

BLOOMSBURG AREA SCHOOL DISTRICT

Financial Statements
For the Year Ended June 30, 2020

BLOOMSBURG AREA SCHOOL DISTRICT
June 30, 2020

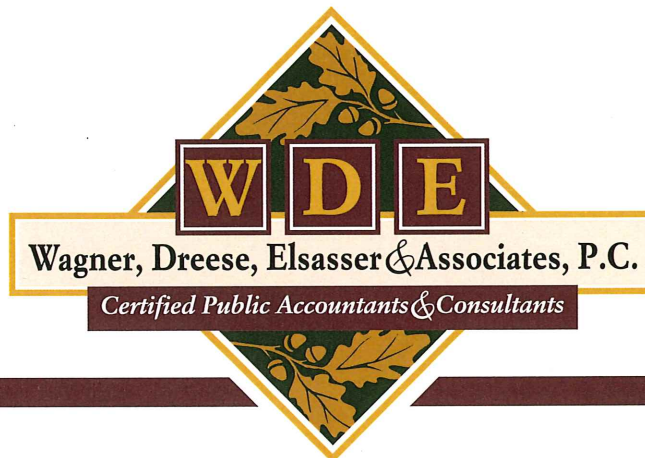
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BLOOMSBURG AREA SCHOOL DISTRICT
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bloomsburg Area School District
Bloomsburg, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bloomsburg Area School District, Bloomsburg, Pennsylvania as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bloomsburg Area School District, Bloomsburg, Pennsylvania as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through X, the schedule of the District's proportionate share of the net pension liability, the schedule of District's contribution-pension plan, the schedule of changes in net OPEB liability and related ratios, the schedule of District's proportionate share of the net OPEB liability, and the schedule of District's contributions-OPEB plan on pages 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers 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.

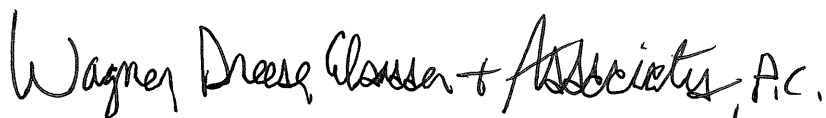
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bloomsburg Area School District, Bloomsburg, Pennsylvania's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2021, on our consideration of Bloomsburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bloomsburg Area School District's internal control over financial reporting and compliance.



WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

November 11, 2021

BLOOMSBURG AREA SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2020
Unaudited

This section of Bloomsburg Area School District’s (BASD) annual financial report presents our discussion and analysis of the district’s financial performance during the fiscal year that ended on June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district and report the district’s operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the district operates like businesses, such as food services.
- Fiduciary fund statements provide information about the financial relationships in which the district acts solely as a trustee or agent for the benefit of others. These statements would include student activity and scholarship funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by required supplementary information, which provides additional information related to postemployment benefit and pension plans, and other supplementary information. Please note there may be slight differences to the financial statements due to rounding.

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two district-wide statements report the district’s net positions and how they have changed. Net positions – the difference between the district’s assets and liabilities – are one way to measure the district’s financial health or position.

- Over time, increases or decreases in the district's net position is an indicator of whether the district's financial position is improving or deteriorating, respectively.
- To assess the overall health of the district, one needs to consider additional nonfinancial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the district's activities are divided into two categories:

- Governmental activities – Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state basic education and subsidies finance most of these activities.
- Business-type activities – The district charges fees to help it cover the costs of certain services it provides. The district's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The district has three kinds of funds:

- Governmental funds – Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or difference) between them.
- Proprietary funds – Services for which the district charges a fee are generally reported in the proprietary fund section. Proprietary funds are reported in the same way as the district-wide statements. The district's cafeteria fund is reported in the proprietary funds section.
- Fiduciary funds – The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the district cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Exhibit 1 is a summary comparison of the Statement of Net Position for the current year (2019– 2020) and the prior year (2018 – 2019).

<u>Net Position</u>						
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2018 – 2019</u>	<u>2019 – 2020</u>	<u>2018 - 2019</u>	<u>2019 - 2020</u>	<u>2018 – 2019</u>	<u>2019 – 2020</u>
Current Assets	30,860,869.00	10,671,729.00	179,666.00	153,418.00	31,040,535.00	10,825,147.00
Non-current Assets	31,255,730.00	42,685,308.00	174,632.00	151,074.00	31,430,362.00	42,836,382.00
Total Assets	62,116,599.00	53,357,037.00	354,298.00	304,492.00	62,470,897.00	53,661,529.00
Deferred Outflows						
Pension/OPEB	<u>4,886,987.00</u>	<u>5,199,357.00</u>			<u>4,886,987.00</u>	<u>5,199,357.00</u>
Current Liabilities	9,074,686.00	6,325,330.00	6,772.00	13,247.00	9,081,458.00	6,338,577.00
Non-Current Liabilities	66,954,705.00	65,154,194.00			66,954,705.00	65,154,194.00
Total Liabilities	76,029,391.00	71,479,524.00	6,772.00	13,247.00	76,036,163.00	71,492,771.00
Deferred Inflows						
Pension/OPEB	<u>444,849.00</u>	<u>1,001,258.00</u>			<u>444,849.00</u>	<u>1,001,258.00</u>
Net Position:						
Invested in Capital	3,082,045.00	16,242,754.00	174,632.00	151,074.00	3,256,677.00	16,393,828.00
Restricted	0.00	0.00			0.00	0.00
Unrestricted	-12,552,699.00	-30,167,142.00	172,894.00	140,171.00	-12,379,805.00	-30,026,971.00
Total Net Position	-9,470,654.00	-13,924,388.00	347,526.00	291,245.00	-9,123,128.00	-13,633,143.00

Exhibit 1

Total net position decreased \$4,510,015.00 from the previous year. Unrestricted net position-the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements –changed from \$(12,552,699.00) to \$(30,167,142.00) at the end of this year. The net pension liability for the Bloomsburg Area School District is \$36,303,000.00. The deferred pension inflows and outflows result from differences between the District’s contributions and its proportionate share of the total contributions to the pension.

- Total assets decreased by \$8,809,368.00. Current assets decreased by \$20,215,388.00 due primarily to a cash decrease of the Capital Projects funds as a result from spending down two bond issue proceeds to pay for continuing capital projects. Non-current assets increased by 11,406,020.00, resulting from capitalizing construction projects. The capital assets are presented net of depreciation and capital asset deletions. Capital assets are recorded net of accumulated depreciation.
- Total liabilities decreased by \$4,543,392.00 from the previous year. Current liabilities decreased by \$2,742,881.00 and reflected a decrease in accrued salaries and benefits of \$905,619.00, and a decrease of Capital Projects payables of \$1,861,160.00. Non-current liabilities decreased by \$1,800,511.00 due to the district’s long-term debt decreasing \$1,731,131.00 from paying down debt.

STATEMENT OF ACTIVITIES

	<u>2018 - 2019</u>	<u>2019 - 2020</u>
Revenues:		
Program Revenues		
Charges for Services	312,434.00	236,619.00
Operating Grants	<u>5,279,009.00</u>	<u>4,934,972.00</u>
Total Program Revenues	5,591,443.00	5,171,591.00
General Revenues		
Property Taxes	10,919,214.00	11,425,661.00
Other Taxes	4,105,204.00	3,999,795.00
Grants & Subsidies	6,298,261.00	6,657,543.00
Investment Earnings	565,297.00	308,833.00
Gain on Disposal of Fixed Assets	14,644.00	482.00
Miscellaneous Income	<u>104,125.00</u>	<u>49,889.00</u>
Total General Revenue	22,006,745.00	22,442,203.00
Total Revenues	27,598,188.00	27,613,794.00
Expenses:		
Instruction	15,940,632.00	16,436,450.00
Student Support	2,148,353.00	2,208,960.00
Administration	2,931,086.00	2,872,544.00
Operation & Maint. of Facilities	4,608,628.00	7,074,889.00
Transportation	1,054,478.00	1,085,411.00
Student Activities	764,654.00	750,263.00
Community Services	4,329.00	2,003.00
Interest - Long Term Debt	644,689.00	916,765.00
Food Service	<u>779,121.00</u>	<u>776,524.00</u>
Total Expense	28,875,970.00	32,123,809.00
Prior Period Adjustment	-1,619,604.00	0.00
Change in Net Position	<u>-2,897,386.00</u>	<u>-4,510,015.00</u>

Exhibit 2

Exhibit 2 is a comparison of the Statement of Activities for the current year (2019 – 2020) and the prior year (2018– 2019).

Program revenues include district charges for services such as student tuition, rentals, student activity admission fees and food service meals. Also, restricted state and federal grants are classified as operating grants in the program revenues section. Examples would include all federal title programs, state subsidies for transportation, social security, retirement, special education and food service.

General revenues include all taxes levied by the district. Any unrestricted state grants are classified as general revenues. The basic education funding subsidy grant is currently the only non-restricted state grant.

Expenses are district-wide and include all funds of the district.

Program revenues decreased by \$419,852.00 from the previous year.

General revenue increased by \$435,458.00 from the prior year with an increase in property taxes of \$506,447.00, decreases in other taxes of \$105,409.00 and an increase in basic education funds of \$208,166.00.

