

**BERMUDIAN SPRINGS SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS AND  
SINGLE AUDIT INFORMATION**

**JUNE 30, 2021**

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021**

	Page
Transmittal Letter	1
Management Letter	2-3
Distribution Report	4-5
Independent Auditors' Report	6-8
Management's Discussion and Analysis	9-13
<b>Financial Statements:</b>	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Net Position - Fiduciary Funds	23
Statement of Changes in Net Position - Fiduciary Funds	24
Notes to the Financial Statements	25-54
<b>Required Supplementary Information:</b>	55
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	56

**Table of Contents**  
**Page 2**

<b>Supplementary Information:</b>	57
Detailed Statement of Revenues and Other Financing Sources - Budget and Actual - General Fund	58-59
Statement of Cash Receipts and Disbursements - Activity Funds	60
Schedule of School District's Proportionate Share of the Net Pension Liability - Public School Employees' Retirement System - Last 10 Fiscal Years	61
Schedule of Employer Contributions - Public School Employees' Retirement System - Last 10 Fiscal Years	62
Schedule of Changes in OPEB Liability - Single Employer Plan	63
Schedule of School's Proportionate Share of the Net OPEB Liability - PSERS Cost Sharing Plan	64
Schedule of School's OPEB Plan Contributions - PSERS Cost Sharing Plan	65
<b>Single Audit Information:</b>	66
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	67-68
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	69-70
Schedule of Expenditures of Federal Awards	71
Notes to Schedule of Expenditures of Federal Awards	72-73
Schedule of Findings and Questioned Costs	74
Summary Schedule of Prior Audit Findings	75

**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Philip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

Board of Education  
Bermudian Springs School District

We have performed the Single Audit of the Bermudian Springs School District for the year ended June 30, 2021 and have enclosed the Single Audit Reporting Package.

The Single Audit was done to fulfill 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). The audit included an examination of the systems of control, systems established to ensure compliance with laws and regulations affecting the expenditures of federal funds, financial transactions and accounts and financial statements and report of the District.

A management letter was prepared as a result of this audit and is included as part of this report.

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

York, Pennsylvania  
December 23, 2021

**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Philip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

December 23, 2021

Re: Management Letter

Board of Education:

We have completed our audit of Bermudian Springs School District for the year ended June 30, 2021.

We have audited the accompanying basic financial statements of the Bermudian Springs School District as of and for the year ended June 30, 2021. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our audit report in accordance with the above standards stating that the basic financial statements present fairly, in all material respects, the financial position of the Bermudian Springs School District.

In planning and performing our audit, we considered Bermudian Springs School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bermudian Springs School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bermudian Springs School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

We have also audited the compliance of Bermudian Springs School District with the types of compliance requirements described in the Uniform Guidance that are applicable to each of its major federal programs for the year ended June 30, 2021.

We did not have any findings or questioned costs for the year ended June 30, 2021.

We would like to take this opportunity to thank Justin Peart and his staff for the cooperation and assistance we received during the course of our audit.

Sincerely,

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**DISTRIBUTION REPORT**  
**JUNE 30, 2021**

**Number of Copies**

**To:**

4	Office of the Budget/Bureau of Audits 303 Walnut Street, Bell Tower Strawberry Square, 6th Floor Harrisburg, PA 17101
1	Federal Audit Clearinghouse Bureau of Census 1201 East 10th Street Jeffersonville, IN 47132
1	Bloomberg Municipal Repository 100 Business Park Drive Skillman, NJ 08558
1	FT Interactive Data Attn: NRMSIR 100 William Street New York, NY 10038
1	DPC Data, Inc. One Executive Drive Fort Lee, NJ 07024
1	Standard & Poor's J.J. Kenny Repository 55 Water Street, 45th Floor New York, NY 10041
1	Community Bank Attn: Merle Zehr 1191 Eichelberger Street Hanover, PA 17331
1	M & T Investment Group Corporate Trust Services Attn: Sharon Surguy 213 Market Street Harrisburg, PA 17101
1	Royal Bank of Canada One Liberty Plaza New York, NY 10006
1	Royal Bank of Canada Attn: Dain Rauscher Public Finance Department 2101 Oregon Pike Lancaster, PA 17601-4604

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**DISTRIBUTION REPORT - continued**  
**JUNE 30, 2021**

**Number of Copies**

**To:**

1	Lincoln Intermediate Unit No. 12
1	Audit File
1	Clerk of Courts
<u>16</u>	Bermudian Springs School District
<u>32</u>	Total Number of Copies



**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Philip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor Responsibility**

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

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

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

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bermudian Springs School District as of June 30, 2021, and the respective changes in financial position, and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers 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 procedures 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 with sufficient evidence to express.

## **Other Information**

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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.

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

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

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2021, on our consideration of Bermudian Springs School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is 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 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 Bermudian Springs School District's internal control over financial reporting and compliance.

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

York, Pennsylvania  
December 23, 2021

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**York Springs, Pennsylvania 17372-8807**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For fiscal year ending June 30, 2021**

The discussion and analysis of the Bermudian Springs School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole.

**Historical Perspective**

The Bermudian Springs School District has seen an increase in revenues of 5.00% and an increase in expenditures of 11.63% for the 2020-21 school year. During the 2019-20 school year, the District had a revenue increase of 0.9% and an expenditure decrease of 3.93%.

**Financial Highlights**

The District has seen a decrease in State revenues of 0.7%, which accounted for 40.44% of total revenues in 2020-21. Federal revenues have increased by 208.45% due to COVID-19 funding and the corresponding ESSER I and II funding. Federal revenues account for 3.41% of total revenues. Local revenues continue to be the largest source of revenue accounting for 56.15% of the revenue base.

Expenditures for direct services to students account for 62.33% of actual expenditures. Non-instructional services, which include extra-curricular, interscholastic activities and operation of plant services account for 25.99% of actual expenditures. Debt service was 11.68% of actual expenditures. The District was able to purchase all our iPad leases outright as a result of the ESSER I and II funding to eliminate all lease payments moving forward during the 2020-21 school year.

**Financial Statements**

The accompanying financial statements have been prepared in accordance with all GASB rules and guidance, and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

### Assets

By June 30, 2021, the District had total assets of approximately \$86.5 million with 31.13% of those assets being in cash, cash equivalents and investments, and 68.87% being in the net value of land, buildings, construction in progress, furniture and equipment.

<u>Assets</u>	<u>2020-21</u>	<u>2019-20</u>	<u>Variance From Prior Year</u>
Capital assets	\$ 50,568,209.00	\$ 50,525,529.00	\$ 42,680.00
Other assets	<u>\$ 35,964,576.00</u>	<u>\$ 37,088,710.00</u>	<u>\$ (1,124,134.00)</u>
Total	\$ 86,532,785.00	\$ 87,614,239.00	\$(1,081,454.00)

### Liabilities

The District's liabilities totaled \$114.7 million with 81.41% of those liabilities being net pension liability and bonds payable. The remaining liabilities consist of accrued salaries and benefits, compensated absences, OPEB obligation and a lease purchase obligation.

<u>Liabilities</u>	<u>2020-21</u>	<u>2019-20</u>	<u>Variance From Prior Year</u>
Current liabilities	\$ 5,078,302.00	\$ 4,814,733.00	\$ 263,569.00
Non-Current liabilities	<u>\$109,678,903.00</u>	<u>\$109,099,568.00</u>	<u>\$ 579,335.00</u>
Total	\$114,757,205.00	\$113,914,301.00	\$ 842,904.00

### Net Assets

The resulting deficit of \$28.2 million in net assets includes invested in capital assets net of related debt of negative \$53.7 million. Total net assets decreased by \$1.9 million for the year ended June 30, 2021.

<u>Net Assets</u>	<u>2020-21</u>	<u>2019-20</u>	<u>Variance From Prior Year</u>
Invested in capital net of debt	\$(53,785,379.00)	\$(27,080,918.00)	\$(26,704,461.00)
Capital projects	\$ -	\$ -	\$ -
Unrestricted	<u>\$25,560,959.00</u>	<u>\$ 780,856.00</u>	<u>\$ 24,780,103.00</u>
Total	\$(28,224,420.00)	\$(26,300,062.00)	\$ (1,924,358.00)

## MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

### Revenue

Charges for services include revenue accrued from education services provided for students from other districts in our Lincoln Intermediate Unit's classes held in our schools. The educational component, when these students are in our regular classes, is charged to the school from which the student resides. The revenue will vary from year to year depending upon the number of students and the amount of time spent in regular classes.

Grants are garnered from several sources including state and federal grants. These are determined by the state and/or federal governments and change based on state/federal budgets. There are a variety of local taxes levied, including property taxes, earned income taxes, and Act 511 taxes.

<u>Revenue</u>	<u>2020-21</u>	<u>2019-20</u>	<u>Variance From Prior Year</u>
Program Revenues			
Charges for services	\$ 144,116.00	\$ 396,579.00	\$ (252,463.00)
Operating grants	\$ 5,755,727.00	\$ 5,031,339.00	\$ 724,388.00
General Revenues			
Taxes	\$ 17,822,584.00	\$ 16,887,187.00	\$ 935,397.00
Unrestricted grants & subsidies	\$ 9,421,107.00	\$ 9,311,723.00	\$ 109,384.00
Investment earnings	\$ 54,797.00	\$ 211,268.00	\$ (156,471.00)
Miscellaneous income	\$ 8,931.00	\$ 18,961.00	\$ (10,030.00)
Gain on sale of capital assets	\$ -	\$ -	\$ -
Total	\$ 33,207,262.00	\$ 31,857,057.00	\$ 1,350,205.00

<u>Other Revenue</u>	<u>2020-21</u>	<u>2019-20</u>	<u>Variance From Prior Year</u>
Contributions	\$ .00	\$ .00	\$ .00
Transfers out	\$ .00	\$ .00	\$ .00
Change in net assets	\$ (1,924,358.00)	\$ 310,694.00	\$ 2,235,052.00
Ending net assets	\$(28,224,420.00)	\$(26,300,062.00)	\$ (1,924,358.00)

## MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

### **Expenses**

The revenues received during 2020-21 were used to pay expenses of \$35.2 million. These expenses were segregated into various programs depending on the functions of the activities. These programs and the costs associated with each, as well as comparison to the costs incurred in the prior year are as follows:

<u>Program</u>	<u>2020-21</u>	<u>2019-20</u>	<u>Variance From Prior Year</u>
Instruction	\$ 21,058,421.00	\$ 19,559,193.00	\$ 1,499,228.00
Instructional student support	\$ 2,320,577.00	\$ 2,068,805.00	\$ 251,772.00
Administrative & financial support	\$ 3,761,209.00	\$ 3,379,825.00	\$ 381,384.00
Operation & maintenance of plant services	\$ 2,212,335.00	\$ 1,985,792.00	\$ 226,543.00
Pupil transportation	\$ 1,970,579.00	\$ 1,833,060.00	\$ 137,519.00
Student activities	\$ 1,006,612.00	\$ 1,078,179.00	\$ (71,567.00)
Central & other support services	\$ 0.00	\$ 0.00	\$ .00
Community services	\$ 1,600.00	\$ 1,600.00	\$ .00
Interest on long-term debt	\$ 2,027,800.00	\$ 790,300.00	\$ 1,237,500.00
Operation of food service	\$ 852,993.00	\$ 961,781.00	\$ (108,788.00)
Total	\$ 35,212,126.00	\$ 31,658,535.00	\$ 3,553,591.00

General Fund - The ending fund balance for the 2020-21 school year is \$6,438,924. Actual revenues were 0.07% lower than projected which correlates into \$21,072. Actual expenditures were 0.20% under budgeted expenditures which correlates into \$66,143 due to tracking expenses closely throughout the year.

