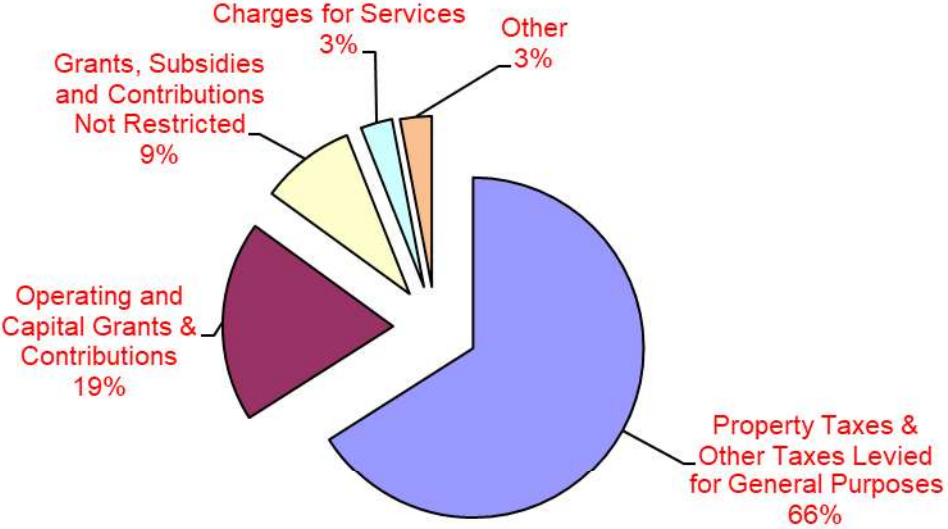
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 1,096,713	\$ 1,305,706	\$ 1,333,440	\$ 2,485,507	\$ 2,430,153	\$ 3,791,213
Operating grants and contributions	23,406,829	21,531,553	4,725,656	3,814,618	28,132,485	25,346,171
Capital grants and contributions	539,947	309,850	-	-	539,947	309,850
General Revenues						
Property taxes and other taxes levied for general purposes	84,461,502	88,821,943	-	-	84,461,502	88,821,943
Grants, Subsidies, and Contributions Not Restricted	11,019,847	12,641,787	-	-	11,019,847	12,641,787
Other	230,044	4,205,489	(27,709)	(67,776)	202,335	4,137,713
<b>Total Revenues</b>	<b>120,754,882</b>	<b>128,816,328</b>	<b>6,031,387</b>	<b>6,232,349</b>	<b>126,786,269</b>	<b>135,048,677</b>
<b>Expenses</b>						
Instruction	71,040,027	76,048,864	-	-	71,040,027	76,048,864
Instructional student support	11,407,500	12,438,370	-	-	11,407,500	12,438,370
Administrative and financial support services	7,863,642	8,422,764	-	-	7,863,642	8,422,764
Operation and maintenance of plant services	8,664,606	11,701,482	-	-	8,664,606	11,701,482
Pupil transportation	3,573,671	3,833,467	-	-	3,573,671	3,833,467
Other	5,629,903	5,653,310	4,024,384	4,983,343	9,654,287	10,636,653
<b>Total Expenses</b>	<b>108,179,349</b>	<b>118,098,257</b>	<b>4,024,384</b>	<b>4,983,343</b>	<b>112,203,733</b>	<b>123,081,600</b>
<b>Change in Net Position</b>	<b>12,575,533</b>	<b>10,718,071</b>	<b>2,007,003</b>	<b>1,249,006</b>	<b>14,582,536</b>	<b>11,967,077</b>
<b>Beginning Net Position (Deficit)</b>	<b>(11,566,844)</b>	<b>1,008,689</b>	<b>(4,122,024)</b>	<b>(2,115,021)</b>	<b>(15,688,868)</b>	<b>(1,106,332)</b>
<b>Ending Net Position (Deficit)</b>	<b>\$ 1,008,689</b>	<b>\$ 11,726,760</b>	<b>\$ (2,115,021)</b>	<b>\$ (866,015)</b>	<b>\$ (1,106,332)</b>	<b>\$ 10,860,745</b>

The results of operations for the fiscal year ended June 30, 2023 as a whole are reported in the Statement of Activities. Figure 4 is a comparative summary of changes in net position for the years ended June 30, 2022 and June 30, 2023.

District revenues exceeded expenses by \$12.0 million, which resulted in a net position for the year ended June 30, 2023 of \$10.9 million. Governmental activities' net position increased by \$10.7 million, mainly as a result of a 3.6% increase in real estate tax millage, increased state subsidies and grants, along with increased investment earnings. Business-type activities' revenues exceeded expenses by \$1.2 million, which decreased the ending net deficit to \$0.9 million, as a result of State funding for universal free breakfast for the majority of 2022-23 and an increase in child care program participation over the prior year, as well as the Pre-K Counts program funding, new for 2022-23.

Revenues are defined as either program or general revenues. Program revenues are generated by the services themselves or provided externally for use in a particular function. Program revenues reduce the net expense to the public. Program revenues are categorized as charges for services, operating grants and contributions and capital grants and contributions. General revenues include the basic education subsidy provided by the State of Pennsylvania, local taxes assessed to community taxpayers, and other general revenues the District uses to finance the total net cost of programs. District-wide revenues totaled \$135.0 million, an increase of \$8.3 million or 7% over the prior year, of which \$8.1 million was governmental activities' revenue representing a 7% increase, while business-type activities' revenue increased \$0.2 million or 3% compared to the prior year. Figure 5 depicts the 2022-23 sources of revenues as of percentage of district-wide revenues.

**Figure 5**  
**Sources of District-Wide Revenues for Fiscal Year 2023**



District-wide expenses are categorized into six major activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. Figure 6 presents these categories of expenditures as a percentage of 2022-23 district-wide expenses. District-wide expenses totaled \$123.1 million, an increase of \$10.9 million or 10% compared to the prior year, of which \$9.9 million was governmental activities' expenses representing a 9% increase, while business-type activities' expenses increased \$1.0 million or 24% over the prior year.

**Figure 6**  
**District-Wide Expenses for Fiscal Year 2023**

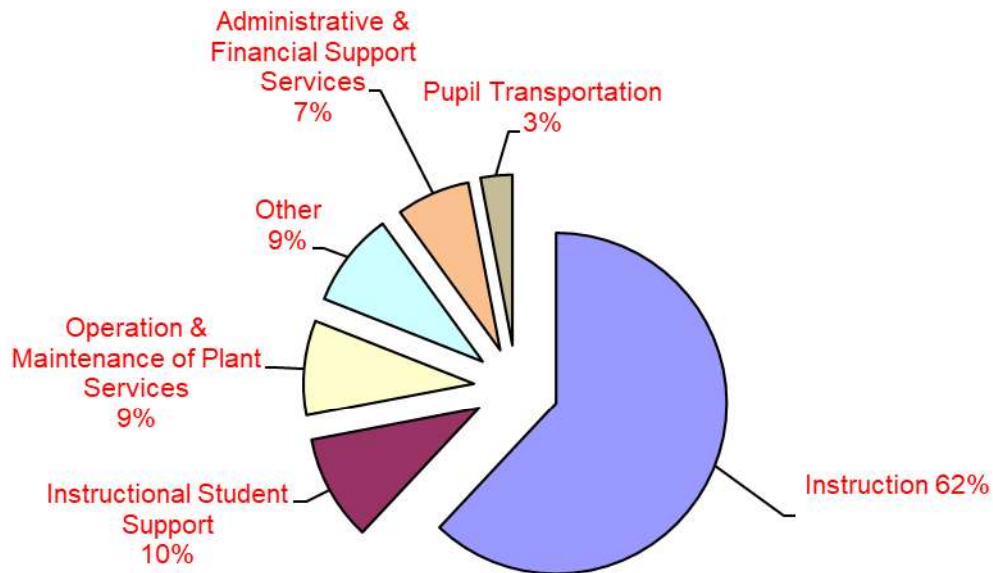


Figure 7 represents the cost of six major District governmental activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). For the year ended June 30, 2023, general revenue supported 80% of governmental activities’ costs, and program revenue supported 20% of governmental activities’ costs.

**Figure 7**  
**Net Cost of Governmental Activities**

	Fiscal Years Ended June 30, 2022 and June 30, 2023			
	Total Cost of Services		Net Cost of Services	
	2022	2023	2022	2023
Instruction	\$ 71,040,027	\$ 76,048,864	\$ 55,334,056	\$ 60,332,167
Instructional Student Support	11,407,500	12,438,370	6,903,464	9,560,710
Administrative and Financial Support Services	7,863,642	8,422,764	6,903,899	7,480,600
Operation and Maintenance of Plant Services	8,664,606	11,701,482	7,854,341	10,926,060
Pupil Transportation	3,573,671	3,833,467	1,816,567	2,128,438
Other	5,629,903	5,653,310	4,323,533	4,523,173
<b>Total</b>	<b>\$ 108,179,349</b>	<b>\$ 118,098,257</b>	<b>\$ 83,135,860</b>	<b>\$ 94,951,148</b>

Figure 8 represents the total cost and net cost (income) of services in the District’s business-type activities. Program revenue supported 100% of both the child care activities and food services activities for the year ended June 30, 2023. The current year net income of services was less than the prior year by \$0.7 million, mainly due to the expiration of USDA nationwide waivers for 2022-23, which allowed the District to provide all K-12 students with subsidized free meals through the entire 2021-22 school year.

**Figure 8**  
**Net Cost (Income) of Business-Type Activities**

	<b>Total Cost of Services</b>		<b>Net Cost (Income) of Services</b>	
	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>
Food Services	\$ 3,293,269	\$ 3,760,656	\$(1,478,434)	\$ (666,592)
Child Care	731,115	1,222,687	(556,278)	(650,190)
<b>Total</b>	<b>\$ 4,024,384</b>	<b>\$ 4,983,343</b>	<b>\$(2,034,712)</b>	<b>\$(1,316,782)</b>

**Financial Analysis of the District’s Funds**

The District’s governmental funds include the general fund, capital projects fund, and debt service fund. Figure 9 details the current and prior year end fund balances and change therein for the fiscal year ended June 30, 2023.

**Figure 9**  
**Fund Balances**

	<b>For Fiscal Years Ended June 30, 2022 and June 30, 2023</b>		
	<b>Fund Balance</b>		<b>Increase (Decrease)</b>
	<b>2022</b>	<b>2023</b>	
General Fund	\$ 29,685,108	\$ 32,717,995	\$ 3,032,887
Capital Projects Fund	54,555,138	58,109,830	3,554,692
<b>Total</b>	<b>\$ 84,240,246</b>	<b>\$ 90,827,825</b>	<b>\$ 6,587,579</b>

The District’s governmental funds reported combined fund balances as of June 30, 2023 of \$90.8 million. The overall increase in fund balances of \$6.6 million was the combined result of strong current year local revenues, increased state subsidies and fiscal control over expenditures.

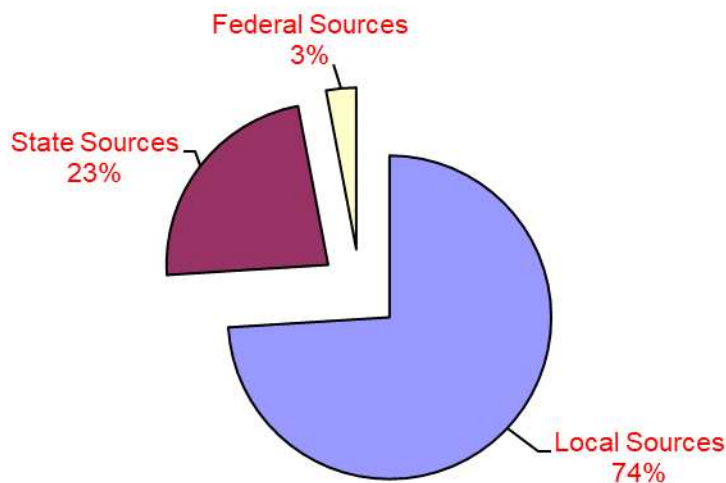


In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are required to be classified into the following categories—nonspendable, restricted, committed, assigned and unassigned. As of June 30, 2023, general fund balance of \$32.7 million consisted of \$0.2 million in nonspendable fund balance related to prepaid expenses, \$0.2 million in restricted fund balance related to special education settlements, \$19.2 million in committed fund balance for anticipated increases in PSERS contributions and \$4.5 million for future student enrollment expansion related costs, \$1.0 million in assigned fund balance which represents the 2023-24 budgeted deficit, and unassigned fund balance of \$7.6 million. The capital projects fund balance of \$58.1 million consisted of \$0.1 million in nonspendable fund balance related to a deposit on land and \$58.0 million of restricted fund balance consisting of \$43.4 million of unspent general obligation notes' funds and \$14.6 million of reserve funds for capital expenditures.