Total expense increased by \$3,247,839.00 over the previous year with increases in salaries, health insurance, retirement expense, and debt service being the major factors in the increase.

Operation and maintenance of plant expenditures include capital project expenditures totaling \$4,861,577.00.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund reporting focuses primarily on the sources, uses and balances of current financial resources.

The General Fund is the chief operating fund of the district. At the end of the 2019 – 2020 fiscal year, the unassigned fund balance of the General Fund was \$2,008,445.00. The School Board of Directors has committed \$3,000,000.00 to be used for future retirement expenditures, \$250,000.00 for compensated absences, \$250,000.00 for OPEB liabilities. The total General Fund balance at June 30, 2020 was \$5,508,445. This represents a decrease of \$7,640,642.00 that was generated from expenditures totaling \$34,483,163.00 exceeding revenues totaling \$26,842,521.00. Total expenditures included transfers to the Capital Projects Fund (\$5,963,135.00) and the Debt Service Fund (\$2,636,323.00) for bond and note principal and interest payments.

Local revenues totaling \$15,577,703 accounted for 58.0% of the total General Fund revenues. Real estate tax is the largest component of local revenue and the \$10,667,908.00 collected represents 68.5% of the total local revenue. Earned income tax is the second largest component of local revenue and the \$3,259,865.00 collected is 20.9% of the total local revenues.

State revenues totaling \$10,700,992.00 accounted for 39.9% of the total General Fund revenue, with the basic instructional subsidy totaling \$6,004,343.00 comprising 56.1% of the total state revenue. Other significant state revenue includes special education subsidy of 1,016,312.00 (9.5%), transportation subsidy of \$514,852.00 (5.1%), Act 1 property tax relief of \$489,380.00 (4.6%) and social security and retirement subsidies of \$1,783,072.00 (16.7%).

Federal revenue totaling \$563,344.00 accounted for 2.1% of the total General Fund revenue. Title I and Title II funds totaling \$472,093.00 comprised 83.8% of the total federal revenue. Medical Assistance ACCESS funds totaling \$50,000.00 accounted for 8.9% of federal funds.

The Capital Reserve/Projects fund balance decreased \$9,797,649.00 during the fiscal year ending June 30, 2020. Major capital outlays for the year included \$1,818,120.00 for the flood mitigation project, \$444,847.00 for the Athletic Fieldhouse project, \$4,075,771 for the Middle School and High School renovation project and \$6,648,702 for High School athletic field improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

While the District final budget for the general fund anticipated a decrease in fund balance of 5,604,034.00 the actual results for the year reflected a decrease of Fund Balance in the amount of \$7,640,642.00.

Capital Assets

At June 30, 2020, the school district had \$42,836,382.00 invested in net capital assets. The breakdown of capital assets is represented in Exhibit 3.

CAPITAL ASSETS

<u>GOVERNMENTAL ACTIVITIES:</u>				
	<u>JUNE 30, 2019 BALANCE</u>	<u>2019 – 2020 ADDITIONS</u>	<u>2019 - 2020 DELETIONS</u>	<u>JUNE 30, 2020 BALANCE</u>
<u>ASSETS:</u>				
LAND IMPROVEMENTS	971,095.00			971,095.00
BUILDINGS	46,969,233.00	46,928.00		47,016,161.00
EQUIPMENT	8,114,782.00	1,121,978.00		9,236,760.00
CONSTRUCTION IN PROGRESS	3,706,784.00	12,817,933.00	81,197.00	16,443,520.00
TOTAL	59,761,894.00	13,986,839.00	81,197.00	73,667,536.00
<u>ACCUMULATED DEPRECIATION:</u>				
LAND IMPROVEMENTS	544,314.00	55,049.00		599,363.00
BUILDINGS	22,632,371.00	1,569,394.00		24,191,765.00
EQUIPMENT	5,329,479.00	861,621.00	0.00	6,191,100.00
TOTAL	28,506,164.00	2,476,064.00	0.00	30,982,228.00
NET CAPITAL ASSETS	31,255,730.00	11,510,775.00	-81,197.00	42,685,308.00
<u>BUSINESS TYPE ACTIVITIES:</u>				
<u>ASSETS:</u>				
BUILDINGS	8,120.00			8,120.00
EQUIPMENT	263,438.00	0.00	0.00	263,438.00
TOTAL	271,558.00	0.00	0.00	271,558.00
<u>ACCUMULATED DEPRECIATION:</u>				
BUILDINGS	3,654.00	812.00		4,466.00
EQUIPMENT	93,272.00	22,746.00	0.00	116,018.00
TOTAL	96,926.00	23,558.00	0.00	120,484.00
NET CAPITAL ASSETS	174,632.00	23,558.00	0.00	151,074.00
ENTITY-WIDE NET CAPITAL ASSETS	31,430,362.00	11,487,217.00	-81,197.00	42,836,382.00

Exhibit 3

Long-Term Debt

At June 30, 2020, the district had total liabilities of \$71,492,771. The districts portion of the PSERS retirement unfunded liability is \$36,303,000.00. The outstanding balance of the district's general obligation bonds is \$26,165,270.00. The 2011 Series is the refinanced portion of the Series B of 2002 and the Series of 2004 and has a balance of \$2,360,000.00. The 2013 Series is the refinanced portion of the Series of 2007 General Obligation Note

and has a balance of \$3,945,000.00. The 2018 Series is for various capital projects and has a balance of \$9,990,000.00. The 2019 Series is for various capital projects and has a balance of \$9,705,000.00. General obligation bond detail is included in Exhibit 4.

The district also has authority lease obligations totaling \$165,270.00 for the Columbia-Montour Area Vocational Technical School Series of 2015 bond issued for renovations. The district's liability for contracted compensated absences decreased by 2,455.00 and has a June 30, 2020 balance of \$944,095.00. The Other Post-Employment Benefits (OPEB) liability increased by \$113,566.00 and has a June 30, 2020 balance of \$3,230,934.00.

GENERAL OBLIGATION BONDS AND NOTES

	<u>2011 Series</u>	<u>2013 SERIES</u>	<u>2018 SERIES</u>	<u>2019 SERIES</u>	<u>TOTAL</u>
<i>BALANCE 06/30/2019</i>	3,490,000.00	4,450,000.00	9,995,000	9,705,000	27,640,000.00
<i>PAYMENT 09/01/2019</i>	1,130,000.00		5,000		1,135,000.00
<i>PAYMENT 04/01/2020</i>		505,000.00			505,000.00
<i>BALANCE 06/30/2020</i>	<u>2,360,000.00</u>	<u>3,945,000.00</u>	<u>9,990,000.00</u>	<u>9,705,000.00</u>	<u>26,000,000.00</u>

Exhibit 4

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances, and to show the School District's accountability for the funds it receives. If you have any questions regarding this report or need additional financial information contact David J. Marsiglio, Business Administrator at the Bloomsburg Area School District, 728 E 5th St, Bloomsburg, PA 17815-2305 or email at dmarsiglio@bloomsd.k12.pa.us.

Bloomsburg Area School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,908,823	\$ 87,934	\$ 7,996,757
Investments	584,000	-	584,000
Taxes receivable-net	632,757	-	632,757
Due from other funds	368	4,728	5,096
Due from other governments	1,310,835	20,845	1,331,680
Other receivables	234,946	-	234,946
Inventories	-	39,911	39,911
Total current assets	<u>10,671,729</u>	<u>153,418</u>	<u>10,825,147</u>
Noncurrent assets:			
Land and site improvements-net	371,732	-	371,732
Construction in progress	16,443,520	-	16,443,520
Buildings and improvements-net	22,824,396	3,654	22,828,050
Furniture and equipment-net	3,045,660	147,420	3,193,080
Total noncurrent assets	<u>42,685,308</u>	<u>151,074</u>	<u>42,836,382</u>
Total Assets	<u>53,357,037</u>	<u>304,492</u>	<u>53,661,529</u>
Deferred Outflows of Resources			
Amounts related to pensions	4,913,762	-	4,913,762
Amounts related to OPEB	285,595	-	285,595
Total Deferred Outflows of Resources	<u>5,199,357</u>	<u>-</u>	<u>5,199,357</u>
Liabilities:			
Current liabilities:			
Accounts payable	921,864	-	921,864
Due to other funds	4,728	368	5,096
Accrued salaries and benefits	3,312,667	-	3,312,667
Accrued interest	291,538	-	291,538
Current portion of long-term debt	1,766,389	-	1,766,389
Deferred revenue	28,144	12,879	41,023
Total current liabilities	<u>6,325,330</u>	<u>13,247</u>	<u>6,338,577</u>
Noncurrent liabilities:			
Bonds and notes payable-net of current portion	24,592,284	-	24,592,284
Leases payable	83,881	-	83,881
Proportionate share of net collective pension liability	36,303,000	-	36,303,000
Long-term portion of compensated absences	944,095	-	944,095
Other postemployment benefits	3,230,934	-	3,230,934
Total noncurrent liabilities	<u>65,154,194</u>	<u>-</u>	<u>65,154,194</u>
Total Liabilities	<u>71,479,524</u>	<u>13,247</u>	<u>71,492,771</u>
Deferred Inflows of Resources			
Amounts related to pensions	918,973	-	918,973
Amounts related to OPEB	82,285	-	82,285
Total Deferred Inflows of Resources	<u>1,001,258</u>	<u>-</u>	<u>1,001,258</u>
Net Position:			
Net investment in capital assets	16,242,754	151,074	16,393,828
Unrestricted	(30,167,142)	140,171	(30,026,971)
Total Net Position	<u>\$ (13,924,388)</u>	<u>\$ 291,245</u>	<u>\$ (13,633,143)</u>