Capital Reserve Fund - The fund balance of the Capital Reserve at the end of 2020-21 was \$942,281 a decrease of \$89,109 from the previous year. This decrease was budgeted for at the beginning of the year.

### **Enterprise Funds**

Cafeteria Fund - The cafeteria fund for 2020-2021 had revenues totaling \$772,529 and expenditures of \$852,993 creating a net loss of (\$80,464). The reason for this loss is related to the COVID-19 pandemic and the negative effect it had on food service operations.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**

### **Fiduciary Funds**

Activity Funds - Bermudian Springs School District maintains activity funds in the high school, middle school, and elementary school. Each fund uses a process in which money added or expended requires signatures from the advisor, student officers and the building principal. The principals in the respective buildings are bonded.

Scholarship Funds - During the 2020-21 school year, the Bermudian Springs School District acted as the fiduciary agent for seven scholarship funds. The funds are titled "Lloyd Wagener Scholarship Fund for Art", "W. Roy Starry Scholarship Fund", "Jordan C. Selfe Scholarship Fund", "Jessica D. Webb Memorial Fund", "Max Kaufman Scholarship Fund", "William E. Smith Scholarship Fund" and the "Taylor Zimmerman Memorial Fund." The balance of these funds total \$22,980.

### **Debt**

Debt paid during the 2020-21 school year included \$1,693,369 in principal payments, and \$2,163,270 of interest payments.

### **Enrollment**

The District's enrollment has remained consistent over the past several years and is projected to decrease as a result of the COVID 19 pandemic in the near future. The final enrollment at the end of the 2019-2020 school year was 1,905 and the current enrollment for 2020-2021 school year is 1,796.

### **Top Ten District Taxpayers**

The District's top ten taxpayers have not changed over the past ten years. They are as follows: 1. Knouse Foods Cooperative, Inc. (\$3,356,800), 2. Brian Properties, LP (\$3,139,000), 3. Peters Orchards Company (\$2,652,800), 4. Growmark FS, Inc. (\$2,445,000), 5. Bonnie Brae Fruit Farms (\$1,961,000), 6. ACNB (\$1,772,300), 7. B&N Associates (\$1,742,000), 8. Tucker Properties LP (\$1,499,200), 9. JST 2012 Lake Meade Qualified (\$1,465,100), 10. Peters Orchard (\$1,284,800)

### **Future Plans**

The District has completed its full implementation of the One to World initiative. Every student from grades 5 -12 has an iPad to enhance their 21<sup>st</sup> century learning opportunities. The plan moving forward is to utilize Emergency Connectivity Funding (ECF) to provide iPads to elementary students who do not have devices. This is a very exciting time for our District as we transform the way our students are learning while utilizing the technology that is available to us. The District is currently in the construction phase of building a new middle school that will include a safe and secure entrance along with 21<sup>st</sup> century design spaces for our students and staff. The projected date of occupancy is January 2022. This is a very exciting and busy time for Bermudian Springs School District. The District will continue to focus on preventative maintenance to minimize the need for any larger renovation projects in the near future. The District will also continue to be mindful of the ever increasing retirement and healthcare costs and set aside money when available for future increases.



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

<b>ASSETS</b>	Governmental	Business Type	
<b>Current Assets</b>	Activities	Activities	Total
Cash and Cash Equivalents	\$ 24,373,434	\$ 63,337	\$ 24,436,771
Investments	490,000	0	490,000
Internal Balances	166,739	0	166,739
Taxes Receivable, Net	530,727	0	530,727
Due From Other Governments	1,376,147	25,058	1,401,205
Other Receivables	0	0	0
Inventories	0	20,766	20,766
Other Current Assets	0	0	0
<b>Total Current Assets</b>	<b>26,937,047</b>	<b>109,161</b>	<b>27,046,208</b>
<b>Noncurrent Assets</b>			
Land and Site Improvements (Net)	4,963,987	0	4,963,987
Building and Building Improvements (Net)	18,971,035	0	18,971,035
Construction in Progress	26,126,794	0	26,126,794
Machinery and Equipment (Net)	506,393	49,454	555,847
Bond Discount	540,843	0	540,843
<b>Total Noncurrent Assets</b>	<b>51,109,052</b>	<b>49,454</b>	<b>51,158,506</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to OPEB (Outflows)	1,715,510	0	1,715,510
Deferred amounts related to pensions (Outflows)	6,771,176	0	6,771,176
<b>TOTAL ASSETS</b>	<b>\$ 86,532,785</b>	<b>\$ 158,615</b>	<b>\$ 86,691,400</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Internal Balances	\$ 0	\$ 166,739	\$ 166,739
Accounts Payable	316,334	4,505	320,839
Current Portion of Bond Payable	1,610,000	0	1,610,000
G.O. Bond Interest Payable	0	0	0
Accrued Salaries and Benefits	1,696,115	0	1,696,115
Payroll Deductions and Withholdings	1,088,981	0	1,088,981
Deferred Revenues	20,405	29,181	49,586
Other Current Liabilities	346,467	0	346,467
<b>Total Current Liabilities</b>	<b>5,078,302</b>	<b>200,425</b>	<b>5,278,727</b>
<b>Noncurrent Liabilities</b>			
Bonds Payable	50,490,000	0	50,490,000
Bond Premium	4,899,463	0	4,899,463
Lease Purchase Options	317,736	0	317,736
Net Pension Obligation	42,936,000	0	42,936,000
Compensated Absences	382,205	11,980	394,185
OPEB Obligation	8,846,404	0	8,846,404
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to OPEB (Inflows)	207,095	0	207,095
Deferred amounts related to pensions (Inflows)	1,600,000	0	1,600,000
<b>Total Noncurrent Liabilities</b>	<b>109,678,903</b>	<b>11,980</b>	<b>109,690,883</b>
<b>TOTAL LIABILITIES</b>	<b>114,757,205</b>	<b>212,405</b>	<b>114,969,610</b>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	(53,785,379)	0	(53,785,379)
Unrestricted	25,560,959	(53,790)	25,507,169
<b>Total Net Position</b>	<b>(28,224,420)</b>	<b>(53,790)</b>	<b>(28,278,210)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 86,532,785</b>	<b>\$ 158,615</b>	<b>\$ 86,691,400</b>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 21,058,421	\$ 85,279	\$ 3,647,003	\$ 0	\$(17,326,139)	\$ 0	\$(17,326,139)
Instructional Student Support	2,320,577	0	34,860	0	(2,285,717)	0	(2,285,717)
Administrative and Financial Support Services	3,761,209	0	0	0	(3,761,209)	0	(3,761,209)
Operation and Maintenance of Plant Services	2,212,335	0	0	0	(2,212,335)	0	(2,212,335)
Pupil Transportation	1,970,579	0	1,130,618	0	(839,961)	0	(839,961)
Student Activities	1,006,612	8,141	0	0	(998,471)	0	(998,471)
Central and Other Support Services	0	0	0	0	0	0	0
Community Services	1,600	0	0	0	(1,600)	0	(1,600)
Interest on Long-Term Debt	2,027,800	0	221,455	0	(1,806,345)	0	(1,806,345)
<b>Total Governmental Activities</b>	<b>34,359,133</b>	<b>93,420</b>	<b>5,033,936</b>	<b>0</b>	<b>(29,231,777)</b>	<b>0</b>	<b>(29,231,777)</b>
<b>Business Type Activities:</b>							
Food Services	852,993	50,696	721,791	0	0	(80,506)	(80,506)
<b>Total Primary Government</b>	<b>\$ 35,212,126</b>	<b>\$ 144,116</b>	<b>\$ 5,755,727</b>	<b>\$ 0</b>	<b>(29,231,777)</b>	<b>(80,506)</b>	<b>(29,312,283)</b>
<b>General Revenues</b>							
Taxes					\$ 17,822,584	\$ 0	\$ 17,822,584
Grants, Subsidies and Contributions Not Restricted					9,421,107	0	9,421,107
Investment Earnings					54,797	42	54,839
Miscellaneous Income (Expense)					8,931	0	8,931
<b>Total General Revenues</b>					<b>27,307,419</b>	<b>42</b>	<b>27,307,461</b>
<b>Change in Net Position</b>					<b>(1,924,358)</b>	<b>(80,464)</b>	<b>(2,004,822)</b>
Net Position—Beginning					(26,300,062)	26,674	(26,273,388)
<b>Net Position—Ending</b>					<b>\$ (28,224,420)</b>	<b>\$ (53,790)</b>	<b>\$ (28,278,210)</b>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	Capital Reserve Fund	Capital Project Fund	Non-Major Funds	Total Government Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,017,873	\$ 942,281	\$ 15,413,280	\$ 0	\$ 24,373,434
Investments	0	0	490,000	0	490,000
Taxes Receivable	530,727	0	0	0	530,727
Due from Other Funds	166,739	0	0	0	166,739
Due from Other Governments	1,376,147	0	0	0	1,376,147
Other Receivables	0	0	0	0	-
Other Current Assets	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 10,091,486</b>	<b>\$ 942,281</b>	<b>\$ 15,903,280</b>	<b>\$ 0</b>	<b>\$ 26,937,047</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 316,334	\$ 0	\$ 0	\$ 0	\$ 316,334
Due to Other Funds	0	0	0	0	-
Accrued Salaries and Benefits	1,696,115	0	0	0	1,696,115
Payroll Deductions and Withholdings	1,088,981	0	0	0	1,088,981
<b>TOTAL LIABILITIES</b>	<b>3,101,430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,101,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Delinquent Real Estate Taxes	530,727	0	0	0	530,727
Deferred Federal Revenue	20,405				20,405
<b>FUND BALANCES</b>					
Restricted - Mary Wolfe Estate	78,058	0	0	0	78,058
Restricted - iPad Repairs	17,257	0	0	0	17,257
Committed - Capital Projects	0	942,281	15,903,280	0	16,845,561
Committed - School Improvement	58,291	0	0	0	58,291
Committed - Healthcare	1,186,946	0	0	0	1,186,946
Committed - Technology	500,000	0	0	0	500,000
Committed - Retirement	1,773,943	0	0	0	1,773,943
Committed - Curriculum	172,286	0	0	0	172,286
Committed - Fields	0	0	0	0	-
Unassigned	2,652,143	0	0	0	2,652,143
<b>TOTAL FUND BALANCES</b>	<b>6,438,924</b>	<b>942,281</b>	<b>15,903,280</b>	<b>0</b>	<b>23,284,485</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,091,486</b>	<b>\$ 942,281</b>	<b>\$ 15,903,280</b>	<b>\$ 0</b>	<b>\$ 26,937,047</b>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 23,284,485