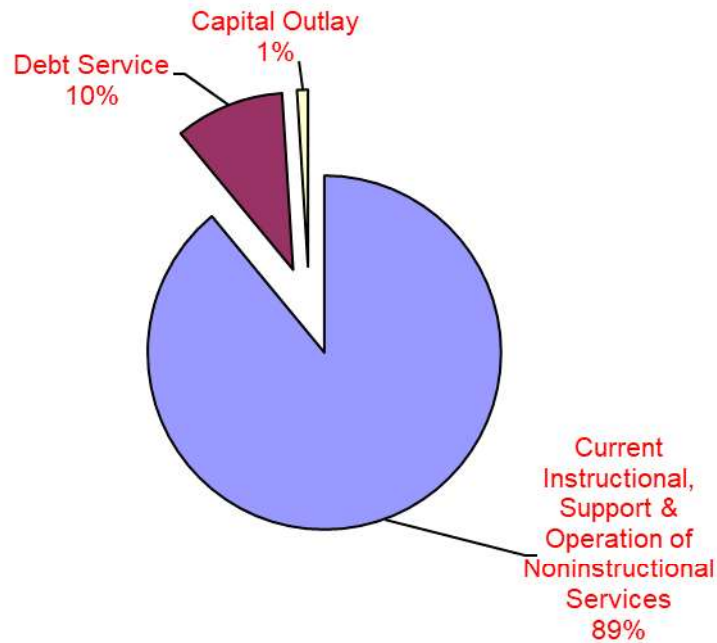
### Governmental Funds' Revenues and Expenditures

In the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds, for the year ended June 30, 2023, total revenues of \$128.7 million are comprised of local revenues of 74% with state and federal revenues contributing 23% and 3%, respectively. Expenditures of governmental funds totaling \$123.8 million are categorized as current (instructional, support and operation of noninstructional services) representing 89% of the total, with debt service and capital outlay representing 10% and 1% of total expenditures, respectively. Other Financing Sources (Uses) of \$1.7 million consists of proceeds from financed purchases of equipment and subscription issuance and sale of capital assets. Figures 10 and 11 depict the percentages of total governmental revenue and expenditure categories for the fiscal year 2022-23.

**Figure 10**  
**Sources of Governmental Funds' Revenues for Fiscal Year 2023**



**Figure 11**  
**Governmental Funds' Expenditures for Fiscal Year 2023**



**Capital Assets and Debt Administration**

**Capital Assets**

In total, net capital assets decreased \$6.4 million as a result of \$4.0 million of net capital additions related to renovations and improvements to buildings, new vehicles and equipment, and right-to-use assets, less current year depreciation of \$7.9 million as well as the reduction in the construction-in-progress related to the prior high school campus additions and renovation project and athletic facilities improvement project, no longer being pursued totaling \$2.5 million. Contractual commitments related to capital assets total \$7.3 million as of June 30, 2023.

**Figure 12**  
**Capital Assets (net of depreciation/amortization)**

Fiscal Years Ended June 30, 2022 and June 30, 2023

	Governmental Activities		Business-Type Activities		Total	
	2022 (Restated)	2023	2022	2023	2022 (Restated)	2023
Land	\$ 10,872,388	\$ 10,872,388	\$ -	\$ -	\$ 10,872,388	\$ 10,872,388
Site Improvements	2,893,905	2,063,471	-	-	2,893,905	2,063,471
Building and Building Improvements	150,072,026	145,351,667	444,575	415,619	150,516,601	145,767,286
Machinery and Equipment	5,525,623	6,267,590	158,648	145,333	5,684,271	6,412,923
Vehicles	2,509,040	2,633,383	-	-	2,509,040	2,633,383
Construction-in-Progress	2,527,222	867,620	-	-	2,527,222	867,620
Right-To-Use Assets	187,035	177,908	5,176	3,623	192,211	181,531
<b>Total</b>	<b>\$ 174,587,239</b>	<b>\$ 168,234,027</b>	<b>\$ 608,399</b>	<b>\$ 564,575</b>	<b>\$ 175,195,638</b>	<b>\$ 168,798,602</b>

## Long-Term Liabilities

Long-term liabilities totaling \$278.0 million as of June 30, 2023, consist of general obligation bonds and direct borrowings of \$94.4 million with varying maturities through year 2033, leases payable and subscription liabilities of \$0.1 million, long-term compensated absences of \$2.0 million, net pension liability of \$166.2 million and net OPEB liability of \$15.3 million.

**Figure 13**  
**Long-Term Liabilities**

Fiscal Years Ended June 30, 2022 and June 30, 2023

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2023	2022	2023	2022	2023
	(Restated)				(Restated)	
General Obligation Bonds, Net	\$ 59,760,440	\$ 57,635,622	\$ -	\$ -	\$ 59,760,440	\$ 57,635,622
Direct Borrowings	43,307,317	36,726,838	3,704	2,831	43,311,021	36,729,669
Lease Payable	50,012	33,198	5,270	3,770	55,282	36,968
Subscription Liability	129,929	123,978	-	-	129,929	123,978
Compensated Absences	1,444,162	2,051,305	-	-	1,444,162	2,051,305
Net Pension Liability	142,767,727	162,082,181	3,271,273	4,104,819	146,039,000	166,187,000
Net Other Postemployment Benefit Liabilities	20,128,784	14,823,527	616,994	461,275	20,745,778	15,284,802
<b>Total</b>	<b>\$ 267,588,371</b>	<b>\$ 273,476,649</b>	<b>\$ 3,897,241</b>	<b>\$ 4,572,695</b>	<b>\$ 271,485,612</b>	<b>\$ 278,049,344</b>

Principal payments on general obligation bonds, direct borrowings, leases payable and subscription liabilities totaled \$10.3 million during the year, with interest payments totaling \$2.7 million.

Accrued compensated absences of \$2.1 million as of June 30, 2023 consist of certain benefits paid at retirement, including unused sick pay and other retirement benefits, based on specific eligibility requirements.

Net pension liability increased by \$20.1 million and net OPEB liability decreased by \$5.5 million compared to the prior year. The net pension and the PSERS OPEB plan portion liabilities are allocated to the District based on plan performance of PSERS and District plan contributions and covered payroll. Fluctuations are based on the allocation percentage, market performance, and changes in assumptions or benefits used to determine these liabilities.

See notes to the financial statements for additional information on capital assets and long-term liabilities.

## Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future financial growth.

- Under Act 1, Pennsylvania Public Schools are subject to a real estate property base tax cap of 4.1% for fiscal years 2023-24 and 5.3% for 2024-25. Due to the District's aid ratio exceeding 0.4 for both the 2023-24 and the 2024-25 fiscal years, the District's millage is limited to the Act 1 Adjusted Index of 5.0% and a 6.6% increase, respectively. The District's 2023-24 millage of 29.49 represented a 2.9% increase. The District's 2024-25 millage is limited to 31.43 mills. In October 2023, the School Board passed the accelerated opt out resolution to not raise real estate millage above the Act 1 Adjusted Index for 2024-25.
- All real estate taxpayers have the payment option of three equal installments due August 31, October 31, and December 31. Approximately 5% of eligible District real estate taxpayers elected the installment method for the 2023-24 fiscal year, consistent with the prior year.
- The remaining COVID-19 related federal and state funds totaling approximately \$0.1 million were included in the 2023-24 general fund budget, to assist with the additional costs associated COVID-19 related health and safety needs and learning loss.
- Pennsylvania's Governor implemented a universal free K-12 breakfast program for the 2023-24 school year.
- The new four-year collective bargaining agreement between the District and WEA covering the years 2023-24 through 2026-27, includes average annual salary increases of 3.56%.
- The required District contribution to the Pennsylvania School Employees Retirement System decreased from 35.26% to 34.00% for 2023-24 with rate increases projected in future years. The District has committed approximately \$19.2 million of fund balance as of June 30, 2023 in the General Fund for future retirement contribution increases, with approximately \$4.2 million budgeted to be used to balance the 2023-24 budget.
- The Berks County School District Health Trust insurance premiums increased by 8.75% for 2023-24 over the prior year.
- In August 2023, the District was awarded a Pre-K Counts Program grant through the Pennsylvania Office of Child Development and Early Learning in the amount of \$900,000 for the 2023-24 school year to provide pre-kindergarten services to at-risk three- and four-year olds at no cost to families, consisting of five classrooms, serving 18 students each.
- Also in August 2023, the School Board authorized the schematic design phase for comprehensive additions and renovations to Southern Middle School and a new elementary school to address the growing student enrollment, for an estimated cost of the design stage totaling \$850,000.

- In September 2023, the School Board authorized the sale of a vacant lot owned by the District, the site of a former elementary school, to the Township of Spring (“Township”), for \$560,000, related to conversion property required to be purchased by the Township related to easement properties funded by the Pennsylvania Department of Conservation and Natural Resources, in compliance with the policies of the Keystone Act.
- In November 2023, the School Board awarded construction bids totaling \$21.2 million, with an estimated total project cost of \$23.6 million, which will be funded by the General Obligation Bonds-Series C of 2021. The substantial completion date is projected to be August 2025.
- The District will be required to implement the following new GASB Statements in future fiscal years: Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62*, and Statement No. 101, *Compensated Absences*. The District has not yet completed the analysis necessary to estimate the financial statement impact of these new pronouncements.

### **Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, Wilson School District, 2601 Grandview Blvd., West Lawn, PA 19609.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2023**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 101,892,741	\$ 3,069,481	\$ 104,962,222
Restricted cash	209,507	-	209,507
Internal balances	5,808	(5,808)	-
Taxes receivable, net	1,888,595	-	1,888,595
Intergovernmental receivables	6,349,872	83,916	6,433,788
Other receivables	131,141	11,985	143,126
Inventories	-	24,720	24,720
Prepaid expenses	253,807	-	253,807
Capital assets:			
Capital assets not being depreciated	11,740,008	-	11,740,008
Capital assets, net of accumulated depreciation	156,316,111	560,952	156,877,063
Right-to-use assets, net of accumulated amortization	177,908	3,623	181,531
<b>TOTAL ASSETS</b>	<b>278,965,498</b>	<b>3,748,869</b>	<b>282,714,367</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	17,629	-	17,629
Deferred outflows of resources for pension	33,328,069	999,917	34,327,986
Deferred outflows of resources for other postemployment benefits	3,445,392	112,423	3,557,815
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>36,791,090</b>	<b>1,112,340</b>	<b>37,903,430</b>
<b>LIABILITIES</b>			
Accounts payable	2,219,068	15,431	2,234,499
Intergovernmental payables	509,473	539	510,012
Accrued interest	428,602	14	428,616
Accrued salaries and benefits	15,811,228	38,034	15,849,262
Unearned revenues	242,728	141,801	384,529
Noncurrent liabilities due within one year	9,367,835	2,504	9,370,339
Noncurrent liabilities:			
Bonds and notes payable, net	85,330,955	1,895	85,332,850
Lease payable	16,365	2,202	18,567
Subscription liability	34,810	-	34,810
Long-term portion of compensated absences	1,820,976	-	1,820,976
Net pension liability	162,082,181	4,104,819	166,187,000
Net other postemployment benefit liabilities	14,823,527	461,275	15,284,802
<b>TOTAL LIABILITIES</b>	<b>292,687,748</b>	<b>4,768,514</b>	<b>297,456,262</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	4,151,852	715,602	4,867,454
Deferred inflows of resources for other postemployment benefits	7,190,228	243,108	7,433,336
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>11,342,080</b>	<b>958,710</b>	<b>12,300,790</b>
<b>NET POSITION</b>			
Net investment in capital assets	116,678,490	557,974	117,236,464
Restricted for capital projects	14,692,970	-	14,692,970
Restricted - other	209,507	-	209,507
Unrestricted (deficit)	(119,854,207)	(1,423,989)	(121,278,196)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 11,726,760</b>	<b>\$ (866,015)</b>	<b>\$ 10,860,745</b>

See accompanying notes.

WILSON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 76,048,864	\$ 613,514	\$ 15,103,183	\$ -	\$ (60,332,167)	\$ -	\$ (60,332,167)
Instructional student support	12,438,370	-	2,877,660	-	(9,560,710)	-	(9,560,710)
Administrative and financial support services	8,422,764	-	942,164	-	(7,480,600)	-	(7,480,600)
Operation and maintenance of plant services	11,701,482	152,263	623,159	-	(10,926,060)	-	(10,926,060)
Pupil transportation	3,833,467	111,194	1,593,835	-	(2,128,438)	-	(2,128,438)
Student activities	3,757,425	377,258	310,411	-	(3,069,756)	-	(3,069,756)
Community services	188,835	51,477	81,141	-	(56,217)	-	(56,217)
Interest on long-term debt	1,707,050	-	-	309,850	(1,397,200)	-	(1,397,200)
<b>Total Governmental Activities</b>	<b>118,098,257</b>	<b>1,305,706</b>	<b>21,531,553</b>	<b>309,850</b>	<b>(94,951,148)</b>	<b>-</b>	<b>(94,951,148)</b>
<b>Business-Type Activities:</b>							
Food services	3,760,656	1,391,236	3,036,012	-	-	666,592	666,592
Child care	1,222,687	1,094,271	778,606	-	-	650,190	650,190
<b>Total Business-Type Activities</b>	<b>4,983,343</b>	<b>2,485,507</b>	<b>3,814,618</b>	<b>-</b>	<b>-</b>	<b>1,316,782</b>	<b>1,316,782</b>
<b>Total Primary Government</b>	<b>\$ 123,081,600</b>	<b>\$ 3,791,213</b>	<b>\$ 25,346,171</b>	<b>\$ 309,850</b>	<b>(94,951,148)</b>	<b>1,316,782</b>	<b>(93,634,366)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes					75,992,115	-	75,992,115
Public utility realty, earned income, local services, and mercantile/business privilege taxes					12,829,828	-	12,829,828
Grants, subsidies, and contributions not restricted for a specific program					12,641,787	-	12,641,787
Investment earnings					4,031,290	57,354	4,088,644
Miscellaneous revenue					49,069	-	49,069
<b>Transfers</b>					125,130	(125,130)	-
<b>Total General Revenues and Transfers</b>					<b>105,669,219</b>	<b>(67,776)</b>	<b>105,601,443</b>
<b>Change in Net Position</b>					<b>10,718,071</b>	<b>1,249,006</b>	<b>11,967,077</b>
<b>Net Position (Deficit) - Beginning of Year</b>					<b>1,008,689</b>	<b>(2,115,021)</b>	<b>(1,106,332)</b>
<b>Net Position (Deficit) - End of Year</b>					<b>\$ 11,726,760</b>	<b>\$ (866,015)</b>	<b>\$ 10,860,745</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2023**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 47,040,928	\$ 54,851,813	\$ -	\$ 101,892,741
Restricted cash	209,507	-	-	209,507
Interfund receivables	14,451	4,000,000	-	4,014,451
Taxes receivable	2,132,533	-	-	2,132,533
Intergovernmental receivables	6,349,872	-	-	6,349,872
Other receivables	130,703	438	-	131,141
Prepaid expenditures	203,807	50,000	-	253,807
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 56,081,801</u></b>	<b><u>\$ 58,902,251</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 114,984,052</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Interfund payables	\$ 4,060,342	\$ -	\$ -	\$ 4,060,342
Accounts payable	1,375,756	791,613	-	2,167,369
Intergovernmental payables	508,665	808	-	509,473
Accrued salaries and benefits	16,041,557	-	-	16,041,557
Unearned revenues	242,728	-	-	242,728
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<b>22,229,048</b>	<b>792,421</b>	<b>-</b>	<b>23,021,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,134,758	-	-	1,134,758
<b>FUND BALANCES</b>				
Nonspendable	203,807	50,000	-	253,807
Restricted	209,507	58,059,830	-	58,269,337
Committed	23,677,595	-	-	23,677,595
Assigned	1,000,000	-	-	1,000,000
Unassigned	7,627,086	-	-	7,627,086
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL FUND BALANCES</b>	<b><u>32,717,995</u></b>	<b><u>58,109,830</u></b>	<b><u>-</u></b>	<b><u>90,827,825</u></b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 56,081,801</u></b>	<b><u>\$ 58,902,251</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 114,984,052</u></b>