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

Bloomsburg Area School District
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 16,436,450	\$ 16,017	\$ 3,390,616	\$ -	\$ (13,029,817)	\$ -	\$ (13,029,817)
Instructional student support	2,208,960	-	181,747	-	(2,027,213)	-	(2,027,213)
Admin. & financial support services	2,872,544	-	195,743	-	(2,676,801)	-	(2,676,801)
Operation & maintenance of facilities	7,074,889	-	81,671	-	(6,993,218)	-	(6,993,218)
Pupil transportation	1,085,411	-	514,852	-	(570,559)	-	(570,559)
Student activities	750,263	47,919	27,564	-	(674,780)	-	(674,780)
Community services	2,003	-	-	-	(2,003)	-	(2,003)
Interest & fees on long-term debt	916,765	-	-	-	(916,765)	-	(916,765)
Total Governmental Activities	31,347,285	63,936	4,392,193	-	(26,891,156)	-	(26,891,156)
Business-type activities:							
Food service	776,524	172,683	542,779	-	-	(61,062)	(61,062)
Total Primary Government	\$ 32,123,809	\$ 236,619	\$ 4,934,972	\$ -	(26,891,156)	(61,062)	\$ (26,952,218)
General revenues:							
Taxes:							
Property taxes, levied for general purposes-net					11,425,661	-	11,425,661
Taxes levied for specific purposes					3,999,795	-	3,999,795
Grants, subsidies, & contributions not restricted					6,657,543	-	6,657,543
Investment earnings					308,780	53	308,833
Gain on disposal of fixed assets					482	-	482
Miscellaneous income					49,889	-	49,889
Transfers					(4,728)	4,728	-
Total general revenues, special items, extraordinary items and transfers					22,437,422	4,781	22,442,203
Change in Net Position					(4,453,734)	(56,281)	(4,510,015)
Net Position—beginning					(9,470,654)	347,526	(9,123,128)
Net Position—ending					\$ (13,924,388)	\$ 291,245	\$ (13,633,143)

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

Bloomsburg Area School District
Balance Sheet-Governmental Funds
June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 7,138,796	\$ 769,899	\$ 128	\$ 7,908,823
Investments	584,000	-	-	584,000
Taxes receivable-net	632,757	-	-	632,757
Due from other funds	368	-	-	368
Due from other governments	1,310,835	-	-	1,310,835
Other receivables	234,946	-	-	234,946
Total assets	<u>9,901,702</u>	<u>769,899</u>	<u>128</u>	<u>10,671,729</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	414,961	506,903	-	921,864
Due to other funds	4,728	-	-	4,728
Accrued salaries & benefits	3,312,667	-	-	3,312,667
Deferred revenue	28,144	-	-	28,144
Total liabilities	<u>3,760,500</u>	<u>506,903</u>	<u>-</u>	<u>4,267,403</u>
Deferred Inflows of Resources:				
Deferred property taxes	<u>632,757</u>	<u>-</u>	<u>-</u>	<u>632,757</u>
Total deferred inflows of resources	<u>632,757</u>	<u>-</u>	<u>-</u>	<u>632,757</u>
Fund Balances:				
Committed fund balance	3,500,000	-	128	3,500,128
Assigned fund balance	-	262,996	-	262,996
Unassigned fund balance	<u>2,008,445</u>	<u>-</u>	<u>-</u>	<u>2,008,445</u>
Total fund balances	<u>5,508,445</u>	<u>262,996</u>	<u>128</u>	<u>5,771,569</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,901,702</u>	<u>\$ 769,899</u>	<u>\$ 128</u>	<u>\$ 10,671,729</u>

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

Bloomsburg Area School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2020

Total Fund Balances - Governmental Funds \$ 5,771,569

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 capital assets is \$73,667,536, and the accumulated depreciation is \$30,982,228. 42,685,308

Amounts related to pensions and amounts related to OPEB are deferred outflows of resources on the statement of net position but are not reported in the governmental funds. 5,199,357

Taxes receivable are recorded in the governmental funds statement utilizing the "modified accrual" basis of accounting. Under the modified accrual basis of accounting, receivables at the fiscal year end not anticipated to be collected soon enough to pay for the current period's expenditures are not recorded as revenue. Government wide statements utilize the accrual basis of accounting and all taxes receivable are recorded as revenue. This amount represents the resulting additional revenue recorded in the government wide statement. 632,757

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, notes and leases payable	(26,442,554)
Accrued interest on the bonds	(291,538)
Compensated absences and other post employment benefits	(4,175,029)
Net pension liability	(36,303,000)

Amounts related to pensions and amounts related to OPEB are deferred inflows of but are not reported in the governmental funds. (1,001,258)

Total Net Position - Governmental Activities \$ (13,924,388)

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

Bloomsburg Area School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 15,577,703	\$ 60,859	\$ 1,245	\$ 15,639,807
State sources	10,700,992	-	-	10,700,992
Federal sources	563,344	-	-	563,344
Total Revenues	<u>26,842,039</u>	<u>60,859</u>	<u>1,245</u>	<u>26,904,143</u>
EXPENDITURES				
Instruction	16,188,491	68,267	-	16,256,758
Support services	8,855,197	703,867	2,450	9,561,514
Non-instructional services	733,182	41,918	-	775,100
Facilities acquisition, construction, and improvement	-	15,007,591	-	15,007,591
Debt service (principal & interest)	65,145	-	2,635,118	2,700,263
Refund of prior year receipts	36,987	-	-	36,987
Total Expenditures	<u>25,879,002</u>	<u>15,821,643</u>	<u>2,637,568</u>	<u>44,338,213</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>963,037</u>	<u>(15,760,784)</u>	<u>(2,636,323)</u>	<u>(17,434,070)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in/(out)	(8,604,161)	5,963,135	2,636,298	(4,728)
Sale of fixed assets and other	482	-	-	482
Total Other Financing Sources (Uses)	<u>(8,603,679)</u>	<u>5,963,135</u>	<u>2,636,298</u>	<u>(4,246)</u>
Net Change in Fund Balances	<u>(7,640,642)</u>	<u>(9,797,649)</u>	<u>(25)</u>	<u>(17,438,316)</u>
Fund Balance-Beginning of Fiscal Year	<u>13,149,087</u>	<u>10,060,645</u>	<u>153</u>	<u>23,209,885</u>
Fund Balance-End of Fiscal Year	<u>\$ 5,508,445</u>	<u>\$ 262,996</u>	<u>\$ 128</u>	<u>\$ 5,771,569</u>

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

**Bloomsburg Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
To the Statement of Activities
For the Year Ended June 30, 2020**

Total Net Change in Fund Balances - Governmental Funds \$ (17,438,316)

Amounts reported for governmental activities in the Statement of Activities are different in amount as a result of the following differences in accounting between governmental fund statements and the government wide Statement of Activities:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. These are the amount for the current fiscal year:

Depreciation expense	(2,476,064)
Capital Outlays	13,905,642

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 decreased by this amount this year.	(6,345)
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Receipt of the principal or repayment of the principal of long-term obligations provides or consumes the current financial resources of governmental funds. The receipt or repayment of principal increases or decreases long-term debt in the Statement of Net Position.

Principal repayments	1,718,898
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Governmental Funds report the effect of discounts and premiums when the debt is first issued whereas those amounts are deferred and amortized in the statement of activities.

Bond Premium Amortization	12,233
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Accrued interest on bonds decreased at June 30, 2020 as compared to the previous year end.	52,368
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Compensated absences decreased at June 30, 2020.	2,455
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Changes in the net other postemployment benefits liability does not require the use of or provide current financial resources and is not reported in the governmental funds.	(116,736)
--	-----------

Changes in the proportionate share of collective net pension liability does not require the use of or provide current financial resources and is not reported in the governmental funds.	(107,869)
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Change in Net Position of Governmental Activities	<u><u>\$ (4,453,734)</u></u>
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The accompanying notes are an integral part of these financial statements.

