

COATESVILLE AREA SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021

INTRODUCTORY SECTION

COATESVILLE AREA SCHOOL DISTRICT

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COATESVILLE AREA SCHOOL DISTRICT

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Coatesville Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Coatesville Area School 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.

Auditors' 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 auditors' 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.

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

Opinions

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

Emphasis of Matter

As discussed in Note P, for the year ended June 30, 2021, Coatesville Area School District adopted new accounting guidance, implementing Government Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 6 through 17, budgetary comparison information on pages 64 and 65, schedule of the school district's proportionate share of the PSERS net pension liability on page 66, schedule of the school district's PSERS pension contributions on page 67, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 68, schedule of the school district's PSERS other postemployment benefit plan contributions on page 69 and schedule of changes in the total other postemployment benefit plan liability and related ratios on page 70 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 Coatesville Area School District's basic financial statements. The schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 23, 2022, on our consideration of the Coatesville 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coatesville Area School District's internal control over financial reporting and compliance.



Limerick, Pennsylvania
February 23, 2022

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Management's Discussion and Analysis ("MD&A") for the Coatesville Area School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of the MD&A is to look at financial performance as a whole. Readers should review the basic financial statements and corresponding notes to the financial statements to enhance their understanding of the District's financial performance.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments." Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

SCHOOL DISTRICT

The District is a public school district in Chester County, Pennsylvania organized under the Public School Code of Pennsylvania. The District provides educational programs from kindergarten through twelfth grade to students who are residents of the District and to non-residents on a tuition basis.

MISSION STATEMENT

The Mission of the Coatesville Area School District, rich in diversity and committed to excellence, is to create innovative educational experiences which are funded by the taxpayers, supported by the community, delivered by dedicated teachers and administrators, to ensure all students will become responsible, contributing global citizens.

FINANCIAL HIGHLIGHTS

Overall, the District ended the 2020-2021 fiscal year with a \$1,014,843 decrease in overall net position. The District's net deficit totaled \$178,099,634 on June 30, 2021. The Net Change in the Fund Balance for all Governmental Funds increased by \$16,887,804 to \$18,309,048.

The General Fund reported a negative total fund balance on June 30, 2021 of (\$1,838,699), which represents a decrease of \$353,338 from the previous year. The District implemented several expense reduction efforts to balance the budget for the 2020-2021 fiscal year including but not limited to furloughing of staff. These efforts contributed to the overall reduction in expenses of \$4.5 million compared to fiscal year 2019-2021. Despite these expense reduction efforts, expenses outpaced revenues resulting in the further decrease to the fund balance. The 2021-2022 budget approved in June 2021 represented a balanced budget as the District continues its efforts to identify opportunities to reduce expenses.

The District's General Fund balance on June 30, 2021, of (\$1,838,699) did not meet the guidelines of Board Policy 620 – Fund Balance, which states the unassigned portion of the fund balance is not to be less than 5% of the General Fund budgeted expenditures nor more than 8% of budgeted expenditures for that fiscal year. If the unassigned portion of the fund balance falls below the threshold of five percent (5%) of budgeted expenditures, the Board will pursue options for increasing revenues and decreasing expenditures, or a combination of both until five percent (5%) is attained. The District is considering multiple options as it begins to develop its 2022-2023 General Fund Budget.

The Capital Reserve Fund reported a positive total fund balance of \$753,381 and the Capital Projects Fund reported a positive total fund balance of \$19,394,366.

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Total Governmental Funds revenues were \$180,829,055 compared to expenditures of \$186,047,627 and other financing sources in the amount of \$22,106,376. General Fund revenues were \$180,234,595 with other funds having total revenues of \$594,460. General Fund revenues consist of 68.03% local revenue, 29.20% state revenue, and 2.76% federal revenues including grant funds. Other revenue funds consist of the Food Service Fund with revenues of \$1,983,788, expenditures of \$2,144,174 and transfers in of \$95,424 resulting in a decrease in net position of \$64,962.

FINANCIAL STATEMENTS

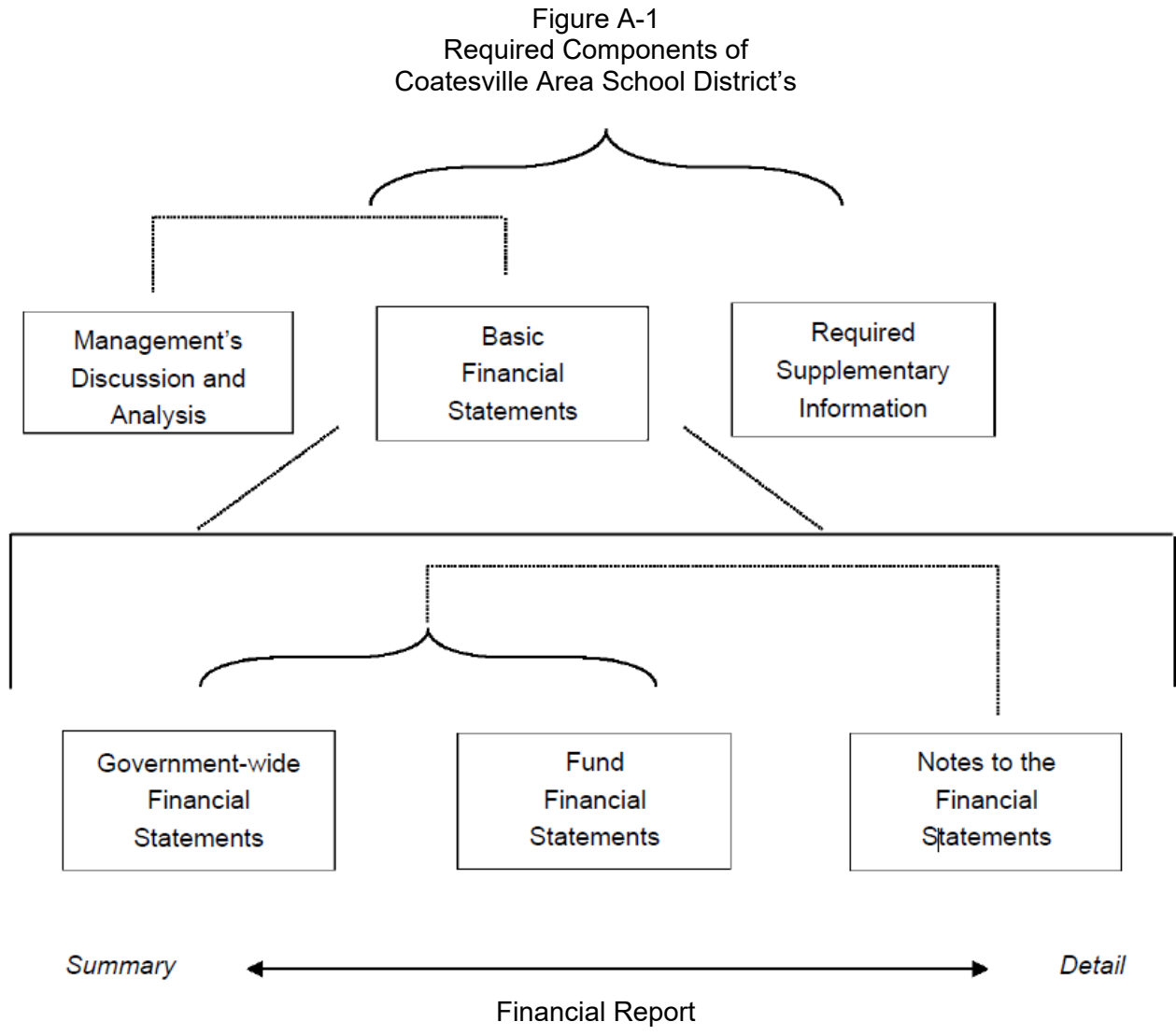
The financial statements consist of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information ("RSI"). The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For the District, this is the Food Service Fund.
- Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements.

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Figure A-1 shows how the required parts of the Financial Sections are arranged and relate to one another:



COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Coatesville Area School District's
Government-wide and Fund Financial Statements

	Fund Statements			
	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	An activity the District operates similar to private business – Food Service and Internal Service	Instances in which the District is the trustee or agent to someone else's resources – Student Activities Fund
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Net Position Statement of Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset/deferred outflow of resources/liability/deferred inflow of resources/information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS

Impact of GASB Statements No. 68, 71 and 75

During the 2014-2015 year, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to Measurement Date – An Amendment of GASB Statement No. 68." During the 2017-2018 fiscal year, the District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension and other postemployment benefit information reported by state and local governments (e.g., school districts).

The adoption of these statements has had, and will continue to have, a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension and OPEB plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the workforce.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments. Similarly, the net OPEB liability is the difference between the market value of OPEB fund assets and the actuarial present value of the projected retiree healthcare benefits as a specified measurement date.

While both the net pension liability and the net OPEB liability are significant to the District's financial statements, they are liabilities the District has limited control over. Over the last ten years, the PSERS employer contribution rate has risen significantly, from 5.64% in 2010-2011 to 34.51% in 2020-2021. These increases are expected to improve the plan's funding level, which will reduce the net pension liability in future years. This rate is anticipated to continue to increase to a level of over 36% in future years. In addition, the benefits paid by the District to eligible retirees for retiree healthcare benefits are governed by the collective bargaining agreements and contract in effect at the time of a given retiree's retirement; until these individuals receive their full benefits and future bargaining agreements and contracts are modified, the District will have very limited control over the value of its net OPEB liability.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statements of net position include all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All the current year's revenue and expenditures are accounted for in the statement of activities regardless of when cash is received and paid.

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

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, readers should consider additional factors in conjunction with the information provided by the Commonwealth, increase in the required PSERS contribution rate, and the projected enrollment of students.

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

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-Type Activities** - The District operates a food service operation and charges fees to staff and students to cover the cost of the food service operation.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. Some funds are required by state law and by bond requirements.

- **Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or few financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- **Proprietary Funds** - These funds are used to account for District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, or where there is a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - the services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities report in the government-wide statements, but provides more detail and additional information, such as cash flows.
- **Fiduciary Funds** - The District is the trustee, or fiduciary, for the assets that belong to others, such as scholarship funds, custodial funds, or student activity 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. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- **Notes to the financial statements** - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

- Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, schedules of the District's proportionate share of the net pension liability and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability and OPEB plan contributions - PSERS.