See accompanying notes.



**WILSON SCHOOL DISTRICT**

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

**June 30, 2023**

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		\$ 90,827,825
Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$283,651,792 and the accumulated depreciation/amortization is \$115,417,765.		168,234,027
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		890,820
Long-term liabilities, including bonds and notes 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 and notes payable	(86,106,838)	
Leases payable	(33,198)	
Subscription liability	(123,978)	
Accrued interest on bonds, leases and subscriptions	(428,602)	
Unamortized bond premium	(8,270,510)	
Unamortized bond discount	14,888	
Deferred charge on bond refunding	17,629	
Long-term portion of compensated absences	(1,820,976)	(96,751,585)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(132,905,964)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		(18,568,363)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b>\$ 11,726,760</b>

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2023**

	General	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 93,790,297	\$ 1,760,954	\$ -	\$ 95,551,251
State sources	29,801,466	-	-	29,801,466
Federal sources	3,318,298	-	-	3,318,298
<b>TOTAL REVENUES</b>	<b>126,910,061</b>	<b>1,760,954</b>	<b>-</b>	<b>128,671,015</b>
<b>EXPENDITURES</b>				
Current:				
Instructional services	73,369,066	-	-	73,369,066
Support services	33,185,766	1,083,493	-	34,269,259
Operation of noninstructional services	2,923,349	113,651	-	3,037,000
Capital outlay	-	1,085,118	-	1,085,118
Debt service:				
Principal	1,035,837	-	8,185,000	9,220,837
Interest	56,831	-	2,712,428	2,769,259
Refund of prior year revenue	80,870	-	-	80,870
<b>TOTAL EXPENDITURES</b>	<b>110,651,719</b>	<b>2,282,262</b>	<b>10,897,428</b>	<b>123,831,409</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>16,258,342</b>	<b>(521,308)</b>	<b>(10,897,428)</b>	<b>4,839,606</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from subscription issuance	65,942	-	-	65,942
Proceeds from financed purchases	1,506,651	-	-	1,506,651
Transfers in	125,130	4,076,000	10,897,428	15,098,558
Sale of capital assets	50,250	-	-	50,250
Transfers out	(14,973,428)	-	-	(14,973,428)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(13,225,455)</b>	<b>4,076,000</b>	<b>10,897,428</b>	<b>1,747,973</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,032,887</b>	<b>3,554,692</b>	<b>-</b>	<b>6,587,579</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>29,685,108</b>	<b>54,555,138</b>	<b>-</b>	<b>84,240,246</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 32,717,995</b>	<b>\$ 58,109,830</b>	<b>\$ -</b>	<b>\$ 90,827,825</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2023**

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 6,587,579

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

Capital outlays	\$ 3,977,011	
Less: loss on disposal of capital assets	(2,513,653)	
Less: depreciation and amortization expense	<u>(7,816,570)</u>	(6,353,212)

Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. 101,053

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

Issuance of bonds and notes	(1,506,651)	
Issuance of subscription liabilities	(65,942)	
Repayment of debt principal	9,132,130	
Repayment of lease principal	16,814	
Repayment of subscription liabilities	71,893	
Amortization of bond premium	1,085,401	
Amortization of bond discount	(5,583)	
Amortization of deferred charge on bond refunding	<u>125,571</u>	8,853,633

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. (17,609)

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

Compensated absences	(459,912)	
Net pension liability and related deferred outflows and inflows	2,435,763	
Net OPEB liability and related deferred outflows and inflows	<u>(429,224)</u>	<u>1,546,627</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 10,718,071

**WILSON SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2023

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 2,038,892	\$ 1,030,589	\$ 3,069,481
Interfund receivables (payables)	3,119	(8,927)	(5,808)
Intergovernmental receivables	17,741	66,175	83,916
Other receivables	7,956	4,029	11,985
Inventories	24,720	-	24,720
<b>TOTAL CURRENT ASSETS</b>	<b>2,092,428</b>	<b>1,091,866</b>	<b>3,184,294</b>
<b>CAPITAL ASSETS</b>			
Building improvements, net	1,401	414,218	415,619
Machinery and equipment, net	80,298	65,035	145,333
Right-to-use lease assets, net	-	3,623	3,623
<b>TOTAL CAPITAL ASSETS</b>	<b>81,699</b>	<b>482,876</b>	<b>564,575</b>
<b>TOTAL ASSETS</b>	<b>2,174,127</b>	<b>1,574,742</b>	<b>3,748,869</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources for pension	646,377	353,540	999,917
Deferred outflows of resources for other postemployment benefits	70,367	42,056	112,423
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>716,744</b>	<b>395,596</b>	<b>1,112,340</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	6,891	8,540	15,431
Intergovernmental payables	539	-	539
Accrued salaries and benefits	4,225	33,809	38,034
Accrued interest	-	14	14
Unearned revenues	136,801	5,000	141,801
Noncurrent liabilities due within one year	936	1,568	2,504
<b>TOTAL CURRENT LIABILITIES</b>	<b>149,392</b>	<b>48,931</b>	<b>198,323</b>
<b>NONCURRENT LIABILITIES</b>			
Financed purchase liability	1,895	-	1,895
Lease payable	-	2,202	2,202
Net pension liability	2,675,611	1,429,208	4,104,819
Net other postemployment benefit liabilities	252,279	208,996	461,275
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>2,929,785</b>	<b>1,640,406</b>	<b>4,570,191</b>
<b>TOTAL LIABILITIES</b>	<b>3,079,177</b>	<b>1,689,337</b>	<b>4,768,514</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	244,534	471,068	715,602
Deferred inflows of resources for other postemployment benefits	55,513	187,595	243,108
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>300,047</b>	<b>658,663</b>	<b>958,710</b>
<b>NET POSITION</b>			
Net investment in capital assets	78,868	479,106	557,974
Unrestricted (deficit)	(567,221)	(856,768)	(1,423,989)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (488,353)</b>	<b>\$ (377,662)</b>	<b>\$ (866,015)</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2023**

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b>OPERATING REVENUES</b>			
Food service revenue	\$ 1,391,236	\$ -	\$ 1,391,236
Tuition and fee revenue	-	1,094,271	1,094,271
<b>TOTAL OPERATING REVENUES</b>	<b>1,391,236</b>	<b>1,094,271</b>	<b>2,485,507</b>
<b>OPERATING EXPENSES</b>			
Salaries	1,037,352	769,268	1,806,620
Employee benefits	708,446	441,184	1,149,630
Pension and OPEB valuation adjustments	(190,295)	(249,476)	(439,771)
Supplies and other operating expenses	2,177,431	224,636	2,402,067
Depreciation and amortization	18,227	36,876	55,103
<b>TOTAL OPERATING EXPENSES</b>	<b>3,751,161</b>	<b>1,222,488</b>	<b>4,973,649</b>
<b>OPERATING LOSS</b>	<b>(2,359,925)</b>	<b>(128,217)</b>	<b>(2,488,142)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Earnings on investments	36,143	21,211	57,354
Local sources	-	117,906	117,906
State sources	637,695	660,700	1,298,395
Federal sources	2,398,317	-	2,398,317
Interest expense	(231)	(199)	(430)
Loss on disposal of assets	(9,264)	-	(9,264)
<b>TOTAL NONOPERATING REVENUES</b>	<b>3,062,660</b>	<b>799,618</b>	<b>3,862,278</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>702,735</b>	<b>671,401</b>	<b>1,374,136</b>
<b>TRANSFERS OUT</b>	<b>(60,000)</b>	<b>(65,130)</b>	<b>(125,130)</b>
<b>CHANGE IN NET POSITION</b>	<b>642,735</b>	<b>606,271</b>	<b>1,249,006</b>
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	<b>(1,131,088)</b>	<b>(983,933)</b>	<b>(2,115,021)</b>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b>\$ (488,353)</b>	<b>\$ (377,662)</b>	<b>\$ (866,015)</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2023**

	Enterprise Fund Food Service	Enterprise Fund Child Care	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,370,145	\$ 1,095,321	\$ 2,465,466
Payments to employees for services	(1,746,758)	(1,198,345)	(2,945,103)
Payments for supplies and other operating expenses	(1,933,573)	(223,802)	(2,157,375)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>(2,310,186)</b>	<b>(326,826)</b>	<b>(2,637,012)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Local sources	-	117,906	117,906
State sources	634,649	600,521	1,235,170
Federal sources	2,131,260	-	2,131,260
Transfers out	(60,000)	(65,130)	(125,130)
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>2,705,909</b>	<b>653,297</b>	<b>3,359,206</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(6,894)	(13,649)	(20,543)
Principal paid on long-term debt	(873)	-	(873)
Lease payments	-	(1,500)	(1,500)
Interest paid on long-term debt	(231)	(205)	(436)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(7,998)</b>	<b>(15,354)</b>	<b>(23,352)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on investments	36,143	21,211	57,354
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>423,868</b>	<b>332,328</b>	<b>756,196</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>1,615,024</b>	<b>698,261</b>	<b>2,313,285</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,038,892</b>	<b>\$ 1,030,589</b>	<b>\$ 3,069,481</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2023**

	Enterprise Fund <u>Food Service</u>	Enterprise Fund <u>Child Care</u>	<u>Total</u>
<b><u>Reconciliation of Operating Loss to Net</u></b>			
<b><u>Cash Used For Operating Activities:</u></b>			
Operating loss	\$ (2,359,925)	\$ (128,217)	\$ (2,488,142)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation and amortization	18,227	36,876	55,103
Donated commodities used	243,175	-	243,175
Changes in assets, deferred outflows of resources, liabilities, and deferred Inflows of resources:			
Interfund balances	(2,908)	(2,242)	(5,150)
Intergovernmental and other receivables	(7,332)	1,565	(5,767)
Inventories	1,998	-	1,998
Deferred outflows of resources for pension	(144,789)	(20,522)	(165,311)
Deferred outflows of resources for other postemployment benefits	16,565	(245)	16,320
Accounts payable	(1,854)	3,076	1,222
Intergovernmental payables	539	-	539
Accrued salaries and benefits	1,948	12,107	14,055
Unearned revenues	(13,759)	(515)	(14,274)
Net pension liability	806,312	27,234	833,546
Net other postemployment benefit liabilities	(46,674)	(109,045)	(155,719)
Deferred inflows of resources for pension	(858,586)	(257,871)	(1,116,457)
Deferred inflows of resources for other postemployment benefits	36,877	110,973	147,850
Total adjustments	<u>49,739</u>	<u>(198,609)</u>	<u>(148,870)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u><u>\$ (2,310,186)</u></u></b>	<b><u><u>\$ (326,826)</u></u></b>	<b><u><u>\$ (2,637,012)</u></u></b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the District used \$243,175 of commodities from the U.S. Department of Agriculture.

WILSON SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS

June 30, 2023

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 246,044
Interfund receivables	51,699
Other receivables	<u>9,806</u>
<b>TOTAL ASSETS</b>	307,549
<b>LIABILITIES</b>	
Accounts payable	7,495
Intergovernmental payables	<u>51,699</u>
<b>TOTAL LIABILITIES</b>	<u>59,194</u>
<b>NET POSITION</b>	<u><u>\$ 248,355</u></u>



WILSON SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS

For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Contributions and fundraisers	\$ 569,058
Mercantile/business privilege tax collections	3,265,512
Per capita tax collections	29,437
Investment income	<u>6,048</u>
<b>TOTAL ADDITIONS</b>	<b>3,870,055</b>
<b>DEDUCTIONS</b>	
Scholarships	10,300
Student activities	516,934
Payments of mercantile/business privilege tax collections	3,265,512
Payments of per capita tax collections	<u>29,437</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>3,822,183</u></b>
<b>CHANGE IN NET POSITION</b>	<b>47,872</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b><u>200,483</u></b>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 248,355</u></b>

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Wilson School District ("School District" or the "District") is located in Berks County, Pennsylvania. The District tax base consists of Sinking Spring Borough, Spring Township, Lower Heidelberg Township, and a portion of the Wyomissing Borough.

