

BLUE MOUNTAIN SCHOOL DISTRICT
SINGLE AUDIT REPORT
ORWIGSBURG, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

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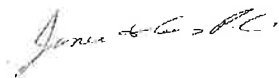
Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

We have performed the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance) of the Blue Mountain School District for the year ended June 30, 2021. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance) indicates that the auditee is responsible for ensuring appropriate submission of the audit reports to appropriate government officials.

The reporting packages must be submitted no later than 30 days after you receive our Single Audit Report but no later than nine months after the year end (March 31, 2021).

The Single Audit was done to fulfill the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance). It entailed: (1) an audit of the general purpose financial statements and our opinion thereon; (2) an examination of the Schedule of Expenditures of Federal Awards and our opinion thereon; (3) a review of the internal control structure based solely on the understanding obtained as part of the audit of the general purpose financial statements; (4) a review of the internal control structure made as a part of the audit of the federal financial assistance programs; (5) a review of compliance based on an audit of the general purpose financial statements in accordance with Government Auditing Standards; and (6) a review of compliance with laws and regulations related to the federal financial assistance programs and our opinion thereon.

When filing the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance) and the Data Collection Form with the agencies listed on Page 2, the District must enclose the appropriate number of reports as listed.



January 11, 2022
Pottsville, Pennsylvania

BLUE MOUNTAIN SCHOOL DISTRICT

LIST OF REPORT DISTRIBUTION

JUNE 30, 2021

- | | |
|---|---|
| 1 Single Audit Report,
Data Collection Form and
Single Audit Reporting
Package Checklist | Must be submitted Via Electronic Mail (E-mail)
Commonwealth of Pennsylvania
Office of the Budget - Bureau of Audits,
Special Audit Services Division
RA-BOASingleAudit@state.pa.us |
| 1 Single Audit Report and
Data Collection Form | Federal Audit Clearinghouse
Via Internet Website
www.harvester.census.gov/sac |
| 1 Single Audit Report | Schuykill Intermediate Unit #29
Box 130, Second Floor
Marlin, PA 17951 |
| 1 Single Audit Report | Prothonotary Office
Schuykill County Courthouse
401 North Second Street
Pottsville, PA 17901 |

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Blue Mountain School District
Orwigsburg, 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 Blue Mountain School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Blue Mountain 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blue Mountain 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 9-20 and the schedule of the District's proportionate share of the net pension liability, the schedule of the District's contributions, the District's proportionate share of the net OPEB – PSERS liability, the schedule of the District's contributions - OPEB - PSERS, the schedule of the District's proportionate share of the OPEB liability and the schedule of District contributions – OPEB on pages 73-78 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.

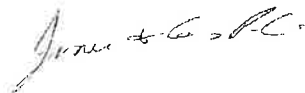
Other Supplemental Information

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

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 11, 2022, on our consideration of the Blue Mountain 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 Blue Mountain School District's internal control over financial reporting and compliance.



January 11, 2022
Pottsville, Pennsylvania

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

Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blue Mountain School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Blue Mountain School District's basic financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Blue Mountain 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*.

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.

A handwritten signature in cursive script, appearing to read "James G. ...".

January 11, 2022
Pottsville, Pennsylvania

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

Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Blue Mountain 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.

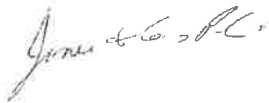
Report on Internal Control over Compliance

Management of the Blue Mountain 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 Blue Mountain School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Blue Mountain School District's internal control over compliance.