The following table presents condensed information for the Statement of Net Position of the District at June 30, 2021, and June 30, 2020:

Table A-1
STATEMENT OF NET POSITION
Fiscal Years Ended June 30, 2021, and June 30, 2020

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS AND DEFERRED OUTFLOWS						
Current and other assets	\$ 49,761,657	\$ 30,164,562	\$ 578,779	\$ 795,940	\$ 50,340,436	\$ 30,960,502
Capital assets	<u>146,233,253</u>	<u>150,958,973</u>	<u>54,863</u>	<u>41,196</u>	<u>146,288,116</u>	<u>151,000,169</u>
TOTAL ASSETS	195,994,910	181,123,535	633,642	837,136	196,628,552	181,960,671
Deferred outflows of resources	<u>22,000,526</u>	<u>17,018,030</u>	<u>418,845</u>	<u>345,490</u>	<u>22,419,371</u>	<u>17,363,520</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>217,995,436</u>	\$ <u>198,141,565</u>	\$ <u>1,052,487</u>	\$ <u>1,182,626</u>	\$ <u>219,047,923</u>	\$ <u>199,324,191</u>
LIABILITIES						
Current liabilities	\$ 34,094,076	\$ 45,202,474	\$ 46,034	\$ 70,958	\$ 34,140,110	\$ 45,273,432
Long-term liabilities	<u>341,468,413</u>	<u>299,769,005</u>	<u>3,083,136</u>	<u>2,942,331</u>	<u>344,551,549</u>	<u>302,711,336</u>
TOTAL LIABILITIES	<u>375,562,489</u>	<u>344,971,479</u>	<u>3,129,170</u>	<u>3,013,289</u>	<u>378,691,659</u>	<u>347,984,768</u>
Deferred inflows of resources	<u>18,156,229</u>	<u>27,943,487</u>	<u>299,669</u>	<u>480,727</u>	<u>18,455,898</u>	<u>28,424,214</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	(19,900,119)	(13,559,990)	54,863	41,196	(19,845,256)	(13,518,794)
Restricted	783,381	-	-	-	783,381	-
Unrestricted	<u>(156,606,544)</u>	<u>(161,213,411)</u>	<u>(2,431,215)</u>	<u>(2,352,586)</u>	<u>(159,037,759)</u>	<u>(163,565,997)</u>
NET POSITION (DEFICIT)	<u>(175,723,282)</u>	<u>(174,773,401)</u>	<u>(2,376,352)</u>	<u>(2,311,390)</u>	<u>(178,099,634)</u>	<u>(177,084,791)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	\$ <u>217,995,436</u>	\$ <u>198,141,565</u>	\$ <u>1,052,487</u>	\$ <u>1,182,626</u>	\$ <u>219,047,923</u>	\$ <u>199,324,191</u>

The District's net deficit totaled \$178,099,634 on June 30, 2021. This represents a \$(1,014,843) decrease in overall net position (deficit) over prior year. The net investment in capital assets is net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The unrestricted net position includes the effect of the District's net pension and OPEB liabilities as required by GASB No. 68 and 75, respectively. Of the \$378,691,659 in total liabilities, \$159,984,847 or 42.25%, is related to these net pensions and OPEB liabilities.

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Statement of Activities

The Statement of Activities shows the cost of program services, charges for services, and grants received offsetting those services.

Table A-2
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2021 and June 30, 2020

	June 30, 2021		June 30, 2020	
	Total Services	Net Services	Total Services	Net Services
PROGRAM EXPENSES				
Governmental Activities:				
Instruction	\$ 133,836,222	\$ 117,346,628	\$ 132,748,918	\$ 116,198,653
Instructional student support	6,509,773	5,515,700	7,553,043	6,515,305
Administration	11,123,298	10,169,125	11,313,863	10,391,772
Maintenance	11,716,984	11,154,198	13,076,767	12,481,006
Pupil transportation	9,357,252	2,371,986	11,082,939	3,772,386
Student activities	939,366	819,443	930,145	657,993
Community services	16,935	16,736	10,336	10,132
Interest and fiscal charges	6,341,360	6,149,242	7,116,240	6,595,828
Total Governmental Activities	179,841,190	153,543,058	183,832,251	156,623,075
Business-Type Activities:				
Food service	2,144,174	160,514	2,857,068	(99,968)
Total Primary Government	\$ 181,985,364	\$ 153,703,572	\$ 186,689,319	\$ 156,523,107

Table A-3
CHANGES IN NET POSITION
For the Years Ended June 30, 2021 and June 30, 2020

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program services						
Charges for services	\$ 369,287	\$ 469,660	\$ 39,368	\$ 98,847	\$ 408,655	\$ 568,507
Operating grants and contributions	25,928,845	26,739,516	1,944,292	2,858,189	27,873,137	29,597,705
General revenues						
Property taxes	108,983,976	106,616,041	-	-	108,983,976	106,616,041
Other taxes	9,338,010	8,861,558	-	-	9,338,010	8,861,558
Grants, subsidies and contributions not restricted	34,202,812	31,632,286	-	-	34,202,812	31,632,286
Investment earnings	51,416	819,186	128	11,111	51,544	830,297
Other revenues	112,387	602,948	-	-	112,387	602,948
TOTAL REVENUES	178,986,733	175,741,195	1,983,788	2,968,147	180,970,521	178,709,342
EXPENSES						
Instruction	133,836,222	132,748,918	-	-	133,836,222	132,748,918
Instructional student support	6,509,773	7,553,043	-	-	6,509,773	7,553,043
Administrative and financial support	11,123,298	11,313,863	-	-	11,123,298	11,313,863
Operation and maintenance of plant services	11,716,984	13,076,767	-	-	11,716,984	13,076,767
Pupil transportation	9,357,252	11,082,939	-	-	9,357,252	11,082,939
Student activities	939,366	930,145	-	-	939,366	930,145
Community service	16,935	10,336	-	-	16,935	10,336
Interest on long-term debt	6,341,360	7,116,240	-	-	6,341,360	7,116,240
Food services	-	-	2,144,174	2,857,068	2,144,174	2,857,068
TOTAL EXPENSES	179,841,190	183,832,251	2,144,174	2,857,068	181,985,364	186,689,319
TRANSFERS	(95,424)	-	95,424	-	-	-
CHANGE IN NET POSITION	\$ (949,881)	\$ (8,091,056)	\$ (64,962)	\$ 111,079	\$ (1,014,843)	\$ (7,979,977)

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

Fund Balances

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$18,309,048 which is an increase of \$16,887,804 from June 30, 2020.

Table A-4
GOVERNMENTAL FUND BALANCE
For the Years Ended June 30, 2021 and June 30, 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
General Fund	\$ (1,838,699)	\$ (1,485,361)	\$ (353,338)
Capital Reserve Fund	753,381	880,871	(127,490)
Capital Projects Fund	<u>19,394,366</u>	<u>2,025,734</u>	<u>17,368,632</u>
TOTAL	<u>\$ 18,309,048</u>	<u>\$ 1,421,244</u>	<u>\$ 16,887,804</u>

REVENUES

General Fund revenues and other financing sources for 2020-2021, which totaled \$180,297,872 increased \$1,497,517 or .84% over prior year revenues.

Revenues from local sources primarily include real estate taxes levied by the District as well as earned income taxes and made up 67.91% of revenues for the District in fiscal year 2020-2021. The real estate tax millage rate for 2020-2021 was 38.2018. State subsidies account for 29.29% of revenues and Federal revenues account for 2.77%. Revenue amounts for the 2020-2021 and the 2019-2020 fiscal years are shown below:

Table A-5
GENERAL FUND REVENUE
Fiscal Years 2020-2021 and 2019-2020

	<u>2020-2021</u>		<u>2019-2021</u>		<u>Increase (Decrease)</u>	
	<u>Revenue</u>	<u>% of Total</u>	<u>Revenue</u>	<u>% of Total</u>	<u>Revenue</u>	<u>% of Inc (Dec)</u>
Local sources	\$ 122,432,223	67.91%	\$ 120,951,147	67.65%	\$ 1,481,076	1.22%
State sources	52,809,774	29.29%	53,304,909	29.81%	(495,135)	(0.93)%
Federal sources	4,992,598	2.77%	3,585,499	2.01%	1,407,099	39.24%
Other financing sources	<u>63,277</u>	<u>0.04%</u>	<u>958,800</u>	<u>0.54%</u>	<u>(895,523)</u>	<u>100.00%</u>
TOTAL REVENUES	<u>\$ 180,297,872</u>	<u>100.00%</u>	<u>\$ 178,800,355</u>	<u>100.00%</u>	<u>\$ 1,497,517</u>	<u>0.84%</u>

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

EXPENDITURES

General Fund expenditures and net other financing uses for 2020-2021, which total \$180,555,786 decreased \$4,514,479 over 2019-2020 expenditures. The most significant decreases from prior year were in salaries and related benefit from staffing reductions, lower transportation costs due to virtual learning during COVID, and lower debt payments. These decreases were somewhat offset by increases in charter school tuition.

Expenditures consisted of the following:

Table A-6
GENERAL FUND EXPENDITURES
Fiscal Years 2020-2021 and 2019-2020
 Expenditures by Function

	2020-2021		2019-2020		Increase (Decrease)	
	Expenditures	% of Total	Expenditures	% of Total	Expenditures	% of Inc (Dec)
Instruction	\$ 136,049,856	75.35%	\$ 135,854,637	73.41%	\$ 195,219	0.14%
Supporting services	35,953,495	19.91%	38,365,651	20.73%	(2,412,156)	(6.29)%
Non-instructional services	1,044,493	0.58%	1,010,761	0.55%	33,732	3.34%
Other financing sources	7,507,942	4.16%	9,839,216	5.32%	(2,331,274)	100.00%
TOTAL EXPENDITURES	\$ 180,555,786	100.00%	\$ 185,070,265	100.00%	\$ (4,514,479)	-2.44%

Expenditures by Object

	2020-2021		2019-2020		Increase (Decrease)	
	Expenditures	% of Total	Expenditures	% of Total	Expenditures	% of Inc (Dec)
Salaries	\$ 38,898,277	21.54%	\$ 41,478,123	22.41%	\$ (2,579,846)	(6.22)%
Fringe benefits	25,461,970	14.10%	26,377,983	14.25%	(916,013)	(3.47)%
Purchased and technical services	22,168,458	12.28%	21,790,419	11.77%	378,039	1.73%
Purchase property services	3,278,435	1.82%	3,653,771	1.97%	(375,336)	(10.27)%
Other purchased services	77,452,025	42.90%	77,005,793	41.61%	446,232	0.58%
Supplies	4,712,216	2.61%	3,164,966	1.71%	1,547,250	48.89%
Property	82,146	0.05%	32,836	0.02%	49,310	150.17%
Other objects	8,502,259	4.71%	11,566,374	6.25%	(3,064,115)	(26.49)%
TOTAL EXPENDITURES	\$ 180,555,786	100.00%	\$ 185,070,265	100.00%	\$ (4,514,479)	-2.44%

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds is stated within the Independent Auditors' Report. These funds are accounted for using the modified accrual basis of accounting.

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020-2021, the School District has \$146,288,116 invested in land, buildings, and equipment, net of accumulated depreciation. Below is a summary of the capital assets.