Bloomsburg Area School District
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources	\$ 15,303,095	\$ 15,303,095	\$ 15,577,703	\$ 274,608
State sources	10,965,771	10,965,771	10,700,992	(264,779)
Federal sources	564,402	564,402	563,344	(1,058)
Total Revenues	<u>26,833,268</u>	<u>26,833,268</u>	<u>26,842,039</u>	<u>8,771</u>
EXPENDITURES				
Regular education programs	11,557,834	11,557,839	11,820,754	(262,915)
Special education programs	3,131,748	3,131,747	2,440,106	691,641
Vocational education programs	1,565,691	1,565,691	1,569,140	(3,449)
Other instructional programs	54,260	54,260	182,516	(128,256)
Community/college programs	2,500	2,500	8,192	(5,692)
Higher education programs	-	-	167,783	(167,783)
Pupil personnel support services	887,651	887,650	896,828	(9,178)
Instructional staff support services	869,054	869,054	911,078	(42,024)
Administrative services	1,585,498	1,585,497	1,753,708	(168,211)
Pupil health services	382,764	382,763	373,581	9,182
Business services	409,944	409,944	366,459	43,485
Operation & maintenance of facilities	2,477,605	2,477,605	2,213,312	264,293
Student transportation services	1,021,460	1,021,460	1,085,411	(63,951)
Central & other support services	1,366,322	1,366,322	1,254,820	111,502
Student activities	703,799	703,799	731,179	(27,380)
Community services	21,000	21,000	2,003	18,997
Debt service (principal & interest)	63,251	63,251	65,145	(1,894)
Refund of prior year receipts	-	-	36,987	(36,987)
Total Expenditures	<u>26,100,381</u>	<u>26,100,382</u>	<u>25,879,002</u>	<u>221,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>732,887</u>	<u>732,886</u>	<u>963,037</u>	<u>230,151</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in/(out)	(6,336,920)	(6,336,920)	(8,604,161)	(2,267,241)
Sale of fixed assets and other	5,000	-	482	482
Total Other Financing Sources (Uses)	<u>(6,331,920)</u>	<u>(6,336,920)</u>	<u>(8,603,679)</u>	<u>(2,266,759)</u>
Net Change in Fund Balances	<u>(5,599,033)</u>	<u>(5,604,034)</u>	<u>(7,640,642)</u>	<u>(2,036,608)</u>
Fund Balance - Beginning of Fiscal Year	<u>13,149,087</u>	<u>13,149,087</u>	<u>13,149,087</u>	<u>-</u>
Fund Balance - End of Fiscal Year	<u>\$ 7,550,054</u>	<u>\$ 7,545,053</u>	<u>\$ 5,508,445</u>	<u>\$ (2,036,608)</u>

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

Bloomsburg Area School District
Statement of Net Position-Proprietary Funds
June 30, 2020

	Food Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 87,934
Due from other funds	4,728
Due from other governments	20,845
Inventories	39,911
Total current assets	<u>153,418</u>
Noncurrent assets:	
Building improvements-net	3,654
Furniture and equipment-net	<u>147,420</u>
Total noncurrent assets	<u>151,074</u>
Total Assets	<u><u>304,492</u></u>
Liabilities:	
Unearned revenue	12,879
Due to other funds	<u>368</u>
Total Liabilities	<u>13,247</u>
Net Position:	
Net investment in capital assets	151,074
Unrestricted	<u>140,171</u>
Total Net Position	<u><u>\$ 291,245</u></u>

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

Bloomsburg Area School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Food Service Fund
OPERATING REVENUES	
Food service revenue	\$ 172,683
Total Operating Revenues	<u>172,683</u>
OPERATING EXPENSES	
Salaries	269,907
Employee benefits	204,385
Other purchased services	2,609
Supplies	271,290
Depreciation	23,558
Other operating expenses	4,775
Total Operating Expenses	<u>776,524</u>
Operating Loss	<u>(603,841)</u>
NON-OPERATING REVENUES (EXPENSES)	
Earnings on investments	53
State sources	78,623
Federal sources	464,156
Interfund transfer	4,728
Total Nonoperating Revenues (Expenses)	<u>547,560</u>
Change in net position	(56,281)
Net Position - Beginning of Year	<u>347,526</u>
Net Position - End of Year	<u><u>\$ 291,245</u></u>

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

**Bloomsburg Area School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 179,158
Cash payments to employees for services	(474,292)
Cash payments to suppliers for goods and services	(201,431)
Cash payments for other operating expenses	(4,775)
Net Cash Used For Operating Activities	<u>(501,340)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State sources	78,623
Federal sources	403,882
Other sources	4,728
Net Cash Provided By Non-Capital Financing Operations	<u>487,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	53
Net Cash Provided By Investing Activities	<u>53</u>
Net Decrease in cash and cash equivalents	(14,054)
Cash and cash equivalents at - Beginning of Year	<u>101,988</u>
Cash and cash equivalents at - End of Year	<u><u>\$ 87,934</u></u>
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	\$ (603,841)
Adjustments to reconcile-	
Depreciation	23,558
Donated Commodities	60,274
(Increase) Decrease in interfund receivables	49,797
(Increase) Decrease in other receivables	(20,845)
(Increase) Decrease in inventories	(16,758)
(Decrease) Increase in unearned revenue	6,475
Net Cash Used For Operating Activities	<u><u>\$ (501,340)</u></u>

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

Bloomsburg Area School District
Statement of Fiduciary Net Position
June 30, 2020

	Private Purpose Trust	Agency Fund	Total Fiduciary Funds
Assets:			
Cash and cash equivalents	\$ 288,440	\$ 166,660	\$ 455,100
Total Assets	<u>288,440</u>	<u>166,660</u>	<u>455,100</u>
Liabilities:			
Other current liabilities	-	166,660	166,660
Total Liabilities	<u>-</u>	<u>166,660</u>	<u>166,660</u>
Net Position:			
Restricted	288,440	-	288,440
Unrestricted	-	-	-
Total Net Position	<u>\$ 288,440</u>	<u>\$ -</u>	<u>\$ 288,440</u>

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

BLOOMSBURG AREA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS:	
Gifts and contributions	\$ 24,438
Investment income	1,604
	<hr/>
Total Additions	26,042
	<hr/>
DEDUCTIONS:	
Scholarships awarded	26,641
	<hr/>
Total Deductions	26,641
	<hr/>
CHANGE IN NET POSITION	(599)
TOTAL NET POSITION - Beginning of Year	289,039
	<hr/>
TOTAL NET POSITION - End of Year	\$ 288,440
	<hr/> <hr/>

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

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the School District is considered a "primary government." The School District is governed by a nine member board to which each member is elected by the citizens of each defined district.

For financial reporting purposes, Bloomsburg Area School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

The School District participates in a jointly governed organization. The organization is the Columbia Montour Area Vocational Technical School. The organization is presented in Note 9 to the basic financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

B. Government-wide and Fund Financial Statements - continued

The statement of net position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net Position is reported in three categories:

1. Net Investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net positions not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The School District reports the following major governmental funds:

General Fund - This is the School District's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

B. Government-wide and Fund Financial Statements - continued

Capital Projects Fund – This fund is used to account for financial resources to be used for capital improvements, and the construction, replacements, additions, and maintenance to facilities.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The School District reports the following major proprietary fund:

The District's proprietary fund is the Cafeteria Fund. This fund is used to account for the cafeterias of the District. This fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the School District has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

The School District also reports fiduciary funds which are used to account for assets held by the School District in a trustee capacity or as an agent for individuals. Fiduciary funds are custodial in nature and do not involve measurement of results of operations. The District's fiduciary funds consist of the Scholarship Fund and the Student Activities Fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary and Fiduciary Funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Property taxes are levied by the School District upon an assessed value times an approved millage rate. See Note 3 for further details.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the advances are accounted for through the various due from and due to accounts. The effect on inter-fund activity between governmental activities have been eliminated in the government-wide financial statements.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2014 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2009, issued by the U.S. Department of Education.

D. Basis of Accounting

1. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, grants, interest, tuition and student fees.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

D. Basis of Accounting - continued

2. Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

3. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

The operating budget is prepared on a modified accrual basis of accounting. An annual budget prepared by function and object is formally adopted for the General Fund.

The budget may be amended during the year if projected increases or decreases in revenue are identified by the Business Manager. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended budget issued during the fiscal year 2020.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of money are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process in the General Fund. All encumbrances lapse at fiscal year-end.

G. Taxes Receivable and Intergovernmental Receivables

Taxes receivable are reported at amounts that include any penalty amounts due net an allowance for uncollectible balances.

Intergovernmental receivables include amounts due from the state and federal governments for various grants and subsidies.

H. Inventories

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventory consists of food and related supplies in the District's food service fund. Food donated by the U.S Department of Agriculture is recorded at market value.

The District's inventory of supplies in the General Fund is not significant in amount and is therefore not included in the financial statements.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with a long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 years
Buildings and Building Improvements	20 - 40 years
Vehicles	4 years
Furniture and Equipment	5 - 20 years

J. Long-Term Liabilities

In the government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Debt issue costs are recognized as an expense in the period incurred.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

J. Long-Term Liabilities-continued

In the fund financial statements, the face amount of debt issued is reported as other financing sources and the repayment of debt is reported as an expenditure. Premiums received on debt issues are reported as other financing sources while discounts on debt issues are reported as other financing uses during the current period. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in these categories: Deferred outflows and inflows related to pensions and other postemployment benefits, and unavailable tax revenue. Deferred outflows and inflows related to pensions and other postemployment benefits are discussed in Notes 7 and 8. Unavailable tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. This amount, which relates to property taxes, is deferred and recognized as an inflow of resources in the period the amount becomes available.