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$93,040,546 and the accumulated depreciation is \$42,472,337. 50,568,209

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 deferred in the funds. 530,727

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

Bonds Payable	\$ (52,100,000)	
Accrued Interest on the Bonds	(346,467)	
Net Pension Obligation	(42,936,000)	
Bond Premium	(4,899,463)	
Capital Lease Payable	(317,736)	
Compensated Absences	<u>(382,205)</u>	(100,981,871)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.

Deferred outflows of resources related to pensions	6,771,176
Deferred inflows of resources related to pensions	(1,600,000)
Deferred outflows of resources related to OPEB	1,715,510
Deferred inflows of resources related to OPEB	(207,095)

Other

These assets and liabilities are not presented in the governmental funds but are presented as assets and liabilities on the statement of net position in the governmental activities.

Bond Discount (Net of Accumulated Amortization)	540,843
OPEB Liability	<u>(8,846,404)</u>

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ (28,224,420)**

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Capital Project Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local Sources	\$ 18,192,742	\$ 791	\$ 47,172	\$ 0	\$ 18,240,705
State Source	13,096,335	0	0	0	13,096,335
Federal Sources	1,104,482	0	0	0	1,104,482
<b>Total Revenue</b>	<b>32,393,559</b>	<b>791</b>	<b>47,172</b>	<b>0</b>	<b>32,441,522</b>
<b>EXPENDITURES</b>					
Instruction	18,581,457	0	0	0	18,581,457
Support Services	9,762,358	0	0	0	9,762,358
Non-Instructional Services	936,726	0	0	0	936,726
Capital Outlay	0	89,900	22,857,422	0	22,947,322
Facility Acquisition and Improvement	0	0	0	0	0
Debt Service (Principal, Interest and Bond Issue Costs)	3,856,639	0	0	0	3,856,639
Refund to Prior Year Receipts	0	0	0	0	0
<b>Total Expenditures</b>	<b>33,137,180</b>	<b>89,900</b>	<b>22,857,422</b>	<b>0</b>	<b>56,084,502</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(743,621)</b>	<b>(89,109)</b>	<b>(22,810,250)</b>	<b>0</b>	<b>(23,642,980)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers	0	0	0	0	0
Bond Proceeds	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Refunds of Prior Year Receipts	0	0	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(743,621)</b>	<b>(89,109)</b>	<b>(22,810,250)</b>	<b>0</b>	<b>(23,642,980)</b>
<b>FUND BALANCE - JULY 1, 2020</b>	<b>7,182,545</b>	<b>1,031,390</b>	<b>38,713,530</b>	<b>0</b>	<b>46,927,465</b>
<b>FUND BALANCE - JUNE 30, 2021</b>	<b>\$ 6,438,924</b>	<b>\$ 942,281</b>	<b>\$ 15,903,280</b>	<b>\$ 0</b>	<b>\$ 23,284,485</b>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (23,642,980)

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

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

Depreciation Expense	\$ (2,238,247)	
Capital Outlays	<u>23,101,370</u>	20,863,123

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. (6,747)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,555,000

Interest on serial bonds is recorded in the governmental funds when paid, but the statement of activities records interest expense as it is incurred. (147,324)

Bond Discounts are recorded as expenditures in the governmental funds but are recorded as long-term assets in the statement of net assets and amortized over the term of the bonds. 0

Bond Issue Expenses recorded as expenses in statement of activities, but not recorded as expenses in governmental funds 0

Bond premium amortization is recorded as revenue in the governmental funds but is recorded as a long-term liability in the statement of net position and amortized over the term of the bonds. 421,163

Bond Proceeds are recorded as revenue in governmental funds, but not recorded on the statement of activities as revenue 0

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

District pension contributions	4,261,769
Cost of pension benefits earned, net of employee contributions	(4,717,543)

Accrued compensated absences are not recorded as expenditures in the governmental funds but are in the statement of activities. 17,440

Accrued OPEB Liability is not recorded as an expenditure in the governmental funds but is in the statement of activities. (528,259)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (1,924,358)**

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUND**  
**JUNE 30, 2021**

	<b>Food Service Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash	\$ 63,337
State Subsidies Receivable	933
Federal Subsidies Receivable	24,125
Other Receivables	0
Other Current Assets	0
Inventories	20,766
	<hr/>
<b>Total Current Assets</b>	109,161
	<hr/>
<b>Noncurrent Assets</b>	
Machinery and Equipment (Net)	49,454
	<hr/>
<b>Total Assets</b>	<u><u>\$ 158,615</u></u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 4,505
Due To Other Funds	166,739
Accrued Salaries and Benefits	0
Payroll Deductions and Withholdings	0
Deferred Revenues	29,181
<b>Total Current Liabilities</b>	<hr/> 200,425
<b>Noncurrent Liabilities:</b>	
Compensated Absences	11,980
	<hr/>
<b>Total Noncurrent Liabilities</b>	11,980
	<hr/>
<b>Total Liabilities</b>	212,405
	<hr/>
<b>NET POSITION</b>	
Unrestricted	(53,790)
	<hr/>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 158,615</u></u>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2021**

	<b>Food Service Fund</b>
<b>OPERATING REVENUES:</b>	
Food Service Revenue	\$ 50,696
<b>Total Operating Revenues</b>	<b>50,696</b>
<b>OPERATING EXPENSES:</b>	
Salaries	240,300
Employee Benefits	192,906
Purchased Professional and Technical Service	2,422
Purchased Property Service	0
Other Purchased Service	541
Supplies	407,822
Depreciation	8,828
Dues and Fees	174
<b>Total Operating Expenses</b>	<b>852,993</b>
<b>Operating Income (Loss)</b>	<b>(802,297)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Earnings on Investments	42
State Sources	76,131
Federal Sources	645,660
<b>Total Non-Operating Revenue (Expense)</b>	<b>721,833</b>
Transfer In (Out)	0
<b>Change in Net Position</b>	<b>(80,464)</b>
<b>TOTAL NET POSITION - JULY 1, 2020</b>	<b>26,674</b>
<b>TOTAL NET POSITION - JUNE 30, 2021</b>	<b>\$ (53,790)</b>

The accompanying notes are an integral part of these financial statements.



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2021**

<b>Cash Flows From Operating Activities</b>		
Cash Received from User Charges	\$ 41,726	
Cash Payments to Employees for Services	(447,277)	
Cash Payments to Suppliers for Goods and Services	(236,966)	
Cash Payments for other Operating Expenses	0	
<b>Net Cash Provided by (Used for) Operating Activities</b>		\$ (642,517)
<b>Cash Flows From Non-Capital Financing Activities</b>		
Grants and Subsidies received for Non-Operating Activities:		
State Sources	75,451	
Federal Sources	630,361	
Operating Transfers in (out) Primary Government	0	
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>		705,812
<b>Cash Flows From Non-Capital Financing Activities</b>		
Facilities Acquisition		0
<b>Cash Flows From Investing Activities</b>		
Earnings on Investments		42
<b>Net Increase (Decrease) in Cash</b>		63,337
<b>Cash - Beginning of Year</b>		0
<b>Cash - End of Year</b>		<u>\$ 63,337</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>		
Operating Loss		\$ (802,297)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Depreciation	8,828	
(Increase) Decrease in Inventory	25,192	
(Increase) Decrease in Accounts Receivable	0	
Increase (Decrease) in Accounts Payable	(2,384)	
Increase (Decrease) in Accrued Salaries and Benefits	0	
Increase(Decrease) in Payroll Deductions/Withholdings	(13,466)	
Increase (Decrease) in Deferred Revenue	(8,970)	
Increase (Decrease) in Accumulated Compensated Absences	(605)	
Increase (Decrease) in Other Current Liabilities	0	
Increase (Decrease) in Advances from Other Funds	151,185	
<b>Total Adjustments</b>		<u>159,780</u>
<b>Net Cash Used in Operating Activities</b>		<u>\$ (642,517)</u>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<b><u>Student Activities</u></b>	<b><u>Private Purpose Trust</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 136,507	\$ 22,980
Investments	<u>12,000</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 148,507</u></b>	<b><u>\$ 22,980</u></b>
<b>LIABILITIES</b>		
Other Current Liabilities	<u>\$ 148,507</u>	<u>\$ 0</u>
<b>TOTAL LIABILITIES</b>	<u>148,507</u>	<u>0</u>
<b>NET POSITION</b>		
Restricted	<u>0</u>	<u>22,980</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 148,507</u></b>	<b><u>\$ 22,980</u></b>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2021**

	<b>Student Activities</b>	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>		
Gifts and Contributions	\$ -	\$ 1,025
Receipts from Student Groups	109,159	0
	<hr/>	<hr/>
<b>Total Additions</b>	109,159	1,025
<b>DEDUCTIONS</b>		
Student Activity Disbursements	120,284	
Scholarships Awarded	-	2,400
	<hr/>	<hr/>
<b>Total Deductions</b>	120,284	2,400
<b>CHANGES IN NET POSITION</b>	(11,125)	(1,375)
<b>NET POSITION - JULY 1, 2020</b>	<hr/> 159,632	<hr/> 24,355
<b>NET POSITION - JUNE 30, 2021</b>	<hr/> <hr/> \$ 148,507	<hr/> <hr/> \$ 22,980

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

**REPORTING ENTITY**

The Bermudian Springs School District is an educational institution located in northern Adams County, Pennsylvania, a predominately agricultural and residential area. It is a school district of the third class based on its population and is comprised of elementary, middle and secondary schools.