	<u>2021</u>	<u>2020</u>
Land	\$ 2,812,500	\$ 2,812,500
Land improvements	8,687,629	7,425,060
Buildings and building improvements	236,855,786	235,091,594
Furniture and equipment	<u>19,039,974</u>	<u>18,731,089</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	264,583,389	261,247,743
Accumulated depreciation	<u>(121,107,773)</u>	<u>(113,060,074)</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 146,288,116</u>	<u>\$ 151,000,169</u>

Debt

As of June 30, 2021, the School District had a total debt of \$182,098,429 in bonds and notes, net of any interest. Below is a summary of debt for the District's outstanding bond issues.

<u>Bonds/Notes Issued</u>	<u>Maturing Date</u>	<u>Outstanding Principal</u>
2017A	08/01/25	\$ 44,060,000
2018	06/15/28	11,105,000
2019	10/01/27	22,922,000
2020	10/01/31	59,493,000
2020A	10/01/38	41,060,000
2020B	10/01/34	11,105,000
2020C	10/01/33	5,040,000
2020D	10/01/34	<u>20,205,000</u>
		214,990,000
	Less unamortized discount	<u>(32,891,571)</u>
		<u>\$ 182,098,429</u>

COATESVILLE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2021

FOR THE FUTURE

The District continues to experience increases in charter school tuition expense. In 2019-2020, charter school enrollments were 3,036 students with charter school tuition totaling \$58.2 million. This accounted for 31.5% of the District's total spending for the year. In 2020-2021 charter school enrollments were 3,117 with charter school tuition totaling \$60.6 million. This accounted for 33.5% of the District's total spending for the year. For 2021-2022, charter school enrollments are projected to be 3,020 with a budgeted charter school tuition of \$58 million. The District also continues to experience increases in special education costs and increased costs for pensions. These challenges will continue into the 2021-2022 fiscal year.

The employer pension contribution rate, which has been a major driver of costs for all school districts, has begun to slow its rate of increase. The rate soared since 2010-11 from 5.64% of payroll to 34.51% of payroll in 2020-2021. The rate will again increase in 2021-2022 to 34.94% of payroll.

ACT 1 of 2006 provides for the District to limit budget increase to an established index that changes from year to year. The budget process is limited unless budget exceptions are approved by the Pennsylvania Department of Education. The index provided by the Pennsylvania Department of Education for the 2021-2022 fiscal year has been established at 3.3%. This low index can make it difficult to balance the 2021-2022 budget if charter school costs continue to rise. The District continues to identify cost cutting opportunities in an effort to restore the fund balance to positive position.

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 District's finances. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Coatesville Area School District, 3030 C. G. Zinn Road, Thorndale, PA 19372.

COATESVILLE AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 34,030,473	\$ 1,152,820	\$ 35,183,293
Pledged taxes receivable	7,179,740	-	7,179,740
Internal balances	634,743	(634,743)	-
Due from other governments	7,339,721	20,893	7,360,614
Other receivables	222,980	12,496	235,476
Inventories	-	27,313	27,313
Other assets	354,000	-	354,000
Capital assets			
Land	2,812,500	-	2,812,500
Land improvements	8,687,629	-	8,687,629
Buildings and building improvements	236,855,786	-	236,855,786
Furniture and equipment	17,418,887	1,621,087	19,039,974
Accumulated depreciation	(119,541,549)	(1,566,224)	(121,107,773)
TOTAL ASSETS	195,994,910	633,642	196,628,552
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	754,074	-	754,074
Deferred outflows of resources, pension activity	19,733,000	384,000	20,117,000
Deferred outflows of resources, OPEB activity	1,513,452	34,845	1,548,297
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,000,526	418,845	22,419,371
LIABILITIES			
Accounts payable and accrued expenses	13,064,651	15,769	13,080,420
Accrued salaries and benefits	10,353,594	30,265	10,383,859
Accrued interest	1,185,020	-	1,185,020
Unearned revenues	6,331,952	-	6,331,952
Long-term liabilities			
Portion due or payable within one year			
General obligation debt, net	2,838,446	-	2,838,446
Leases	183,794	-	183,794
Compensated absences	136,619	-	136,619
Portion due or payable after one year			
General obligation debt, net	182,868,723	-	182,868,723
Leases	390,849	-	390,849
Net pension liability	144,168,000	2,810,000	146,978,000
Net OPEB liability	12,811,271	195,576	13,006,847
Compensated absences	1,229,570	77,560	1,307,130
TOTAL LIABILITIES	375,562,489	3,129,170	378,691,659
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	14,486,000	282,000	14,768,000
Deferred inflows of resources, OPEB activity	3,670,229	17,669	3,687,898
TOTAL DEFERRED INFLOWS OF RESOURCES	18,156,229	299,669	18,455,898
NET POSITION			
Net investment in capital assets	(19,900,119)	54,863	(19,845,256)
Restricted for capital projects	783,381	-	783,381
Unrestricted	(156,606,544)	(2,431,215)	(159,037,759)
TOTAL NET POSITION	\$ (175,723,282)	\$ (2,376,352)	\$ (178,099,634)

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 133,836,222	\$ 367,659	\$ 16,121,935	\$ -	\$ (117,346,628)	\$ -	\$ (117,346,628)
Instructional student support	6,509,773	-	994,073	-	(5,515,700)	-	(5,515,700)
Administrative and financial support services	11,123,298	-	954,173	-	(10,169,125)	-	(10,169,125)
Operation and maintenance of plant services	11,716,984	-	562,786	-	(11,154,198)	-	(11,154,198)
Pupil transportation	9,357,252	-	6,985,266	-	(2,371,986)	-	(2,371,986)
Student activities	939,366	1,628	118,295	-	(819,443)	-	(819,443)
Community services	16,935	-	199	-	(16,736)	-	(16,736)
Interest on long-term debt	6,341,360	-	192,118	-	(6,149,242)	-	(6,149,242)
TOTAL GOVERNMENTAL ACTIVITIES	179,841,190	369,287	25,928,845	-	(153,543,058)	-	(153,543,058)
BUSINESS-TYPE ACTIVITIES							
Food service	2,144,174	39,368	1,944,292	-	-	(160,514)	(160,514)
TOTAL BUSINESS-TYPE ACTIVITIES	2,144,174	39,368	1,944,292	-	-	(160,514)	(160,514)
TOTAL SCHOOL DISTRICT ACTIVITIES	\$ 181,985,364	\$ 408,655	\$ 27,873,137	\$ -	(153,543,058)	(160,514)	(153,703,572)
GENERAL REVENUES							
Property taxes, levied for general purposes					108,983,976	-	108,983,976
Taxes levied for specific purposes					9,338,010	-	9,338,010
Grants and entitlements not restricted to specific programs					34,202,812	-	34,202,812
Interest					51,416	128	51,544
Miscellaneous					112,387	-	112,387
TRANSFERS					(95,424)	95,424	-
TOTAL GENERAL REVENUES					152,593,177	95,552	152,688,729
CHANGE IN NET POSITION					(949,881)	(64,962)	(1,014,843)
NET POSITION AT BEGINNING OF YEAR					(174,773,401)	(2,311,390)	(177,084,791)
NET POSITION AT END OF YEAR					\$ (175,723,282)	\$ (2,376,352)	\$ (178,099,634)

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See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Reserve Fund	Capital Projects Fund	(Nonmajor) Coatesville Area School District Building Authority	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,431,542	\$ 753,381	\$ 19,845,550	\$ -	\$ 34,030,473
Taxes receivable	7,179,740	-	-	-	7,179,740
Due from other funds	826,117	-	-	-	826,117
Due from other governments	7,339,721	-	-	-	7,339,721
Other receivables	222,980	-	-	-	222,980
Other assets	354,000	-	-	-	354,000
TOTAL ASSETS	\$ 29,354,100	\$ 753,381	\$ 19,845,550	\$ -	\$ 49,953,031
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 12,804,841	\$ -	\$ 259,810	\$ -	\$ 13,064,651
Due to other funds	-	-	191,374	-	191,374
Accrued salaries and benefits	10,353,594	-	-	-	10,353,594
Unearned revenue	6,331,952	-	-	-	6,331,952
TOTAL LIABILITIES	29,490,387	-	451,184	-	29,941,571
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Property taxes	1,702,412	-	-	-	1,702,412
FUND BALANCES					
Restricted, capital projects	-	753,381	19,394,366	-	20,147,747
Unassigned	(1,838,699)	-	-	-	(1,838,699)
TOTAL FUND BALANCES	(1,838,699)	753,381	19,394,366	-	18,309,048
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 29,354,100	\$ 753,381	\$ 19,845,550	\$ -	\$ 49,953,031

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2021

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 18,309,048
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	2,812,500
Land improvements	8,687,629
Buildings and building improvements	236,855,786
Furniture and equipment	17,418,887
Accumulated depreciation	(119,541,549)
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amounts on refunding	754,074
<p>Deferred outflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.</p>	
	21,246,452
<p>Deferred inflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.</p>	
	(18,156,229)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(1,185,020)
General obligation debt, net	(185,707,169)
Leases	(574,643)
Compensated absences	(1,366,189)
Net pension liability	(144,168,000)
Net OPEB liability	(12,811,271)
<p>Some of the School District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	<u>1,702,412</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (175,723,282)</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Capital Reserve Fund	Capital Projects Fund	(Nonmajor) Coatesville Area School District Building Authority	Total Governmental Funds
REVENUES					
Local sources	\$ 122,432,223	\$ 82	\$ 6,883	\$ 587,495	\$ 123,026,683
State sources	52,809,774	-	-	-	52,809,774
Federal sources	4,992,598	-	-	-	4,992,598
TOTAL REVENUES	<u>180,234,595</u>	<u>82</u>	<u>6,883</u>	<u>587,495</u>	<u>180,829,055</u>
EXPENDITURES					
Instruction	136,049,856	-	-	-	136,049,856
Support services	35,953,495	127,572	66,472	-	36,147,539
Operation of non-instructional services	1,044,493	-	-	-	1,044,493
Facilities acquisition, construction and improvement services	-	-	2,582,334	-	2,582,334
Debt service	7,507,942	-	2,127,968	587,495	10,223,405
TOTAL EXPENDITURES	<u>180,555,786</u>	<u>127,572</u>	<u>4,776,774</u>	<u>587,495</u>	<u>186,047,627</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(321,191)</u>	<u>(127,490)</u>	<u>(4,769,891)</u>	<u>-</u>	<u>(5,218,572)</u>
OTHER FINANCING SOURCES					
Refunding bonds and notes issued	-	-	81,276,706	-	81,276,706
Notes issued	-	-	21,050,075	-	21,050,075
Payment to refunded bond escrow agent	-	-	(80,188,258)	-	(80,188,258)
Proceeds from refunding bonds	63,277	-	-	-	63,277
Transfers out	(95,424)	-	-	-	(95,424)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(32,147)</u>	<u>-</u>	<u>22,138,523</u>	<u>-</u>	<u>22,106,376</u>
NET CHANGE IN FUND BALANCES	<u>(353,338)</u>	<u>(127,490)</u>	<u>17,368,632</u>	<u>-</u>	<u>16,887,804</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>(1,485,361)</u>	<u>880,871</u>	<u>2,025,734</u>	<u>-</u>	<u>1,421,244</u>
FUND BALANCES AT END OF YEAR	<u>\$ (1,838,699)</u>	<u>\$ 753,381</u>	<u>\$ 19,394,366</u>	<u>\$ -</u>	<u>\$ 18,309,048</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 16,887,804
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.</p>	(4,725,720)
<p>Deferred charges are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term lives of debt instruments as amortization expense.</p>	(120,091)
<p>The issuance of long-term debt provides current financial resources to government funds, while the repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	(21,065,136)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:</p>	
Accrued interest not reflected in Governmental Funds	2,034,411
Pension and OPEB plan expense	6,766,064
<p>Repayment of capital lease principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	176,452
<p>In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	108,998
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues increased by this amount this year.</p>	<u>(1,012,663)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (949,881)</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Enterprise Fund <u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,152,820
Due from other governments	20,893
Other receivables	12,496
Inventories	27,313
TOTAL CURRENT ASSETS	<u>1,213,522</u>
CAPITAL ASSETS	
Furniture and equipment	1,621,087
Accumulated depreciation	(1,566,224)
TOTAL CAPITAL ASSETS	<u>54,863</u>
TOTAL ASSETS	<u>1,268,385</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources, pension activity	384,000
Deferred outflows of resources, OPEB activity	34,845
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>418,845</u>
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	46,034
Due to other funds	634,743
TOTAL CURRENT LIABILITIES	<u>680,777</u>
NONCURRENT LIABILITIES	
Compensated absences	77,560
Net pension liability	2,810,000
Net OPEB liability	195,576
TOTAL NONCURRENT LIABILITIES	<u>3,083,136</u>
TOTAL LIABILITIES	<u>3,763,913</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resource, pension activity	282,000
Deferred inflows of resource, OPEB activity	17,669
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>299,669</u>
NET POSITION	
Net investment in capital assets	54,863
Unrestricted	(2,431,215)
TOTAL NET POSITION	<u>\$ (2,376,352)</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021