L. Estimates

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

M. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies - continued

M. Fund Balances-continued

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the approval of a resolution for a specific purpose.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Business Manager pursuant to authorization established by the board.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

N. Definition of Cash and Cash Equivalents

For the purpose of the statement of cash flows, the term cash and cash equivalents includes cash in bank and short-term, highly liquid investments with a maturity of ninety days or less at the date of purchase.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies – continued

O. Compensated Absences

Compensated absences consist of amounts payable at the time of retirement for retirement recognition and amounts due employees for accumulated unpaid sick days. The retirement recognition is based on full years of service with the District at a rate of \$100 per year. The sick days liability is based on sick days earned at the District and unused at the time of retirement at rates ranging from \$35 to \$50 per day.

P. Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB) consist of health care plans provided by the District through a single employer defined benefit plan which funds fixed amounts toward the purchase of health insurance for qualified retirees. OPEB also includes benefits provided through the Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Program. The Health Insurance Premium Assistance Program is a governmental cost sharing multiple-employer OPEB plan for eligible retirees who qualify and elect to participate.

Q. Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating in the financial statements.

Note 2 - Cash and Cash Equivalents and Investments

The School District's cash deposits and investments are restricted by statute to United States Treasury bills, short-term obligations of the United States Government and certain obligations of the United States, Commonwealth of Pennsylvania or its political subdivisions which are backed by the full faith and credit of those governmental entities. Additionally, the School District may invest in shares of a properly registered investment fund whose investments consist of the securities listed above. Deposits in banks and other financial institutions must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund. Deposits in excess of the maximum insurable amounts must be collateralized by securities held by that institution, in accordance with the provisions of law. Pool pledging in accordance with P.L. 281, No. 72, ("Act 72"), is permissible.

Risk Categories - Deposits

All deposits are carried at cost. There are three categories of credit risk that may apply to the School District's deposits:

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 2 - Cash and Cash Equivalents and Investments-continued

1. Insured or collateralized with securities held by the District or by its agent in the District's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.
3. Uncollateralized.

Balances held in each category at June 30, 2020, are as follows:

	Carrying Amount	Bank Balance	Credit Risk
Insured (FDIC)	\$ 250,000	\$ 250,000	1
Uninsured and collateral held by pledging financial institution, or agent not in the District's name	8,201,857	8,490,389	3
	<u>\$ 8,451,857</u>	<u>\$ 8,740,389</u>	

Risk Categories - Investments

All investments are stated at cost, which approximates fair value. There are three categories of credit risk that may apply to the School District's investments.

1. Insured or registered, or securities held by the School District or its agent in the School District's name.
2. Uninsured or unregistered, with securities held by the counter party's trust department or agent in the School District's name.
3. Uninsured and unregistered, with securities held by the counter party, or by the counter party's trust department or agent, but not in the School District's name.

The School District's investments consist of certificates of deposit and the amounts held in each investment category at June 30, 2020, are as follows

	Carrying Amount	Fair Value	Credit Risk
Insured (FDIC)	<u>\$ 584,000</u>	<u>\$ 584,000</u>	1

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 3 – Taxes and Taxes Receivable

The School District levies Real Estate Taxes based on valuations provided by Columbia County. The calendar for taxes levied for the fiscal year ended June 30, 2020 was as follows:

July 1	-Levy date
July 1 - August 31	-2% discount period
September 1 - October 31	-Face payment period
November 1 - December 31	-10% penalty period

Taxes receivable represents amounts due the School District as of June 30, 2020 for delinquent real estate, occupational and per capita taxes. The amounts due represent taxes levied in 1999 through 2019 and are summarized below:

	Amount
Real Estate taxes	\$ 631,725
Per Capita Taxes	25,177
Occupational Taxes	757
	<u>657,659</u>
Less allowance for uncollectible accounts	24,902
	<u><u>\$ 632,757</u></u>

Note 4 – Intergovernmental Receivables

Intergovernmental receivables consist of amounts due from other governments for revenues earned by the School at June 30, 2020. The following amounts are due from other governmental units:

	General Fund	Proprietary Fund	Total
Federal Subsidies	\$ 637,008	\$ 20,000	\$ 657,008
State Subsidies	673,827	845	674,672
	<u><u>\$ 1,310,835</u></u>	<u><u>\$ 20,845</u></u>	<u><u>\$ 1,331,680</u></u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020
Capital Assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction-in-progress	3,706,784	12,817,933	(81,197)	16,443,520
Total Capital Assets not being depreciated	3,706,784	12,817,933	(81,197)	16,443,520
Capital Assets being depreciated:				
Land Improvements	971,095	-	-	971,095
Buildings and improvements	46,969,233	46,928	-	47,016,161
Furniture and equipment	8,114,782	1,121,978	-	9,236,760
Total Capital Assets being depreciated	56,055,110	1,168,906	-	57,224,016
Less accumulated depreciation for:				
Land Improvements	544,314	55,049	-	599,363
Buildings and improvements	22,632,371	1,559,394	-	24,191,765
Furniture and equipment	5,329,479	861,621	-	6,191,100
Total accumulated depreciation	28,506,164	2,476,064	-	30,982,228
Total Capital Assets being depreciated-net	27,548,946	(1,307,158)	-	26,241,788
Net Capital Assets	<u>\$31,255,730</u>	<u>\$ 11,510,775</u>	<u>\$ (81,197)</u>	<u>\$42,685,308</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 5 – Capital Assets-continued

Business-Type Activities	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020
Capital Assets being depreciated:				
Building improvements	\$ 8,120	\$ -	\$ -	\$ 8,120
Furniture and equipment	263,438	-	-	263,438
Total Capital Assets being depreciated	271,558	-	-	271,558
Less accumulated depreciation for:				
Building improvements	3,654	812	-	4,466
Furniture and equipment	93,272	22,746	-	116,018
Total accumulated depreciation	96,926	23,558	-	120,484
Total Capital Assets being depreciated-net	174,632	(23,558)	-	151,074
Net Capital Assets	<u>\$ 174,632</u>	<u>\$ (23,558)</u>	<u>\$ -</u>	<u>\$ 151,074</u>

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

Governmental Activities Function/Program	
Instruction	\$ 70,956
Instructional Student Support	547
Administration	697,161
Operation and Maintenance	1,684,767
Student Activities	22,633
	<u>\$ 2,476,064</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 5 – Capital Assets-continued

Business-Type Activities	
Food Service Fund	<u>\$ 23,558</u>

Note 6 – Long-Term Liabilities

General Obligation Bonds, Series of 2011

On June 30, 2011 the School District issued General Obligation Bonds, Series of 2011 in the amount of \$9,995,000. The bonds were used for the partial refunding of both the Series B of 2002 and Series of 2004 bonds. The bonds mature on September 1 of each year through 2021 and bear interest at rates ranging from 3 .1% to 3.2%. Interest is payable semiannually on March 1 and September 1. The Bonds are secured by the full faith, credit and taxing power of the School District.

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2011 are shown below:

Year	Principal	Interest	Total
2021	1,160,000	56,380	1,216,380
2022	1,200,000	19,200	1,219,200
	<u>\$ 2,360,000</u>	<u>\$ 75,580</u>	<u>\$ 2,435,580</u>

General Obligation Note, Series of 2013

On May 16, 2013 the School District issued General Obligation Note, Series of 2013 in the amount of \$7,220,000. The bonds were used for the refunding of the General Obligation Note, Series of 2007. The bonds mature on April 1 of each year through 2027 and bear interest at a rate of 2 .7%. Interest is payable semiannually on October 1 and April 1. The Bonds are secured by the full faith, credit and taxing power of the School District.

Annual debt service requirements to maturity for the General Obligation Note, Series of 2013 are shown below:

Year	Principal	Interest	Total
2021	515,000	106,515	621,515
2022	530,000	92,610	622,610
2023	550,000	78,300	628,300
2024	565,000	63,450	628,450
2025	575,000	48,195	623,195
2026-2027	1,210,000	49,275	1,259,275
	<u>\$ 3,945,000</u>	<u>\$ 438,345</u>	<u>\$ 4,383,345</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 6 – Long-Term Liabilities-continued

General Obligation Bonds, Series of 2018

On September 25, 2018, the School District issued General Obligation Bonds, Series of 2018 in the amount of \$9,995,000. The bonds will be used for the planning, designing, acquisition, furnishing and equipping various upgrades to the District's middle and high school facilities, an athletic fields and floodwall project, a middle school and high school cafeteria addition, HVAC and technology upgrade project, capitalized interest and to pay the costs and expenses of issuing the debt. The bonds mature on September 1 of each year through 2043 and bear interest at rates ranging from 2.25% to 3.625%. Interest is payable semiannually on March 1 and September 1. The Bonds are secured by the full faith, credit and taxing power of the School District.

