

BERMUDIAN SPRINGS SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

JUNE 30, 2022

BERMUDIAN SPRINGS SCHOOL DISTRICT
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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, 2022 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 22, 2022

KOCHENOUR, EARNEST, SMYSER & BURG

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Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

December 22, 2022

Re: Management Letter

Board of Education:

We have completed our audit of Bermudian Springs School District for the year ended June 30, 2022.

We have audited the accompanying basic financial statements of the Bermudian Springs School District as of and for the year ended June 30, 2022. 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

Management Comments:

During the course of our audit, we discovered a discrepancy regarding funds missing from a district account. This discrepancy was investigated by District Officials and Law Enforcement is conducting an investigation at the present time. The District has since implemented procedures to prevent this type of event from happening again.

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, 2022.

We did not have any findings or questioned costs for the year ended June 30, 2022.

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
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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bermudian Springs School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Bermudian Springs School District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9-13 and page 56 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bermudian Springs School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated,

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the Bermudian Springs School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bermudian Springs School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bermudian Springs School District's internal control over financial reporting and compliance.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 22, 2022

BERMUDIAN SPRINGS SCHOOL DISTRICT
York Springs, Pennsylvania 17372-8807

MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ending June 30, 2022

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, 2022. 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 4.61% and an increase in expenditures of 4.41% for the 2021-22 school year. During the 2020-21 school year, the District had a revenue increase of 5.00% and an expenditure increase of 11.63%.

Financial Highlights

The District has seen an increase in State revenues of 2.82%, which accounted for 39.74% of total revenues in 2021-22. Federal revenues have increased by 20.95% due to ESSER II and III funding. Federal revenues account for 3.94% of total revenues. Local revenues continue to be the largest source of revenue accounting for 56.32% of the revenue base.

Expenditures for direct services to students account for 62.45% of actual expenditures. Non-instructional services, which include extra-curricular, interscholastic activities and operation of plant services account for 26.36% of actual expenditures. Debt service was 11.19% of actual expenditures. The District was able to purchase all our iPad leases outright as a result of the ESSER II and III funding to eliminate all lease payments moving forward during the 2021-22 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, 2022, the District had total assets of approximately \$83.7 million with 17.40% of those assets being in cash, cash equivalents and investments, and 82.60% being in the net value of land, buildings, construction in progress, furniture and equipment.

<u>Assets</u>	<u>2021-22</u>	<u>2020-21</u>	<u>Variance From Prior Year</u>
Capital assets	\$ 14,576,238.00	\$ 26,937,047.00	\$(12,360,809.00)
Other assets	<u>\$ 68,909,272.00</u>	<u>\$ 59,595,738.00</u>	<u>\$ 9,313,534.00</u>
Total	\$ 83,485,510.00	\$ 86,532,785.00	\$ (3,047,275.00)

Liabilities

The District's liabilities totaled \$110.8 million with 76.47% 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>2021-22</u>	<u>2020-21</u>	<u>Variance From Prior Year</u>
Current liabilities	\$ 4,962,356.00	\$ 5,078,302.00	\$ (115,946.00)
Non-Current liabilities	<u>\$105,878,306.00</u>	<u>\$109,678,903.00</u>	<u>\$(3,800,597.00)</u>
Total	\$110,840,662.00	\$114,757,205.00	\$(3,916,543.00)

Net Assets

The resulting deficit of \$27.0 million in net assets includes invested in capital assets net of related debt of negative \$2.8 million. Total net assets increased by \$1.1 million for the year ended June 30, 2022.

<u>Net Assets</u>	<u>2021-22</u>	<u>2020-21</u>	<u>Variance From Prior Year</u>
Invested in capital net of debt	\$ 9,090,137.00	\$(53,785,379.00)	\$62,875,516.00
Capital projects	\$ -	\$ -	\$ -
Unrestricted	<u>\$(36,445,289.00)</u>	<u>\$ 25,560,959.00</u>	<u>\$(62,006,248.00)</u>
Total	\$(27,355,152.00)	\$(28,224,420.00)	\$ 869,268.00

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>2021-22</u>	<u>2020-21</u>	<u>Variance From Prior Year</u>
Program Revenues			
Charges for services	\$ 347,420.00	\$ 144,116.00	\$ 203,304.00
Operating grants	\$ 6,795,965.00	\$ 5,755,727.00	\$1,040,238.00
General Revenues			
Taxes	\$ 18,369,319.00	\$ 17,822,584.00	\$ 546,735.00
Unrestricted grants & subsidies	\$ 9,662,960.00	\$ 9,421,107.00	\$ 241,853.00
Investment earnings	\$ 21,140.00	\$ 54,797.00	\$ (33,657.00)
Miscellaneous income	\$ 157,841.00	\$ 8,931.00	\$ 148,910.00
Gain on sale of capital assets	\$ -	\$ -	\$ -
Total	\$ 35,354,645.00	\$ 33,207,262.00	\$ 2,147,383.00

<u>Other Revenue</u>	<u>2021-22</u>	<u>2020-21</u>	<u>Variance From Prior Year</u>
Contributions	\$.00	\$.00	\$.00
Transfers out	\$.00	\$.00	\$.00
Change in net assets	\$ 869,268.00	\$ (1,924,358.00)	\$ 2,793,626.00
Ending net assets	\$(27,355,152.00)	\$(28,224,420.00)	\$ 869,268.00

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Expenses

The revenues received during 2021-22 were used to pay expenses of \$33.9 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>2021-22</u>	<u>2020-21</u>	<u>Variance From Prior Year</u>
Instruction	\$ 19,279,540.00	\$ 21,058,421.00	\$(1,778,881.00)
Instructional student support	\$ 2,380,842.00	\$ 2,320,577.00	\$ 60,265.00
Administrative & financial support	\$ 4,167,257.00	\$ 3,761,209.00	\$ 406,048.00
Operation & maintenance of plant services	\$ 2,390,856.00	\$ 2,212,335.00	\$ 178,521.00
Pupil transportation	\$ 2,050,764.00	\$ 1,970,579.00	\$ 80,185.00
Student activities	\$ 1,104,652.00	\$ 1,006,612.00	\$ 98,040.00
Central & other support services	\$ 0.00	\$ 0.00	\$.00
Community services	\$ 1,600.00	\$ 1,600.00	\$.00
Interest on long-term debt	\$ 1,666,746.00	\$ 2,027,800.00	\$ (361,054.00)
Operation of food service	<u>\$ 1,201,420.00</u>	<u>\$ 852,993.00</u>	<u>\$ 348,427.00</u>
Total	\$ 34,243,677.00	\$ 35,212,126.00	\$(968,449.00)

General Fund - The ending fund balance for the 2021-22 school year is \$5,765,599. The ending fund balance was much better than budget due to tracking expenses closely throughout the year as well as receiving federal ESSERS money.