The District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term. The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

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

---

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

##### A. Reporting Entity

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

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**A. Reporting Entity - continued**

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

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

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

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

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

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

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

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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

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

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

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

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

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

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

**Debt Service Fund:** This fund accounts for the resources accumulated and payments made for principal and interest on general obligation debt of governmental funds.

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

**Food Service Fund:** The food service fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is an enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

**Child Care Fund:** This fund accounts for all revenues and expenses for the child care program. The child care fund is an enterprise fund where the intent of the governing body is that the costs of providing child care services are covered by user charges and subsidies received.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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C. Basis of Presentation - Fund Financial Statements - continued

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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

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

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

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

**E. Budgetary Process**

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

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**E. Budgetary Process - continued**

**Accelerated Budget Process Option**

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

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

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

**Board Resolution Option**

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

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position**

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

**3. Interfund Transactions**

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

**4. Inventories and Prepaid Items**

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

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



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

**4. Inventories and Prepaid Items - continued**

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2023, consist of the following:

Purchased food	\$ 9,873
Supplies	10,400
Donated commodities	<u>4,447</u>
	<u>\$ 24,720</u>

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

**5. Capital Assets, Depreciation, and Amortization**

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

The District generally capitalizes assets with costs of \$1,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

**5. Capital Assets, Depreciation, and Amortization - continued**

Estimated useful lives for depreciable and amortizable assets are as follows:

Buildings and building improvements	15 - 65 years
Site improvements	20 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 10 years
Right-to-use lease assets	2 - 5 years
Right-to-use subscription assets	2 - 4 years

**6. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2023.

**7. Unearned Revenues**

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

**8. Compensated Absences**

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

**9. Long-Term Obligations**

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

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

**10. Leases and Subscription-Based Information Technology Arrangements**

**Lessor**

Wilson School District is a lessor for a noncancellable lease of building space. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- Wilson School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are qualifying lease renewals or early termination options that the District is reasonably certain to exercise or not. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

**10. Leases and Subscription-Based Information Technology Arrangements - continued**

**Lessor - continued**

No lease receivable is reported at June 30, 2023; however, in March of 2023, the District entered into a lease beginning July 1, 2023. The initial term of the lease is 2 years, with an option to extend the term for 2 additional successive periods of 2 years each. Base rent in the agreement is \$10,897 per month, increasing by 5% each year.

**Lessee and Subscription-Based Information Technology Arrangements**

Wilson School District has agreements for noncancellable leases of equipment, vehicles and subscription-based information technology arrangements (SBITA). The District recognizes a lease or subscription liability and an intangible right-to-use asset (lease or subscription asset) in the government-wide financial statements.

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

Key estimates and judgments related to leases and SBITAs include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) term, and (3) payments.

- The District uses the interest rate charged under the agreement as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the agreement. Also included within the term are any qualifying renewals or early termination options that the District is reasonably certain to exercise or not exercise. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease or SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Lease and subscription assets are reported with capital assets as right-to-use assets and related liabilities are reported with noncurrent liabilities on the statement of net position.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

**11. Pension**

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

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

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

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

PSERS OPEB Plan

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

District OPEB Plan

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

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

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

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

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

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

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

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

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

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

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

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

**14. Net Position and Flow Assumptions**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year-end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

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

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

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

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

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

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



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**F. Financial Position - continued**

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

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

The unassigned fund balance of the general fund at the end of each fiscal year end shall not be less than 3% of the following year's projected budgeted expenditures. In any fiscal year where the District is unable to maintain this minimum reservation of fund balance as required in this section, the District shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until this level is achieved.

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

**G. Use of Estimates**

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

**H. Adoption of Accounting Standard**

During the year ended June 30, 2023, the District adopted new accounting guidance GASB Statement No. 96 retroactive to July 1, 2022. GASB Statement No. 96 was issued to (1) define subscription-based information technology arrangements (SBITAs); (2) establish that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As a result of this standard implementation, right-to-use assets were increased \$129,929 with an offsetting long-term liability of the same amount. There was no change to beginning net position.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

**Deficit Net Position - Proprietary Funds (Food Service Fund and Child Care Fund)**

For the year ended June 30, 2023, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, created the following deficiencies in net position as of June 30, 2023:

	Food Service Fund	Child Care Fund
	<u>                    </u>	<u>                    </u>
Net position before effects of GASB Statements noted below	\$ 2,022,840	\$ 1,523,609
Cumulative effect of GASB Statement Nos. 68 and 71	(2,273,768)	(1,546,736)
Cumulative effect of GASB Statement No. 75	<u>(237,425)</u>	<u>(354,535)</u>
Ending net position (deficit)	<u>\$ (488,353)</u>	<u>\$ (377,662)</u>

The District will fund the deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement System (PSERS) at the required rate certified annually by PSERS.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 3 - CASH AND INVESTMENTS**

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

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

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

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

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

The breakdown of total cash and investments on the financial statements at June 30, 2023, was as follows:

Petty cash	\$ 3,603
Demand deposits	26,528,736
Pooled cash and investments	<u>78,885,434</u>
	<u>\$ 105,417,773</u>

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2023, the carrying amount of the District's deposits was \$26,528,736 and the bank balance was \$26,868,511. Of the bank balance, \$929,691 was covered by federal depository insurance, and \$25,938,820 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments**

As of June 30, 2023, the District had the following pooled cash and investments:

	<u>Fair Value</u>	<u>Carrying Value</u>
PA School District Liquid Asset Fund (PSDLAF):		
MAX Account Balance	\$ 26,680,972	\$ 26,680,972
Full Flex Pool	52,204,900	<u>52,204,900</u>
Total		78,885,872
Less: reconciling items		<u>(438)</u>
Total Pooled Cash and Investments		<u><u>\$ 78,885,434</u></u>

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No 79. The District measures those investments, which include \$78,885,872 (PSDLAF) at amortized cost. 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.

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

As of June 30, 2023, the entire PSDLAF book balance of \$78,885,434 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Interest Rate Risk**

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023, the District has no investments subject to this interest rate risk.

**Credit Risk**

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments were rated as:

<u>Investment</u>	<u>Standard &amp; Poor's</u>
Pennsylvania School District Liquid Asset Fund	AAAm

**Concentration of Credit Risk**

The District does not have a policy that would limit the amount they may invest in any one issue. The District has no investments subject to this risk.

**Custodial Credit Risk**

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

The District has four independently elected tax collectors who have relinquished responsibility for the collection of taxes. The tax collectors have deputized a District approved financial institution for the collection of taxes on their behalf via a lockbox account.

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$2,708,025,400. In accordance with Act 1 of 2006, the District received \$1,732,298 in property tax reduction funds for the 2022/2023 fiscal year. The District tax rate for the year ended June 30, 2023, was 28.66 mills (\$28.66 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for the current fiscal year is as follows:

July 1	Full year tax assessed for current year.
July 1 - August 31	Discount period during which a 2% discount is allowed.
September 1 - November 30	Face amount of tax is due.
December 1 - January 14	A 10% penalty is added to all payments.
January 15	All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

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

The balances at June 30, 2023, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Property tax	\$ 1,264,519	\$ 243,938	\$ 1,020,581	\$ 129,761	\$ 1,134,758
Per capita tax	7,439	-	7,439	7,439	-
Interim	160	-	160	160	-
Mercantile/bus. privilege tax	210,496	-	210,496	210,496	-
Earned income tax	444,507	-	444,507	444,507	-
Transfer tax	205,412	-	205,412	205,412	-
	<u>\$ 2,132,533</u>	<u>\$ 243,938</u>	<u>\$ 1,888,595</u>	<u>\$ 997,775</u>	<u>\$ 1,134,758</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES/PAYABLES**

The following schedule represents intergovernmental receivables at June 30, 2023:

	<u>General Fund</u>	<u>Enterprise Fund</u>	
		<u>Food Service</u>	<u>Child Care</u>
Commonwealth of Pennsylvania:			
Retirement	\$ 3,728,690	\$ 172	\$ 1,637
Social Security	789,793	74	435
National School Lunch/Breakfast Program	-	4,373	-
Medical Assistance Program - ACCESS	350,000	-	-
Transportation Subsidy	4,405	-	-
Health and Safety Grant	104,376	-	-
Pre-K Counts Grant	-	-	60,000
Federal Subsidies:			
Title I - Grants to Local Educational Agencies	55,308	-	-
English Language Acquisition State Grant	654	-	-
Student Support and Academic Enrichment Program	21,704	-	-
Special Education - Grants to States	515,358	-	-
ESSER III - ARP	171,042	-	-
Medical Assistance Program - Admin.	13,634	-	-
Army JROTC	6,687	-	-
Child Nutrition Cluster	-	13,122	-
Antietam School District	109,000	-	-
Borough of Sinking Spring	2,855	-	-
Borough of Wyomissing Bureau of Water	-	-	(3,356)
Early Learning Resource Center	-	-	7,459
Governor Mifflin School District	100,641	-	-
Incarcerated Ed	12,232	-	-
Lower Heidelberg Township	5,737	-	-
School District of Philadelphia	46,887	-	-
Schuylkill Valley School District	53,637	-	-
Spring Township	27,680	-	-
Wyomissing Area School District	229,552	-	-
	<u>\$ 6,349,872</u>	<u>\$ 17,741</u>	<u>\$ 66,175</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES/PAYABLES - CONTINUED**

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The following schedule represents intergovernmental payables at June 30, 2023:

	General Fund	Capital Projects	Enterprise Fund Food Service
Berks County Intermediate Unit	\$ 126,540	\$ -	\$ -
Bucks County Intermediate Unit	14,209	-	-
Chester County Intermediate Unit	82,412	-	-
Coatsville Area School District	8,385	-	-
Commonwealth of Pennsylvania	884	-	-
Conrad Weiser Area School District	81,878	-	-
Lancaster-Lebanon Intermediate Unit	10,419	-	-
Lower Heidelberg Township	68,932	-	-
Montour School District	5,097	-	-
Northern Lebanon School District	1,104	-	-
Northwest Area School District	5,017	-	-
PA Department of Revenue	149	-	-
PAUC Fund	1,759	-	-
PSERS	18,443	-	539
Spring Township	83,437	808	-
	\$ 508,665	\$ 808	\$ 539



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

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The following is a summary of interfund receivables and payables at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 14,451	\$ 4,060,342
Capital Projects Fund	4,000,000	-
Enterprise Fund - Food Service	3,119	-
Enterprise Fund - Child Care	-	8,927
Fiduciary Fund - Custodial	51,699	-
	<u>\$ 4,069,269</u>	<u>\$ 4,069,269</u>

Interfund receivables/payables consist of shared costs which have not yet been reimbursed and a time lag between dates when payments between funds are made. All will be transferred within a year.

Interfund transfers are summarized as follows at June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 125,130	\$ 14,973,428
Capital Projects Fund	4,076,000	-
Debt Service Fund	10,897,428	-
Enterprise Fund - Food Service	-	60,000
Enterprise Fund - Child Care	-	65,130
	<u>\$ 15,098,558</u>	<u>\$ 15,098,558</u>

Transfers are made to pay debt service and other long-term liabilities, fund future capital projects, and to satisfy indirect costs.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 7 - CHANGES IN CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Beginning Balance (Restated)	Increase	Reclass/ Decrease	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 10,872,388	\$ -	\$ -	\$ 10,872,388
Construction in progress	2,527,222	1,085,118	(2,744,720)	867,620
Total assets not being depreciated	13,399,610	1,085,118	(2,744,720)	11,740,008
Capital assets being depreciated:				
Buildings and building improvements	236,054,170	18,641	38,214	236,111,025
Site improvements	14,168,600	11,056	56,189	14,235,845
Machinery and equipment	12,308,918	2,052,973	(205,343)	14,156,548
Vehicles	7,174,705	721,637	(777,027)	7,119,315
Total assets being depreciated	269,706,393	2,804,307	(887,967)	271,622,733
Less accumulated depreciation for:				
Buildings and building improvements	85,982,144	4,777,214	-	90,759,358
Site improvements	11,274,695	897,679	-	12,172,374
Machinery and equipment	6,783,295	1,447,670	(342,007)	7,888,958
Vehicles	4,665,665	597,294	(777,027)	4,485,932
Total accumulated depreciation	108,705,799	7,719,857	(1,119,034)	115,306,622
<b>Total capital assets being depreciated, net</b>	161,000,594	(4,915,550)	231,067	156,316,111
Right-to-use assets:				
Leased Machinery and equipment	74,175	-	(2,639)	71,536
Subscriptions	129,929	87,586	-	217,515
Total right-to-use assets	204,104	87,586	(2,639)	289,051
Less accumulated amortization for:				
Leased Machinery and equipment	17,069	20,063	(2,639)	34,493
Subscriptions	-	76,650	-	76,650
Total accumulated amortization	17,069	96,713	(2,639)	111,143
<b>Total right-to-use assets being amortized, net</b>	187,035	(9,127)	-	177,908
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 174,587,239</u>	<u>\$ (3,839,559)</u>	<u>\$ (2,513,653)</u>	<u>\$ 168,234,027</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Building improvements	\$ 642,028	\$ -	\$ -	\$ 642,028
Machinery and equipment	392,451	20,543	(84,342)	328,652
Total assets being depreciated	<u>1,034,479</u>	<u>20,543</u>	<u>(84,342)</u>	<u>970,680</u>
Less accumulated depreciation for:				
Buildings improvements	197,453	28,956	-	226,409
Machinery and equipment	233,803	24,594	(75,078)	183,319
Total accumulated depreciation	<u>431,256</u>	<u>53,550</u>	<u>(75,078)</u>	<u>409,728</u>
<b>Total capital assets being depreciated, net</b>	603,223	(33,007)	(9,264)	560,952
Right-to-use assets being amortized:				
Leased Machinery and equipment	6,729	-	-	6,729
Less accumulated amortization for:				
Leased Machinery and equipment	1,553	1,553	-	3,106
<b>Total right-to-use assets being amortized, net</b>	<u>5,176</u>	<u>(1,553)</u>	<u>-</u>	<u>3,623</u>
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 608,399</u>	<u>\$ (34,560)</u>	<u>\$ (9,264)</u>	<u>\$ 564,575</u>

Depreciation and amortization expense was charged to functions/program of the governmental activities of the primary government as follows:

Instruction	\$ 3,750,413
Instructional student support	921,918
Administrative and financial support	33,166
Operation and maintenance of plant	1,391,071
Transportation	604,917
Non-instructional services	<u>1,115,085</u>
<b>TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u>\$ 7,816,570</u>

Subsequent to year end, in September 2023, the School Board authorized the sale of a vacant lot owned by the District to the Township of Spring for \$560,000.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 8 - LONG-TERM LIABILITIES**

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**Bonds, Notes and Financed Purchases Payable**

The District issues general obligation bonds, notes, and financed purchase loans to provide resources for major capital improvements and equipment financed purchases. The bonds, notes, and financed purchase liabilities are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority.