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2018 are shown below:

Year	Principal	Interest	Total
2021	5,000	335,285	340,285
2022	5,000	335,173	340,173
2023	15,000	334,948	349,948
2024	15,000	334,610	349,610
2025	15,000	334,235	349,235
2026-2030	1,415,000	1,605,162	3,020,162
2031-2035	2,590,000	1,261,045	3,851,045
2036-2040	3,060,000	791,771	3,851,771
2041-2044	2,870,000	212,606	3,082,606
	<u>\$ 9,990,000</u>	<u>\$ 5,544,834</u>	<u>\$ 15,534,834</u>

General Obligation Bonds, Series of 2019

On January 9, 2019, the School District issued General Obligation Bond, Series of 2019 in the amount of \$9,705,000. The bonds will be used for the planning, designing, acquisition, furnishing and equipping various upgrades to the District's middle and high school facilities, an athletic fields and floodwall project, an enhanced learning center addition, HVAC and technology upgrade project, capitalized interest and to pay the costs and expenses of issuing the debt. The bonds mature on September 1 of each year through 2043 and bear interest at rates ranging from 2.25% to 5.000%. Interest is payable semiannually on March 1 and September 1. The Bonds are secured by the full faith, credit and taxing power of the School District.

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2019 are shown below:

Year	Principal	Interest	Total
2021	5,000	392,369	397,369
2022	5,000	392,256	397,256
2023	215,000	386,825	601,825
2024	225,000	375,825	600,825
2025	240,000	365,400	605,400
2026-2030	1,610,000	1,657,600	3,267,600
2031-2035	2,190,000	1,268,600	3,458,600
2036-2040	2,660,000	785,000	3,445,000
2041-2044	2,555,000	209,700	2,764,700
	<u>\$ 9,705,000</u>	<u>\$ 5,833,575</u>	<u>\$ 15,538,575</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 6 – Long-Term Liabilities-continued

Authority Lease Obligation

Under the terms of the Joint Operating Agreement between the District, six other member school districts and the Columbia-Montour Vocational Technical School, the District is obligated to pay a portion of the School Lease Revenue Note, Series of 2015 issued by the Columbia-Montour Vocational Technical School Authority. Principal payments are due April 1 of each year through 2022 and bear interest at 1.87%. Interest is payable semiannually on October 1 and April 1. While the portion of the annual debt service requirements that the District is obligated to pay each year will vary based upon changes in the relative market values, the District's portion of the obligation is approximately 16.07% at June 30, 2020.

Estimated annual debt service requirements to maturity for the Authority Lease Obligation are shown below:

Year	Principal	Interest	Total
2021	81,389	3,091	84,480
2022	83,881	1,569	85,450
	<u>\$ 165,270</u>	<u>\$ 4,660</u>	<u>\$ 169,930</u>

Changes in long-term debt for the year ended June 30, 2020 are as follows:

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
General Obligation Bonds					
Series of 2011	\$ 3,490,000	\$ -	\$(1,130,000)	\$ 2,360,000	\$ 1,160,000
General Obligation Note					
Series of 2013	4,450,000	-	(505,000)	3,945,000	515,000
General Obligation Bonds					
Series of 2018	9,995,000	-	(5,000)	9,990,000	5,000
General Obligation Bonds					
Series of 2019	9,705,000	-	-	9,705,000	5,000
Authority Lease-CMAVTS	244,168	-	(78,898)	165,270	81,389
Subtotal	27,884,168	-	(1,718,898)	26,165,270	1,766,389
Bond Premiums	289,517	-	(12,233)	277,284	
Total	<u>\$28,173,685</u>	<u>\$ -</u>	<u>\$(1,731,131)</u>	<u>\$ 26,442,554</u>	<u>\$ 1,766,389</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 6 – Long-Term Liabilities-continued

Other Long-Term Liabilities

At June 30, 2020 the School District had liabilities for pension, accumulated unpaid sick leave, retirement recognition, and health care benefits for retirees. The pension liability represents the District's proportionate share of net pension liability under the Public School Employees' Retirement System (PSERS). The sick leave liability represents amounts due for sick leave earned at the District and unused at the time of retirement. The retirement recognition is based on years of service and the current applicable rates. The sick leave liability and retirement recognition are reported as compensated absences. Other postemployment benefits are provided through a single-employer defined benefit healthcare plan and the PSERS Health Insurance Premium Assistance Program.

Changes in other long term liabilities for the year ended June 30, 2020 are as follows:

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020
Proportionate Share of Net Pension Liability	\$36,436,000	\$ -	\$ (133,000)	\$ 36,303,000
Compensated absences	\$ 946,550	\$ -	\$ (2,455)	\$ 944,095
Other postemployment benefits	\$ 3,117,368	\$ -	\$ 113,566	\$ 3,230,934

Note 7 - Pension Plan

General Information About the Pension Plan

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

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 PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 7 - Pension Plan-continued

reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Member are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 years or more of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became 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 member's final average salary (as defined in the Code) multiplied by the numbers 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% and 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 death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would 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% (Class T-C) or at 6.5% (Class T-D) of the member's qualifying compensation.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 7 - Pension Plan-continued

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Class T-C) or at 7.5% (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 7.5% (automatic 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 member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership, contribute at 10.3% (base rate) of the member's 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 Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 33.36% 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 \$3,876,289 for the year ended June 30, 2020

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

At June 30, 2020, the District reported a liability of \$36,303,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was .0776%, which was an increase of .0017% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$3,984,158. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 7 - Pension Plan-continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 150,000	\$ 902,250
Changes in assumptions	260,250	-
Net difference between projected and actual investment earnings		78,000
Changes in proportions	688,500	-
Difference between employer contributions and proportionate share of total contributions	(61,277)	(61,277)
Contributions subsequent to the measurement date	3,876,289	-
	<u>\$ 4,913,762</u>	<u>\$ 918,973</u>

Deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of \$3,876,289 will be recognized as a reduction of the net pension liability during the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Amount
2020	\$ 568,000
2021	(309,000)
2022	(164,000)
2023	64,000
	<u>\$ 159,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method-Entry Age Normal-Level % of pay.
- Investment return-7.25%, includes inflation at 2.75%.
- Salary growth- Effective average of 5.00%, comprised of inflation of 2.75%, and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 7 - Pension Plan-continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

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 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	20.00%	5.6%
Fixed income	36.00%	1.9%
Commodities	8.00%	2.7%
Absolute return	10.00%	3.4%
Risk parity	10.00%	4.1%
Infrastructure/MLPs	8.00%	5.5%
Real Estate	10.00%	4.1%
Alternative investments	15.00%	7.4%
Cash	3.00%	0.3%
Financing (LIBOR)	(20.0%)	0.7%
	<u>100%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

Discount Rate

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

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 7 - Pension Plan-continued

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 45,220,000	\$ 36,303,000	\$ 28,753,000

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.

Note 8 - Other Postemployment Benefits (OPEB)

BloomSBurg Area School District Postemployment Benefits Plan

General Information about the OPEB Plan

The District provides access to retiree medical, vision, and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses. This is a single employer defined benefit plan administered by the District. The plan does not issue a separate stand-alone financial statement.

Plan Membership: Plan membership consisted of the following at July 1, 2018:

Active Plan Members	194
Vested Former Participants	-
Retired Participants	23
Total	<u>217</u>

Benefits Provided: The Plan provides medical, prescription drug, dental and visions benefits for retirees and their spouses.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8 - Other Postemployment Benefits (OPEB)-continued

General Information about the OPEB Plan-continued

For all employees who retired prior to June 30, 2005, the member and spouse may continue coverage by contributing the full premium as determined for the purpose of COBRA. Upon reaching Medicare age, the participant has the option to switch to a Medicare supplemental plan. Coverage is for the lifetime of both member and spouse.

For all employees who retired through PSERS after June 30, 2005, the member and spouse are allowed to continue coverage in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 62 with 5 years of PSERS service or 2) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under age 65 with 10 years of PSERS service or 2) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. All individuals are eligible for a special early retirement upon reaching age 65 with 25 years of PSERS service.

Contributions: The OPEB expense and Net OPEB liability figures that are provided in the valuation are based on estimated contributions. Because the plan is unfunded, the estimated contributions are simply equal to the estimated benefits payments. Contributions to the plan for the year ended June 30, 2020 were \$62,906. Employees are not required to contribute to the plan.

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

The net OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, and by rolling forward the liabilities from the valuation date through the measurement date. The net OPEB liability at June 30, 2020 is \$1,580,934, all of which is unfunded.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8 - Other Postemployment Benefits (OPEB)-continued

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$270,901. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,111	\$ -
Changes in assumptions	32,721	47,417
Benefit payments subsequent to the measurement date	50,567	-
	<u>\$ 104,399</u>	<u>\$ 47,417</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$50,567 resulting from the District's payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30	Amount
2021	1,237
2022	1,237
2023	1,237
2024	1,237
2025	1,237
Thereafter	230
	<u>\$ 6,415</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Discount Rate: 3.36% Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2019.

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.

	Male	Female		Male	Female
<u>Age</u>	<u>Rate</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Rate</u>
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%	6.4000%

Mortality: Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Disability: No disability was assumed.

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

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions-continued

<u>Age</u>	<u>Age 55 & 25 Years of Service</u>		<u>Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
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: 60% of employees are assumed to elect coverage.

Percent Married at Retirement: 50% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

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, the per capita claims 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 and vision costs are assumed to not vary with age or gender.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions-continued

The resulting costs are as follows:

	<u>Medical and Prescription Drug Combined</u>	
<u>Age</u>	<u>Males</u>	<u>Females</u>
45-49	\$ 6,899	\$ 9,964
50-54	\$ 9,137	\$ 11,261
55-59	\$ 11,129	\$ 11,783
60-64	\$ 14,523	\$ 13,536

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

Health Care Cost Trend Rate: 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% 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.