Capital Reserve Fund - The fund balance of the Capital Reserve at the end of 2021-22 was \$914,813 a decrease of \$27,468 from the previous year. This decrease was budgeted for at the beginning of the year.

Enterprise Funds

Cafeteria Fund - The cafeteria fund for 2021-2022 had revenues totaling \$1,443,255 and expenditures of \$1,201,420 creating a net profit of \$241,835. The reason for this profit is related to the COVID-19 pandemic and the increase in federal reimbursement for free meals for all students during the 2021-2022 school year.

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 2021-22 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 \$21,733.

Debt

Debt paid during the 2021-22 school year included \$1,610,000 in principal payments, and \$2,078,800 of interest payments.

Enrollment

The District’s enrollment continues to decrease as a result of the COVID 19 pandemic. The final enrollment at the end of the 2020-2021 school year was 1,796 and the current enrollment for 2021-2022 school year is 1,751.

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 utilized and continues to utilize the ESSERS/ARP funding for technology needs as well as building infrastructure needs. The District plans to purchase iPads through the 2023-2024 school year. In addition, this funding is going to be used to replace the high school boiler room plant as well as the exterior doors at the elementary school. The District moved into our new middle school that includes a safe and secure entrance along with 21st century design spaces for our students and staff. 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, 2022

ASSETS	Governmental	Business Type	
Current Assets	Activities	Activities	Total
Cash and Cash Equivalents	\$ 7,612,965	\$ 295,360	\$ 7,908,325
Investments	5,009,955	0	5,009,955
Internal Balances	546,027	0	546,027
Taxes Receivable, Net	166,739	0	166,739
Due From Other Governments	1,240,552	0	1,240,552
Other Receivables	0	0	0
Inventories	0	20,221	20,221
Other Current Assets	0	0	0
Total Current Assets	14,576,238	315,581	14,891,819
Noncurrent Assets			
Land and Site Improvements (Net)	4,963,987	0	4,963,987
Building and Building Improvements (Net)	48,215,633	0	48,215,633
Construction in Progress	6,095,907	0	6,095,907
Machinery and Equipment (Net)	304,610	74,246	378,856
Right to use leased assets, net of amortization	164,324	0	164,324
Bond Discount	501,038	0	501,038
Total Noncurrent Assets	60,245,499	74,246	60,319,745
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to OPEB (Outflows)	1,754,936	0	1,754,936
Deferred amounts related to pensions (Outflows)	6,908,837	0	6,908,837
TOTAL ASSETS	\$ 83,485,510	\$ 389,827	\$ 83,875,337
LIABILITIES			
Current Liabilities			
Internal Balances	\$ 0	\$ 166,739	\$ 166,739
Accounts Payable	358,504	876	359,380
Current Portion of Bond Payable	1,660,000	0	1,660,000
G.O. Bond Interest Payable	0	0	0
Accrued Salaries and Benefits	1,325,537	0	1,325,537
Payroll Deductions and Withholdings	1,280,694	0	1,280,694
Deferred Revenues	0	24,017	24,017
Other Current Liabilities	337,621	0	337,621
Total Current Liabilities	4,962,356	191,632	5,153,988
Noncurrent Liabilities			
Bonds Payable	48,830,000	0	48,830,000
Bond Premium	4,438,495	0	4,438,495
Lease Purchase Options	328,317	0	328,317
Net Pension Obligation	35,925,000	0	35,925,000
Compensated Absences	354,915	10,150	365,065
OPEB Obligation	9,102,277	0	9,102,277
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to OPEB (Inflows)	364,302	0	364,302
Deferred amounts related to pensions (Inflows)	6,535,000	0	6,535,000
Total Noncurrent Liabilities	105,878,306	10,150	105,888,456
TOTAL LIABILITIES	110,840,662	201,782	111,042,444
NET POSITION			
Invested in Capital Assets Net of Related Debt	9,090,137	0	9,090,137
Unrestricted	(36,445,289)	188,045	(36,257,244)
Total Net Position	(27,355,152)	188,045	(27,167,107)
TOTAL LIABILITIES AND NET POSITION	\$ 83,485,510	\$ 389,827	\$ 83,875,337

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

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

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
Governmental Activities:							
Instruction	\$ 19,279,540	\$ 159,803	\$ 3,986,553	\$ 0	\$ (15,133,184)	\$ 0	\$ (15,133,184)
Instructional Student Support	2,380,842	0	31,883	0	(2,348,959)	0	(2,348,959)
Administrative and Financial Support Services	4,167,257	0	0	0	(4,167,257)	0	(4,167,257)
Operation and Maintenance of Plant Services	2,390,856	4,170	0	0	(2,386,686)	0	(2,386,686)
Pupil Transportation	2,050,764	0	1,244,927	0	(805,837)	0	(805,837)
Student Activities	1,104,652	51,923	0	0	(1,052,729)	0	(1,052,729)
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	1,666,746	0	221,006	0	(1,445,740)	0	(1,445,740)
Total Governmental Activities	33,042,257	215,896	5,484,369	0	(27,341,992)	0	(27,341,992)
Business Type Activities:							
Food Services	1,201,420	131,524	1,311,596	0	0	241,700	241,700
Total Primary Government	\$ 34,243,677	\$ 347,420	\$ 6,795,965	\$ 0	(27,341,992)	241,700	(27,100,292)
General Revenues							
Taxes					\$ 18,369,319	\$ 0	\$ 18,369,319
Grants, Subsidies and Contributions Not Restricted					9,662,960	0	9,662,960
Investment Earnings					21,140	135	21,275
Miscellaneous Income (Expense)					157,841	0	157,841
Total General Revenues					28,211,260	135	28,211,395
Change in Net Position					869,268	241,835	1,111,103
Net Position—Beginning					(28,224,420)	(53,790)	(28,278,210)
Net Position—Ending					\$ (27,355,152)	\$ 188,045	\$ (27,167,107)