The governing body of the School District is a Board of Directors elected by region for four-year terms. The daily operation of the District is led by the District's administrative team, led by the superintendent of schools who is appointed by the governing board.

The financial statements of the School District include all funds, functions and activities to which the elected Board of School Directors has oversight responsibility. The criteria used in determining whether such organizations should be included in the School District's financial reporting entity are oversight responsibility, including financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships.

The District has evaluated its relationship with Lincoln Intermediate Unit #12 to determine if the financial information of the unit should be included in the financial statements. Based on this evaluation, the Unit has not been included as a component unit of the district's reporting entity because the District is not financially accountable for the unit as outlined in the above paragraph.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The Statements include the primary government, except for the fiduciary funds of the primary government.

Separate rows and columns are used to distinguish between the governmental and business-type activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. These activities are usually reported in Governmental Funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in Enterprise funds.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and Statement of Activities are prepared using economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33.

Reporting for governmental and business-type activities are based on all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989,

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

unless those pronouncements conflict with or contradict GASB pronouncements:

- a. Financial Accounting Standards Board (FASB) Statements and Interpretations
- b. Accounting Principles Board (APB) Opinions
- c. Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure

**POLICY FOR ELIMINATING INTERNAL ACTIVITY - GOVERNMENT-WIDE FINANCIAL STATEMENTS**

In the process of aggregating data for the Statement of Net Position, some amounts reported as interfund balances in the funds are eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**POLICY FOR CAPITALIZING ASSETS AND ESTIMATING USEFUL LIVES - GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The School District reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The School District's policy is to capitalize assets, or groups of assets with costs in excess of \$5,000. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from five to thirty years.

**PROGRAM REVENUES - GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Activities reports three categories of program revenues: (a) charges for services, (b) program specific operating grants and contributions and (c) program specific capital grants and contributions. Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

**POLICY FOR DEFINING OPERATING AND NONOPERATING REVENUES OF PROPRIETARY FUNDS**

The School District defines proprietary funds operating revenues based on how the individual transaction would be categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital finance activities or investing activities would normally not be reported as operating revenues.

**POLICY REGARDING APPLYING RESTRICTED OR UNRESTRICTED REVENUES**

The School District first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND ACCOUNTING**

The accounts of the School District are organized on the basis of funds or account groups each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds are used by the School District:

**GOVERNMENTAL FUNDS**

**GENERAL FUND** - The General Fund is the general operating fund of the School District. All financial resources except those required to be accounted for in another fund, are accounted for in the General Fund.

**CAPITAL PROJECTS FUND** - (Capital Improvement) - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds). The Capital Reserve Fund is classified as a Capital Project Fund.

**DEBT SERVICE FUND** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**PROPRIETARY FUNDS**

This fund accounts for operations that are organized to be self-supporting through user charges. The School District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The fund included in this category is the Enterprise Fund.

Enterprise Fund types are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) are financed through user charges.

**FOOD SERVICE FUND** - To account for all financial resources associated with the operations of the School District's cafeterias. The Food Service Fund is authorized under Section 504 of the Public School Code of 1949. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges.

**FIDUCIARY FUNDS**

Trust and Agency Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The expendable trust and agency funds included in the category are:

**EXPENDABLE TRUST FUND** - Accounts for the W. Roy Starry Scholarship Fund, Lloyd W Wagener Scholarship Fund for Art, Jessica D. Webb Memorial Fund, Jordan Carl Selfe, Taylor Zimmerman Fund, William E. Smith Fund and Max Kauffman Fund.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

ACTIVITY FUNDS - To account for programs operated and sponsored by various clubs and organizations.

GASB Statement No. 84, Fiduciary Activities - As of July 1, 2020, the School District adopted GASB Statement No. 84, Fiduciary Activities. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Based on this standard, the assets held for student groups remained as fiduciary funds and a statement of changes in fiduciary net positions was added for the student groups for the year ended June 30, 2021.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds of the School District are accounted for using a current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current and non-current) associated with the operation of the funds are included on its balance sheet. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**MODIFIED ACCRUAL BASIS**

The modified accrual basis of accounting is followed for all governmental type funds of the School District. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual (i.e., measurable and available to finance the School District's operations). Available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

**PROPERTY TAXES**

CURRENT REVENUE - These are taxes levied as of a specific date with a legal, enforceable claim against the taxpayer and/or property. These taxes are recognized as current revenue when received by the School District during the fiscal year and also estimated to be received by the School District within 60 days after the close of the fiscal year.

DEFERRED REVENUE - Currently levied property taxes which are not estimated to be received by the School District within 60 days after the close of the current fiscal year are recorded as deferred revenue.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**PROPERTY TAXES (CONTINUED)**

DOUBTFUL - An allowance for doubtful accounts is not required for property taxes due to a lien placed on delinquent properties. Upon sale, the lien would be satisfied and the School District would receive levied taxes.

**REVENUE FROM STATE SOURCES**

State subsidies due the School District as current fiscal year entitlements, are recognized as revenue in the current fiscal year even though such funds may be received in a subsequent fiscal year.

**REVENUE FROM FEDERAL SOURCES**

Federal program funds applicable to expenditures for the same program in the current fiscal year but expected to be received in the next fiscal year are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year end over the program expenditures are recorded as deferred revenue.

**ACCRUAL BASIS**

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the Proprietary Funds.

**CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased and pooled funds investments, subject to daily withdrawal, to be cash equivalents.

**INVESTMENTS**

The School District invests funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF). PSDLAF operates and is authorized under the Intergovernmental Cooperation Act of 1972. Investments in this fund have daily liquidity and are valued at the current cost, which approximates market value.

This fund invests in federal securities backed by the full faith and credit of the United States Government, its agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth and certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law in Act 72 of 1971.

**INVENTORIES**

Inventory in the General Fund is recorded as an expenditure at the time of purchase.

Inventory in the Proprietary Fund is valued at cost, except government donated food, which is priced at fair market value at date of receipt.



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INTERFUND TRANSACTIONS**

During the course of normal operations, the School District has numerous transactions between funds, including expenditures and transfers of resources to provide services and service debt. Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

**BUDGETS**

An operating budget is adopted each fiscal year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures. The business manager is authorized to transfer budget amounts between line items within the fund, however, these transfers must be approved by the School District's Board of Education. Budget figures are shown for all Governmental Fund types for which budgets are legally adopted.

**FIXED ASSETS - FUND FINANCIAL STATEMENTS**

Under the School District's method of accounting, fixed assets are recorded as expenditures at the time of purchase in Governmental Funds. Accordingly, no depreciation has been provided on fixed assets in those funds. Proprietary Fund fixed assets are recorded at cost. Depreciation is provided for on a straight-line basis over ten years.

**TOTAL COLUMNS**

Total columns on the fund financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - PROPERTY TAXES**

The School District levies property taxes on July 1, for the ensuing fiscal year ending June 30. Taxes paid by August 31, receive a 2% discount. Taxes paid after October 31, are assessed a 10% penalty. Any taxes not received by April 30, are turned over to Adams County Tax Claim Bureau for collection. Interim taxes are assessed at various times during the year as needed.

Taxes receivable as reported on the Governmental Fund balance sheet represents unpaid property taxes outstanding at June 30, 2021. Taxes receivable not deemed available under generally accepted accounting principles, are included in deferred revenues. Since all property taxes are presumably collectible, no provision for uncollectible taxes has been made.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE C - CASH AND INVESTMENTS**

Cash and investments are stated at cost, which approximates market. Cash includes certificates of deposit with maturities of three months or less. Statutes authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities and state treasurer's investment pools.

**CUSTODIAL CREDIT RISK**

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it; the District does not have a policy for managing custodial credit risk.

**GOVERNMENT-WIDE RECONCILIATION TO FINANCIAL STATEMENTS**

Collateralized with securities held by the pledging financial institution	\$ 24,563,575
Total	<u>\$ 24,563,575</u>

**RECONCILIATION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Collateralized with securities held by the pledging financial institution	\$ 24,563,575
Less: Outstanding Checks	(223,935)
Plus: Outstanding Deposits	<u>6,193</u>
Carrying Amount - Book Balances	24,345,833
Plus: Insured Amount	250,000
Plus: Petty Cash	425
Total Cash Per Financial Statements	<u>\$ 24,596,258</u>

**Cash Summary per Respective Funds:**

Statement of Net Position - Cash - Governmental Funds	\$ 24,373,434
Statement of Net Position - Cash - Proprietary Funds	63,337
Statement of Net Position - Cash - Fiduciary Funds	159,487
<b>Total Cash per Financial Statements</b>	<u><b>\$ 24,596,258</b></u>

**INVESTMENTS**

As of June 30, 2020, the District had the following Investments:

<u>Investments</u>	<u>Cost</u>
PSDLAF Collateralized Pool	\$ 490,000
Adams County National Bank - Certificates of Deposit	<u>12,000</u>
Total Investments	<u>\$ 502,000</u>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk** - risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the actual ratings for each investment as of the end of the year:

**Rating as of Year End from Standard & Poor's**

<b><u>Investment Type</u></b>	<b><u>Amount</u></b>	<b><u>AAAm</u></b>	<b><u>Government Guaranteed</u></b>
PSDLAF Collateralized Pool	\$ 490,000	\$ 490,000	
Adams County National Bank - Certificates of Deposit	12,000	12,000	
<b>Total</b>	<b><u>\$ 502,000</u></b>	<b><u>\$ 502,000</u></b>	<b><u>\$ -</u></b>

**Concentration of Credit Risk** - risk of loss attributed to the magnitude of an entity's investment in a single issuer. Disclosure occurs by issuer and amount investments in any one issuer that represent 5% or more of total investments for the entity:

<b><u>Investment Type</u></b>	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
PSDLAF Collateralized Pool	\$ 490,000	97.61%
Adams County National Bank - Certificates of Deposit	12,000	2.39%
<b>Total</b>	<b><u>\$ 502,000</u></b>	<b><u>100.00%</u></b>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk** - is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the entity's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Entity's investments by maturity:

<b><u>Investment Type</u></b>	<b><u>Investment Maturities (In Years)</u></b>		
	<b><u>Amount</u></b>	<b><u>Less than 1</u></b>	<b><u>1 - 5</u></b>
PSDLAF Collateralized Pool	\$ 490,000	\$ 490,000	\$ 0
Adams County National Bank - Certificates of Deposit	12,000	12,000	0
	<u>\$ 502,000</u>	<u>\$ 502,000</u>	<u>\$ -</u>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE D - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	<b>G.O. BONDS SERIES OF 2015</b>	<b>G.O. BONDS SERIES OF 2016</b>	<b>G.O. BONDS SERIES OF 2019</b>	<b>G.O. BONDS SERIES OF 2020</b>	<b>TOTAL G.O. BONDS</b>
Balance - 7/1/2020	\$ 0	\$ 4,780,000	\$ 13,905,000	\$ 34,970,000	\$ 53,655,000
Additions	0	0	0	0	0
Refunded	0	0	0	0	0
Principal Repayments/ Amortization	0	\$ (1,540,000)	\$ (10,000)	\$ (5,000)	\$ (1,555,000)
Balance - 6/30/2021	\$ <u>-</u>	<u>3,240,000</u>	<u>13,895,000</u>	<u>34,965,000</u>	<u>52,100,000</u>

The combined aggregate amount of maturities and sinking fund requirements for long-term debt is as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>
2022	1,610,000
2023	1,660,000
2024	1,585,000
2025	1,640,000
2026	1,695,000
2027 - 2031	9,500,000
2032 - 2036	11,375,000
2037 - 2041	13,840,000
2041 - 2044	<u>9,195,000</u>
Totals	<u>\$ 52,100,000</u>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE D - LONG-TERM DEBT (CONTINUED)**

Bermudian Springs School District entered into a Master Equipment Lease/Purchase agreement as of September 26, 2008 by and between Bank of America, N.A., as Lessor and Bermudian Springs School District, as Lessee. The Equipment to be leased/purchased will be used for the purpose of improving the energy efficiency for each building in the District.

The principal payment schedule for the Agreement is as follows:

<b>Year Ended</b>	<b>Amount</b>
2022	\$ 153,743
2023	163,993
	<u>\$ 317,736</u>

**NOTE E - COMPENSATED ABSENCES**

It is the School District's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from the School District's service. For the government-wide financial statement presentation, the amount \$394,185 of compensated absences is recorded as a liability on the statement of net assets. In the fund financial statement presentation, the cost of sick leave is recognized when payments are made to employees.

**NOTE F - OTHER POSTEMPLOYMENT BENEFITS**

District employees who retire and qualify as an annuitant of the Pennsylvania School Employees Retirement System and are at least 55 years of age can continue District medical insurance until they reach the age of 65. Based on the contract with the Teachers' Union and the District's Administrators, the District pays from one hundred dollars to one hundred percent of the insurance and the retiree pays the remaining balance. The District funds their share of the medical insurance with current revenues. The cost to the District for the year ended June 30, 2021 was \$218,878. There were 22 participants.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE G - PENSION PLAN**

**1. Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

Plan Description

PSERS is a governmental cost-sharing multi-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 included 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 publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the members' final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE G - PENSION PLAN (CONTINUED)**

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

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T - C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who are active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the members qualifying compensation. All new hires after June 30, 2011, who elect Class T - F membership, contribute at 10.3% (base rate) of the members qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$4,261,769 for the year ended June 30, 2021.

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

At June 30, 2021 the School reported a liability of \$42,936,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2021, the School's proportion was .0872%, which was an decrease of .0010 from its proportion measured as of June 30, 2020 which was .0882%.



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE G - PENSION PLAN (CONTINUED)**

For the year ended June 30, 2021, the District recognized pension expense of \$4,579,000. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	112,000	1,029,000
Net difference between projected and actual investment earnings	1,887,000	
Changes in proportions	323,000	571,000
Changes in assumptions		
Difference between employer contributions and proportionate share of total contributions	187,407	
Contributions subsequent to the measurement date	<u>4,261,769</u>	
	6,771,176	<u>1,600,000</u>

\$4,261,769 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	(128,000)
2022	(149,000)
2023	439,000
2024	561,000

**Actuarial assumptions**

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

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2020.

The Investment Rate of Return was adjusted from 7.50% to 7.25%.

The inflation assumption was decreased from 3.0% to 2.75%.

Salary growth changed from an effective average of 5.50%, which 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.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE G - PENSION PLAN (CONTINUED)**

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. The actuarial assumption used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.6%
Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	8.0%	4.1%
Infrastructure/MLPs	6.0%	5.5%
Real estate	10.0%	4.1%
Cash	6.0%	7.4%
Private Equity	15.0%	0.3%
Financing (LIBOR)	-14.0%	0.7%
	<u>100%</u>	

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

Sensitivity of the School's Proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE G - PENSION PLAN (CONTINUED)**

Discount rate

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

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	53,121,000	42,936,000	34,308,000

Pension plan fiduciary net position

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

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE H - TERMINATION BENEFITS**

Effective July 2005, a member of the bargaining unit who retires and meets the criteria set forth below will qualify for a one-time payment of \$10,000, offered as an early retirement incentive. In order to qualify for this payment, an employee must be credited with 30, 31, 32, 33 or 34 years of service in the Pennsylvania School Employees' Retirement System, the final 20 years of such serving have been performed in the Bermudian Springs School District. The incentive is paid the July following early retirement.

**NOTE I - PUBLIC ENTITY RISK POOL**

The District participates in a public entity risk pool to manage those risks associated with workers' compensation. The District's responsibilities in the pool include the payment of all annual and supplementary payments in amounts established by the pool in accordance with the trust agreement as well as other responsibilities similar to those of commercial insurance. The pool agrees to administer the operation of the consortium including paying workers' compensation benefits, asset administration, establishment of an ongoing safety program and other similar services designed to reduce the District's overall workers' compensation costs.

**NOTE J - INTERFUND ACCOUNTS RECEIVABLE AND PAYABLE**

At June 30, 2021, the District had \$166,739 in interfund accounts receivables and accounts payable.

**NOTE K - COMMITMENTS AND CONTINGENCIES**

Litigation

The School District is involved in several claims and lawsuits incidental to its operation. In the opinion of the administration and legal counsel, the eventual resolution and effect on the financial position of the School District is not deemed material.

Grants

The School District is party to various grants with Federal and State agencies which are subject to program and compliance audits by the grantors or under the Single Audit Act Amendments of 1996. Findings and questioned costs arising out of such audits are subject to the ultimate disposition by the grantor agency. In the opinion of the Administration, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the School District.

**NOTE L - GASB # 54 FUND BALANCE IMPLEMENTATION**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable - include fund balance amounts that cannot be spent either because it not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The following have been restricted:

Mary Wolfe Estate	\$ 78,058
iPad Repairs	17,257
	<u>\$ 95,315</u>

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The following have been committed:

Committed - Technology	\$ 500,000
Committed - School Improvement	58,291
Committed - Capital Projects	16,845,561
Committed - Healthcare	1,186,946
Committed - Curriculum	172,286
Committed - Retirement	1,773,943
	<u>\$20,537,027</u>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE L - GASB # 54 FUND BALANCE IMPLEMENTATION(CONTINUED)**

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Business Manager.

Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The amount of unassigned \$2,652,143.

**NOTE M - FIDUCIARY FUND BALANCE RESERVES**

Specific fund balance reserves at June 30, 2021 were \$22,980 for the W. Roy Starry Scholarship Fund, the Lloyd W. Wagener Scholarship Fund for Art, the Jessica D. Webb Scholarship Fund, Jordan Carl Selfe, Max Kauffman, William E. Smith Fund and the Taylor Zimmerman Fund.

**NOTE N - CAPITAL ASSETS**

Set forth below is a summary of activity of governmental capital assets reported in the statement of net assets:

	Balance July 1,	Additions	Deletions	Balance June 30,
Land and Site Improvements	\$ 7,666,818	-	\$ 0	\$ 7,666,818
Construction in Progress	3,269,372	22,857,422	0	26,126,794
Energy Upgrade	456,104		(138,368)	317,736
Building and Building Improvements	55,311,781	0	0	55,311,781
Machinery and Equipment	3,203,450	243,948	0	3,447,398
Vehicles	170,019	0	0	170,019
<b>Totals</b>	<b>\$ 70,077,544</b>	<b>\$ 23,101,370</b>	<b>\$ (138,368)</b>	<b>\$ 93,040,546</b>
	Cost	Accumulated Depreciation	Net Value	
Land and Site Improvements	\$ 7,666,818	\$ 2,702,830	\$ 4,963,988	
Construction in Progress	26,126,794	0	26,126,794	
Energy Upgrade	317,736		317,736	
Building and Building Improvements	55,311,781	36,658,482	18,653,299	
Machinery and Equipment	3,447,398	2,941,006	506,392	
Vehicles	170,019	170,019	-	
<b>Totals</b>	<b>\$ 93,040,546</b>	<b>\$ 42,472,337</b>	<b>\$ 50,568,209</b>	

Land totaling \$1,537,500 is included in land and site improvements and is not being depreciated. Current depreciation expense totaled \$2,238,247 and is charged to each of the functions in the statement of activities as follows:

Instruction	\$ 1,420,471
Instructional Student Support	182,124
Support Services	267,109
Operation and Maintenance of Plant Services	157,113
Pupil Transportation	139,944
Student Activities	71,486
<b>Total</b>	<b>\$ 2,238,247</b>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - POSTEMPLOYMENT BENEFITS PLAN**

The Bermudian Springs School District Postemployment Benefits plan is administered by a third party administrator.