	Enterprise Fund <u>Food Service Fund</u>
OPERATING REVENUES	
Charges for services	\$ 3,874
Miscellaneous	63,779
TOTAL OPERATING REVENUES	<u>67,653</u>
OPERATING EXPENSES	
Salaries	848,845
Employee benefits	408,738
Purchased professional and technical services	3,663
Purchased property services	1,634
Other purchased services	489
Supplies	873,305
Depreciation	6,605
Other operating expenses	895
TOTAL OPERATING EXPENSES	<u>2,144,174</u>
OPERATING LOSS	<u>(2,076,521)</u>
NONOPERATING REVENUES	
Interest	128
State sources	190,450
Federal sources	1,725,557
TOTAL NONOPERATING REVENUES	<u>1,916,135</u>
INCOME (LOSS) BEFORE TRANSFERS	(160,386)
TRANSFERS IN	<u>95,424</u>
CHANGE IN NET POSITION	(64,962)
NET POSITION AT BEGINNING OF YEAR	<u>(2,311,390)</u>
NET POSITION AT END OF YEAR	<u>\$ (2,376,352)</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 67,652
Payments to employees	(1,371,191)
Payments to suppliers	(281,185)
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,584,724)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	95,424
Federal sources	1,704,664
State sources	190,450
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,990,538</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition, construction and improvements of capital assets	<u>(20,272)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>128</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	385,670
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>767,150</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,152,820</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (2,076,521)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	6,605
Pension expense	(123,000)
OPEB Expense	1,431
(Increase) decrease in	
Other receivables	(1)
Inventories	4,211
Increase (decrease) in	
Accounts payable and accrued liabilities	(24,924)
Compensated absences	7,961
Due to other funds	619,514
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (1,584,724)</u>
SUPPLEMENTAL DISCLOSURES	
Noncash activities	
Donated commodities	\$ 126,906

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund Student Activity Funds</u>
ASSETS		
Cash and cash equivalents	\$ <u>183,460</u>	\$ <u>263,100</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ 3,535	\$ 1,621
Due to other funds	<u>4,700</u>	<u>530</u>
TOTAL LIABILITIES	<u>8,235</u>	<u>2,151</u>
NET POSITION		
Restricted for custodial purposes	-	260,949
Restricted for other purposes	<u>175,225</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>183,460</u>	\$ <u>263,100</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Private Purpose Trust Fund	Custodial Fund Student Activity Funds
ADDITIONS		
Gifts and contributions	\$ -	\$ 135,004
Interest	18	-
TOTAL ADDITIONS	<u>18</u>	<u>135,004</u>
DEDUCTIONS		
Scholarships awarded	7,200	-
Student activities	-	162,098
TOTAL DEDUCTIONS	<u>7,200</u>	<u>162,098</u>
CHANGE IN NET POSITION	(7,182)	(27,094)
NET POSITION AT BEGINNING OF YEAR, restated*	<u>182,407</u>	<u>288,043</u> *
NET POSITION AT END OF YEAR	<u>\$ 175,225</u>	<u>\$ 260,949</u>

See accompanying notes to the basic financial statements.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Coatesville Area School District (the "District") operates five elementary schools, two middle schools, one intermediate high school and one senior high school to provide education and related services to the residents of the City of Coatesville, two boroughs (South Coatesville and Modena) and six townships (Caln, East Fallowfield, Sadsbury, Valley, West Brandywine and West Caln). The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the Coatesville Area School District and its component units, entities for which the District is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The District is not a component unit of another reporting entity. The Coatesville Area School District Building Authority (the "Authority") and the Coatesville Community Education Foundation (the "Foundation") are considered to be blended component units because of their operational and financial relationship with the District as explained below.

Blended Component Units

The Authority was formed under the Municipal Authorities Act of 1945, as amended, and was incorporated in the Commonwealth of Pennsylvania on March 27, 2018 for the purpose acquiring, holding, constructing, improving, maintaining, and operating, owning or leasing, public school buildings and other school projects acquired, constructed or improved for public school purposes. The Authority is governed by a five-member board, which is appointed by the School Board. Although it is legally separate from the District, the Authority is reported as if it were part of the primary government because it conducts business solely with the District through a sale-leaseback agreement related to a public school building in the District. Financial information from the Authority for the year ended June 30, 2021, is combined in the accompanying financial statements by including financial information from the Authority as a special revenue fund in the District's governmental funds.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation was incorporated in the Commonwealth of Pennsylvania on March 9, 2020 for the purpose of promoting innovative and supplemental educations programs for the benefit of students and residents of the Coatesville Area School District. The Foundation is governed by a three-member board, which is appointed by the School Board. Although it is legally separate from the District, the Foundation is reported as if it were part of the primary government because it provides services and benefits exclusively to the District. As of June 30, 2021, there was no financial activity for the Foundation.

Joint Ventures

The District is a participating member of the Center for Arts and Technology (the "Vo-Tech"). The Vo-Tech is run by a joint board consisting of school directors from each member district. The Board of Directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of the debt and operating costs of the Vo-Tech based on the number of students from each district. For fiscal year ended June 30, 2021, the District's share of operating costs was \$3,633,510. The Vo-Tech prepares financial statements which are available to the public. The financial statements of the Vo-Tech are available from the Chester County Intermediate Unit located at 455 Boot Road, Downingtown, PA 19335.

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the primary financial activities of the District, except for Fiduciary Funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under Proprietary Funds below. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Therefore, Governmental Funds financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of Governmental Funds.

The statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

The government-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from Special Revenue and Capital Projects Funds. Unrestricted net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Fund Financial Statements - During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary funds financial statements are presented by fund type.

Governmental Funds - All governmental Funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental Funds:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Capital Projects Fund* and the *Capital Reserve Fund* are used to account for the acquisition, construction and renovation of major capital facilities.

While the Authority is not a major governmental fund, its activity is shown in a separate column in the governmental funds financial statements.

Revenue Recognition - In applying the “susceptible to accrual concept” under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition - The measurement focus of Governmental Funds accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when payment is due. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the Governmental Funds.

Proprietary Fund - The Proprietary Fund is accounted for using the accrual basis of accounting. This fund accounts for operations that are financed primarily by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

This fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the District's Proprietary Fund are food service charges. Operating expenses for the District's Enterprise Fund include payroll, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds - Fiduciary Funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a Private Purpose Trust and Custodial Fund. The Private Purpose Trust Fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The Custodial Fund accounts for funds held on behalf of students of the District. The measurement focus and basis of accounting for the Private Purpose Trust and Custodial Fund is the same as for Proprietary Fund.

Use of Estimates

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at June 30, 2021, was in excess of the minimum requirements just described.

Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

Discount period, 2% of gross levy	July 1 to August 31
Face period	September 1 to October 31
Penalty period, 10% of gross levy	November 1 to collection
Lien date	January 15

Assessed valuations of property are determined by the Chester County Board of Assessments. The District's taxes are billed and collected by a third-party administrator. The tax on real estate for public school purposes for fiscal 2020-2021 was 38.2018 mills (\$3.82018 for \$100 of assessed valuation) for the entire District.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide and Proprietary Fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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, inclusive of ancillary costs.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
School buildings and improvements	20-50
Site improvements	15-20
Equipment	5-10
Vehicles	8-15
Library books	5-7

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days as stipulated in each bargaining unit's contract. The liability for these compensated absences is recorded as a long-term liability in the government-wide financial statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, Governmental Funds report only the compensated absence liability payable from expendable available financial resources.