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

BERMUDIAN SPRINGS SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Reserve Fund	Capital Project Fund	Non-Major Funds	Total Government Funds
ASSETS					
Cash and Cash Equivalents	\$ 4,316,389	\$ 914,813	\$ 2,381,763	\$ 0	\$ 7,612,965
Investments	3,006,654	0	2,003,301	0	5,009,955
Taxes Receivable	546,027	0	0	0	546,027
Due from Other Funds	309,238	142,499	0	0	451,737
Due from Other Governments	1,240,552	0	0	0	1,240,552
Other Receivables	0	0	0	0	-
Other Current Assets	0	0	0	0	0
TOTAL ASSETS	\$ 9,418,860	\$ 1,057,312	\$ 4,385,064	\$ 0	\$ 14,861,236
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 358,504	\$ 142,499	\$ 0	\$ 0	\$ 501,003
Due to Other Funds	142,499	0	0	0	142,499
Accrued Salaries and Benefits	1,325,537	0	0	0	1,325,537
Payroll Deductions and Withholdings	1,280,694	0	0	0	1,280,694
TOTAL LIABILITIES	3,107,234	142,499	0	0	3,249,733
DEFERRED INFLOWS OF RESOURCES					
Delinquent Real Estate Taxes	546,027	0	0	0	546,027
Deferred Federal Revenue	0				-
FUND BALANCES					
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	914,813	4,385,064	0	5,299,877
Committed - School Improvement	0	0	0	0	-
Committed - Healthcare	1,150,595	0	0	0	1,150,595
Committed - Technology	0	0	0	0	-
Committed - Retirement	1,773,943	0	0	0	1,773,943
Committed - Curriculum	-	0	0	0	-
Committed - Fields	0	0	0	0	-
Unassigned	2,745,746	0	0	0	2,745,746
TOTAL FUND BALANCES	5,765,599	914,813	4,385,064	0	11,065,476
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,418,860	\$ 1,057,312	\$ 4,385,064	\$ 0	\$ 14,861,236

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, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 11,065,476**

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 \$104,519,633 and the accumulated depreciation is \$44,939,496. 59,580,137

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. 546,027

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right to use assets at historical cost	179,263
Accumulated amortization	(14,939)

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	\$ (50,490,000)	
Accrued Interest on the Bonds	(337,621)	
Net Pension Obligation	(35,925,000)	
Bond Premium	(4,438,495)	
Capital Lease Payable	(328,317)	
Compensated Absences	<u>(354,915)</u>	(91,874,348)

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	6,908,837
Deferred inflows of resources related to pensions	(6,535,000)
Deferred outflows of resources related to OPEB	1,754,936
Deferred inflows of resources related to OPEB	(364,302)

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)	501,038
OPEB Liability	<u>(9,102,277)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (27,355,152)**

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, 2022

	General Fund	Capital Reserve Fund	Capital Project Fund	Non- Major Funds	Total Governmental Funds
REVENUES					
Local Sources	\$ 19,086,631	\$ 896	\$ 7,279	\$ 0	\$ 19,094,806
State Source	13,465,515	0	0	0	13,465,515
Federal Sources	1,335,904	0	0	0	1,335,904
Total Revenue	33,888,050	896	7,279	0	33,896,225
EXPENDITURES					
Instruction	19,530,044	0	0	0	19,530,044
Support Services	10,172,869	0	0	0	10,172,869
Non-Instructional Services	1,024,145	0	0	0	1,024,145
Capital Outlay	0	170,863	11,525,495	0	11,696,358
Facility Acquisition and Improvement	0	0	0	0	0
Debt Service (Principal, Interest and Bond Issue Costs)	3,871,080	0	0	0	3,871,080
Refund to Prior Year Receipts	0	0	0	0	0
Total Expenditures	34,598,138	170,863	11,525,495	0	46,294,496
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(710,088)	(169,967)	(11,518,216)	0	(12,398,271)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers	0	142,499	0	0	142,499
	179,263	0	0	0	179,263
Bond Proceeds	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0
Operating Transfers Out	(142,499)	0	0	0	(142,499)
Refunds of Prior Year Receipts	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	36,764	142,499	0	0	179,263
Net Change in Fund Balances	(673,324)	(27,468)	(11,518,216)	0	(12,219,008)
FUND BALANCE - JULY 1, 2021	6,438,923	942,281	15,903,280	0	23,284,484
FUND BALANCE - JUNE 30, 2022	\$ 5,765,599	\$ 914,813	\$ 4,385,064	\$ 0	\$ 11,065,476

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, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (12,219,008)

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	\$ (2,467,160)	
Capital Outlays	<u>11,632,830</u>	9,165,670

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. 15,299

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,610,000

Interest on serial bonds is recorded in the governmental funds when paid, but the statement of activities records interest expense as it is incurred. (39,805)

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. 469,815

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	4,596,355
Cost of pension benefits earned, net of employee contributions	(2,382,694)

Right to use leased assets capital outlay expenditures which were capitalized	14,939
Accumulated amortization	(14,939)

Accrued compensated absences are not recorded as expenditures in the governmental funds but are in the statement of activities. 27,290

Accrued OPEB Liability is not recorded as an expenditure in the governmental funds but is in the statement of activities. (373,654)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 869,268**

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

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2022

	Food Service Fund
ASSETS	
Current Assets:	
Cash	\$ 295,360
State Subsidies Receivable	0
Federal Subsidies Receivable	0
Other Receivables	0
Other Current Assets	0
Inventories	20,221
	<hr/>
Total Current Assets	315,581
	<hr/>
Noncurrent Assets	
Machinery and Equipment (Net)	74,246
	<hr/>
Total Assets	<u><u>\$ 389,827</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 876
Due To Other Funds	166,739
Accrued Salaries and Benefits	0
Payroll Deductions and Withholdings	0
Deferred Revenues	24,017
	<hr/>
Total Current Liabilities	191,632
	<hr/>
Noncurrent Liabilities:	
Compensated Absences	10,150
	<hr/>
Total Noncurrent Liabilities	10,150
	<hr/>
Total Liabilities	201,782
	<hr/>
NET POSITION	
Unrestricted	188,045
	<hr/>
Total Liabilities and Net Position	<u><u>\$ 389,827</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, 2022

	Food Service Fund
OPERATING REVENUES:	
Food Service Revenue	\$ 131,524
Total Operating Revenues	131,524
OPERATING EXPENSES:	
Salaries	315,346
Employee Benefits	213,148
Purchased Professional and Technical Service	2,461
Purchased Property Service	0
Other Purchased Service	485
Supplies	658,781
Depreciation	9,204
Dues and Fees	1,995
Total Operating Expenses	1,201,420
Operating Income (Loss)	(1,069,896)
NON-OPERATING REVENUES (EXPENSES):	
Earnings on Investments	135
State Sources	97,463
Federal Sources	1,214,133
Total Non-Operating Revenue (Expense)	1,311,731
Transfer In (Out)	0
Change in Net Position	241,835
TOTAL NET POSITION - JULY 1, 2021	(53,790)
TOTAL NET POSITION - JUNE 30, 2022	\$ 188,045

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, 2022

Cash Flows From Operating Activities

Cash Received from User Charges	\$ 126,360	
Cash Payments to Employees for Services	(530,324)	
Cash Payments to Suppliers for Goods and Services	(666,805)	
Cash Payments for other Operating Expenses	0	
Net Cash Provided by (Used for) Operating Activities		\$ (1,070,769)