Summary of Plan Provisions:

<u>Group</u>	<u>Eligibility</u>	<u>Coverage and Premium Sharing</u>	<u>Duration</u>
I. A) Superintendents	Must be eligible for PSERS retirement and be at least 55 years old.	<p>Coverage: Medical, Dental and Prescription Drug</p> <p>Premium Sharing: District pays full premium for Medical, Prescription Drug, and Dental. If Member is receiving the \$100 PSERS supplement, he or she must forward the \$100 to the District.</p> <p>Dependents: Spouse and Family included. Upon the death of a retiree, the spouse is able to continue Medical, Prescription Drug, and Dental by paying the full premium.</p>	<p>Member is covered until member reaches Medicare age.</p> <p>Spouse is covered until spouse reaches Medicare age.</p>
B) Other Administrators	Must be eligible for PSERS retirement and be at least 55 years old.	<p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: If Member has at least 15 years of service with District, District pays 50% of premium for Medical and Prescription Drug. If Member does not meet the requirements for the district subsidy but requirements are met for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse included. Upon death of a retiree, the spouse is able to continue Medical and Prescription Drug by paying the full premium.</p> <p>One retiree receives same benefit as Superintendents as part of a one-time retirement incentive. The retiree will receive the benefit until Medicare age.</p>	<p>Member is covered until member reaches Medicare age.</p> <p>Spouse is covered until spouse reaches Medicare age.</p>
II. Teachers, Support Staff, And Cafeteria Staff	Must be eligible for PSERS retirement and be at least 55 years old.	<p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: If Member has at least 15 years of service with District, District pays 40% of premium for Medical and Prescription Drug. If Member does not meet the requirements for the district subsidy but requirements are met for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse included. Upon death of a retiree, the spouse is able to continue Medical and Prescription Drug by paying the full premium.</p>	<p>Member is covered until member reaches Medicare age.</p> <p>Spouse is covered until spouse reaches Medicare age.</p>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

Teachers, Support Staff, And Cafeteria Staff	Premium Sharing: If Member has at least 25 years of service with District, District pays 75% of premium for Medical and Prescription Drug.	Member is covered until member reaches Medicare age.
Retirement incentives for members that retired between 7/1/2012 and 6/30/2013.	Dependents: Spouse included. Upon death of a retiree, the spouse is able to continue Medical and Prescription Drug by paying the full premium.	Spouse is covered until spouse reaches Medicare age.

**Actuarial Assumptions and Methods**

**Interest Rate**

1.86%

**Salary**

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.

**Withdrawal**

Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.400%

**Mortality**

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. (These rates do not include projected mortality improvements)

**Disability**

No disability was assumed.

**Retirement**

Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

**Age 55 & 25 years of service**

Age	Male	Female
55	19%	19%
56	17%	17%
57	17%	17%
58	17%	17%
59	22%	21%

**Superannuation**

Male	Female
27%	10%
32%	30%
32%	30%
32%	35%
31%	36%

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

<u>Age 55 &amp; 25 years of service</u>			<u>Superannuation</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

**Percent of Eligible retirees Electing Coverage in Plan**

100% of Administrators, 95% of Teachers and 75% of the Support Staff and Cafeteria Staff and 50% of all employees who do not qualify for a district subsidy but are only eligible for COBRA coverage until Medicare age at retirement are assumed to elect coverage.

**Percent married at Retirement**

60% of employees are assumed to be married and have a spouse covered by the plan at retirement.

**Spouse Age**

Wives are assumed to be two years younger than their husbands.

**Per Capita Claims Cost**

Making use of weighted averages for various plan designs, per capita cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental costs are assumed to not vary with age or gender. Dental and vision costs are assumed to not vary with age or gender. HSA Contributions made to retirees in the Qualified High Deductible Health Plan (QHDHP) are also valued. The resulting costs are as follows:

**Medical and Prescription Drug Combined**

<u>Age</u>	<u>Males</u>	<u>Females</u>
45-49	\$ 6,783	\$ 9,796
50-54	8,983	11,071
55-59	10,941	11,584
60-64	14,277	13,308

**Retiree Contributions**

Retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

**Health Care Cost Trend Rate**

5.5% in 2020 through 2023 . Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Value of Assets**

Equal to the Market Value of Assets

**Actuarial Cost Method - Entry Age Normal**

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**Plan Participant Information**

Active Participants	224
Vested Former Members	0
Retired Participants	<u>19</u>
Total	243

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**COST SHARING MULTIPLE- EMPLOYER DEFINED BENEFIT OPEB PLAN**

**1. Summary of Significant Accounting Policies**

Other Postemployment Benefits

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

**General Information about the Health Insurance Premium Assistance Program**

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost-sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

Have 24 1/2 or more years of service or  
Are a disability retiree, or  
Have 15 or more years of service and retired after reaching superannuation age, and  
Participate in the HOP or employer-sponsored health insurance program.

Plan Description

PSERS is a governmental cost-sharing multi-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 included 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 publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.84% 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 \$0 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,884,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .0872 percent, which was an decrease of .0010 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$99,000. At June 30, 2021, 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>
Difference between expected and actual experience	17,000	
Net difference between projected and actual investment earnings	3,000	
Changes in proportions	34,000	32,000
Changes in assumptions	77,000	41,000
Contributions subsequent to the measurement date		
	<u>131,000</u>	<u>73,000</u>

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

\$ 0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	10,000
2022	9,000
2023	9,000
2024	21,000
2025	7,000
Thereafter	3,000

**3. Actuarial Assumptions**

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

Actuarial cost method - Entry Age Normal - level % of pay.

Investment return - 2.66% - S & P 20 Year Municipal Bond Rate

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

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

Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Participation rate:

Eligible retirees will elect to participate Pre age 65 at 50%

Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

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

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

Asset Valuation method: Market Value

Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

consists of 25% males and 75% females is used to determine actuarial equivalent benefits. )

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	-1.00%
US Core Fixed Income	46.5%	-0.10%
Non-US Developed Fixed	3.2%	-0.10%
	<u>100.0%</u>	

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

**Discount Rate**

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, 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, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
School's proportionate share of the net pension liability	2,148,000	1,884,000	1,665,000

Pension plan fiduciary net position

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

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Single Employer Defined Benefit OPEB Plan**

The 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 dependent. 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.

**Funding Policy**

The District's contributions are funded on a pay-as-you go basis.

**OPEB Liability**

The District's change in its OPEB liability for the year ended June 30, 2021 was as follows

Balances as of July 1, 2020	5,622,103
Differences between expected and actual experience	143,464
Changes of assumptions	720,575
Service Cost	364,811
Interest on total OPEB liability	196,068
Benefit payments	(279,809)
Changes of benefit terms	<u>195,192.00</u>
Net Charges	1,340,301
Balances as of June 30, 2021	6,962,404

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	499,806	
Net difference between projected and actual investment earnings		
Changes in proportions		
Changes in assumptions	759,470	134,095
Benefit payments subsequent to the Measurement Date	<u>325,234</u>	
	1,584,510	<u>134,095</u>

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

**Year Ended June 30:**

2022	101,422
2023	101,422
2024	101,422
2025	101,422
2026	101,422
Thereafter	618,071

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

The following presents the OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
OPEB liability	6,213,021	6,962,404	7,856,861

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

The following presents the OPEB liability for June 30, 2021, calculated using the discount rate of 1.86%, as well as what OPEB liability would be if the discount rate were 1-percentage point lower(.86%) or 1-percentage point higher(2.86%) than the current rate:

	1% Decrease	Current Discount Rate	1% increase
	0.86%	1.86%	2.86%
OPEB liability	7,451,031	6,962,404	6,497,155



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE P - SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through the date of the audit report.  
No subsequent events were noted.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local Revenues	\$ 17,130,558	\$ 17,130,558	\$ 18,192,742	\$ 1,062,184
State Program Revenues	12,997,565	12,997,565	13,096,335	98,770
Federal Program Revenues	379,503	379,503	1,104,482	724,979
Total Revenues	<u>30,507,626</u>	<u>30,507,626</u>	<u>32,393,559</u>	<u>1,885,933</u>
 <b>EXPENDITURES</b>				
Regular Programs	14,045,622	13,168,803	14,086,992	(918,189)
Special Programs	3,350,766	3,134,175	3,197,084	(62,909)
Vocational Programs	1,042,429	1,055,093	1,055,070	23
Other Instructional Programs	299,043	242,318	242,311	7
Adult Education Programs	2,453	-	-	-
Pupil Personnel Services	710,199	666,809	666,801	8
Instructional Staff Services	1,013,649	1,379,296	1,379,281	15
Administrative Services	2,440,505	3,054,834	3,054,807	27
Pupil Health	305,493	336,357	336,319	38
Business Services	440,046	432,318	432,308	10
Operation and Maintenance of Plant Services	2,032,135	2,056,830	2,055,222	1,608
Student Transportation Services	1,820,428	1,830,641	1,830,635	6
Other Support Services	6,872	6,986	6,985	1
Student Activities	1,014,107	883,642	935,126	(51,484)
Community Services	2,000	1,600	1,600	-
Facilities Acquisition and Construction	0	0	0	-
Debt Service	3,580,596	3,856,641	3,856,639	2
Refund of Prior Year Receipts	0	0	0	0
Total Expenditures	<u>32,106,343</u>	<u>32,106,343</u>	<u>33,137,180</u>	<u>(1,030,837)</u>
 Deficiency of Revenues Over Expenditures	(1,598,717)	(1,598,717)	(743,621)	855,096
 <b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Bonds	0	0	0	0
Sale/Compensation for Fixed Assets	0	0	0	0
Interfund Transfers In	0	0	0	0
Interfund Transfers Out	0	0	0	0
Refund Prior Year Receipt (Expense)	0	0	0	0
Budgetary Reserve	(80,000)	(80,000)	0	80,000
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>
 Net Change in Fund Balances	(1,678,717)	(1,678,717)	(743,621)	935,096
 <b>FUND BALANCE - JULY 1, 2020</b>			7,182,545	
 <b>FUND BALANCE - JUNE 30, 2021</b>			<u><u>\$ 6,438,924</u></u>	

The accompanying notes are an integral part of these financial statements.