Bonds, notes, and financed purchases payable are as follows at June 30, 2023:

Governmental Activities

General Obligation Bonds - Series C of 2021:

The District is liable for general obligation bonds dated June 22, 2021, in the original principal amount of \$37,685,000. Principal maturities occur on May 15, 2029, through the year 2033. Interest is payable semi-annually on May 15 and November 15 at a fixed interest rate of 4.00%. The proceeds of this issuance will be used to finance planning, designing, acquiring, constructing, equipping and furnishing, alternations, additions and improvements to various school facilities, including the acquisition of real property and/or equipment and to pay debt issuance costs.

\$ 37,685,000

General Obligation Bonds - Series B of 2021:

The District is liable for general obligation bonds dated June 22, 2021, in the original principal amount of \$7,025,000. Principal maturities occur on May 15, 2022, through the year 2029. Interest is payable semi-annually on May 15 and November 15 at a fixed interest rate of 1.00% through 2026. Interest rates vary from 2.0% to 4.0% in 2027 through 2029. The proceeds of this issuance were used to currently refund the outstanding balance on General Obligation Bonds - Series of 2016, General Obligation Bonds - Series A of 2016 and General Obligation Notes - Series of 2020, as well as pay debt issuance costs. The District realized a savings of \$144,283 as a result of the refunding.

7,015,000

General Obligation Notes - Series A of 2021:

The District is liable for general obligation notes dated March 3, 2021, in the original principal amount of \$8,920,000. Principal maturities occur on May 15, 2021, through the year 2028. Interest is payable semi-annually on May 15 and November 15 at a fixed rate of 1.15%. The proceeds of this issuance were used to currently refund General Obligation Bonds - Series B of 2013 and to scoop refund the District's June 1, 2021 payment on General Obligation Bonds - Series C of 2013, as well as to pay debt issuance costs. The District realized a savings of \$167,984 as a result of the refunding.

5,465,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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General Obligation Notes - Series A of 2020:

The District is liable for general obligation notes dated December 1, 2020, in the original principal amount of \$3,500,000. Principal maturities occur on March 1, 2021, through the year 2028. Interest is payable semi-annually on March 1 and September 1 at a fixed interest rate of 1.30%. The proceeds of this issuance were used to scoop refund the March 1, 2021 payment on General Obligation Bond - Series of 2016. This refunding was done as a restructuring, therefore, there was no savings on the refunding.

3,485,000

General Obligation Notes - Series of 2020:

The District is liable for general obligation notes dated October 28, 2020, in the original principal amount of \$19,470,000. Principal maturities occur on May 15, 2021, through the year 2026. Interest is payable semi-annually on May 15 and November 15 at a fixed rate of 0.880%. The proceeds of this issuance were used to currently refund the outstanding balance on General Obligation Notes - Series B of 2017, Series C of 2017 and Series B of 2018, as well as pay debt issuance costs. The District realized a savings of \$816,491 as a result of the refunding.

13,155,000

General Obligation Notes - Series B of 2019:

The District is liable for general obligation notes dated June 5, 2019, in the original principal amount of \$3,165,000. The principal balance matures May 15, 2026, with one lump sum payment. Interest is payable semi-annually on May 15 and November 15 at a fixed rate of 3.00%. The proceeds of this issuance were used to advance refund a portion of General Obligation Bonds - Series B of 2013, General Obligation Bonds - Series C of 2013, and General Obligation Bonds - Series A of 2016 as well as to pay debt issuance costs. The refunding was done as a restructuring, therefore, there was no savings on the refunding.

3,165,000

General Obligation Notes - Series A of 2019:

The District is liable for general obligation notes dated June 5, 2019, in the original principal amount of \$9,725,000. Principal maturities occur on May 15, 2020, through the year 2027. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.75% to 2.00%. The proceeds of this issuance were used finance various capital projects, and certain equipment purchases, as well as to pay debt issuance costs.

9,705,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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General Obligation Bonds - Series A of 2016:

The District is liable for general obligation bonds dated March 22, 2016, in the original principal amount of \$9,840,000. Principal maturities occur on March 1, 2017, through the year 2026. Interest is payable semi-annually on March 1 and September 1. Interest rates vary from 0.80% to 2.25%. The proceeds of this issuance were used to currently refund the outstanding balance on the Federally Taxable General Obligation Note - Series A of 2015 and Federally Taxable General Obligation Note - Series B of 2015, as well as pay debt issuance costs. The District realized a savings of \$310,609 as a result of the refunding. The bonds were partially refunded with the General Obligation Bonds Series B of 2021.

4,680,000

Financed Purchase:

The District is liable for a financed purchase maturing July 2024, with annual payments of principal and interest at 4.8%. The proceeds were used to purchase computers. The loan is secured by the related equipment purchased.

64,997

Financed Purchase:

The District is liable for a financed purchase maturing July 2023, with annual payments of principal and interest at 5.3%. The proceeds were used to purchase computers. The loan is secured by the related equipment purchased.

11,771

Financed Purchase:

The District is liable for a financed purchase maturing July 2024, with annual payments of principal and interest at 3.0%. The proceeds were used to purchase Chromebooks. The loan is secured by the related equipment purchased.

358,756

Financed Purchase:

The District is liable for a financed purchase maturing July 2023 with annual payments of principal and interest at 4.3%. The proceeds were used to purchase Chromebooks. The loan is secured by the related equipment purchased.

130,487

Financed Purchase:

The District is liable for a financed purchase maturing June 2025 with monthly payments of principal and interest at 5.6%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

13,879

Financed Purchase:

The District is liable for a financed purchase maturing September 2025 with monthly payments of principal and interest at 5.1%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

46,151

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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Financed Purchase:

The District is liable for a financed purchase maturing April 2026 with monthly payments of principal and interest at 5.8%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

27,342

Financed Purchase:

The District is liable for a financed purchase maturing May 2026 with monthly payments of principal and interest at 5.8%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

21,482

Financed Purchase:

The District is liable for a financed purchase maturing August 2026, with monthly payments of principal and interest at 5.9%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

11,675

Financed Purchase:

The District is liable for a financed purchase maturing July 2024, with monthly payments of principal and interest at 6.3%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

8,131

Financed Purchase:

The District is liable for a financed purchase maturing November 2023 with monthly payments of principal and interest at 5.9%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

4,584

Financed Purchase:

The District is liable for a financed purchase maturing November 2027 with monthly payments of principal and interest at 6.78%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

47,518

Financed Purchase:

The District is liable for a financed purchase maturing July 2024 with annual payments of principal and interest at 5.204%. The proceeds were used to purchase computer equipment. The loan is secured by the related equipment purchased.

121,918

Financed Purchase:

The District is liable for a financed purchase maturing July 2025 with annual payments of principal and interest at 4.32%. The proceeds were used to purchase computer equipment. The loan is secured by the related equipment purchased.

681,263

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

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Financed Purchase:

The District is liable for a financed purchase maturing September 2026 with annual payments of principal and interest at 4.81%. The proceeds were used to purchase computer equipment. The loan is secured by the related equipment purchased.

201,884

Total bonds, notes, and financed purchases payable

\$ 86,106,838

Business-Type Activities

Financed Purchase:

The District is liable for a financed purchase maturing April 2026 with monthly payments of principal and interest at 6.2%. The proceeds were used to purchase copier equipment. The loan is secured by the related equipment purchased.

\$ 2,831



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

The future annual payments required to amortize all bonds, notes, and financed purchase loans payable for the years ending June 30 are as follows:

Governmental Activities								
Direct Borrowings								
General Obligation Notes,								
	Series A of 2021	Series A of 2020	Series of 2020	Series A of 2019	Series B of 2019	Financed Purchases	Total Principal	Total Interest
2024	\$ 1,155,000	\$ 5,000	\$ 7,075,000	\$ 5,000	\$ -	\$ 741,505	\$ 8,981,505	\$ 821,226
2025	5,000	5,000	5,035,000	5,000	-	614,530	5,664,530	712,163
2026	5,000	5,000	1,045,000	2,925,000	3,165,000	324,242	7,469,242	640,159
2027	5,000	345,000	-	6,770,000	-	66,448	7,186,448	407,044
2028	4,295,000	3,125,000	-	-	-	5,113	7,425,113	90,104
2029-2033	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 5,465,000</b>	<b>\$ 3,485,000</b>	<b>\$ 13,155,000</b>	<b>\$ 9,705,000</b>	<b>\$ 3,165,000</b>	<b>\$ 1,751,838</b>	<b>\$ 36,726,838</b>	<b>\$ 2,670,696</b>
General Obligation Bonds,								
					Total Long-Term Debt			
	Series B of 2021	Series C of 2021	Series A of 2016	Total Principal	Total Interest	Total Principal	Total Interest	
2024	\$ 5,000	\$ -	\$ 45,000	\$ 50,000	\$ 1,863,962	\$ 9,031,505	\$ 2,685,188	
2025	5,000	-	3,310,000	3,315,000	1,863,012	8,979,530	2,575,175	
2026	5,000	-	1,325,000	1,330,000	1,796,762	8,799,242	2,436,921	
2027	1,610,000	-	-	1,610,000	1,766,900	8,796,448	2,173,944	
2028	1,680,000	-	-	1,680,000	1,707,000	9,105,113	1,797,104	
2029-2033	3,710,000	37,685,000	-	41,395,000	4,420,200	41,395,000	4,420,200	
<b>Total</b>	<b>\$ 7,015,000</b>	<b>\$ 37,685,000</b>	<b>\$ 4,680,000</b>	<b>\$ 49,380,000</b>	<b>\$ 13,417,836</b>	<b>\$ 86,106,838</b>	<b>\$ 16,088,532</b>	
Business-Type Activities								
	Total Principal	Total Interest						
2024	\$ 936	\$ 168						
2025	1,003	101						
2026	892	29						
2027	-	-						
2028	-	-						
2029-2033	-	-						
<b>Total</b>	<b>\$ 2,831</b>	<b>\$ 298</b>						

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**Leases**

The District has entered into lease agreements for various equipment including copiers and vehicles. The leases have various termination dates through October 2025. These leases include monthly payments of principal and interest at rates ranging from 2.97% to 5.12%.

Future lease maturities as of June 30 are as follows:

Governmental Activities			
	Principal	Interest	Total
2024	\$ 16,833	\$ 1,091	\$ 17,924
2025	16,365	373	16,738
	\$ 33,198	\$ 1,464	\$ 34,662
Business-Type Activities			
	Principal	Interest	Total
2024	\$ 1,568	\$ 136	\$ 1,704
2025	1,639	65	1,704
2026	563	5	568
	\$ 3,770	\$ 206	\$ 3,976

**Subscriptions**

The District has entered into various agreements for subscription-based information technology arrangements. The agreements have various maturities through December 2025. Annual principal and interest payments are made at a rate of 5%.