Cash Flows From Non-Capital Financing Activities

Grants and Subsidies received for Non-Operating Activities:		
State Sources	98,396	
Federal Sources	1,238,258	
Operating Transfers in (out) Primary Government	0	
Net Cash Provided by (Used for) Non-Capital Financing Activities		1,336,654

Cash Flows From Non-Capital Financing Activities

Facilities Acquisition		(33,996)
------------------------	--	----------

Cash Flows From Investing Activities

Earnings on Investments		135
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Net Increase (Decrease) in Cash

232,024

Cash - Beginning of Year

63,336

Cash - End of Year

\$ 295,360

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Loss		\$ (1,069,896)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Depreciation	9,204	
(Increase) Decrease in Inventory	545	
(Increase) Decrease in Accounts Receivable	0	
Increase (Decrease) in Accounts Payable	(3,628)	
Increase (Decrease) in Accrued Salaries and Benefits	0	
Increase(Decrease) in Payroll Deductions/Withholdings	0	
Increase (Decrease) in Deferred Revenue	(5,164)	
Increase (Decrease) in Accumulated Compensated Absences	(1,830)	
Increase (Decrease) in Other Current Liabilities	0	
Increase (Decrease) in Advances from Other Funds	0	

Total Adjustments

(873)

Net Cash Used in Operating Activities

\$ (1,070,769)

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, 2022

	<u>Student Activities</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash and Cash Equivalents	\$ 158,042	\$ 21,733
Investments	<u>12,000</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 170,042</u>	<u>\$ 21,733</u>
LIABILITIES		
Other Current Liabilities	<u>\$ 170,042</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>170,042</u>	<u>0</u>
NET POSITION		
Restricted	<u>0</u>	<u>21,733</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 170,042</u>	<u>\$ 21,733</u>

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, 2022

	Student Activities	Private Purpose Trust
ADDITIONS		
Gifts and Contributions	\$ -	\$ 2,723
Receipts from Student Groups	201,577	0
	<hr/>	<hr/>
Total Additions	201,577	2,723
DEDUCTIONS		
Student Activity Disbursements	180,042	
Scholarships Awarded	-	3,970
	<hr/>	<hr/>
Total Deductions	180,042	3,970
CHANGES IN NET POSITION	21,535	(1,247)
NET POSITION - JULY 1, 2021	<hr/> 148,507	<hr/> 22,980
NET POSITION - JUNE 30, 2022	<hr/> <u>\$ 170,042</u>	<hr/> <u>\$ 21,733</u>

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

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW ACCOUNTING PRONOUNCEMENT ADOPTED:

GASB Statement No. 87, Lease Accounting - As of July 1, 2021, the School District adopted GASB Statement No. 87, Lease Accounting . This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

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, 2022

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, 2022

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, 2022. 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, 2022

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	\$ 8,001,193
Total	<u>\$ 8,001,193</u>

RECONCILIATION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Collateralized with securities held by the pledging financial institution	\$ 8,001,193
Less: Outstanding Checks	(163,618)
Plus: Outstanding Deposits	<u>0</u>
Carrying Amount - Book Balances	7,837,575
Plus: Insured Amount	250,000
Plus: Petty Cash	525
Total Cash Per Financial Statements	<u>\$ 8,088,100</u>

Cash Summary per Respective Funds:

Statement of Net Position - Cash - Governmental Funds	\$ 7,612,965
Statement of Net Position - Cash - Proprietary Funds	295,360
Statement of Net Position - Cash - Fiduciary Funds	<u>179,775</u>
Total Cash per Financial Statements	<u>\$ 8,088,100</u>

INVESTMENTS

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

<u>Investments</u>	<u>Cost</u>
PSDLAF Collateralized Pool	\$ 5,009,955
Adams County National Bank - Certificates of Deposit	<u>12,000</u>
Total Investments	<u>\$ 5,021,955</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

<u>Investment Type</u>	<u>Amount</u>	<u>AAAm</u>	<u>Government Guaranteed</u>
PSDLAF Collateralized Pool	\$ 5,009,955	\$ 5,009,955	
Adams County National Bank - Certificates of Deposit	12,000	12,000	
Total	\$ 5,021,955	\$ 5,021,955	\$ -

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:

<u>Investment Type</u>	<u>Amount</u>	<u>Percentage</u>
PSDLAF Collateralized Pool	\$ 5,009,955	99.76%
Adams County National Bank - Certificates of Deposit	12,000	0.24%
Total	\$ 5,021,955	100.00%

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>		
	<u>Amount</u>	<u>Less than 1</u>	<u>1 - 5</u>
PSDLAF Collateralized Pool	\$ 5,009,955	\$ 5,009,955	\$ 0
Adams County National Bank - Certificates of Deposit	12,000	12,000	0
	<u>\$ 5,021,955</u>	<u>\$ 5,021,955</u>	<u>\$ -</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	G.O. BONDS SERIES OF 2015	G.O. BONDS SERIES OF 2016	G.O. BONDS SERIES OF 2019	G.O. BONDS SERIES OF 2020	TOTAL G.O. BONDS
Balance - 7/1/2021	\$ 0	\$ 3,240,000	\$ 13,895,000	\$ 34,965,000	\$ 52,100,000
Additions	0	0	0	0	0
Refunded	0	0	0	0	0
Principal Repayments/ Amortization	0	\$ (1,595,000)	\$ (10,000)	\$ (5,000)	\$ (1,610,000)
Balance - 6/30/2022	\$ <u>-</u>	<u>1,645,000</u>	<u>13,885,000</u>	<u>34,960,000</u>	<u>50,490,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>
2023	1,660,000
2024	1,585,000
2025	1,640,000
2026	1,695,000
2027	1,750,000
2028 - 2032	9,850,000
2033 - 2037	11,830,000
2038 - 2042	14,395,000
2043 - 2044	<u>6,085,000</u>
Totals	<u>\$ 50,490,000</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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:

<u>Year Ended</u>	<u>Amount</u>
2023	163,993
	<u>\$ 163,993</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 \$365,065 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, 2022 was \$226,707. There were 24 participants.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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.

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%.

Members who joined the System on or after July 1, 2019, contribute according to Membership Class T-G - 5.50% base rate with shared risk provision and 2.75% direct contribution rate, T-H - 4.50% base rate with shared risk provision and 3.00% direct contribution rate. Code DC has only a direct contribution rate of 7.50%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2022 was 33.99% 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 \$4,596,355 for the year ended June 30, 2022.