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. The first item, deferred amounts on refunding, is reported in the government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources for pension activities is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow related to pension activity is the result of the net difference between projected and actual investment earnings, the difference between actual employer contributions and the School District's proportionate share of total contributions, the differences between expected and actual experience, and actual contributions subsequent to the measurement date. The deferred outflow of resources for OPEB activities is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow related to OPEB activity is the result of the net difference between projected and actual investment earnings, changes in assumptions, the difference between expected and actual experience, the difference between actual employer contributions and the School district's proportionate share of total contributions and contributions subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The deferred inflow related to pension activity is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow related to the pension activity is the result changes in the School District's proportionate share of the total plan from year to year and changes in proportion. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources for OPEB activities is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow related to OPEB activity is the result of difference between expected and actual experience and changes in proportions.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The District previously implemented GASB Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- ***Committed*** - Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (resolution by the Board of School Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint.
- ***Assigned*** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of School Directors or by an official or body to which the Board of School Directors delegates the authority. The Board has not delegated the authority to assign amounts to be used for a specific purpose.
- ***Unassigned*** - All amounts not included in other spendable classifications.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The details of the fund balances are included in the Governmental Funds balance sheet (page 21). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School Directors. The District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital projects funds.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings that will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to the date final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board may make transfers of funds appropriated to any particular Item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

NOTE C - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2021, the carrying amount of the District's deposits was \$35,629,853 and the bank balance was \$36,010,272. Cash deposits in the amount of \$36,010,272 are uninsured and uncollateralized, and are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2021, PSDLAF was rated as AAAM by Standard and Poor's.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,812,500	\$ -	\$ -	\$ 2,812,500
Capital assets being depreciated				
Land improvements	7,425,060	1,262,569	-	8,687,629
Buildings and building improvements	235,091,594	1,764,192	-	236,855,786
Furniture and equipment	17,130,274	288,613	-	17,418,887
TOTAL CAPITAL ASSETS BEING DEPRECIATED	259,646,928	3,315,374	-	262,962,302
Accumulated depreciation				
Land improvements	(7,192,408)	(54,823)	-	(7,247,231)
Buildings and building improvements	(91,123,277)	(7,332,020)	-	(98,455,297)
Furniture and equipment	(13,184,770)	(654,251)	-	(13,839,021)
TOTAL ACCUMULATED DEPRECIATION	(111,500,455)	(8,041,094)	-	(119,541,549)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	148,146,473	(4,725,720)	-	143,420,753
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	150,958,973	(4,725,720)	-	146,233,253
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Furniture and equipment	1,600,815	20,272	-	1,621,087
Accumulated depreciation	(1,559,619)	(6,605)	-	(1,566,224)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	41,196	13,667	-	54,863
CAPITAL ASSETS, net	\$ 151,000,169	\$ (4,712,053)	\$ -	\$ 146,288,116

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE D - CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
Instruction	\$ 2,814,384
Operation and maintenance of plant service	160,822
Student transportation services	804,109
Central and other support services	160,822
Facilities and construction	<u>4,100,957</u>
TOTAL DEPRECIATION EXPENSE, GOVERNMENTAL ACTIVITIES	<u>\$ 8,041,094</u>

NOTE E - INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021, is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 826,117	\$ -
Capital Projects Fund	-	191,374
Food Service Fund	<u>-</u>	<u>634,743</u>
	<u>\$ 826,117</u>	<u>\$ 826,117</u>

Interfund balances between funds represent temporary loans recorded at year-end subsequent to a final allocation of expenses. The balances generally are paid shortly after year-end.

The composition of interfund transfers as of June 30, 2021, is as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ -	\$ 95,424
Food Service Fund	<u>95,424</u>	<u>-</u>
	<u>\$ 95,424</u>	<u>\$ 95,424</u>

During the year transfers occur when one fund incurs expenses on behalf of another fund.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F - GENERAL LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental and business-type activities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Accretion	Reductions	Balance June 30, 2021	Due Within One Year
GOVERNMENTAL ACTIVITIES						
General obligation bonds	\$ 127,853,115	\$ 27,482,845	\$ 1,063,986	\$ (72,688,115)	\$ 83,711,831	\$ 1,360,000
General obligation notes	28,986,000	74,843,937	620,661	(6,064,000)	98,386,598	793,000
Capital lease	751,095	-	-	(176,452)	574,643	183,794
Premium on bonds payable	6,714,001	-	-	(3,105,261)	3,608,740	685,446
Accumulated compensated absences	1,475,187	-	-	(108,998)	1,366,189	136,619
Net pension liability	137,756,000	6,412,000	-	-	144,168,000	-
Other postemployment benefits	12,188,407	622,864	-	-	12,811,271	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 315,723,805	\$ 109,361,646	\$ 1,684,647	\$ (82,142,826)	\$ 344,627,272	\$ 3,158,859
BUSINESS-TYPE ACTIVITIES						
Accumulated compensated absences	\$ 69,599	\$ 7,961	\$ -	\$ -	\$ 77,560	\$ -
Net pension liability	2,685,000	125,000	-	-	2,810,000	-
Other postemployment benefits	187,732	7,844	-	-	195,576	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 2,942,331	\$ 140,805	\$ -	\$ -	\$ 3,083,136	\$ -

General obligation debt, net, consists of the following:

General obligation debt, at face	\$ 182,098,429
General obligation debt premiums/(discounts), net	<u>3,608,740</u>
TOTAL GENERAL OBLIGATION DEBT, net	\$ <u>185,707,169</u>

Payments of long-term debt from bonds and notes payable are to be funded by the General Fund, while long-term debt from compensated absences is paid out of the fund from which the liability was incurred.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F - GENERAL LONG-TERM DEBT (Continued)

General Obligation Bonds are as follows:

Series A of 2017, maturing August 2025, bearing interest ranging from 2.00% to 5.00%, interest payable semiannually on February 1 and August 1	\$ 44,060,000
Guaranteed School Lease Revenue Bonds, Series of 2018, maturing June 2028, bearing interest ranging from 2.50% to 5.00%, interest payable semiannually on June 1 and December 1	11,105,000
Series of 2020A, maturing October 2038, bearing interest at 3.98-4.14%, interest payable annually on October 1 beginning in 2034	41,060,000
Series of 2020B, maturing October 2034, bearing interest at 3.95-3.98%, interest payable annually on October 1 beginning in 2033	<u>11,105,000</u>
TOTAL GENERAL OBLIGATION BONDS	107,330,000
Less unamortized discount on zero coupon bonds	
(Series A of 2020)	(19,190,108)
(Series B of 2020)	<u>(4,428,061)</u>
TOTAL GENERAL OBLIGATION BONDS, AT 6/30/2021	<u>\$ 83,711,831</u>

General Obligation Notes are as follows:

Series of 2019, maturing October 2027, bearing interest at 3.95%, interest payable semiannually on October 1 and April 1	\$ 22,922,000
Series of 2020, maturing October 2031, bearing interest at 2.974%, interest payable semiannually on October 1 and April 1	59,493,000
Series of 2020C, maturing October 2033, bearing interest at 3.95%, interest payable annually on October 1 beginning in 2033	5,040,000
Series of 2020D, maturing October 2034, bearing interest at 3.95-4.27%, interest payable annually on October 1	<u>20,205,000</u>
TOTAL GENERAL OBLIGATION NOTES	107,660,000
Less unamortized discount on zero coupon bonds	
(Series C of 2020)	(1,920,745)
(Series D of 2020)	<u>(7,352,657)</u>
TOTAL GENERAL OBLIGATION NOTES, AT 6/30/2021	<u>\$ 98,386,598</u>

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F - GENERAL LONG-TERM DEBT (Continued)

Presented below is a summary of debt service requirements to maturity by years:

Year Ending June 30,	Principal	Interest	Totals
2022	\$ 2,336,794	\$ 5,410,432	\$ 7,747,226
2023	11,906,442	5,071,203	16,977,645
2024	13,527,408	4,452,965	17,980,372
2025	14,007,000	3,777,674	17,784,674
2026	14,705,000	3,076,809	17,781,809
2027-2031	81,355,000	6,395,755	87,750,755
2032-2036	48,577,000	5,383	48,582,383
2037-2039	29,150,000	-	29,150,000
	<u>215,564,643</u>	<u>28,190,221</u>	<u>243,754,864</u>
Unamortized discount	<u>(23,618,169)</u>	<u>-</u>	<u>(23,618,169)</u>
	<u>\$ 191,946,474</u>	<u>\$ 28,190,221</u>	<u>\$ 220,136,695</u>

During the June 30, 2021 year the District issued General Obligation Note, Series of 2020 in the amount of \$59,493,000 to currently refund General Obligation Bonds, Series of 2010. The refunding resulted in an economic loss of \$1,117,386 and a decrease in future cash flows of \$899,687. The District issued General Obligation Bonds, Series B of 2020 to currently refund General Obligation Notes, Series A of 2019. The refunding resulted in an economic loss of \$180,205 and an increase in future cash flows of \$4,992,209. The District issued General Obligation Notes, Series C of 2020 and Series D of 2020 to refund a portion of General Obligation Bonds, Series of 2017. The refunding resulted in an economic gain of \$208,675 and an increase in future cash flows of \$6,496,443.

NOTE G - OPERATING LEASES

The District currently is obligated under an operating lease agreement for office equipment.

The following is a schedule by years of future minimum lease payments:

Year Ending June 30,	
2022	\$ 150,216
2023	150,216
2024	<u>25,036</u>
	<u>\$ 325,468</u>

Rental expense, including short-term rentals, for the year ended June 30, 2021, was \$264,814.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE H - CAPITAL LEASES

In September 2019, the District entered into a sixty month master lease agreement as a lessee for financing the acquisition of laptop computers. Interest, as stated in the master lease agreement, is 4.16%. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

Furniture and equipment	\$ 958,800
Accumulated depreciation	<u>(351,560)</u>
	<u>\$ 607,240</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year Ending	
<u>June 30,</u>	
2022	\$ 207,705
2023	207,705
2024	207,705
Amount representing interest	<u>(48,472)</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$ 574,643</u>

Total expenditures under capital leases for the year ended June 30, 2021 amounted to \$207,705.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I - PENSION PLAN

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

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

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

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

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I - PENSION PLAN (Continued)

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

Contributions

Members Contributions

- Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.
- 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% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with services 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 Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and the Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2021, was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were \$13,216,000 for the year ended June 30, 2021.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I - PENSION PLAN (Continued)

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

At June 30, 2021, the School District reported a liability of \$146,978,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the School District's proportion was 0.2985% which was a decrease of 0.0017% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$6,786,000. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 375,000	\$ 3,455,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	6,336,000	-
Changes in proportions	-	11,031,000
Difference between employer contributions and proportionate share of total contributions	58,000	-
Contributions subsequent to the measurement date	<u>12,964,000</u>	<u>-</u>
	<u>\$ 19,733,000</u>	<u>\$ 14,486,000</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ 8,000	\$ 67,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	123,000	-
Changes in proportions	-	215,000
Difference between employer contributions and proportionate share of total contributions	1,000	-
Contributions subsequent to the measurement date	<u>252,000</u>	<u>-</u>
	<u>\$ 384,000</u>	<u>\$ 282,000</u>

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I - PENSION PLAN (Continued)

\$13,216,000 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the new pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ (8,674,000)	\$ (169,000)
2023	(2,842,000)	(55,000)
2024	1,866,000	36,000
2025	<u>1,933,000</u>	<u>38,000</u>
	<u>\$ (7,717,000)</u>	<u>\$ (150,000)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2020, was determined by rolling forward the System’s total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020, using the following actuarial assumptions:

- 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.

The actuarial assumptions used in June 30, 2020 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 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 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 plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE I - PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.0%	-0.7%
	<u>100.0%</u>	

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

Discount Rate - The discount rate used to measure the total 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School 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 the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's proportionate share of the net pension liability	\$ <u>181,843,000</u>	\$ <u>146,978,000</u>	\$ <u>117,443,000</u>

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

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE J - SELF-INSURANCE

The District administers a self-insurance program to provide for the medical care for eligible employees and their dependents. Benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a liability for claims incurred through June 30, 2021.