Participant Data: Based on census information as of July 1, 2018. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2018-2019 school year.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.36 percent. The discount rate changed from 2.98% to 3.36%. The trend assumption was updated.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8- Other Postemployment Benefits (OPEB)-continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the District's net OPEB liability, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.36 percent) or 1-percentage-point higher (4.36 percent) than the current discount rate:

	1% Decrease 2.36%	Discount Rate 3.36%	1% Increase 4.36%
District's Net OPEB Liability	\$ 1,717,903	\$ 1,580,934	\$ 1,452,933

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the District's net OPEB liability, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's Net OPEB Liability	\$ 1,367,139	\$ 1,580,934	\$ 1,839,810

PSERS Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies-Cost Sharing Plan

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

General Information about the Cost Sharing 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.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8- Other Postemployment Benefits (OPEB)-continued

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, 2019, 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 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liability. Contributions to the OPEB plan for the District were \$97,578 for the year ended June 30, 2020.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8- Other Postemployment Benefits (OPEB)-continued

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

At June 30, 2020, the District reported a liability of \$1,650,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was .0776% which was an increase of .0017% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expense of \$108,096. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,750	\$ -
Changes in assumptions	41,250	36,750
Differences between projected and actual investment earnings	2,250	-
Changes in proportion	35,250	-
Difference between employer contributions and proportionate share of total contributions	(1,882)	(1,882)
Contributions subsequent to the measurement date	108,097	-
	<u>\$ 191,715</u>	<u>\$ 34,868</u>

\$108,097 reported as deferred outflows of resources related to OPEB resulting from District contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

Year ending June 30	Amount
2020	\$ 9,000
2021	9,000
2022	8,000
2023	8,000
2024	20,000
Thereafter	11,000
	<u>\$ 65,000</u>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8- Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2019 was determined by rolling forward the System's Total OPEB Liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.79% - S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2017 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8- Other Postemployment 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 contributions rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, 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, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 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.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 8- Other Postemployment Benefits (OPEB)-continued

The following presents the System net OPEB liability for June 30, 2019 calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 1,650,000	\$ 1,650,000	\$ 1,651,000

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the System net OPEB liability for June 30, 2019 calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage point higher (3.79%) than the current rate:

	<u>1% Decrease 1.79%</u>	<u>Current Discount Rate 2.79%</u>	<u>1% Increase 3.79%</u>
System net OPEB liability	\$ 1,880,000	\$ 1,650,000	\$ 1,460,000

OPEB plan fiduciary net position

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

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 9 - Jointly Governed Organizations

The School District participates in the Columbia-Montour Area Vocational Technical School (CMAVTS) which is governed by a joint operating committee. The committee is composed of fourteen members, two appointed annually from each of the seven member school districts. The CMAVTS provides vocational and technical education for students of the seven member school districts. Each member school district pays tuition to the CMAVTS based upon its relative enrollment percentage at the school. The member school districts approve the budget of the CMAVTS.

This joint venture does not meet the criteria for inclusion within the reporting entity because the CMAVTS is separately chartered from the school districts it serves, its joint operating committee controls the employment of personnel, its joint operating committee has the power to approve all operating expenditures of the CMAVTS, and the CMAVTS is maintained as a separate operating unit.

For the year ended June 30, 2020, the member school districts and the percentage of tuition received from each member district were as follows:

Benton Area School District	7.124%
Berwick Area School District	26.755%
Bloomsburg Area School District	13.761%
Central Columbia School District	15.486%
Danville Area School District	19.260%
Millville Area School District	6.886%
Southern Columbia Area School District	10.726%
	<hr/>
	100.00%
	<hr/>

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 9 - Jointly Governed Organizations-continued

The School District's share of the joint venture is not determinable. The most recent CMAVTS financial information for the year ended June 30, 2020 is available by contacting Tony Lylo, Business Manager, Columbia-Montour Area Technical School, Bloomsburg, PA.

A summary of this information, for all funds and the component unit based on the accrual basis of accounting, is presented below:

Assets and Deferred Outflows of Resources	\$ 6,720,675
Liabilities and Deferred Inflows of Resources	<u>18,223,949</u>
Net Position	<u>\$(11,503,274)</u>
Revenues	\$ 9,185,649
Expenditures	<u>9,472,573</u>
Change in Net Position	<u><u>\$ (286,924)</u></u>

The CMAVTS capital assets at June 30, 2020 are valued at a historical cost of \$6,877,510 with accumulated depreciation of \$6,136,302, resulting in net capital assets of \$741,208.

The CMAVTS Authority issued School Lease Revenue Bonds, Series of 2007, dated November 2007, in the aggregate principal amount of \$4,250,000 for the purpose of refunding its series of 2001 bonds. In June of 2015, the CMAVTS Authority issued a School Lease Revenue Note, Series of 2015 for the purpose of refunding its Series of 2007 Bonds. The Note bears interest at a fixed rate of 1.87% and is secured by the lease rentals. The outstanding balance at June 30, 2020 is \$761,000. Bloomsburg Area School District's share of this debt obligation balance at June 30, 2020 will be 16.61% based upon Bloomsburg Area School District's current market value of property as a relative percentage of total CMAVTS' member schools at June 30, 2020.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 10 – Fund Balance

Governmental Fund Balances consist of the following at June 30, 2020:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Committed:				
Compensated Absences	\$ 250,000	\$ -	\$ -	\$ 250,000
PSERS	3,000,000	-	-	3,000,000
Other Post Employment Benefits	250,000	-	-	250,000
Flood Mitigation	-	-	-	-
Debt Service	-	-	128	128
Assigned:				
Capital Improvements	-	262,996	-	262,996
Unassigned:				
Unassigned	2,008,445	-	-	2,008,445
Total Fund Balances	<u>\$ 5,508,445</u>	<u>\$ 262,996</u>	<u>\$ 128</u>	<u>\$ 5,771,569</u>

Although the board restricts the use of the Capital Projects Fund assets for construction, additions and equipment, fixed assets can be purchased out of the General Fund if the items are budgeted for in the annual budget.

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because it was not used.

Note 11 - Commitments and Contingencies

The School District receives federal and state grants and subsidies that are subject to audit and review by the Auditor General. These audits could result in a request for reimbursement by the state for amounts disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such reimbursements, if any, will not be significant.

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2020

Note 11 - Commitments and Contingencies-continued

The District has awarded various contracts for approximately \$16,036,000 for additions and upgrades to District properties. The commitment under these contracts at June 30, 2020 was approximately \$1,702,000.

Note 12 - Risk Management

The School District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2020, and the three previous fiscal years, no settlements exceeded insurance coverage.

Note 13 – Subsequent Events

On September 21, 2020, the District issued General Obligation Note, Series of 2020 in the amount of \$3,500,000. Proceeds will be used for the building of an Athletic Fieldhouse, Athletic Field improvements, and roof restoration projects at the Memorial and W.W. Evans Elementary schools. Principal and interest will be paid monthly on the first day of each month, commencing October 1, 2020 through September 1, 2030. The note bears interest at a fixed rate of 2.63% and is secured by the full faith, credit and taxing power of the District.

On January 5, 2021, the District awarded contracts totaling approximately \$1,511,000 for roof restoration projects at the Memorial and W.W. Evans Elementary schools.

On June 21, 2021, the Board approved the payment of the District's financial commitment for the Columbia-Montour AVTS Facility Upgrade Project in an amount not to exceed \$2,873,000.

REQUIRED SUPPLEMENTARY INFORMATION

BLOOMSBURG AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability

Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0776%	0.0759%	0.0750%	0.0748%	0.0740%	0.0738%
School's Proportionate Share of the Net Pension Liability	\$ 36,303,000	\$ 36,436,000	\$ 37,041,000	\$ 37,069,000	\$ 32,054,000	\$ 29,211,000
School's Covered-Employee Payroll	\$ 10,702,031	\$ 10,224,959	\$ 9,990,308	\$ 9,693,625	\$ 9,526,640	\$ 9,411,220
School's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	339.22%	356.34%	370.77%	382.41%	336.47%	310.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

Schedule of District Contributions-Pension Plan
Last Five Fiscal Years

	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 3,876,289	\$ 3,393,408	\$ 3,274,155	\$ 2,933,600	\$ 2,424,228
Contributions in Relation to the Contractually Required Contribution	3,876,289	3,393,408	3,274,155	2,933,600	2,424,228
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,702,031	\$ 10,224,959	\$ 9,990,308	\$ 9,693,625	\$ 9,696,894
Contributions as a Percentage of Covered-Employee Payroll	36.22%	33.19%	32.77%	30.26%	25.00%

BLOOMSBURG AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION **Schedule of Changes in Net OPEB Liability and Related Ratios** **Bloomsburg Area School District Postemployment Benefits Plan**