## **SUPPLEMENTARY INFORMATION**

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>TAXES</b>				
Current Real Estate Taxes	\$ 12,153,904	\$ 12,153,904	\$ 12,611,083	\$ 457,179
Interim Real Estate Taxes	35,000	35,000	74,295	39,295
Current Per Capita Taxes #679	41,000	41,000	41,536	536
Current Per Capita Taxes #511	41,000	41,000	41,536	536
Real Estate Transfer Taxes	250,650	250,650	341,212	90,562
Current Act 511, Wage/Income Tax	3,729,219	3,729,219	4,274,313	545,094
Amusement Taxes	100	100	42	(58)
Delinquent Taxes, All Levies	500,000	500,000	427,862	(72,138)
Public Utility Realty Tax	14,500	14,500	16,066	1,566
Payments in Lieu of Tax	1,386	1,386	1,386	0
Total	<u>16,766,759</u>	<u>16,766,759</u>	<u>17,829,331</u>	<u>1,062,572</u>
<b>STATE SOURCES</b>				
Basic Instructional Subsidy	6,306,693	6,306,693	6,337,435	30,742
Charter School Initiative	0	0	0	0
Section 1305 and 1306 Tuition	35,000	35,000	41,397	6,397
Transportation	1,095,125	1,095,125	1,130,617	35,492
Vocational Education	80,000	80,000	82,128	2,128
School Safety	255,420	255,420	20,641	(234,779)
Rentals and Sinking Fund Payments	303,687	303,687	221,455	(82,232)
Pa. Smart Grant	0	0	0	-
Medical and Dental Services	32,500	32,500	34,860	2,360
Ready to Learn	330,674	330,674	330,674	-
Supplemental Equipment Grant	0	0	11,231	11,231
Special Education - Exceptional Pupil	1,189,497	1,189,497	1,191,806	2,309
Migratory Children	1,200	1,200	0	(1,200)
Social Security Payments	498,007	498,007	570,932	72,925
Retirement Payments	2,259,343	2,259,343	2,512,740	253,397
Pennsylvania Accountability Grant	0	0	0	0
State Property Tax Reduction Allocation	610,419	610,419	610,419	0
State Revenue Through Other Sources	0	0	0	0
Total	<u>12,997,565</u>	<u>12,997,565</u>	<u>13,096,335</u>	<u>98,770</u>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**  
**YEAR ENDED JUNE 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>FEDERAL SOURCES</b>				
NCLB, TITLE 1, IMPRVG DISADVTG	\$ 273,015	\$ 273,015	\$ 271,131	\$ (1,884)
VO-ED OPERATING EXPENDITURES	18,883	18,883	18,891	8
NCLB,TITLE II	52,391	52,391	45,451	(6,940)
IDEA, Part B	247,299	247,299	264,134	16,835
NCLB,TITLE III	14,806	14,806	15,445	639
MEDICAL ASSISTANCE - ACCESS	0	0	0	0
MEDICAL ASSISTANCE - MEDICAID	0	0	0	0
TITLE IV	19,761	19,761	34,141	14,380
ESSER School Emergency Relief	0	0	137,286	137,286
GEER Funding	0	0	21,500	21,500
ESSER Funding II	0	0	349,381	349,381
ESSER III Funding			2,724	
CARES ESSER I	0	0	198,624	198,624
Total	<u>626,155</u>	<u>626,155</u>	<u>1,358,708</u>	<u>729,829</u>
<b>OTHER</b>				
Earnings From Temporary Deposits	30,000	30,000	6,834	(23,166)
Rent from School and Other Facilities	3,500	3,500	-	(3,500)
Donations - Private Sources	0	0	0	0
Receipts From Other LEA's	0	0	0	0
Athletic Revenue	0	0	8,141	8,141
Miscellaneous Revenues	5,647	5,647	8,931	3,284
Refund Prior Year Expense (Receipts)	0	0	0	0
Sale of Property	0	0	0	0
Capital Projects Funds Transfers	0	0	0	0
Tuition and Other Payments From Patrons	78,000	78,000	85,279	7,279
Total	<u>117,147</u>	<u>117,147</u>	<u>109,185</u>	<u>(7,962)</u>
Total Revenues	<u>\$ 30,507,626</u>	<u>\$ 30,507,626</u>	<u>\$ 32,393,559</u>	<u>\$ 1,883,209</u>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTIVITY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Balance July 1, 2020	Receipts	Disbursements	Cash Balance June 30, 2021
<b>SENIOR HIGH SCHOOL</b>				
AEVIDUM	0	\$ 0	\$ 0	\$ 0
ART HONOR SOCIETY	2,606	2,699	3,022	2,283
BAND	5,500	2,382	1,969	5,913
BASEBALL	2,039	2	0	2,041
BERM BREW	(55)	0	0	(55)
BIBLE CLUB	187	0	0	187
BOYS BASKETBALL	381	1,244	0	1,625
BOYS SOCCER	1,253	201	0	1,454
CALIGRAPHY	72	0	0	72
CHEERLEADERS	2,164	2	1,047	1,119
CHEMISTRY	1	0	0	1
CLASS OF 2020	54	100	154	0
CLASS OF 2021	10,705	8,348	19,053	0
CLASS OF 2022	6,088	9,553	3,073	12,568
CLASS OF 2023	258	4,762	2,439	2,581
CLASS OF 2024	0	4,327	1,675	2,652
CLEARING ACCOUNT	898	2,193	2,605	486
EARTH/SPACE SCIENCE	0	0	0	0
FBLA	1,406	170	140	1,436
FCCLA	171	0	0	171
FFA	4,915	4,326	2,678	6,563
FIELD HOCKEY	(271)	1,191	2,280	(1,360)
FOOTBALL CLUB	7,602	4,176	3,690	8,088
FRENCH CLUB	1,118	1	175	944
GIRLS BASKETBALL	2,934	1,754	3,513	1,175
GIRLS SOCCER	1,158	1	0	1,159
GLEE CLUB	5,392	1,312	2,548	4,156
GOLF	775	1	0	776
GREENHOUSE	4,970	2,159	1,753	5,376
INTERACT CLUB	2,851	2	512	2,341
LIGHT CREW	0	0	0	0
MUSICAL	(13,164)	23,720	10,306	250
NATIONAL HONOR SOCIETY	897	362	334	925
PEER MEDIATORS	6,950	3,284	5,973	4,261
PHOTOGRAPHY	0	0	0	0
PRESS CLUB	1,085	1	0	1,086
RECYCLE CLUB	1,262	1	67	1,196
ROBOTICS	16,378	329	1,313	15,394
SAFE	538	0	0	538
SCIENCE CLUB	2,254	2	0	2,256
SOFTBALL	1,090	1	0	1,091
SPANISH CLUB	651	1	0	652
STUDENT COUNCIL	14,673	3,637	6,408	11,902
STUDENT TRAINERS	243	0	0	243
TECH & GRAPHICS	4,050	1,805	1,221	4,634
TENNIS	697	1	435	263
TRACK	(139)	161	0	22
TRY	617	1	237	381
VARSITY CLUB	760	1	0	761
WOODWORKING	2,051	1,868	3,423	496
WRESTLING	523	570	1,091	2
YOUTH COALITION	10,046	8	0	10,054
YEARBOOK	7,003	15,310	26,592	(4,279)
<b>Total</b>	<b>123,637</b>	<b>101,969</b>	<b>109,726</b>	<b>115,880</b>
<b>Middle School</b>				
PEER COUNSELORS	7,494	0	99	7,395
CLEARING ACCOUNT	0	15	16	(1)
BAND ACCOUNT	721	0	164	557
MEDIA CENTER	2,055	0	900	1,155
PUBLISHING CLUB	5,829	770	0	6,599
STUDENT COUNCIL	592	180	2,337	(1,565)
ATHLETIC	69	0	0	69
OFFICE ACCOUNT	3,731	1,508	3,678	1,561
GYM UNIFORM ACCOUNT	687	0	0	687
ART ACCOUNT	3,221	3	735	2,489
<b>Total</b>	<b>24,399</b>	<b>2,476</b>	<b>7,929</b>	<b>18,946</b>
<b>Total - All Schools</b>	<b>\$ 148,036</b>	<b>\$ 104,445</b>	<b>\$ 117,655</b>	<b>\$ 134,826</b>

The accompanying notes are an integral part of these financial statements.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability (asset)	8.7200%	8.8200%	8.9100%	8.6800%	8.6200%	8.5200%	8.4600%
District proportionate share of the net pension liability (asset)	42,936,000	41,262,000	42,772,000	42,869,000	42,718,000	36,905,000	33,485,000
District's covered-employee payroll	12,245,726	12,159,173	11,994,626	11,557,463	11,168,733	10,961,287	10,800,159
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	350.62%	339.35%	356.59%	370.92%	382.48%	336.68%	310.04%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

Amounts were determined as of the cost-sharing plan's June 30, 2020 fiscal year.

\* This schedule is presented to illustrate the requirement to show information for 10 years.  
However, until a full 10-year trend is complete, available information is presented.



**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS PENSION PLAN**  
**YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	4,074,362	3,949,804	3,781,000	3,320,000	2,742,400	2,199,561	2,201,896
Contributions in relation to the contractually required contribution	<u>4,074,362</u>	<u>3,949,804</u>	<u>3,781,000</u>	<u>3,320,000</u>	<u>2,742,400</u>	<u>2,199,561</u>	<u>2,201,896</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	12,245,726	12,159,173	11,994,626	11,557,463	11,168,733	10,961,287	10,800,159
Contributions as a percentage of covered-employee payroll	33.27	32.48	31.52	28.73	24.55	20.07	20.39

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

\* This schedule is presented to illustrate the requirement to show information for 10 years.  
However, until a full 10-year trend is complete, available information is presented.

**BERMUDIAN SPRINGS SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN  
YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 364,811	\$ 364,894	\$ 292,026	\$ 283,981
Interest on total OPEB liability	196,068	170,892	157,055	119,596
Benefit payments	(279,809)	(272,631)	(312,961)	(336,570)
Changes of Benefit Terms	195,192	-	-	-
Differences between expected and actual experience	143,464	-	477,592	-
Changes in assumptions	720,575	(158,475)	8,483	126,824
<b>Net change in total OPEB liability</b>	1,340,301	104,680	622,195	193,831
<b>Total OPEB Liability, Beginning</b>	5,622,103	5,517,423	4,895,228	4,701,397
<b>Total OPEB Liability, Ending</b>	<u>\$ 6,962,404</u>	<u>\$ 5,622,103</u>	<u>\$ 5,517,423</u>	<u>\$ 4,895,228</u>
<b>Covered Employee Payroll</b>	<u>\$ 11,677,162</u>	<u>\$ 11,438,333</u>	<u>\$ 11,438,333</u>	<u>\$ 11,259,724</u>
<b>Total OPEB Liability as a percent of covered employee payroll</b>	59.62%	49.15%	48.24%	43.48%

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

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET**  
**OPEB LIABILITY - PSERS COST SHARING PLAN**  
**YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018
School's proportion of the net OPEB liability	8.7200%	8.8200%	8.9100%	8.6800%
School's proportionate share of the net OPEB liability	<u>\$ 1,884,000</u>	<u>\$ 1,876,000</u>	<u>\$ 1,858,000</u>	<u>\$ 1,768,000</u>
School's covered-employee payroll	12,245,726	12,159,173	11,994,626	11,557,463
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.38%	15.43%	15.49%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%

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

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS -**  
**PSERS COST SHARING PLAN**  
**YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018
Contractually required contribution	\$ 103,000	\$ 101,000	\$ 100,000	\$ 96,000
Contributions in relation to the contractually required co	<u>(103,000)</u>	<u>(101,000)</u>	<u>(100,000)</u>	<u>(96,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 12,245,726	\$ 12,159,173	\$ 11,994,626	\$ 11,557,463
Contributions as a percentage of covered-employee pa	0.84%	0.83%	0.83%	0.83%

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

## **SINGLE AUDIT INFORMATION**

**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Philip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

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

Board of Education  
Bermudian Springs School District  
York Springs, 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 Bermudian Springs School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 23, 2021.