The District's subscription liabilities mature as follows for the years ending June 30:

Governmental Activities			
	Principal	Interest	Total
2024	\$ 89,168	\$ 6,343	\$ 95,511
2025	34,810	1,781	36,591
	\$ 123,978	\$ 8,124	\$ 132,102

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

Long-term liability balances and activity for the year ended June 30, 2023, are as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds					
Bonds payable	\$ 50,425,000	\$ -	\$ 1,045,000	\$ 49,380,000	\$ 50,000
Discounts	(20,471)	-	(5,583)	(14,888)	-
Premiums	9,355,911	-	1,085,401	8,270,510	-
Total bonds payable	59,760,440	-	2,124,818	57,635,622	50,000
Direct borrowings	43,307,317	1,506,651	8,087,130	36,726,838	8,981,505
Total bonds and direct borrowings payable	103,067,757	1,506,651	10,211,948	94,362,460	9,031,505
Lease payable	50,012	-	16,814	33,198	16,833
Subscription liability	129,929	65,942	71,893	123,978	89,168
Compensated absences	1,444,162	1,027,757	420,614	2,051,305	230,329
Net pension liability	142,767,727	37,338,620	18,024,166	162,082,181	-
Net other postemployment benefit liabilities	20,128,784	-	5,305,257	14,823,527	-
Total governmental long-term liabilities	<u>\$ 267,588,371</u>	<u>\$ 39,938,970</u>	<u>\$ 34,050,692</u>	<u>\$ 273,476,649</u>	<u>\$ 9,367,835</u>
<b>Business-Type Activities</b>					
Direct borrowings	\$ 3,704	\$ -	\$ 873	\$ 2,831	\$ 936
Lease payable	5,270	-	1,500	3,770	1,568
Net pension liability	3,271,273	1,291,132	457,586	4,104,819	-
Net other postemployment benefit liabilities	616,994	-	155,719	461,275	-
Total business-type long-term liabilities	<u>\$ 3,897,241</u>	<u>\$ 1,291,132</u>	<u>\$ 615,678</u>	<u>\$ 4,572,695</u>	<u>\$ 2,504</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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Payments on bonds and notes payable are made by transfers from the general fund to the debt service fund. Payments on financed purchases are made by the general and food service funds. Payments on lease obligations are made by the general and child care funds. Total interest paid during the year ended June 30, 2023, was \$3,770,125. The compensated absence liabilities will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general, food service, and child care funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general, food service, and child care funds.

**Events of Default**

The District's general obligation bonds and notes contain a provision that in the event of default of non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders. The financed purchase provisions for default include all principal remaining due immediately, as well as surrendering of the pledged equipment.

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

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**Employee Defined Benefit Pension Plan**

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

Plan Description

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**Employee Defined Benefit Pension Plan - continued**

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

Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan 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 1.0% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**Employee Defined Benefit Pension Plan - continued**

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

Benefits Provided - continued

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 (10 years for Class T-E and Class T-H members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

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

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

*General Information About the Pension Plan - continued*

Contributions - continued

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%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The District's contractually required contribution rate for 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. The rate was certified by the PSERS board of trustees. Contributions to the pension plan from the District were \$19,749,806 for the year ended June 30, 2023. Contributions to the defined contribution pension plan from the District were \$115,125 for the year ended June 30, 2023.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2023, for pension and OPEB benefits was \$10,124,726.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**Employee Defined Benefit Pension Plan - continued**

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

At June 30, 2023, the District reported a liability of \$166,187,000 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 0.3738%, which was an increase of 0.0181% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$16,865,821. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 2,820,000
Changes of assumptions	4,963,000	-
Difference between expected and actual experience	75,000	1,437,000
Changes in proportions - Plan Level	8,842,000	-
Changes in proportions - Internal	610,454	610,454
Difference between employer contributions and proportionate share of total contributions	87,726	-
Contributions made subsequent to the measurement date	19,749,806	-
	\$ 34,327,986	\$ 4,867,454



WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

The \$19,749,806 reported as deferred outflows of resources resulting from District pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2024	\$ 5,083,089
2025	2,972,726
2026	(2,250,354)
2027	<u>3,905,265</u>
	<u>\$ 9,710,726</u>

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:

- Actuarial valuation date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes 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.

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 the target asset allocation percentage and by adding expected inflation.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	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	<u>(11.0%)</u>	0.5%
	<u>100.0%</u>	

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.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

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 one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 214,951,000	\$ 166,187,000	\$ 125,072,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2023, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$5,630,561. This amount represents the District's contractually obligated contributions for wages earned in April 2023 through June 2023.

**403(b) Tax Shelter Plan**

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

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**Employee Defined Benefit Other Postemployment Benefit Plans**

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2023 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 6,894,000	\$ 1,910,721	\$ 1,680,000
District OPEB Plan	<u>8,390,802</u>	<u>1,647,094</u>	<u>5,753,336</u>
Total	<u>\$ 15,284,802</u>	<u>\$ 3,557,815</u>	<u>\$ 7,433,336</u>

**PSERS OPEB Plan**

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

Health Insurance Premium Assistance Program

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**PSERS OPEB Plan - continued**

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

Premium Assistance Eligibility Criteria

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

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

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](http://www.psers.pa.gov).

Benefits Provided

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

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's 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 \$434,721 for the year ended June 30, 2023.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**PSERS OPEB Plan - continued**

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

Contributions - continued

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100 percent 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 \$10,124,726.

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

At June 30, 2023, the District reported a liability of \$6,894,000 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 0.3745%, which was an increase of 0.0182% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$340,993. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 765,000	\$ 1,628,000
Differences between expected and actual experience	63,000	37,000
Net difference between projected and actual investment earnings	19,000	-
Changes in proportion	629,000	15,000
Contributions made subsequent to the measurement date	434,721	-
	\$ 1,910,721	\$ 1,680,000

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

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

The \$434,721 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2024	\$ (30,000)
2025	16,000
2026	(6,000)
2027	(52,000)
2028	<u>(132,000)</u>
	<u>\$ (204,000)</u>

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 valuation date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment 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%

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**PSERS OPEB Plan - continued**

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

Actuarial Assumptions - continued

The actuarial assumptions used in the June 30, 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 was used in lieu of the 63% utilization assumptions for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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



WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

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

Actuarial Assumptions - continued

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022, is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%

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 sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% 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.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**PSERS OPEB Plan - continued**

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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 retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's proportionate share of the net OPEB liability for the June 30, 2022 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 6,893,000	\$ 6,894,000	\$ 6,894,000

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 one-percentage point lower (3.09%) or one-percentage point higher (5.09%) than the current rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	\$ 7,796,000	\$ 6,894,000	\$ 6,139,000

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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**PSERS OPEB Plan - continued**

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

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2023, the District had an accrued balance due to PSERS of \$5,630,561, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2023 through June 2023.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**District OPEB Plan**

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

Plan Description

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

Benefits Provided

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

**Administrators**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
5 years as an administrator, 10 years of service with the District and 20 years of PSERS service, or Act 110/43	<p><u>Coverage</u> Medical, Prescription Drug, and Dental</p> <p><u>Premium Sharing</u> If the member reaches 10 years of service with the District and 20 years of PSERS service, the District will contribute the full single premiums for medical, prescription drug, and dental coverage less the cost-share for an active employee. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.</p> <p>If the member does not reach the requirements for the District subsidy but meets the requirements for Act 110/43, the member and spouse may continue coverage by paying 102% of the premiums as determined for the purpose of COBRA.</p> <p><u>Dependents</u> Families Included</p>	Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**District OPEB Plan - continued**

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

Benefits Provided - continued

**Teachers**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
<p>Age 50 with 20 years of service with the district and retirement through PSERS, or Act 110/43</p>	<p><u>Coverage</u> Medical, Prescription Drug, and Dental</p> <p><u>Premium Sharing</u> If the member reaches age 50, 20 years of service with the District and retires through PSERS, the District will contribute \$135/month on coverage for the member. The member is responsible for any excess premiums and increases as they occur up to 102% of the premiums as determined for the purpose of COBRA. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.</p> <p>If the member does not reach the requirements for the District subsidy but meets the requirements for Act 110/43, the member and spouse may continue coverage by paying 102% of the premiums as determined for the purpose of COBRA.</p> <p><u>Dependents</u> Families Included</p>	<p>Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.</p>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**District OPEB Plan - continued**

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

Benefits Provided - continued

**Support Staff**

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
<p>Age 55 with 20 years of service with the District, or Act 110/43</p>	<p><u>Coverage</u> Medical and Prescription Drug</p> <p><u>Premium Sharing</u> If the member reaches age 55 and 20 years of service with the District, the District will contribute the full single premiums for medical and prescription drug coverage less the cost-share for an active employee. If the member had reached age 55 and 20 years of service with the District by 7/1/08 and retires after 7/1/08 the monthly member contribution for single coverage will not exceed \$50. The spouse must pay 102% of the premiums as determined for the purpose of COBRA if coverage is elected.</p> <p>If the member does not reach the requirements for the District subsidy but meets the requirements for Act 110/43, the member and spouse may continue coverage by paying 102% of the premiums as determined for the purpose of COBRA.</p> <p><u>Dependents</u> Families Included</p>	<p>Until earlier of member Medicare age and member death. Spouse coverage ends at Medicare age if the spouse is older than the member.</p>

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement. In accordance with these Acts, the District is required to give eligible retirees and their dependents the right to continue coverage in the group health plan to which they belonged as employees.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**District OPEB Plan - continued**

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

Benefits Provided - continued

PSERS Retirement:

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**District OPEB Plan - continued**

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

Employees Covered by Benefit Terms

At July 1, 2022, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	679
Vested former participants	16
Retired participants	<u>30</u>
Total	<u><u>725</u></u>

***OPEB Liability***

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2022, was determined by rolling forward the District's total OPEB liability as of July 1, 2021 to July 1, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 4.06% based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.
- Healthcare cost trend rates - 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 100% of administrators and support staff and 70% of teachers eligible for subsidized coverage and 50% of all employees not eligible for subsidized coverage are assumed to elect coverage. 80% of vested former participants eligible for subsidized coverage are assumed to begin coverage at the later of age 62 and the valuation date. 30% of these vested former participants are assumed to elect coverage for their spouses.

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



**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

**District OPEB Plan - continued**

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

	Total OPEB Liability
Balance at July 1, 2022	\$ 12,300,778
Changes for the year:	
Service cost	916,969
Interest	296,142
Differences between expected and actual experience	(1,171,635)
Changes of assumptions or other inputs	(3,528,578)
Benefit payments	(422,874)
Net changes	(3,909,976)
Balance at June 30, 2023	\$ 8,390,802

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 2.28% to 4.06%, (2) the trend and election assumptions were updated, and (3) assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.06%) or one-percentage point higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
OPEB Plan - Total OPEB liability	\$ 9,086,729	\$ 8,390,802	\$ 7,736,994

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**District OPEB Plan - continued**

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

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB liability	\$ 7,500,832	\$ 8,390,802	\$ 9,443,782

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$871,763. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,306,734	\$ 3,960,146
Differences between expected and actual experience	-	1,793,190
Benefit payments made subsequent to the measurement date	340,360	-
	<u>\$ 1,647,094</u>	<u>\$ 5,753,336</u>

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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

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**District OPEB Plan - continued**

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

The \$340,360 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2024	\$ (341,348)
2025	(341,348)
2026	(341,348)
2027	(341,348)
2028	(341,348)
Thereafter	<u>(2,739,862)</u>
Total	<u>\$ (4,446,602)</u>

**NOTE 11 - JOINT VENTURE**

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The District is a participating member of the Berks Career and Technology Center. The Berks Career and Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career and Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career and Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2022/2023 year was \$1,110,594. The District also paid \$86,293 for additional services provided.

Summary financial information as of June 30, 2022 (the most recent information available) is as follows:

<u>Berks Career and Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 33,587,790
Total liabilities and deferred inflows of resources	<u>30,523,935</u>
Total net position	<u>\$ 3,063,855</u>

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

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 12 - RISK MANAGEMENT**

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The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions in insurance coverages of the 2022/2023 year. Settlement amounts have not exceeded insurance coverage for the current year or the 3 prior years.

**NOTE 13 - COMMITMENTS**

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At June 30, 2023, the District has entered into a number of contracts related to school expansion and renovation projects. Commitments outstanding are as follows:

	<u>Contract Amount</u>	<u>Commitment Remaining</u>
High School Athletics Facilities	\$ 496,131	\$ 428,984
High School Campus Maintenance	102,895	102,895
High School Lower House HVAC System	5,255,225	5,255,225
High School Performing Arts Center	1,097,618	453,241
District Wide Phone Equipment	78,559	78,559
District Wide Playground Equipment	119,148	119,148
Transportation - Propane Buses	404,304	404,304
Southern Middle School Auditorium	263,882	263,882
Spring Ridge Elementary Furniture & Maintenance	16,800	16,800
Transportation - Vans	104,778	104,778
West Middle School Auditorium	29,919	29,919
	<u>\$ 7,969,259</u>	<u>\$ 7,257,735</u>

The District intends to use capital project funds to satisfy the remaining commitments.

Subsequent to year end, in August 2023, the School Board authorized the schematic design phase for additions and renovations to Southern Middle School and a new elementary school for an estimated cost of the design stage of \$850,000. Additionally, in November 2023, the School Board awarded construction bids totaling \$21.2 million for the High School Performing Arts Center. The project has an estimated cost of \$23.6 million and will be funded by capital project funds.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 14 - CONTINGENT LIABILITIES**

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

The District is involved in various lawsuits that arise in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 15 - FUND BALANCE**

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Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2023, were as follows:

**General Fund**

The general fund has a nonspendable fund balance of \$203,807 for prepaid expenditures, restricted funds of \$209,507 for a special education settlement, committed funds of \$19,213,547 for retirement rate increases and \$4,464,048 for enrollment expansion, assigned fund balance of \$1,000,000 representing the 2023/2024 budget appropriation, and unassigned fund balance of \$7,627,086. The commitment was authorized by the board of school directors' motion to set aside resources to fund anticipated increases in PSERS contributions and enrollment expansion.