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

At June 30, 2022 the School reported a liability of \$35,925,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the School's proportion was .0875%, which was an increase of .0003 from its proportion measured as of June 30, 2021 which was .0872%.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE G - PENSION PLAN (CONTINUED)

For the year ended June 30, 2022, the District recognized pension expense of \$2,533,000. At June 30, 2022, 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	26,000	472,000
Net difference between projected and actual investment earnings	.	5,718,000
Changes in proportions	108,000	345,000
Changes in assumptions	1,742,000	
Difference between employer contributions and proportionate share of total contributions	436,482	
Contributions subsequent to the measurement date	<u>4,596,355</u>	
	6,908,837	<u>6,535,000</u>

\$4,596,355 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, 2022. 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:

2023	(1,371,000)
2024	(781,000)
2025	(659,000)
2026	(1,847,000)

Actuarial assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of June 30, 2020 actuarial valuation to June 30, 2021 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, 2021.

The Investment Rate of Return was 7.00%, includes inflation of 2.5%.

Salary growth changed from an effective average of 4.50%, which comprised of inflation of 2.50%, and 2.00% for real wage growth and for merit or seniority increases.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE G - PENSION PLAN (CONTINUED)

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scales.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period the period ending June 30, 2020.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	27.0%	5.2%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Private equity	12.0%	7.3%
Financing Leverage	-13.0%	0.1%
	<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, 2021.

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 7.00%, 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, 2022

NOTE G - PENSION PLAN (CONTINUED)

Discount rate

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

Sensitivity of the 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School's proportionate share of the net pension liability	47,152,000	35,925,000	26,453,000

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.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, the District had \$451,737 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	\$ -
Committed - School Improvement	-
Committed - Capital Projects	5,299,877
Committed - Healthcare	1,150,595
Committed - Curriculum	-
Committed - Retirement	1,773,943
	<u>\$ 8,224,415</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$2,745,746.

NOTE M - FIDUCIARY FUND BALANCE RESERVES

Specific fund balance reserves at June 30, 2022 were \$21,733 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	26,126,794	6,095,907	(26,126,794)	6,095,907
Energy Upgrade	317,736	0	(153,743)	163,993
Building and Building Improvements	55,311,781	31,556,382	0	86,868,163
Machinery and Equipment	3,447,398	107,335	0	3,554,733
Vehicles	170,019	0	0	170,019
Totals	<u>\$ 93,040,546</u>	<u>\$ 37,759,624</u>	<u>\$ (26,280,537)</u>	<u>\$ 104,519,633</u>
	Cost	Accumulated Depreciation	Net Value	
Land and Site Improvements	\$ 7,666,818	\$ 2,702,830	\$ 4,963,988	
Construction in Progress	6,095,907	0	6,095,907	
Energy Upgrade	163,993		163,993	
Building and Building Improvements	86,868,163	38,816,524	48,051,639	
Machinery and Equipment	3,554,733	3,250,123	304,610	
Vehicles	170,019	170,019	-	
Totals	<u>\$ 104,519,633</u>	<u>\$ 44,939,496</u>	<u>\$ 59,580,137</u>	

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	\$ 1,568,203
Instructional Student Support	176,965
Support Services	309,746
Operation and Maintenance of Plant Services	177,709
Pupil Transportation	152,430
Student Activities	82,107
Total	<u>\$ 2,467,160</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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

2.28%

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, 2022

NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

<u>Age 55 & 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, 2022

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, 2022

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.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 was 0.80% 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, 2022.

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

At June 30, 2022, the District reported a liability of \$2,074,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the District's proportion was .0875 percent, which was an increase of .0003 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$129,000. At June 30, 2022, 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	19,000	
Net difference between projected and actual investment earnings	4,000	
Changes in proportions	30,000	26,000
Changes in assumptions	221,000	28,000
Contributions subsequent to the measurement date		
	<u>274,000</u>	<u>54,000</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022. 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:

2023	38,000
2024	38,000
2025	50,000
2026	36,000
2027	31,000
Thereafter	28,000

3. Actuarial Assumptions

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

Investment return - 2.18% - S & P 20 Year Municipal Bond Rate

Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

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

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

Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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, 2019 determined the employer contribution rate for fiscal year 2021.

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 Tables for males and females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	79.8%	0.10%
US Core Fixed Income	17.5%	0.70%
Non-US Developed Fixed	2.7%	-0.30%
	<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, 2021.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. 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 2.18% which represents the S & P 20 year Municipal Bond Rate at June 30, 2021, 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, 2021, 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, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 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, 2022

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 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
School's proportionate share of the net pension liability	2,380,000	2,074,000	1,822,000

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.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 was as follows

Balances as of July 1, 2021	6,962,404
Differences between expected and actual experience	-
Changes of assumptions	(204,097)
Service Cost	460,417
Interest on total OPEB liability	134,787
Benefit payments	(325,234)
Changes of benefit terms	0.01
	<hr/>
Net Charges	65,873
Balances as of June 30, 2022	7,028,277

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	452,032	
Net difference between projected and actual investment earnings		
Changes in proportions		
Changes in assumptions	693,632	310,302
Benefit payments subsequent to the Measurement Date	335,272	
	<hr/>	<hr/>
	1,480,936	310,302

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:

2023	85,722
2024	85,722
2025	85,722
2026	85,722
2027	85,722
Thereafter	406,752

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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	6,223,591	7,028,277	7,990,906

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability for June 30, 2022, calculated using the discount rate of 2.28%, as well as what OPEB liability would be if the discount rate were 1-percentage point lower(1.28%) or 1-percentage point higher(3.28%) than the current rate:

	1% Decrease	Current Discount Rate	1% increase
	1.28%	2.28%	3.28%
OPEB liability	7,520,937	7,028,277	6,560,147

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE P - SUBSEQUENT EVENTS

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

NOTE Q - LEASE OBLIGATIONS - RIGHT TO USE ASSETS:

Bermudian Springs School District has recorded leased assets as a result of implementing GASB # 87. The right to use assets are initially measured at an amount equal to the measurement of the related lease liability as of July 1, 2021.

Bermudian Springs School District entered into a lease agreement on March 8, 2022 for a Kyocera Copier System . The lease requires 36 monthly payments of \$4,979.53. The lease was recorded by the District in the financial statements as a right to use asset with a net book value of \$164,324.49.