Change in Aggregate Claims Liabilities

Change in aggregate claims liabilities for the year ended June 30, 2021, consisted of the following:

CLAIMS LIABILITY, BEGINNING OF YEAR	\$ 3,406,339
Current year claims and changes in estimates	9,194,572
Claim payments by the District	<u>(8,431,605)</u>
 CLAIMS LIABILITY, END OF YEAR	 \$ <u>4,169,306</u>

The liability is included in accrual salaries and benefits in the financial statements. Self-Insurance benefits also are offered to retired District employees according to the provisions set forth in each bargaining unit’s ERIP agreement. Currently, 43 retirees are eligible for benefits, which are financed on a pay-as-you-go basis. The total amount of benefits paid was \$661,662 for the year ended June 30, 2021.

NOTE K - COMMITMENTS AND CONTINGENCIES

Government Grants and Awards

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

Tax Increment Financing Plan and Cooperation Agreement

On July 18, 2005, the Board of School Directors of the District adopted a Resolution approving a Tax Increment Financing (TIF) Plan for the Hotel-Office Complex Project to construct a hotel and four office buildings at the intersection of Route 82 and the Route 30 Bypass in Coatesville, Pennsylvania. The TIF District is comprised of three tax parcels. A private developer, Oliver Tyrone Pulver Corporation, will construct a hotel and a 90,000 square foot office building. The Redevelopment Authority of the City of Coatesville (the “Authority”) designed the TIF Plan to finance the project. The Tax Increment Financing Act (P.L. 465 July 11, 1990), as amended, grants this power to development authorities.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)

The TIF Plan calls for the developer to fund the project costs through a \$4,000,000 HUD loan, \$12,500,000 from governmental grants, \$3,800,000 from the proceeds of the TIF debt and \$12,689,000 from the developer's equity.

The District's election to participate in the Plan shall not, in any way, pledge or obligate the credit or taxing power of the District, nor shall the District be liable for the payment of principal of, or interest on, any obligations issued by the Authority.

In addition, the Board of School Directors of the District authorized the execution of a Cooperation Agreement among the Authority, the District, the County and the City of Coatesville, which sets forth and confirms the basic terms and conditions of the TIF Plan.

The Tax Increment District was created as of January 31, 2006. The Tax Increment District shall continue in existence until January 31, 2026. Commencing with the collection of the Tax Increment in calendar year 2006, the District will pay to the issuer an amount equal to 100% of the Tax Increment received by the District during the term of the Tax Increment District.

The tax assessor for the County has determined the full aggregate market value of the taxable property in the Tax Increment District to be \$38,427. This shall be considered the base assessed value of the taxable property in the Tax Increment District, and the real estate tax calculated at the current millage will be the amount earned by the District. The difference between the base assessed value of the TIF District parcel and the reassessed value is the Tax Assessment Increment. In accordance with the cooperation agreement, 100% of the Tax Increment has to be paid to the Authority when the owners of the TIF parcels pay the annual school real estate tax bill.

NOTE L - RISK MANAGEMENT

The District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions of insurance coverages in the 2020-2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

- Have 24 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.

Pension Plan Description

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

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$333,000 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$6,432,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.2977% percent, which was a decrease of 0.0025% from its proportion measured as of June 30, 2020.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$113,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 58,000	\$ -
Changes in assumptions	119,000	-
Net difference between projected and actual investment earnings	11,000	-
Changes in proportions	-	891,000
Difference between employer contributions and proportionate share of total contributions	5,000	-
Contributions subsequent to the measurement date	<u>326,000</u>	<u>-</u>
	<u>\$ 519,000</u>	<u>\$ 891,000</u>
	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ 1,000	\$ -
Changes in assumptions	2,000	-
Changes in proportions	-	17,000
Contributions subsequent to the measurement date	<u>7,000</u>	<u>-</u>
	<u>\$ 10,000</u>	<u>\$ 17,000</u>

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

\$333,000 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ (141,000)	\$ (3,000)
2023	(155,000)	(3,000)
2024	(182,000)	(4,000)
2025	(134,000)	(3,000)
2026	(86,000)	(2,000)
Thereafter	-	1,000
	<u>\$ (698,000)</u>	<u>\$ (14,000)</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%.
 - Eligible retirees will elect to participate Post age 65 at 70%.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	-1.00%
Non-US Developed Fixed	3.2%	-0.01%
US Core Fixed Income	46.5%	-0.01%
	<u>100.0%</u>	

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

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, 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 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the 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%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
District's proportionate share of the net OPEB liability	\$ <u>6,432,000</u>	\$ <u>6,432,000</u>	\$ <u>6,433,000</u>

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

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

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

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ <u>7,334,000</u>	\$ <u>6,432,000</u>	\$ <u>5,686,000</u>

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.

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN

Plan Description

The School District administers a single employer defined benefit health care plan. The plan provides medical insurance benefits for eligible retirees and their spouses. The Board of School Directors assigns the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

Plan Membership - At June 30, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>580</u>
	<u><u>634</u></u>

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the fiscal year ended June 30, 2021, the District contributed \$462,782 to the Plan related to retirees.

Benefits Provided

The plan provides the following benefits:

All teachers and other employees retired prior to June 30, 2010 are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The School District and the retiree pay a portion of the premium that is specific to each employee. Once the retiree is Medicare eligible, the plan continues for the COBRA continuation period.

All teachers and other employees retired under early retirement incentive at June 30, 2010 or June 30, 2011 with 10 years of service to the district and are PSERS retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The retiree must pay the active cost share amount at retirement plus any additional increases in premium that occur after retirement. Once the retiree is eligible for unreduced social security, the plan continues for the COBRA continuation period.

All teachers retired under early retirement incentive at June 30, 2012 and are PSERS retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The retiree must pay the full premium. Once the retiree reaches age 65, the plan continues for the COBRA continuation period.

All teachers retired after July 1, 2012 and other employees retired after July 1, 2011 and are PSERS retirement eligible are eligible for benefits under the plan. Benefits include medical, prescription drug, dental and vision. The retiree must pay the full premium. Once the retiree is Medicare eligible, the plan continues for the COBRA continuation period.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

Assumptions

The following assumptions and actuarial methods and calculation were used:

Interest Rate - 1.86%, based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.

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 from 2.75% to 0%.

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

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.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	2.57%	5.02%	45	1.37%	1.65%
30	2.57%	4.02%	50	1.92%	2.06%
35	1.50%	2.85%	55	3.38%	3.11%
40	1.34%	1.60%	60	5.57%	6.40%

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

Disability - No disability was assumed.

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

Percent of Eligible Retirees Electing Coverage in Plan - 55% of Teachers and Administrators and 35% of the Support Staff are assumed to elect coverage.

Percent Married at Retirement - 70% 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.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

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

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.

Changes in Assumptions - In the 2020 actuarial valuation, the discount rate changed from 3.36% to 1.86%. The trend assumption was updated.

Changes in the Total OPEB Liability

	Total OPEB Liability	
	Governmental Activities	Business-Type Activities
Balance at June 30, 2020	\$ 5,925,407	\$ 65,732
Changes for the year		
Service cost	283,653	1,634
Interest cost	199,928	2,232
Changes for experience	-	-
Changes in assumptions	571,059	4,729
Benefit payments	(477,776)	(1,751)
Net changes	576,864	6,844
Balance at June 30, 2020	\$ 6,502,271	\$ 72,576

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.86 percent) or 1-percentage-point higher (2.86 percent) than the current discount rate:

	1% Decrease <u>0.86%</u>	Current Discount Rate <u>1.86%</u>	1% Increase <u>2.86%</u>
Total OPEB liability	\$ <u>6,959,186</u>	\$ <u>6,574,847</u>	\$ <u>6,203,133</u>

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

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

	1% <u>Decrease</u>	Current <u>Rates</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>5,918,598</u>	\$ <u>6,574,847</u>	\$ <u>7,350,031</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the School District recognized OPEB expense of \$225,151. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
GOVERNMENTAL ACTIVITIES		
Changes in assumptions	\$ 533,599	\$ 402,455
Difference between expected and actual experience	-	2,376,774
Contributions subsequent to the measurement date	<u>460,853</u>	<u>-</u>
	<u>\$ 994,452</u>	<u>\$ 2,779,229</u>
BUSINESS-TYPE ACTIVITIES		
Changes in assumptions	\$ 4,636	\$ 669
Difference between expected and actual experience	18,280	-
Contributions subsequent to the measurement date	<u>1,929</u>	<u>-</u>
	<u>\$ 24,845</u>	<u>\$ 669</u>

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

\$462,782 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

GOVERNMENTAL ACTIVITIES

Year Ending <u>June 30,</u>	
2022	\$ (264,921)
2023	(264,921)
2024	(264,921)
2025	(264,921)
2026	(264,921)
Thereafter	<u>(921,025)</u>
	<u>\$ (2,245,630)</u>

BUSINESS-TYPE ACTIVITIES

Year Ending <u>June 30,</u>	
2022	\$ 2,625
2023	2,625
2024	2,625
2025	2,625
2026	2,625
Thereafter	<u>9,122</u>
	<u>\$ 22,247</u>

NOTE O - BUILDING SALE LEASEBACK

In June 2018, the Coatesville Area School District Building Authority (the Authority), a component unit of the Coatesville Area School District (the District), issued Guaranteed School Lease Revenue Bonds of 2018 with a face value of \$12,400,000 and issued at a premium of \$907,553 to acquire The Scott Middle School Building from the District. The building will be leased back to the District in annual rental payments equal to the debt service on the bonds issued by the Authority. At the end of the bond term, ownership of the building will then revert to the District.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE P - PRIOR PERIOD ADJUSTMENT

The School implemented GASB Statement No. 84, Fiduciary Activities. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Upon implementation, the School began recording Additions and Deductions on the Statement of Changes in Fiduciary Net Position. As a result, the School adjusted beginning fund balance for the custodial fund from \$0 to \$288,043.