**Capital Projects**

The capital projects fund has a nonspendable fund balance of \$50,000 for prepaid expenditures and restricted funds of \$58,059,830 consisting of \$43,416,860 of unspent bond funds and \$14,642,970 of unspent cumulative transfers from the general fund authorized by the board of school directors for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS**

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

- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement 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.
- Statement No. 101, *Compensated Absences* - The primary objective of this statement 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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**WILSON SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

**For the Year Ended June 30, 2023**

	Budgeted Amount		Actual	Variance
	Original	Final	(GAAP) Basis	Final to Actual
<b>REVENUES</b>				
Local sources	\$ 88,754,232	\$ 88,754,232	\$ 93,790,297	\$ 5,036,065
State sources	29,049,000	29,049,000	29,801,466	752,466
Federal sources	3,373,768	3,373,768	3,318,298	(55,470)
<b>TOTAL REVENUES</b>	<b>121,177,000</b>	<b>121,177,000</b>	<b>126,910,061</b>	<b>5,733,061</b>
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular programs - elementary/secondary	51,578,148	51,318,576	50,225,358	1,093,218
Special programs - elementary/secondary	20,203,564	20,292,563	19,884,240	408,323
Vocational education	2,914,077	2,928,373	2,872,056	56,317
Other instructional programs - elementary/secondary	349,087	409,924	364,537	45,387
Nonpublic school programs	17,225	23,140	22,875	265
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>75,062,101</b>	<b>74,972,576</b>	<b>73,369,066</b>	<b>1,603,510</b>
<b>SUPPORT SERVICES:</b>				
Students	5,410,286	5,060,938	4,913,125	147,813
Instructional staff	6,407,878	6,629,068	6,629,068	-
Administration	6,623,336	6,465,296	6,313,898	151,398
Pupil health	1,524,308	1,499,125	1,497,512	1,613
Business	1,370,756	1,407,881	1,377,548	30,333
Operation and maintenance of plant	7,618,232	7,892,821	7,847,070	45,751
Student transportation	3,814,688	3,716,320	3,371,999	344,321
Central	790,299	1,034,847	1,034,847	-
Other	202,500	202,946	200,699	2,247
<b>TOTAL SUPPORT SERVICES</b>	<b>33,762,283</b>	<b>33,909,242</b>	<b>33,185,766</b>	<b>723,476</b>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES:</b>				
Student activities	2,955,940	2,860,441	2,720,245	140,196
Community services	205,936	247,830	203,104	44,726
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>3,161,876</b>	<b>3,108,271</b>	<b>2,923,349</b>	<b>184,922</b>
<b>DEBT SERVICE PAYMENTS</b>	-	-	1,092,668	(1,092,668)
<b>REFUND OF PRIOR YEAR REVENUE</b>	83,740	80,870	80,870	-
<b>TOTAL EXPENDITURES</b>	<b>112,070,000</b>	<b>112,070,959</b>	<b>110,651,719</b>	<b>1,419,240</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>9,107,000</b>	<b>9,106,041</b>	<b>16,258,342</b>	<b>7,152,301</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from subscription issuance	-	-	65,942	65,942
Proceeds from financed purchases	-	-	1,506,651	1,506,651
Transfers in	123,000	123,000	125,130	2,130
Sale of capital assets	-	-	50,250	50,250
Transfers out	(12,430,000)	(12,429,041)	(14,973,428)	(2,544,387)
Budgetary reserve	(1,000,000)	(1,000,000)	-	1,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(13,307,000)</b>	<b>(13,306,041)</b>	<b>(13,225,455)</b>	<b>80,586</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (4,200,000)</b>	<b>\$ (4,200,000)</b>	<b>3,032,887</b>	<b>\$ 7,232,887</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>29,685,108</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 32,717,995</b>	

See accompanying notes.



**WILSON SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2022**

**BUDGETARY DATA**

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2022/2023 budget transfers.

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

No individual governmental fund required to have a legally adopted budget had an excess of expenditures over appropriations.

**Budgetary Compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2023. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

WILSON SCHOOL DISTRICT

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.3738%	0.3557%	0.3536%	0.3362%	0.3311%	0.3336%	0.3296%	0.3211%	0.3215%	0.3146%
District's proportionate share of the collective net pension liability	\$ 166,187,000	\$ 146,039,000	\$ 174,109,000	\$ 157,283,000	\$ 158,944,000	\$ 164,760,000	\$ 163,339,000	\$ 139,086,000	\$ 127,252,000	\$ 128,785,000
District's covered payroll	\$ 55,062,892	\$ 50,513,319	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352	\$ 41,320,336	\$ 41,027,919	\$ 40,367,523
District's proportionate share of the net pension liability as a percentage of its covered payroll	301.81%	289.11%	350.21%	339.25%	356.51%	370.93%	382.69%	336.60%	310.16%	319.03%
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%

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

NOTES TO SCHEDULE

**Changes in benefit 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, 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, 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%, comprised 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 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,749,806	\$ 18,481,752	\$ 17,017,922	\$ 16,766,074	\$ 15,262,789	\$ 14,481,553	\$ 13,007,301	\$ 10,785,146	\$ 8,487,879	\$ 6,600,252
Contributions in relation to the contractually required contribution	<u>19,749,806</u>	<u>18,481,752</u>	<u>17,017,922</u>	<u>16,766,074</u>	<u>15,262,789</u>	<u>14,481,553</u>	<u>13,007,301</u>	<u>10,785,146</u>	<u>8,487,879</u>	<u>6,600,252</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 57,203,260	\$ 55,062,892	\$ 50,513,319	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352	\$ 41,320,336	\$ 41,027,919
Contributions as a percentage of covered payroll	34.53%	33.56%	33.69%	33.72%	32.92%	32.48%	29.28%	25.27%	20.54%	16.09%

**WILSON SCHOOL DISTRICT**

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

**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.3745%	0.3563%	0.3542%	0.3362%	0.3311%	0.3336%	0.3296%
District's proportionate share of the collective net PSERS OPEB liability	\$ 6,894,000	\$ 8,445,000	\$ 7,653,000	\$ 7,150,000	\$ 6,903,000	\$ 6,797,000	\$ 7,100,000
District's covered payroll	\$ 55,062,892	\$ 50,513,319	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

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

**NOTES TO SCHEDULE**

***Changes in benefit terms***

None.

***Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021***

- 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, 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%, comprised 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 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.**

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

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 434,721	\$ 434,993	\$ 416,434	\$ 422,167	\$ 388,591	\$ 378,692	\$ 369,728	\$ 362,381	\$ 372,639	\$ 383,640
Contributions in relation to the contractually required contribution	<u>434,721</u>	<u>434,993</u>	<u>416,434</u>	<u>422,167</u>	<u>388,591</u>	<u>378,692</u>	<u>369,728</u>	<u>362,381</u>	<u>372,639</u>	<u>383,640</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 57,203,260	\$ 55,062,892	\$ 50,513,319	\$ 49,715,530	\$ 46,362,106	\$ 44,583,680	\$ 44,418,252	\$ 42,681,352	\$ 41,320,336	\$ 41,027,919
Contributions as a percentage of covered payroll	0.76%	0.79%	0.82%	0.85%	0.84%	0.85%	0.83%	0.85%	0.90%	0.94%

**WILSON SCHOOL DISTRICT**

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

**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 916,969	\$ 930,937	\$ 692,895	\$ 697,340	\$ 724,470	\$ 703,506
Interest	296,142	234,963	357,166	307,487	329,459	238,006
Differences between expected and actual experience	(1,171,635)	-	(298,320)	-	(706,275)	-
Changes of assumptions	(3,528,578)	(400,298)	1,378,908	(317,244)	(161,783)	372,171
Benefit payments	(422,874)	(362,880)	(370,156)	(373,131)	(358,103)	(378,235)
Net change in total OPEB liability	(3,909,976)	402,722	1,760,493	314,452	(172,232)	935,448
Total OPEB liability, beginning	12,300,778	11,898,056	10,137,563	9,823,111	9,995,343	9,059,895
Total OPEB liability, ending	<u>\$ 8,390,802</u>	<u>\$ 12,300,778</u>	<u>\$ 11,898,056</u>	<u>\$ 10,137,563</u>	<u>\$ 9,823,111</u>	<u>\$ 9,995,343</u>
<b>Covered Employee Payroll</b>	<u>\$ 47,086,671</u>	<u>\$ 43,397,397</u>	<u>\$ 43,397,397</u>	<u>\$ 38,926,972</u>	<u>\$ 38,926,972</u>	<u>\$ 37,552,928</u>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	17.82%	28.34%	27.42%	26.04%	25.23%	26.62%

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

Significant changes of assumptions for the July 1, 2022 measurement date are as follows:

- The discount rate changed from 2.28% to 4.06%.
- The trend and election assumptions were updated.
- Assumptions for salary, mortality, withdrawal and retirement were updated based on the new PSERS assumptions.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption was updated each year.

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

**SUPPLEMENTARY INFORMATION**

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2023

	Budget	Actual	Variance
<b>6000 Revenues from Local Sources</b>			
<u>Taxes</u>			
6111 Current real estate taxes	\$ 73,417,293	\$ 73,389,954	\$ (27,339)
6112 Interim real estate taxes	800,000	789,832	(10,168)
6113 Public utility realty tax	74,000	77,016	3,016
6114 Payments in lieu of current taxes	1,015	1,015	-
6120 Current per capita taxes, Section 679	121,000	122,917	1,917
6140 Current Act 511 per capita taxes	121,000	122,917	1,917
6143 Current Act 511 local services taxes	115,000	117,396	2,396
6151 Current Act 511 earned income taxes	6,531,000	7,680,895	1,149,895
6153 Current Act 511 real estate transfer taxes	1,400,000	1,566,274	166,274
6155 Current Act 511 mercantile/business privilege taxes	2,700,000	3,141,400	441,400
6400 Delinquent taxes (all levies)	923,300	1,711,276	787,976
Total	86,203,608	88,720,892	2,517,284
<u>Other</u>			
6500 Interest revenue	133,749	2,270,336	2,136,587
6700 Revenue from District activities	274,000	330,807	56,807
6810 Revenue from other governments	67,000	65,571	(1,429)
6832 Revenue from Intermediate Unit - Federal - Special Education	1,113,575	1,123,655	10,080
6910 Rental/lease of facilities	135,000	152,263	17,263
6920 Donation from private source	62,000	112,265	50,265
6940 Tuition from patrons	435,300	576,210	140,910
6960 Services provided other local government units	85,000	111,194	26,194
6980 Community/age group swim	72,000	107,907	35,907
6990 Miscellaneous revenue	173,000	219,197	46,197
Total	2,550,624	5,069,405	2,518,781
<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	<b>88,754,232</b>	<b>93,790,297</b>	<b>5,036,065</b>
<b>7000 Revenues from State Sources</b>			
7111 Basic instructional subsidy	10,078,561	10,696,125	617,564
7112 Social security	2,178,927	1,987,166	(191,761)
7160 Tuition/court-placed institutions	79,000	137,364	58,364
7270 Special Education of Exceptional Pupils	2,954,191	3,202,396	248,205
7311 Pupil transportation	851,288	901,445	50,157
7312 Nonpublic transportation	50,050	60,060	10,010
7320 Rentals and sinking fund payments	306,000	309,850	3,850
7330 Medical and dental services	118,000	120,666	2,666
7340 Property tax reduction allocation	1,732,298	1,732,298	-
7362 Mental health & safety/security	-	162,296	162,296
7505 Ready to learn grant	579,495	579,495	-
7599 Other state revenues	-	76,000	76,000
7820 Retirement	10,121,190	9,836,305	(284,885)
<b>TOTAL REVENUES FROM STATE SOURCES</b>	<b>29,049,000</b>	<b>29,801,466</b>	<b>752,466</b>



WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2023

	Budget	Actual	Variance
<b>8000 Revenues from Federal Sources</b>			
8514 Title I	681,339	679,869	(1,470)
8515 Title II	122,659	125,075	2,416
8516 Title III	54,797	35,320	(19,477)
8517 Title IV	51,627	51,730	103
8741 Elementary and Secondary School Emergency Relief Fund (ESSER)	-	7	7
8743 ESSER II - Elementary and Secondary School Emergency Relief Fund (ESSER)	406,635	406,635	-
8744 ARP ESSER - Elementary and Secondary School Emergency Relief Fund (ESSER)	1,296,398	1,296,398	-
8751 ARP ESSER Learning Loss	273,081	245,773	(27,308)
8752 ARP ESSER Summer Programs	54,616	47,582	(7,034)
8753 ARP ESSER Afterschool Programs	54,616	54,616	-
8810 Access Medical Assistance Reimbursement	350,000	350,000	-
8820 Access Medical Assistance Reimbursement - Admin	28,000	25,293	(2,707)
<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>	<b>3,373,768</b>	<b>3,318,298</b>	<b>(55,470)</b>
<b>9000 Other Financing Sources</b>			
9220 Proceeds from subscription issuance	-	65,942	65,942
9290 Issuance of financed purchases	-	1,506,651	1,506,651
9359 Transfers in	123,000	125,130	2,130
9400 Sale of capital assets	-	50,250	50,250
<b>TOTAL REVENUES FROM OTHER FINANCING SOURCES</b>	<b>123,000</b>	<b>1,747,973</b>	<b>1,624,973</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 121,300,000</b>	<b>\$ 128,658,034</b>	<b>\$ 7,358,034</b>

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2023**

	Budget	Actual	Variance
<b>1000 Instructional Services</b>			
1100 Regular programs- elementary/secondary	\$ 51,318,576	\$ 50,225,358	\$ 1,093,218
1200 Special programs- elementary/secondary	20,292,563	19,884,240	408,323
1300 Vocational education	2,928,373	2,872,056	56,317
1400 Other instructional programs - elementary/secondary	409,924	364,537	45,387
1500 Nonpublic school programs	23,140	22,875	265
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>74,972,576</b>	<b>73,369,066</b>	<b>1,603,510</b>
<b>2000 Support Services</b>			
2100 Students	5,060,938	4,913,125	147,813
2200 Instructional staff	6,629,068	6,629,068	-
2300 Administration	6,465,296	6,313,898	151,398
2400 Pupil health	1,499,125	1,497,512	1,613
2500 Business	1,407,881	1,377,548	30,333
2600 Operation and maintenance of plant	7,892,821	7,847,070	45,751
2700 Student transportation	3,716,320	3,371,999	344,321
2800 Central	1,034,847	1,034,847	-
2900 Other	202,946	200,699	2,247
<b>TOTAL SUPPORT SERVICES</b>	<b>33,909,242</b>	<b>33,185,766</b>	<b>723,476</b>
<b>3000 Operation of Noninstructional Services</b>			
3200 Student activities	2,860,441	2,720,245	140,196
3300 Community services	247,830	203,104	44,726
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>3,108,271</b>	<b>2,923,349</b>	<b>184,922</b>
<b>5000 Other Financing Uses</b>			
5110 Debt service payments	-	1,092,668	(1,092,668)
5130 Refund of prior year revenue	80,870	80,870	-
5200 Transfers out	12,429,041	14,973,428	(2,544,387)
5900 Budgetary reserve	1,000,000	-	1,000,000
<b>TOTAL OTHER FINANCING USES</b>	<b>13,509,911</b>	<b>16,146,966</b>	<b>(2,637,055)</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 125,500,000</b>	<b>\$ 125,625,147</b>	<b>\$ (125,147)</b>

See accompanying notes.