Fiscal Year Ending*	2020	2019	2018
Total OPEB Liability			
Service Cost	\$ 111,438	\$ 101,816	\$ 98,674
Interest	48,059	47,122	35,250
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	24,949	-
Changes of Assumptions	(51,025)	(375)	42,537
Benefit Payments	(62,906)	(91,237)	(88,062)
Other Changes	-	-	-
Net Change	45,566	82,275	88,399
Total OPEB Liability - Beginning	1,535,368	1,453,093	1,364,694
Total OPEB Liability - Ending	\$ 1,580,934	\$ 1,535,368	\$ 1,453,093
Covered Employee Payroll	\$ 9,036,383	\$ 9,036,383	\$ 8,554,944
Total OPEB Liability as a % of Covered-Employee Payroll	17.50%	16.99%	16.99%

*This information is shown for the last 10 years if available

BLOOMSBURG AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of District's Proportionate Share of the Net OPEB Liability
PSERS Health Insurance Premium Assistance Program
Last Three Fiscal Years**

	2020	2019	2018
School's Proportion of the Net OPEB Liability	0.0776%	0.0759%	0.0750%
School's Proportionate Share of the Net OPEB Liability	\$ 1,650,000	\$ 1,582,000	\$ 1,528,000
School's Covered-Employee Payroll	\$ 10,702,031	\$ 10,224,959	\$ 9,990,308
School's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	15.42%	15.47%	15.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%	5.56%	5.73%

BLOOMSBURG AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of District's Contributions-OPEB Plan
PSERS Health Insurance Premium Assistance Program
Last Three Fiscal Years

	2020	2019	2018
Contractually Required Contribution	\$ 97,578	\$ 86,397	\$ 83,437
Contributions in Relation to the Contractually Required Contribution	97,578	86,397	83,437
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,702,031	\$ 10,224,959	\$ 9,990,308
Contributions as a Percentage of Covered-Employee Payroll	0.91%	0.84%	0.84%

SUPPLEMENTARY INFORMATION

BLOOMSBURG AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Program/Cluster Title	CFDA Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/ Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2019	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2020
U.S. Department of Agriculture-Nutrition Cluster- Passed Through the Pennsylvania Department of Education-											
National School Lunch	10.555	I	N/A	7/01/19-6/30/20	F	N/A	\$ 284,787	\$ -	\$ 297,210	\$ 297,210	\$ 12,423
National Breakfast	10.553	I	N/A	7/01/19-6/30/20	F	N/A	99,094	-	106,671	106,671	7,577
							383,881	-	403,881	403,881	20,000
Passed Through the Pennsylvania Department of Agriculture-											
National School Lunch-USDA Commodities	10.555	I	N/A	7/01/19-6/30/20	F	N/A	60,274	(5,384)	46,833	46,833	(18,825)
Total-Nutrition Cluster							444,155	(5,384)	450,714	450,714	1,175
Total U.S. Department of Agriculture							444,155	(5,384)	450,714	450,714	1,175
U.S. Department of Education-											
Passed Through the Pennsylvania Department of Education-											
Title I											
	84.010	I	013-20-0041	7/01/19-9/30/20	F	408,304	58,329	-	408,304	408,304	349,975
Total Title I							58,329	-	408,304	408,304	349,975
Title IIA-Improv Teacher											
	84.367	I	020-20-0041	7/01/19-9/30/20	F	63,789	9,113	-	63,789	63,789	54,676
Total Title IIA							9,113	-	63,789	63,789	54,676
Title IV-Student Support & Academic Enrichment											
	84.424	I	144-20-0041	7/01/19-9/30/20	F	31,108	4,444		31,108	31,108	26,664
Title IV-Student Support & Academic Enrichment	84.424	I	144-19-0041	7/01/18-9/30/19	F	28,044	18,696	18,696	-	-	-
Total Title IV							23,140	18,696	31,108	31,108	26,664

BLOOMSBURG AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards-Continued
Year Ended June 30, 2020

Program/Cluster Title	CFDA Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/ Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2019	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2020
Passed Through the Pennsylvania Department of Education-											
Passed Through Central Susquehanna Intermediate Unit-											
IDEA Part B	84.027	I	062-20-0016	7/01/19-9/30/20	F	253,053	102,709	-	253,053	253,053	150,344
	Total IDEA Part B						102,709	-	253,053	253,053	150,344
IDEA 619	84.173	I	131-20-0016	7/01/19-9/30/20	F	5,350	-	-	5,350	5,350	5,350
	Total IDEA 619						-	-	5,350	5,350	5,350
	Total-IDEA Cluster						102,709	-	258,403	258,403	155,694
	Total U.S. Department of Education						193,291	18,696	761,604	761,604	\$87,009
U.S. Department of Health and Human Services											
Passed Through Pennsylvania Department Of Welfare											
Medicaid Admin Claims Title XIX	93.778	I	N/A	7/01/19-6/30/20	F	10,143	10,143	-	10,143	10,143	-
Medicaid Admin Claims Title XIX	93.778	I	N/A	7/01/18-6/30/19	F	11,492	3,342	3,342	-	-	-
	Total Medicaid Admin Claims Title XIX						13,485	3,342	10,143	10,143	-
	Total U.S. Department of Health and Human Services						13,485	3,342	10,143	10,143	-
	Totals						\$ 650,931	\$ 16,654	\$ 1,222,461	\$ 1,222,461	\$ 588,184

Funding Codes-

D= Direct Funding I=Indirect Funding

Source Codes-

F= Federal Funding S= State Funding

BLOOMSBURG AREA SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2020

Note 1 - Basis of Presentation

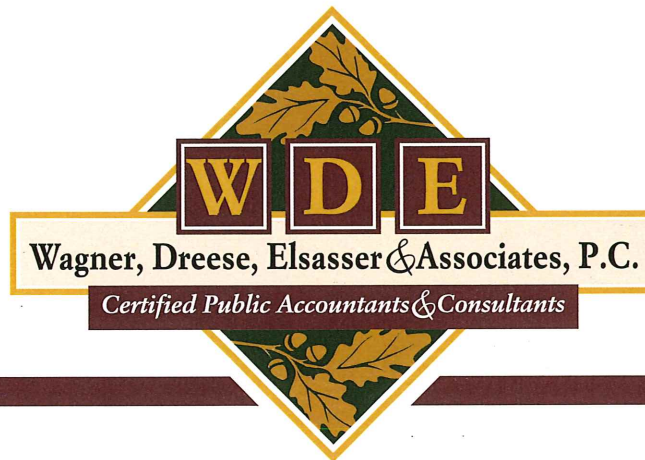
The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bloomsburg Area School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – National School Lunch Program-USDA Donated Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had food commodities in inventory valued at \$18,825.

Note 3 – Indirect Cost Rate

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



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(570) 925-2018

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

Members of the Board
Bloomsburg Area School District
Bloomsburg, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bloomsburg Area School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Bloomsburg Area School District's basic financial statements, and have issued our report thereon dated November 11, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bloomsburg Area School District's financial statements are free of 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of 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.

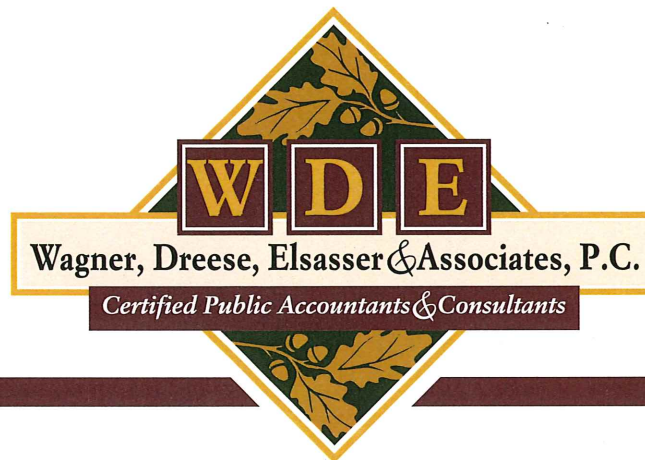


WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

November 11, 2021



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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

Members of the Board
Bloomsburg Area School District
Bloomsburg, PA

Report on Compliance for Each Major Federal Program

We have audited Bloomsburg Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bloomsburg Area School District's major federal programs for the year ended June 30, 2020. Bloomsburg Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Bloomsburg Area School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

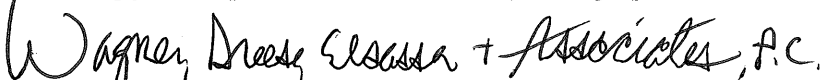
Report on Internal Control over Compliance

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

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

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

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


WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

November 11, 2021

BLOOMSBURG AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal Control over Financial Reporting:

Significant Deficiencies identified?

____ Yes

 X None Reported

Noncompliance material to financial statements noted?

____ Yes

 X No

Federal Awards

Internal Control over major programs:

Significant Deficiencies identified?

____ Yes

 X None Reported

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

Unmodified Opinion

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

____ Yes

 X No

Identification of Major Programs Tested:

CFDA Number

84.010

84.367

84.424

Name of Federal Program

Title I

Title II

Title IV

BLOOMSBURG AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs-continued
For the Year Ended June 30, 2020

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

Auditee qualified as low-risk auditee: Yes X No

Section II - Financial Statement Findings

There are no findings to be reported.

Section III - Federal Award Findings and Questioned Costs

There are no findings to be reported.

BLOOMSBURG AREA SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

There were no findings or questioned costs for the prior year ended June 30, 2019.