REQUIRED SUPPLEMENTARY INFORMATION

COATESVILLE AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 119,570,010	\$ 118,870,009	\$ 122,432,223	\$ 3,562,214
State sources	52,795,475	52,118,042	52,809,774	691,732
Federal sources	3,565,723	4,911,958	4,992,598	80,640
TOTAL REVENUES	<u>175,931,208</u>	<u>175,900,009</u>	<u>180,234,595</u>	<u>4,334,586</u>
EXPENDITURES				
Instruction				
Regular programs	76,099,784	67,128,625	81,071,023	(13,942,398)
Special programs	45,707,176	51,359,134	50,739,157	619,977
Vocational programs	3,981,998	4,292,508	3,884,184	408,324
Other instructional programs	229,074	229,074	355,492	(126,418)
TOTAL INSTRUCTION	<u>126,018,032</u>	<u>123,009,341</u>	<u>136,049,856</u>	<u>(13,040,515)</u>
Support services				
Pupil personnel services	3,611,572	3,607,672	3,537,980	69,692
Instructional staff services	2,457,492	2,457,492	2,553,426	(95,934)
Administrative services	8,579,574	8,578,574	7,315,492	1,263,082
Pupil health	1,159,064	1,150,064	1,038,947	111,117
Business services	1,212,158	1,212,158	1,447,949	(235,791)
Operation and maintenance of plant services	8,713,286	8,713,286	8,236,832	476,454
Student transportation services	9,106,953	9,106,953	8,581,314	525,639
Central support services	2,217,494	2,192,494	3,089,439	(896,945)
Other support services	121,388	121,388	152,116	(30,728)
TOTAL SUPPORT SERVICES	<u>37,178,981</u>	<u>37,140,081</u>	<u>35,953,495</u>	<u>1,186,586</u>
Operation of non-instructional services				
Student activities	1,660,622	1,660,622	1,027,405	633,217
Community services	42,370	42,370	17,088	25,282
TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	<u>1,702,992</u>	<u>1,702,992</u>	<u>1,044,493</u>	<u>658,499</u>
Debt service	11,000,000	7,510,378	7,507,942	2,436
Budgetary reserve	-	6,537,212	-	6,537,212
TOTAL EXPENDITURES	<u>175,900,005</u>	<u>175,900,004</u>	<u>180,555,786</u>	<u>(4,655,782)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	31,203	5	(321,191)	(321,196)
OTHER FINANCING SOURCES				
Proceeds from refunding bonds	-	-	63,277	63,277
Transfers out	-	-	(95,424)	(95,424)
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(32,147)</u>	<u>(32,147)</u>
NET CHANGE IN FUND BALANCE				
	\$ <u>31,203</u>	\$ <u>5</u>	(353,338)	\$ <u>(353,343)</u>
FUND BALANCE AT BEGINNING OF YEAR			(1,485,361)	
FUND BALANCE AT END OF YEAR			\$ <u>(1,838,699)</u>	

See accompanying notes to the budgetary comparison schedule.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021

NOTE A - BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for the Capital Projects Fund.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Business Manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The Board may, by resolution, transfer unencumbered budgeted amounts between departments within any fund.
5. The operating budget is adopted on a basis prescribed by the Department of Education.

Controls over spending in the Capital Reserve Fund are achieved by the use of internal spending limits. Effective expenditure control is achieved in the Capital Reserve Fund through bond indenture provisions.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the period ended June 30, 2021, expenditures exceeded appropriations in the following General Fund object levels:

Instruction	
Regular programs	\$ (13,942,398)
Other instructional programs	(126,418)
Support services	
Instructional staff services	(95,934)
Business services	(235,791)
Central support services	(896,945)
Other support services	(30,728)

The expenditures exceeded appropriations in FY21 because the School District received revised bills for Charter School tuition and tuition for approved private schools in December of 2019. The district is working to restore the fund balance back to a positive position by continuing to look for cost cutting measures. For the upcoming 2022-2023 budget the School District will need to consider a tax increase to help restore the fund balance.

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE PSERS NET PENSION LIABILITY
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET)	<u>0.2985%</u>	<u>0.3002%</u>	<u>0.3257%</u>	<u>0.3531%</u>	<u>0.3687%</u>	<u>0.3748%</u>	<u>22.2100%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	<u>\$ 146,978,000</u>	<u>\$ 140,441,000</u>	<u>\$ 156,352,000</u>	<u>\$ 174,390,000</u>	<u>\$ 182,716,000</u>	<u>\$ 162,345,000</u>	<u>\$ 87,909,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 41,785,773</u>	<u>\$ 41,405,416</u>	<u>\$ 43,856,333</u>	<u>\$ 47,010,413</u>	<u>\$ 47,754,301</u>	<u>\$ 48,219,963</u>	<u>\$ 28,336,379</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>351.74%</u>	<u>339.19%</u>	<u>356.51%</u>	<u>370.96%</u>	<u>382.62%</u>	<u>336.68%</u>	<u>310.23%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>45.64%</u>	<u>57.24%</u>

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NOTES TO SCHEDULE

The District's covered payroll noted above is as of the measurement date of the net pension liability (June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 13,216,000	\$ 13,931,000	\$ 13,445,000	\$ 13,920,000	\$ 13,739,000	\$ 11,959,000	9,887,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>13,216,000</u>	<u>13,931,000</u>	<u>13,445,000</u>	<u>13,920,000</u>	<u>13,739,000</u>	<u>11,959,000</u>	<u>9,887,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 39,642,857</u>	<u>\$ 41,785,773</u>	<u>\$ 41,405,416</u>	<u>\$ 43,856,333</u>	<u>\$ 47,010,413</u>	<u>\$ 47,754,301</u>	<u>\$ 48,219,963</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>33.34%</u>	<u>33.34%</u>	<u>32.47%</u>	<u>31.74%</u>	<u>29.23%</u>	<u>25.04%</u>	<u>20.50%</u>

NOTE TO SCHEDULE

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

COATESVILLE AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY LAST FOUR FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY (ASSET)	<u>0.2977%</u>	<u>0.3002%</u>	<u>0.3257%</u>	<u>0.3531%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)	\$ <u>6,432,000</u>	\$ <u>6,385,000</u>	\$ <u>6,791,000</u>	\$ <u>7,194,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>41,785,773</u>	\$ <u>41,405,416</u>	\$ <u>43,856,333</u>	\$ <u>47,010,413</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>15.39%</u>	<u>15.42%</u>	<u>15.48%</u>	<u>15.30%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

NOTES TO SCHEDULE

The District's covered payroll noted above is as of the measurement date of the net pension liability June 30, 2020, 2019, 2018 and 2017).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

COATESVILLE AREA SCHOOL DISTRICT**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT
BENEFIT PLAN CONTRIBUTIONS
LAST FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 333,000	\$ 357,000	\$ 342,000	\$ 364,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>333,000</u>	<u>357,000</u>	<u>342,000</u>	<u>364,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>39,642,857</u>	\$ <u>41,785,773</u>	\$ <u>41,405,416</u>	\$ <u>43,856,333</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>0.84%</u>	<u>0.84%</u>	<u>0.83%</u>	<u>0.83%</u>

NOTE TO SCHEDULE

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 285,287	\$ 366,862	\$ 344,850	\$ 388,100
Interest	202,160	230,252	245,957	261,532
Changes in experience	-	(1,485,517)	-	(1,680,843)
Changes of assumptions	575,788	(135,240)	13,906	(435,642)
Benefit payments	<u>(479,527)</u>	<u>(752,653)</u>	<u>(764,723)</u>	<u>(1,573,002)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	583,708	(1,776,296)	(160,010)	(3,039,855)
TOTAL OPEB LIABILITY, BEGINNING	<u>5,991,139</u>	<u>7,767,435</u>	<u>7,927,445</u>	<u>10,967,300</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 6,574,847</u>	<u>\$ 5,991,139</u>	<u>\$ 7,767,435</u>	<u>\$ 7,927,445</u>
COVERED PAYROLL	<u>\$ 38,406,858</u>	<u>\$ 38,406,858</u>	<u>\$ 40,089,961</u>	<u>\$ 40,089,961</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>17.12%</u>	<u>15.60%</u>	<u>19.38%</u>	<u>19.77%</u>

NOTES TO SCHEDULE

The District's covered payroll noted above is as of the measurement date of the net pension liability June 30, 2020, 2019, 2018 and 2017).

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2020 actuarial valuations, this discount rate changed from 3.36% to 1.86%. The trend assumption was updated.

Changes in assumptions: In the 2019 actuarial valuations, this discount rate changed from 2.98% to 3.36%. The trend assumption was updated.

Changes in assumptions: In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Coatesville Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Coatesville Area School District's basic financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coatesville 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 Coatesville Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coatesville Area School District's internal control.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coatesville Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Coatesville Area School District's Response to Findings

Coatesville Area School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Coatesville Area School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Limerick, Pennsylvania
February 23, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Coatesville Area School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Coatesville Area School District's major federal programs for the year ended June 30, 2021. The Coatesville Area School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Coatesville 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 (CFR) 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 the Coatesville 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 the Coatesville Area School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Coatesville 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, 2021.

To the Board of School Directors
Coatesville Area School District
Thorndale, Pennsylvania

Report on Internal Control Over Compliance

Management of the Coatesville 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 the Coatesville 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 as a basis for designing 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 the Coatesville 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.

Purpose of this Report

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.



Limerick, Pennsylvania
February 23, 2022

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Federal Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2020	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2021	Passed Through to Sub-Recipients
U.S. DEPARTMENT OF EDUCATION											
Passed through the Pennsylvania Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	013-20-0089	August 7, 2019 to September 30, 2021	\$ 1,639,067	\$ 687,538	\$ 241,333	\$ 446,205	\$ 446,205	\$ -	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-21-0089	July 15, 2020 to September 30, 2021	1,872,709	761,367	-	897,434	897,434	136,067	-
Title I Grants to Local Educational Agencies	I	84.010	107-20-0089	August 7, 2019 to September 30, 2021	59,561	34,035	(6,811)	49,354	49,354	8,508	-
Title I Grants to Local Educational Agencies	I	84.010	107-21-0089	July 15, 2020 to September 30, 2021	77,040	20,544	-	15,207	15,207	(5,337)	-
TOTAL - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - 84.010						1,503,484	234,522	1,408,200	1,408,200	139,238	-
Supporting Effective Instruction State Grants	I	84.367	020-20-0089	August 7, 2019 to September 30, 2021	232,135	81,816	16,282	16,599	16,599	(48,935)	-
Supporting Effective Instruction State Grants	I	84.367	020-21-0089	July 15, 2020 to September 30, 2021	261,423	70,627	-	-	-	(70,627)	-
TOTAL - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS - 84.367						152,443	16,282	16,599	16,599	(119,562)	-
English Language Acquisition Grants	I	84.365	010-20-0089	August 7, 2019 to September 30, 2021	63,262	18,075	18,075	-	-	-	-
English Language Acquisition Grants	I	84.365	010-21-0089	July 15, 2020 to September 30, 2021	64,355	55,774	-	64,355	64,355	8,581	-
TOTAL - ENGLISH LANGUAGE ACQUISITION GRANTS - 84.365						73,849	18,075	64,355	64,355	8,581	-
Student Support and Academic Enrichment Program	I	84.424	144-20-0089	August 7, 2019 to September 30, 2021	127,740	36,497	(34,688)	119,755	119,755	48,570	-
Student Support and Academic Enrichment Program	I	84.424	144-21-0089	July 15, 2020 to September 30, 2021	124,305	33,148	-	-	-	(33,148)	-
TOTAL - STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM - 84.424						69,645	(34,688)	119,755	119,755	15,422	-
Education Stabilization Fund (COVID-19)	I	84.425D	200-20-0089	March 13, 2020 to September 30, 2021	1,346,239	566,837	-	1,200,015	1,200,015	633,178	-
Education Stabilization Fund II (COVID-19)	I	84.425D	200-21-0089	March 13, 2020 to September 30, 2023	6,915,330	-	-	995,241	995,241	995,241	-
Governor's Emergency Education Relief Fund	I	84.425C	252-20-0089	October 7, 2020 to September 30, 2021	163,629	43,060	-	70,662	70,662	27,602	-
Governor's Emergency Education Relief Fund	I	84.425C	254-20-0089	March 13, 2020 to September 30, 2021	225,145	71,098	-	70,787	70,787	(311)	-
Education Stabilization Fund (COVID-19)	I	84.425D	2020-ES-01-34946	March 13, 2020 to September 30, 2022	267,717	237,773	-	267,717	267,717	29,944	-
TOTAL - 84.425						918,768	-	2,604,422	2,604,422	1,685,654	-
TOTAL FORWARD						\$ 2,718,189	\$ 234,191	\$ 4,213,331	\$ 4,213,331	\$ 1,729,333	\$ -