**WILSON SCHOOL DISTRICT**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS**

**June 30, 2023**

	<u>Scholarship</u>	<u>Student Activities</u>	<u>Tax Fund</u>	<u>Total Custodial Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 14,043	\$ 232,001	\$ -	\$ 246,044
Interfund receivables	-	-	51,699	51,699
Other receivables	-	9,806	-	9,806
	<u>14,043</u>	<u>241,807</u>	<u>51,699</u>	<u>307,549</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	-	7,495	-	7,495
Intergovernmental payables	-	-	51,699	51,699
	<u>-</u>	<u>7,495</u>	<u>51,699</u>	<u>59,194</u>
<b>TOTAL LIABILITIES</b>				
<b>RESTRICTED NET POSITION</b>	<u>\$ 14,043</u>	<u>\$ 234,312</u>	<u>\$ -</u>	<u>\$ 248,355</u>

**WILSON SCHOOL DISTRICT**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
CUSTODIAL FUNDS**

**June 30, 2023**

	<u>Scholarship</u>	<u>Student Activities</u>	<u>Tax Fund</u>	<u>Total Custodial Funds</u>
<b>ADDITIONS</b>				
Contributions and fundraisers	\$ 728	\$ 568,330	\$ -	\$ 569,058
Mercantile/business privilege tax collections	-	-	3,265,512	3,265,512
Per capita tax collections	-	-	29,437	29,437
Investment income	173	5,875	-	6,048
<b>TOTAL ADDITIONS</b>	<b>901</b>	<b>574,205</b>	<b>3,294,949</b>	<b>3,870,055</b>
<b>DEDUCTIONS</b>				
Scholarships	10,300	-	-	10,300
Student activities	-	516,934	-	516,934
Mercantile/business privilege tax collections	-	-	3,265,512	3,265,512
Per capita tax collections	-	-	29,437	29,437
<b>TOTAL DEDUCTIONS</b>	<b>10,300</b>	<b>516,934</b>	<b>3,294,949</b>	<b>3,822,183</b>
<b>CHANGE IN NET POSITION</b>	<b>(9,399)</b>	<b>57,271</b>	<b>-</b>	<b>47,872</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>23,442</b>	<b>177,041</b>	<b>-</b>	<b>200,483</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 14,043</b>	<b>\$ 234,312</b>	<b>\$ -</b>	<b>\$ 248,355</b>

WILSON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

<u>Grantor/Program Title</u>	<u>Source Code</u>	<u>Assistance Listing Number (ALN)</u>	<u>Federal Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Program or Award Amount</u>	<u>Receipts for Year</u>	<u>Accrued or (Unearned) Revenue at July 1, 2022</u>	<u>Revenue Recognized/Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2023</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>									
<b>Passed through Pennsylvania Department of Education:</b>									
Title I - Grants to Local Educational Agencies	I	84.010	013-23-0490	10/14/22-09/30/23	\$ 681,323	\$ 624,561	\$ -	\$ 679,869	\$ 55,308
Title I - Grants to Local Educational Agencies	I	84.010	013-22-0490	08/31/21-09/30/22	692,252	(9,487)	(12,576)	-	(3,089)
Subtotal - AL 84.010						615,074	(12,576)	679,869	52,219
Supporting Effective Instruction State Grant	I	84.367	020-23-0490	10/14/22-09/30/23	122,167	122,659	-	121,331	(1,328)
Supporting Effective Instruction State Grant	I	84.367	020-22-0490	08/31/21-09/30/22	134,134	(836)	(4,580)	3,744	-
Subtotal - ALN 84.367						121,823	(4,580)	125,075	(1,328)
English Language Acquisition State Grant	I	84.365	010-23-0490	10/14/22-09/30/23	58,103	41,098	-	34,494	(6,604)
English Language Acquisition State Grant	I	84.365	010-22-0490	08/31/21-09/30/22	52,685	-	(172)	826	654
Subtotal - ALN 84.365						41,098	(172)	35,320	(5,950)
Student Support and Academic Enrichment Program	I	84.424	144-23-0490	10/14/22-09/30/23	54,195	21,511	-	43,186	21,675
Student Support and Academic Enrichment Program	I	84.424	144-22-0490	08/23/21-09/30/22	49,525	-	(8,515)	8,544	29
Subtotal - ALN 84.424						21,511	(8,515)	51,730	21,704
Education Stabilization Fund									
COVID-19 - Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-21-0490	03/13/20-09/30/23	2,431,868	339,564	(67,071)	406,635	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-20-0490	03/13/20-09/30/22	547,170	-	(7)	7	-
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	223-21-0490	03/13/20-09/30/24	4,918,966	2,057,022	930,674	1,296,398	170,050
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0490	03/13/20-09/30/24	273,081	253,221	(14,895)	245,773	(22,343)
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0490	03/13/20-09/30/24	54,616	50,644	(2,979)	47,582	(6,041)
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief	I	84.425U	225-21-0490	03/13/20-09/30/24	54,616	50,645	(2,979)	54,616	992
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	I	84.425W	181-21-2490	03/30/20-09/30/24	26,438	24,404	24,404	-	-
Total Education Stabilization Fund						2,775,500	867,147	2,051,011	142,658
Special Education Cluster (IDEA)									
<b>Passed through the Berks County Intermediate Unit:</b>									
Special Education - Preschool Grants	I	84.173	N/A	07/01/22-06/30/23	10,080	10,080	-	10,080	-
Special Education - Grants to States	I	84.027	N/A	07/01/22-09/30/23	1,113,575	598,217	-	1,113,575	515,358
Special Education - Grants to States	I	84.027	N/A	07/01/21-06/30/22	1,088,334	350,216	350,216	-	-
COVID-19 - American Rescue Plan - Grants to States	I	84.027X	N/A	07/01/21-09/30/22	254,030	115,860	115,860	-	-
Subtotal - ALN 84.027						1,064,293	466,076	1,113,575	515,358
Total Special Education Cluster (IDEA)						1,074,373	466,076	1,123,655	515,358
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						<b>4,649,379</b>	<b>1,307,380</b>	<b>4,066,660</b>	<b>724,661</b>

See notes to schedule of expenditures of federal awards.

WILSON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2023

Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Federal Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts for Year	Accrued or (Unearned) Revenue at July 1, 2022	Revenue Recognized/Expenditures	Accrued or (Unearned) Revenue at June 30, 2023
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>									
Medicaid Cluster									
<b>Passed through the Pennsylvania Department of Human Services:</b>									
Medical Assistance Program	I	93.778	44-008514	07/01/22-06/30/23	25,293	11,659	-	25,293	13,634
Medical Assistance Program	I	93.778	44-008514	07/01/21-06/30/22	33,985	19,027	19,027	-	-
Total Medicaid Cluster and ALN - 93.778						30,686	19,027	25,293	13,634
<b>Passed through the Pennsylvania Office of Child Development and Early Learning:</b>									
COVID-19 - Workforce Support Grant	I	93.575	N/A	07/01/22-01/31/23	69,019	69,019	-	69,019	-
COVID-19 - Workforce Support Grant	I	93.575	N/A	01/31/23-06/30/23	48,887	48,887	-	48,887	-
Subtotal - ALN 93.575						117,906	-	117,906	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						148,592	19,027	143,199	13,634
<b>U.S. DEPARTMENT OF DEFENSE - DEPARTMENT OF THE ARMY</b>									
<b>Passed through the Cadet Command JROTC</b>									
<b>Instructor Management Division:</b>									
Army JROTC	I	12.630	N/A	07/01/2023	65,571	58,884	-	65,571	6,687
Army JROTC	I	12.630	N/A	07/01/2022	71,900	5,971	5,971	-	-
<b>TOTAL U.S. DEPARTMENT OF DEFENSE - DEPARTMENT OF THE ARMY</b>						64,855	5,971	65,571	6,687
<b>U.S. DEPARTMENT OF AGRICULTURE</b>									
Child Nutrition Cluster									
<b>Passed through Pennsylvania Department of Education:</b>									
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	493,384	-	498,872	5,488
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	14,179	14,179	-	-
Subtotal - ALN 10.553						507,563	14,179	498,872	5,488
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	1,460,282	-	1,467,916	7,634
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	28,922	28,922	-	-
COVID-19 - National School Lunch Program (Supply Chain Assistance)	I	10.555	N/A	07/01/22-06/30/23	N/A	131,358	-	85,082	(46,276)
COVID-19 - National School Lunch Program (Supply Chain Assistance)	I	10.555	N/A	07/01/21-06/30/22	N/A	-	(100,137)	100,137	-
<b>Passed through Pennsylvania Department of Agriculture:</b>									
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	207,452	(40,170)	243,175	(4,447)
Subtotal - ALN 10.555						1,828,014	(111,385)	1,896,310	(43,089)
Total Child Nutrition Cluster						2,335,577	(97,206)	2,395,182	(37,601)
<b>Passed through Commonwealth of Pennsylvania Department of Education:</b>									
COVID-19 - Pandemic EBT Administrative Costs	I	10.649	N/A	07/01/22-06/30/23	N/A	3,135	-	3,135	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						2,338,712	(97,206)	2,398,317	(37,601)
<b>TOTAL FEDERAL AWARDS</b>						\$ 7,201,538	\$ 1,235,172	\$ 6,673,747	\$ 707,381

Source Codes: I = Indirect source of financing.

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2023.

See notes to schedule of expenditures of federal awards.

**WILSON SCHOOL DISTRICT**

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

**June 30, 2022**

**NOTE 1 - BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wilson 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 Wilson School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Wilson School District.

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

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

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

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The District did not elect to use the De Minimis rate for indirect costs.

**NOTE 4 - ACCESS PROGRAM**

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The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding classified as fee-for-service and recognized for the year ended June 30, 2023 was \$350,000.

**NOTE 5 - FOOD COMMODITIES**

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Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had \$4,447 of food commodity inventory.

**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  
Wilson School District  
West Lawn, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilson School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wilson School District's basic financial statements and have issued our report thereon dated December 18, 2023.

**Report on Internal Control Over Financial Reporting**

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



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wilson 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Herlein + Company, Inc.*

**Reading, Pennsylvania  
December 18, 2023**

**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  
Wilson School District  
West Lawn, Pennsylvania**

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

***Opinion on Each Major Federal Program***

We have audited Wilson 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 Wilson School District's major federal programs for the year ended June 30, 2023. Wilson 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, Wilson 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 of 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 Wilson 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 Wilson School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

*Herlein + Company, Inc.*

**Reading, Pennsylvania  
December 18, 2023**

WILSON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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

**Financial Statements**

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
Significant deficiency(ies) identified not considered to be  
material weaknesses? \_\_\_\_\_ yes  X  none reported  
Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ yes  X  no  
Significant deficiency(ies) identified not considered to be  
material weaknesses? \_\_\_\_\_ yes  X  none reported  
Type of auditor's report issued on compliance for  
major programs: Unmodified  
Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR, Section 200.516(a)? \_\_\_\_\_ yes  X  no

**Identification of major program(s):**

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
Education Stabilization Fund	
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund
84.425W	COVID-19 - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth

Dollar threshold used to distinguish between Type A and Type B  
programs: \$750,000  
Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**WILSON SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2023**

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**Section II - Financial Statement Findings**

There were no financial statement findings.

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

There were no federal awards findings or questioned costs reported.



# WILSON SCHOOL DISTRICT

2601 Grandview Boulevard, West Lawn, PA 19609 | 610-670-0180 | wilsonsd.org

## STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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### Section II - Financial Statement Findings

There were no financial statement findings reported for the year ended June 30, 2022.

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

There were no federal award findings or questioned costs reported for the year ended June 30, 2022.

**APPENDIX F**  
**BOND AMORTIZATION SCHEDULE**