Right to Use Lease Asset Activity Charts:

	Beginning Balance	Lease Additions	Amortization	Ending Balances
Kyocera Copiers		179,263	14,939	164,324
	-	179,263	14,939	164,324

Future Minimum Payments:

	Principal
Year ending June 30 Payments	
2023	59,754
2024	59,754
2025	44,816
	<u>164,324</u>

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, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local Revenues	\$ 17,774,181	\$ 17,774,181	\$ 19,086,631	\$ 1,312,450
State Program Revenues	12,819,722	12,819,722	13,465,515	645,793
Federal Program Revenues	387,394	387,394	1,335,904	948,510
Total Revenues	<u>30,981,297</u>	<u>30,981,297</u>	<u>33,888,050</u>	<u>2,906,753</u>
 EXPENDITURES				
Regular Programs	14,249,658	14,249,658	14,801,233	(551,575)
Special Programs	3,412,028	3,412,028	3,357,486	54,542
Vocational Programs	1,077,578	1,077,578	1,107,746	(30,168)
Other Instructional Programs	252,714	252,714	262,018	(9,304)
Adult Education Programs	2,453	2,453	1,561	892
Pupil Personnel Services	782,272	782,272	775,495	6,777
Instructional Staff Services	1,005,199	1,005,199	1,071,215	(66,016)
Administrative Services	2,723,803	2,723,803	3,398,519	(674,716)
Pupil Health	313,071	313,071	357,167	(44,096)
Business Services	455,101	455,101	456,521	(1,420)
Operation and Maintenance of Plant Services	2,052,326	2,052,326	2,213,147	(160,821)
Student Transportation Services	1,834,870	1,834,870	1,898,334	(63,464)
Other Support Services	2,521	2,521	2,471	50
Student Activities	1,043,253	1,043,253	1,022,545	20,708
Community Services	2,000	2,000	1,600	400
Facilities Acquisition and Construction	0	0	0	-
Debt Service	3,862,942	3,862,942	3,871,080	(8,138)
Refund of Prior Year Receipts	0	0	0	0
Total Expenditures	<u>33,071,789</u>	<u>33,071,789</u>	<u>34,598,138</u>	<u>(1,526,349)</u>
 Deficiency of Revenues Over Expenditures	(2,090,492)	(2,090,492)	(710,088)	1,380,404
 OTHER FINANCING SOURCES (USES)				
Proceeds of Leases	0	0	179,263	179,263
Sale/Compensation for Fixed Assets	0	0	0	0
Interfund Transfers In	0	0	0	0
Interfund Transfers Out	0	0	(142,499)	(142,499)
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>36,764</u>	<u>116,764</u>
 Net Change in Fund Balances	(2,170,492)	(2,170,492)	(673,324)	1,497,168
 FUND BALANCE - JULY 1, 2021			6,438,923	
 FUND BALANCE - JUNE 30, 2022			<u><u>\$ 5,765,599</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, 2022

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
TAXES				
Current Real Estate Taxes	\$ 12,506,175	\$ 12,506,175	\$ 12,757,966	\$ 251,791
Interim Real Estate Taxes	35,000	35,000	77,348	42,348
Current Per Capita Taxes #679	41,000	41,000	41,264	264
Current Per Capita Taxes #511	41,000	41,000	41,264	264
Real Estate Transfer Taxes	275,000	275,000	328,643	53,643
Current Act 511, Wage/Income Tax	4,089,762	4,089,762	4,614,193	524,431
Amusement Taxes	100	100	72	(28)
Delinquent Taxes, All Levies	420,000	420,000	475,093	55,093
Public Utility Realty Tax	15,500	15,500	16,791	1,291
Payments in Lieu of Tax	1,386	1,386	1,386	0
Total	<u>17,424,923</u>	<u>17,424,923</u>	<u>18,354,020</u>	<u>929,097</u>
STATE SOURCES				
Basic Instructional Subsidy	6,337,439	6,337,439	6,456,389	118,950
Charter School Initiative	0	0	0	0
Section 1305 and 1306 Tuition	50,000	50,000	26,084	(23,916)
Transportation	1,149,509	1,149,509	1,244,927	95,418
Vocational Education	90,000	90,000	51,434	(38,566)
School Safety	0	0	57,009	57,009
Rentals and Sinking Fund Payments	221,709	221,709	221,006	(703)
Pa. Smart Grant	0	0	0	-
Medical and Dental Services	31,250	31,250	31,883	633
Ready to Learn	330,674	330,674	330,674	-
Supplemental Equipment Grant	0	0	0	0
Special Education - Exceptional Pupil	1,191,844	1,191,844	1,229,161	37,317
Migratory Children	1,200	1,200	0	(1,200)
Social Security Payments	501,799	501,799	544,851	43,052
Retirement Payments	2,303,920	2,303,920	2,661,721	357,801
Pennsylvania Accountability Grant	0	0	0	0
State Property Tax Reduction Allocation	610,377	610,377	610,378	1
State Revenue Through Other Sources	0	0	0	0
Total	<u>12,819,721</u>	<u>12,819,721</u>	<u>13,465,517</u>	<u>645,796</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, 2022

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
FEDERAL SOURCES				
NCLB, TITLE 1, IMPRVG DISADVTG	\$ 283,725	\$ 283,725	\$ 280,010	\$ (3,715)
VO-ED OPERATING EXPENDITURES	18,925	18,925	18,925	0
NCLB,TITLE II	50,082	50,082	57,362	7,280
IDEA, Part B	242,759	242,759	354,141	111,382
NCLB,TITLE III	15,303	15,303	12,587	(2,716)
MEDICAL ASSISTANCE - ACCESS	0	0	0	0
MEDICAL ASSISTANCE - MEDICAID	0	0	0	0
TITLE IV	19,359	19,359	19,370	11
ESSER School Emergency Relief	0	0	76,724	76,724
GEER Funding	0	0	0	0
ESSER Funding II	0	0	581,073	581,073
ESSER III Funding			174,112	
ARP ESSERS Funding	0	0	107,508	107,508
Total	<u>630,153</u>	<u>630,153</u>	<u>1,681,812</u>	<u>877,547</u>
OTHER				
Earnings From Temporary Deposits	10,000	10,000	12,965	2,965
Rent from School and Other Facilities	3,500	3,500	4,170	670
Donations - Private Sources	0	0	142,499	142,499
Receipts From Other LEA's	0	0	0	0
Athletic Revenue	0	0	51,923	51,923
Miscellaneous Revenues	5,000	5,000	15,341	10,341
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	88,000	88,000	159,803	71,803
Total	<u>106,500</u>	<u>106,500</u>	<u>386,701</u>	<u>280,201</u>
Total Revenues	<u>\$ 30,981,297</u>	<u>\$ 30,981,297</u>	<u>\$ 33,888,050</u>	<u>\$ 2,732,641</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, 2022