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Federal Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2020	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2021	Passed Through to Sub-Recipients
U.S. DEPARTMENT OF EDUCATION											
TOTAL FORWARDED						\$ 2,718,189	\$ 234,191	\$ 4,213,331	\$ 4,213,331	\$ 1,729,333	\$ -
Passed through Chester County Intermediate Unit											
Special Education Grants to States	I	84.027	062-20-0024	July 1, 2019 to June 30, 2020	\$ 1,200,844	1,200,844	1,200,844	-	-	-	-
Special Education Grants to States	I	84.027	062-21-0024	July 1, 2020 to June 30, 2021	1,253,374	-	-	1,253,374	1,253,374	1,253,374	-
TOTAL - 84.027						1,200,844	1,200,844	1,253,374	1,253,374	1,253,374	-
Special Education Preschool Grants	I	84.173	131-14-0	July 1, 2019 to June 30, 2020	2,800	2,800	2,800	-	-	-	-
Special Education Preschool Grants	I	84.173	131-14-0	July 1, 2020 to June 30, 2021	2,288	-	-	2,288	2,288	2,288	-
TOTAL - 84.173						2,800	2,800	2,288	2,288	2,288	-
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)						1,203,644	1,203,644	1,255,662	1,255,662	1,255,662	-
U.S. DEPARTMENT OF TREASURY											
Passed through PA Commission on Crime and Delinquency											
Coronavirus Relief Fund (COVID-19)	I	21.019	2020-CS-01-34056	March 1, 2020 to October 30, 2020	451,358	351,704	11,278	340,426	340,426	-	-
Passed through Chester County Intermediate Unit											
Coronavirus Relief Fund (COVID-19)	I	21.019		March 1, 2020 to December 30, 2020	2,443,004	838,349	-	838,349	838,349	-	-
TOTAL - 21.019						1,190,053	11,278	1,178,775	1,178,775	-	-
U.S. DEPARTMENT OF AGRICULTURE											
Passed through the Pennsylvania Department of Education											
Fresh Fruit and Vegetable Program	I	10.582	N/A	July 1, 2020 to September 30, 2021	N/A	56,949	-	77,844	77,844	20,895	-
School Breakfast Program	I	10.553	N/A	July 1, 2020 to September 30, 2021	N/A	570,137	-	570,137	570,137	-	-
National School Lunch Program	I	10.555	N/A	July 1, 2020 to September 30, 2021	N/A	950,670	-	950,670	950,670	-	-
Passed through the Pennsylvania Department of Agriculture											
Value of U.S.D.A. Donated Commodities	I	10.555	N/A	July 1, 2019 to September 30, 2020	N/A	- (A)	(15,951) (B)	15,951	15,951 (C)	- (D)	-
Value of U.S.D.A. Donated Commodities	I	10.555	N/A	July 1, 2020 to September 30, 2021	N/A	108,072 (A)	- (B)	110,955	110,955 (C)	2,883 (D)	-
TOTAL - 10.555						1,058,742	(15,951)	1,077,576	1,077,576	2,883	-
TOTAL CHILD NUTRITION CLUSTER - 10.553 & 10.555						1,685,828	(15,951)	1,725,557	1,725,557	23,778	-
TOTAL FEDERAL AWARDS						\$ 6,797,714	\$ 1,433,162	\$ 8,373,325	\$ 8,373,325	\$ 3,008,773	\$ -

Footnotes: Source Codes:
 I = Indirect funding
 (A) Total amount of commodities received from Department of Agriculture.
 (B) Beginning inventory at July 1, 2020.
 (C) Total amount of commodities used.
 (D) Ending inventory at June 30, 2021.

COATESVILLE AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE A - SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects the federal expenditures for all individual grants which were active during the fiscal year.

NOTE B - BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C - NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555 Value of U.S.D.A. Donated Commodities represent surplus food consumed by the District during the 2021 fiscal year.

NOTE D - INDIRECT COST RATES

The School District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified: **Yes**

Significant deficiencies identified that are not considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

Federal Awards

Type of auditors' report issued on compliance for major programs: **Unmodified**

Internal control over major programs:

Material weaknesses(es) identified: **No**

Significant deficiencies identified that are not considered to be material weaknesses: **No**

Any audit findings disclosed that are required to be reported in accordance with Section 516 of the Uniform Guidance: **No**

Identification of major programs:

Program	ALN
Title I	84.010
Education Stabilization Fund	84.425
Coronavirus Relief Fund	21.019

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

Auditee qualified as a low-risk auditee: **Yes**

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2021-001 Lack of Internal Controls over the Preparation of the Schedule of Expenditures and Federal Awards

Criteria: The District is required to prepare a Schedule of Expenditures of Federal Awards in accordance with the Uniform Grant Guidance. Internal controls must be in place to ensure the District properly reports all federal expenditures and related required information on this schedule.

Condition: The District failed to properly identify all federal grant expenditures and related information required by Uniform Grant Guidance to be reported in the June 30, 2021 Schedule of Expenditures of Federal Awards provided during audit fieldwork.

Cause: The District lacks a system of proper internal controls over the completeness of the information reported on the Schedule of Expenditures of Federal Awards.

Effect: The Schedule of Expenditures of Federal Awards did not include all federal program expenditures during the year.

Recommendation: We recommend the District institute procedures to ensure that an accurate and complete schedule of expenditures of federal awards is maintained. The District should prepare and update this schedule on an ongoing basis throughout the year.

Management's Response: The District will institute procedures to ensure that an accurate and complete schedule of expenditures of federal awards is maintained and will complete the Schedule of Expenditures of Federal Awards in accordance with the Uniform Grant Guidance. The district received several awards for COVID. One was inadvertently left off, but it was immediately rectified. The district will ensure that an accurate and complete schedule of expenditures of federal awards is maintained and will complete the Schedule of Expenditures of Federal Awards in accordance with the Uniform Grant Guidance

2021-002 Accounts Payable

Criteria: The District should have procedures in place to ensure that accounts payable for each fund is appropriately recorded in the general ledger

Condition: During our audit, we noted the District was backdating checks to June 30, 2021. This resulted in us not being able to obtain a complete subsequent check register and a complete accounts payable aging report. As such the payables and cash balances were understated in the Financial Statements. An audit adjustment was made to move the checks out of outstanding checks on the bank reconciliations and put into accounts payable for each fund. In our search for unrecorded liabilities, we found several checks that should have been included in accounts payable that were not properly recorded. This resulted in accounts payable and expenditures being understated. An audit adjustment was made to record the expenditures in the correct accounting period.

Cause: The District lacks a system of proper internal controls over the accounts payable process.

COATESVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

Effect: The Districts accounts payable, cash and expenditures were understated on the financial statement and an adjustment had to be made in order to correct.

Recommendation: We recommend the District institute procedures to ensure that an accurate and complete schedule of accounts payable is maintained. The should prepare and update this schedule on an ongoing basis throughout the year.

Management's Response: The district had staffing retirements during the school year and a new software upgrade. These changes caused transitioning issues. The district will have written procedures in place to ensure that accounts payable for each fund is appropriately recorded in the general ledger.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

AUDIT CORRECTIVE ACTION PLAN

FISCAL YEAR ENDED JUNE 30, 2021

Finding 2021-001 Lack of Internal Controls over the Preparation of the Schedule of Expenditures and Federal Awards

Description of Finding:

The School is required to prepare a Schedule of Expenditures of Federal Awards in accordance with the Uniform Grant Guidance. Internal controls must be in place to ensure the School properly reports all federal expenditures and related required information on this schedule. The School failed to properly identify all federal grant expenditures and related information required by Uniform Grant Guidance to be reported in the June 30, 2021 Schedule of Expenditures of Federal Awards provided during audit fieldwork.

District Position:

The District concurs with the finding.

Corrective Action to be Taken:

The District will institute procedures to ensure that an accurate and complete schedule of expenditures of federal awards is maintained and will complete the Schedule of Expenditures of Federal Awards in accordance with the Uniform Grant Guidance. The district received several awards for COVID. One was inadvertently left off, but it was immediately rectified. The district will ensure that an accurate and complete schedule of expenditures of federal awards is maintained and will complete the Schedule of Expenditures of Federal Awards in accordance with the Uniform Grant Guidance

Timetable for Implementation:

January 2022

Monitoring to be Performed:

The Director of Business Administration, Lori Diefenderfer, will monitor that this is properly completed.

Responsible Person with Scope of Authority:

The Director of Business Administration, Lori Diefenderfer

Finding 2021-002 Accounts Payable

Description of Finding:

The School should have procedures in place to ensure that accounts payable for each fund is appropriately recorded in the general ledger. During our audit, we noted the School was backdating checks to June 30, 2021. This resulted in us not being able to obtain a complete subsequent check register and a complete accounts payable aging report. As such the payables and cash balances were understated in the Financial Statements. An audit adjustment was made to move the checks out of outstanding checks on the bank reconciliations and put into accounts payable for each fund. In our search for unrecorded liabilities, we found several checks that should have been included in accounts payable that were not properly recorded. This resulted in accounts payable and expenditures being understated. An audit adjustment was made to record the expenditures in the correct accounting period.

District Position:

The District concurs with this finding.

ADMINISTRATION

Corrective Action to be Taken

The district had staffing retirements during the school year and a new software upgrade. These changes caused transitioning issues. The district will have written procedures in place to ensure that accounts payable for each fund is appropriately recorded in the general ledger.

Timetable for Implementation:

January 2022.

Monitoring to be Performed:

The Director of Business Administration, Lori Diefenderfer, will monitor that this is properly completed.

Responsible Person with Scope of Authority:

The Director of Business Administration, Lori Diefenderfer