**Internal Control Over Financial Reporting**

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

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bermudian Springs School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

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

***Kochenour, Earnest, Smyser & Burg***

Certified Public Accountants

York, Pennsylvania  
December 23, 2021

**KOCHENOUR, EARNEST, SMYSER & BURG**

Certified Public Accountants  
710 South George Street  
York, Pa. 17401

Philip G. Lauer, CPA  
Mark R. Kephart, CPA

Phone: 717-843-8855  
Fax: 717-843-8857

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

Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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



Board of Education  
Bermudian Springs School District  
York Springs, Pennsylvania

### **Opinion on Each Major Federal Program**

In our opinion, Bermudian Springs 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, 2021.

### **Internal Control Over Compliance**

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

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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.

***Kochenour, Earnest, Smyser & Burg***

Certified Public Accountants

York, Pennsylvania  
December 23, 2021

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FOOD NUTRITION SERVICE**  
**YEAR ENDED JUNE 30, 2021**

<b>GRANTOR PROGRAM TITLE</b>	<b>Source Code</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor's Number</b>	<b>Grant Period</b>		<b>Program Amount</b>	<b>Total Received for Year</b>	<b>Accrued or (Deferred) Revenue at July 1, 2020</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>	<b>Accrued or (Deferred) Revenue at June 30, 2021</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				<b>Beginning Date</b>	<b>Ending Date</b>						
<b>PASSED THROUGH PA. DEPT. OF EDUCATION</b>											
Title I Improv Basic Programs c/o	8514	I	84.010	013-200031	7/1/2019	9/30/2020	274,113	36,323	36,323	0	0
Title I Improv Basic Programs	8514	I	84.010	013-210031	7/1/2020	9/30/2021	271,131	235,357	0	271,131	35,774
Sub-Total Title I								271,680	36,323	271,131	35,774
Secondary Allocations-Perkins	8521	I	84.048	380-210006	7/1/2020	6/30/2021	20,465	20,465	1,574	18,891	0
Sub-total- Perkins								20,465	1,574	18,891	0
Title II Improv Teacher Qual c/o	8515	I	84.367	020-200031	7/1/2019	9/30/2020	51,174	10,303	715	9,588	0
Title II Improv Teacher Qual	8515	I	84.367	020-210031	7/1/2020	9/30/2021	50,681	34,286	0	35,863	1,577
Sub-total Title II								44,589	715	45,451	1,577
Title III Student Support & Academic EN	8516	I	84.365	010-200031	7/1/2019	9/30/2020	14,806	987	987	0	0
Title III Student Support & Academic EN	8516	I	84.365	010-210031	7/1/2020	9/30/2021	15,445	12,356	0	15,445	3,089
Sub-Total Title III								13,343	987	15,445	3,089
Title IV Student Support & Acad. Enrich	8517	I	84.424	144-20-0031	7/1/2019	9/30/2020	20,430	9,534	(4,846)	14,380	0
Title IV Student Support & Acad. Enrich	8517	I	84.424	144-210031	7/1/2020	9/30/2021	19,761	14,491	0	19,761	5,270
Sub-Total Title IV								24,025	(4,846)	34,141	5,270
COVID-19 SECIM	8512	I	84.027	252-200031	7/1/2020	9/30/2021	9,470	3,157	0	5,858	2,701
Sub-Total Covid-19-SECIM								3,157	0	5,858	2,701
CARES ACT - ESSER FUND LOCAL	8741	I	84.425	200-200031	3/13/2020	9/30/2021	214,010	157,692	0	137,287	(20,405)
CARES ACT - ESSER II FUND LOCAL	8743	I	84.425	200-210031	3/13/2020	9/30/2023	951,155	0	0	349,381	349,381
CARES ACT - ESSER III FUND LOCAL	8744	I	84.425	200-210031	3/13/2020	9/30/2024	N/A	0	0	2,724	2,724
Sub-Total CARES ACT								157,692	0	489,392	331,700
GEERs CEEG	8742	I	84.425	253-200031	3/13/2020	9/30/2021	21,500	3,395	0	21,500	18,105
Sub-Total GEERs CEEG								3,395	0	21,500	18,105
<b>TOTAL PASSED THROUGH PA DEPARTMENT OF ED</b>								538,346	34,753	901,809	398,216
<b>PASSED THROUGH LIU 12</b>											
IDEA - Part B	6839	I	84.027	062-17-0012	7/1/2020	6/30/2021	242,759	242,759	0	242,759	0
IDEA-SECTION 619	8512	I	84.173	062-17-0012	7/1/2020	6/30/2021	4,050	4,050	0	4,050	0
<b>TOTAL PASSED THROUGH LIU 12-CLUSTER TOTAL</b>								246,809	0	246,809	0
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>								785,155	34,753	1,148,618	398,216
<b>PASSED THROUGH PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY</b>											
<b>PCCD GRANT-ROADMAP TO REOPEN</b>	8749	I	21.019	20-01-33508	3/13/2020	10/30/2020	198,624	198,624	0	198,624	0
<b>U.S. Department of Agriculture</b>											
<b>Passed through Pa. Dept. of Agriculture</b>											
National Sch Lunch - Donated Commodities	T	I	10.555	N/A	7/1/2020	6/30/2021	N/A	29,730	0	29,730	0
<b>Passed through Pa. Dept. of Education</b>											
National School Lunch Program - Federal	T	I	10.555	362	7/1/2020	6/30/2021	N/A	504,151	8825	512,249	16,923
Reg/ndy Breakfast-Federal	T	I	10.553	365	7/1/2020	6/30/2021	N/A	96,480	0	103,682	7,202
<b>TOTAL DEPARTMENT OF AGRICULTURE-CLUSTER TOTAL</b>								600,631	8825	615,931	24,125
								630,361	8825	645,661	24,125
<b>TOTAL FEDERAL ASSISTANCE</b>								1,614,140	43,578	1,992,903	422,341
<b>State</b>											
National School Lunch Program - State			N/A	510	7/1/2020	6/30/2021	N/A	17,740	254	18,100	614
Reg/ndy Breakfast-State			N/A	511	7/1/2020	6/30/2021	N/A	4,473	0	4,792	319
<b>Total State</b>								22,213	254	22,892	933

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards includes the federal grant activity of Bermudian Springs School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Bermudian Springs School District (the School) under programs of the federal government for the year ended June 30, 2019. 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 select portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity numbers are presented when

**Indirect Cost Rate**

The School has elected not to use the ten-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Non-Monetary Assistance**

NSLP - Value of USDA Donated Commodities (CFDA #10.555) - The School received commodities from the Pennsylvania Department of Agriculture valued at fair market value.

The District has evaluated it's relationship with Lincoln Intermediate Unit #12 to determine if the financial information of the unit should be included in the financial statements. Based on this evaluation, the Unit has not been included as a component unit of the District's reporting because of the limited oversight responsibility and limited accountability for fiscal matters.

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**NOTE B - TEST OF 20% RULE**

	<u>Federal Funds Expended</u>
National School Lunch Program	\$ 512,249
Title I - Low Income	271,131
Donated Commodities	29,730
Vocational Education Grants	18,891
Title II - Improving Teacher Quality	45,451
School Breakfast Program	103,682
Title III	15,445
Title IV	34,141
IDEA Part B	242,759
IDEA Section 619	4,050
COVID-19 SECIM	5,858
CARES ACT - ESSERS	489,392
GEERS CEEG	21,500
Pa Commission on Crime and Delinquency	198,624
	<hr/>
Total	1,992,903
	<hr/> x 20% <hr/>
Minimum Amount Which Must be Tested	<u><u>\$ 398,581</u></u>
National School Lunch Program	\$ 512,249
Donated Commodities	29,730
School Breakfast Program	103,682
COVID-19 SECIM	5,858
CARES ACT - ESSERS	489,392
GEERS CEEG	21,500
Pa Commission on Crime and Delinquency	<u>198,624</u>
	<hr/>
Total	<u><u>\$ 1,361,035</u></u> (68% Selected for Testing)

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2021**

**A. Summary of the Audit Results**

- 1 . The auditor's report expresses an unmodified opinion on the School District financial statements of Bermudian Springs School District.
- 2 . No reportable conditions believed to be a material weakness were disclosed during the audit of the basic financial statements.
- 3 . No instances of noncompliance material to the financial statements of Bermudian Springs School District which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
- 4 . No reportable conditions were disclosed during the audit of the major federal award programs.
- 5 . The auditor's report on compliance for the major federal award programs for Bermudian Springs School District expresses an unmodified opinion on all major federal award programs.
- 6 . There were no audit findings relative to the major federal award programs for Bermudian Springs School District.
- 7 . The federal programs tested as major programs were are listed below which accounted for 68% of the federal expenditures. Bermudian Springs School District falls under the 20%

National School Lunch Program  
Donated Commodities  
School Breakfast Program  
COVID-19 SECIM  
CARES ACT - ESSERS  
GEERS CEEG  
Pa Commission on Crime and Delinquency

Bermudian Springs Schools District falls under the 20% rule of testing federal programs.

- 8 . Federal expenditures are \$750,000 or more but less than \$25 million. Type A programs are the programs with total program expended funds of \$750,000 or more.
- 9 . Bermudian Springs School District was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

**BERMUDIAN SPRINGS SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2021**

**D. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None