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022
SENIOR HIGH SCHOOL				
AEVIDUM	0 \$	0 \$	0	\$ 0
ART HONOR SOCIETY	2,283	4,087	3,092	3,278
BAND	5,913	2,392	2,478	5,827
BASEBALL	2,041	2	1,314	729
BERM BREW	(55)	3,152	2,054	1,043
BIBLE CLUB	187	0	0	187
BOYS BASKETBALL	1,625	2,601	1,622	2,604
BOYS SOCCER	1,454	501	648	1,307
CALIGRAPHY	72	0	0	72
CHEERLEADERS	1,119	2,917	3,077	959
CHEMISTRY	1	0	0	1
CLASS OF 2022	12,568	14,156	26,724	0
CLASS OF 2023	2,581	17,517	15,215	4,883
CLASS OF 2024	2,652	7,002	4,548	5,106
CLASS OF 2025	0	3,214	2,002	1,212
CLEARING ACCOUNT	486	1,640	1,499	627
CROSS COUNTRY	0	244	98	146
EARTH/SPACE SCIENCE	0	0	0	0
ESPORTS	0	7,205	3,398	3,807
FBLA	1,436	3,001	3,270	1,167
FCCLA	171	0	102	69
FFA	6,563	18,008	15,537	9,034
FIELD HOCKEY	(1,360)	7,067	4,953	754
FOOTBALL CLUB	8,088	8,013	2,483	13,618
FRENCH CLUB	944	152	387	709
GIRLS BASKETBALL	1,175	5,684	4,359	2,500
GIRLS SOCCER	1,159	1	0	1,160
GLEE CLUB	4,156	407	699	3,864
GOLF	776	1	0	777
GREENHOUSE	5,376	2,449	2,306	5,519
INTERACT CLUB	2,341	150	565	1,926
LIGHT CREW	0	0	0	0
MUSICAL	250	16,921	18,874	(1,703)
NATIONAL HONOR SOCIETY	925	4,324	4,024	1,225
PEER MEDIATORS	4,261	5,880	7,223	2,918
PHOTOGRAPHY	0	0	0	0
PRESS CLUB	1,086	2	0	1,088
RECYCLE CLUB	1,196	1	0	1,197
ROBOTICS	15,394	10	3,462	11,942
SAFE	538	1	0	539
SCIENCE CLUB	2,256	2	0	2,258
SOFTBALL	1,091	1	177	915
SPANISH CLUB	652	1	0	653
STUDENT COUNCIL	11,902	15,017	12,949	13,970
STUDENT TRAINERS	243	0	0	243
TECH & GRAPHICS	4,634	2,973	1,394	6,213
TENNIS	263	0	193	70
TRACK	22	320	242	100
TRY	381	450	569	262
VARSITY CLUB	761	0	0	761
WOODWORKING	496	6,459	4,572	2,383
WRESTLING	2	3,674	3,578	98
YOUTH COALITION	10,054	10	0	10,064
YEARBOOK	(4,279)	10,711	1,900	4,532
Total	115,880	178,320	161,587	132,613
Middle School				
PEER COUNSELORS	7,395	8	29	7,374
CLEARING ACCOUNT	(1)	18	18	(1)
BAND ACCOUNT	557	0	0	557
MEDIA CENTER	1,155	4,110	2,985	2,280
PUBLISHING CLUB	6,599	1,492	2,184	5,907
STUDENT COUNCIL	(1,565)	0	0	(1,565)
ATHLETIC	69	0	0	69
OFFICE ACCOUNT	1,561	1,664	802	2,423
GYM UNIFORM ACCOUNT	687	67	0	754
ART ACCOUNT	2,489	2	45	2,446
Total	18,946	7,361	6,063	20,244
Total - All Schools	\$ 134,826	\$ 185,681	\$ 167,650	\$ 152,857

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, 2022

	<u>June 30, 2022</u>	<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)	8.7500%	8.7200%	8.8200%	8.9100%	8.6800%	8.6200%	8.5200%	8.4600%
District proportionate share of the net pension liability (asset)	31,655,000	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	12,406,386	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	255.15%	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	63.67%	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, 2021 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, 2022

	<u>June 30, 2022</u>	<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	4,159,873	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>4,159,873</u>	<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	12,406,386	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	33.53	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, 2021 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, 2022**

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 460,417	\$ 364,811	\$ 364,894	\$ 292,026	\$ 283,981
Interest on total OPEB liability	134,787	196,068	170,892	157,055	119,596
Benefit payments	(325,234)	(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	(204,097)	720,575	(158,475)	8,483	126,824
Net change in total OPEB liability	65,873	1,340,301	104,680	622,195	193,831
Total OPEB Liability, Beginning	6,962,404	5,622,103	5,517,423	4,895,228	4,701,397
Total OPEB Liability, Ending	<u>\$ 7,028,277</u>	<u>\$ 6,962,404</u>	<u>\$ 5,622,103</u>	<u>\$ 5,517,423</u>	<u>\$ 4,895,228</u>
Covered Employee Payroll	<u>\$ 11,677,162</u>	<u>\$ 11,677,162</u>	<u>\$ 11,438,333</u>	<u>\$ 11,438,333</u>	<u>\$ 11,259,724</u>
Total OPEB Liability as a percent of covered employee payroll	60.19%	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, 2022

	2022	2021	2020	2019	2018
School's proportion of the net OPEB liability	8.7500%	8.7200%	8.8200%	8.9100%	8.6800%
School's proportionate share of the net OPEB liability	<u>\$ 2,074,000</u>	<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	12,406,386	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	16.72%	15.38%	15.43%	15.49%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	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, 2022

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 102,000	\$ 103,000	\$ 101,000	\$ 100,000	\$ 96,000
Contributions in relation to the contractually required co	<u>(102,000)</u>	<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>	<u>\$ -</u>
School's covered-employee payroll	\$ 12,406,386	\$ 12,245,726	\$ 12,159,173	\$ 11,994,626	\$ 11,557,463
Contributions as a percentage of covered-employee pa	0.82%	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

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**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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bermudian Springs School District, as of and for the year ended June 30, 2022, 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 22, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Bermudian Springs School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Report on Compliance and Other Matters

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

Purpose of this Report

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

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 12, 2022

KOCHENOUR, EARNEST, SMYSER & BURG

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

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bermudian Springs School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bermudian Springs School District's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bermudian Springs School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered

material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bermudian Springs School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Kochenour, Earnest, Smyser & Burg
Certified Public Accountants

BERMUDIAN SPRINGS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FOOD NUTRITION SERVICE
YEAR ENDED JUNE 30, 2022

GRANTOR PROGRAM TITLE		Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period		Program Amount	Total Received for Year	Accrued or (Deferred) Revenue at July 1, 2021	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2022
U.S. DEPARTMENT OF EDUCATION	Beginning Date				Ending Date							
PASSED THROUGH PA. DEPT. OF EDUCATION												
Title I Improv Basic Programs	8514	I	84.010	013-220031	7/1/2021	9/30/2022	280,508	226,980	0	280,010	280,010	53,030
Title I Improv Basic Programs c/o Sub-Total Title I	8514	I	84.010	013-210031	7/1/2020	9/30/2021	271,131	35,774	35,774	0	0	0
								262,754	35,774	280,010	280,010	53,030
Secondary Allocations-Perkins	8521	I	84.048	380-220002	7/1/2021	6/30/2022	18,925	17,348	0	18,925	18,925	1,577
Sub-total- Perkins								17,348	0	18,925	18,925	1,577
Title II Improv Teacher Qual	8515	I	84.367	020-220031	7/1/2021	9/30/2022	49,855	40,066	0	42,545	42,545	2,479
Title II Improv Teacher Qual c/o Sub-Total Title II	8515	I	84.367	020-210031	7/1/2020	9/30/2021	50,681	16,395	1,577	14,818	14,818	0
								56,461	1,577	57,363	57,363	2,479
Title III Student Support & Academic EN	8516	I	84.365	010-220031	7/1/2019	9/30/2020	15,496	10,202	0	12,587	12,587	2,385
Title III Student Support & Academic EN Sub-Total Title III	8516	I	84.365	010-210031	7/1/2020	9/30/2021	15,445	3,089	3,089	0	0	0
								13,291	3,089	12,587	12,587	2,385
Title IV Student Support & Acad. Enrich	8517	I	84.424	144-22-0031	7/1/2021	9/30/2022	19,370	19,359	0	19,370	19,370	11
Title IV Student Support & Acad. Enrich Sub-Total Title IV	8517	I	84.424	144-210031	7/1/2020	9/30/2021	19,761	5,270	5,270	0	0	0
								24,629	5,270	19,370	19,370	11
COVID-19 SECIM	8512	I	84.425C	252-200031	7/1/2020	9/30/2022	9,470	6,313	2,701	3,612	3,612	0
Sub-Total Covid-19-SECIM								6,313	2,701	3,612	3,612	0
CARES ACT - ESSER FUND LOCAL	8741	I	84.425D	200-200031	3/13/2020	9/30/2021	214,010	56,318	(20,405)	76,723	76,723	0
CARES ACT - ESSER II FUND LOCAL	8743	I	84.425D	200-210031	3/13/2020	9/30/2023	951,155	818,436	349,381	581,074	581,074	112,019
CARES ACT - ESSER III FUND LOCAL	8744	I	84.425U	223-210031	3/13/2020	9/30/2024	1,923,912	139,921	2,724	174,112	174,112	36,915
Sub-Total CARES ACT								1,014,675	331,700	831,909	831,909	148,934
GEERs CEEG	8742	I	84.425C	253-200031	3/13/2020	9/30/2021	21,500	18,105	18,105	0	0	0
Sub-Total GEERs CEEG								18,105	18,105	0	0	0
ARP ESSER 7% Learning Loss	8751	I	84.425U	225-210031	7/1/2021	3/31/2022	106,808	15,536	0	15,951	15,951	415
ARP ESSER 7% summer school	8752	I	84.425U	225-210031	7/1/2021	3/31/2022	21,362	3,107	0	6,876	6,876	3,769
ARP ESSER 7% after school	8753	I	84.425U	225-210031	7/1/2021	3/31/2022	21,362	3,107	0	10,281	10,281	7,174
Sub-Total ARP ESSER 7%							149,532	21,750	0	33,108	33,108	11,358
ARP ESSER Homeless Children and	8754	I	84.425U	181-212033	7/1/2021	3/31/2022	9,131	702	0	900	900	198
TOTAL PASSED THROUGH PA DEPARTMENT OF ED								1,436,028	398,216	1,257,784	1,257,784	219,972
PASSED THROUGH LIU 12												
IDEA - Part B	6839	I	84.027	062-17-0012	7/1/2021	6/30/2022	323,534	323,534	0	323,534	323,534	0
IDEA-SECTION 619	8512	I	84.173	062-17-0012	7/1/2021	6/30/2022	4,620	4,620	0	4,620	4,620	0
TOTAL PASSED THROUGH LIU 12-CLUSTER TOTAL								328,154	0	328,154	328,154	0
TOTAL U.S. DEPARTMENT OF EDUCATION								1,764,182	398,216	1,585,938	1,585,938	219,972
U.S. Department of Agriculture												
Passed through Pa. Dept. of Agriculture												
National Sch Lunch - Donated Commodities		I	10.555	N/A	7/1/2021	6/30/2022	N/A	61,552	0	61,552	61,552	0
Passed through Pa. Dept. of Education												
National School Lunch Program - Federal		I	10.555	362	7/1/2021	6/30/2022	N/A	978,429	16923	961,506	961,506	0
Reg//Indy Breakfast-Federal		I	10.553	365	7/1/2021	6/30/2022	N/A	121,409	7202	114,207	114,207	0
Supply Chain Assistance		I	10.555	356	7/1/2021	6/30/2022	N/A	37,741	0	37,741	37,741	0
SNP Emergency Operating Costs		I	10.555	357	7/1/2021	6/30/2022	N/A	38,514	0	38,514	38,514	0
TOTAL DEPARTMENT OF AGRICULTURE-CLUSTER TOTAL								1,237,645	24125	1,213,520	1,213,520	0
P-EBT Local Admin Funds		I	10.649	358	7/1/2021	6/30/2022	N/A	614	0	614	614	0
TOTAL FEDERAL ASSISTANCE								3,002,441	422,341	2,800,072	2,800,072	219,972
State												
National School Lunch Program - State			N/A	510	7/1/2021	6/30/2022	N/A	26,592	614	25,978	25,978	0
Reg//Indy Breakfast-State			N/A	511	7/1/2021	6/30/2022	N/A	4,813	319	4,494	4,494	0
Total State								31,405	933	30,472	30,472	

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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, 2022. 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 available.

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, 2022

NOTE B - TEST OF 20% RULE

	<u>Federal Funds Expended</u>
National School Lunch Program	\$ 1,037,761
Title I - Low Income	280,010
Donated Commodities	61,552
Vocational Education Grants	18,925
Title II - Improving Teacher Quality	57,363
School Breakfast Program	114,207
P-EBT LOCAL ADMIN FUNDS	614
Title III	12,587
Title IV	19,370
IDEA Part B	323,534
IDEA Section 619	4,620
COVID-19 SECIM	3,612
CARES ACT - ESSERS	831,909
ARP ESSERS 7%	34,008
GEERS CEEG	-
Pa Commission on Crime and Delinquency	-
	<hr/>
Total	2,800,072
	<hr/> x 20% <hr/>
Minimum Amount Which Must be Tested	<u><u>\$ 560,014</u></u>
National School Lunch Program	\$ 1,037,761
Donated Commodities	61,552
School Breakfast Program	114,207
CARES ACT - ESSERS	<u>831,909</u>
Total	<u><u>\$ 2,045,429</u></u> (73% Selected for Testing)

BERMUDIAN SPRINGS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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 73% of the federal expenditures. Bermudian Springs School District falls under the 20%

National School Lunch Program
Donated Commodities
School Breakfast Program
CARES ACT - ESSERS

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, 2022

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

None