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

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

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



January 11, 2022
Pottsville, Pennsylvania

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

The discussion and analysis of Blue Mountain School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. The discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

The Management's Discussion and Analysis (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 – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Net assets increased by \$3,068,955, due to a profit of \$3,068,955. Program revenues accounted for \$10,672,150 or 22.18% of total revenues, and general revenues accounted for \$37,436,146 or 77.82%.
- The Board increased Real Estate taxes by 1.857 mills, but did not increase Occupation Assessment Taxes for the 2020/2021 fiscal year. The district showed an increase of \$1,422,615 or 5.74% over the prior year's tax revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are **District-wide financial statements** that provide both short-term and long-term information about the District's overall financial status. The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. The governmental funds statements explain 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 and long-term financial information about the activities the District operates like a business, such as food services. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain information in the statements and provide more detailed data.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

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

- **Governmental activities** – Most of the District's basic services are included here, such as regular and special education, operation and maintenance of plant services, transportation and administration. Property taxes and state aid formula finance most of these activities.
- **Business-type activities** – The District charges fees to cover the cost of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds and not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds:

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the long-term focus of the District-wide statements, we provide additional information with the governmental funds statements to explain the relationship between them.
- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District uses internal service funds to report activities, which provide services to the District's other programs and activities. The District currently has one internal service fund for health and welfare benefits.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities fund. 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. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were less on June 30, 2021 when compared to the prior fiscal year. Total net position increased 5.14% during the year from \$(60,988,078) to \$(57,853,088) on June 30, 2021. (See Table A-1.)

Table A-1
Blue Mountain School District
Fiscal Year Ended June 30, 2021
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$17,945,566	\$36,465,808	\$595,691	\$484,599	\$18,541,257	\$36,950,407
Capital assets	37,744,860	39,322,649	18,192	13,686	37,763,052	39,336,335
Deferred Outflows	(884,362)	(4,033,150)	0	0	(884,362)	(4,033,150)
Pension Obligation	0	10,984,847	30,174	174,153	30,174	11,159,000
OPEB District	3,145,033	4,839,033	99,143	174,497	3,244,176	5,013,530
OPEB PSERS	0	410,208	4,217	14,792	4,217	425,000
Total Assets	\$57,951,097	\$87,989,395	\$747,417	\$861,727	\$58,698,514	\$88,851,122
Long-term debt outstanding	97,872,220	127,409,795	1,634,809	1,814,282	99,507,029	129,224,077
Other Liabilities	9,073,272	9,360,846	179,867	172,637	9,253,139	9,533,483
Deferred Inflows	10,612,789	7,756,983	313,635	189,667	10,926,424	7,946,650
Total Liabilities	\$117,558,281	\$144,527,624	\$2,128,311	\$2,176,586	\$119,686,592	\$146,704,210
Invested in capital assets, net of related debt	36,257,467	(199,720)	18,192	13,686	36,275,659	(186,034)
Restricted for Capital Projects	0	18,758,182	0	0	0	18,758,182
Committed	0	2,675,000	0	0	0	2,675,000
Unrestricted (deficit)	(95,864,651)	(77,771,691)	(1,399,086)	(1,328,545)	(97,263,737)	(79,100,236)
Total Net Position	\$(59,607,184)	\$(56,538,229)	\$(1,380,894)	\$(1,314,859)	(60,988,078)	(57,853,088)

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

Table A-2
Blue Mountain School District
Fiscal Year Ended June 30, 2021
Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for services	\$309,043	\$217,933	\$529,100	\$110,400	\$838,143	\$328,333
Operating, Capital grants and contributions	7,743,428	9,440,255	662,849	903,562	8,406,277	10,343,817
General Revenues						
Property taxes and other taxes levied for general purposes	24,779,594	26,202,209	0	0	24,779,594	26,202,209
State formula aid	10,818,766	10,987,072	0	0	10,818,766	10,987,072
Investment Income	190,181	42,139	7,507	1,257	197,688	43,396
Other	545,244	204,726	74,762	67,407	620,006	272,133
Transfer	0	0	0	0	0	0
Total Revenues	44,386,256	47,094,334	\$1,274,218	\$1,082,626	\$45,660,474	\$48,176,960
Expenses						
Instruction	24,693,885	26,679,106	0	0	24,693,885	26,679,106
Instructional student support	2,221,556	2,295,532	0	0	2,221,556	2,295,532
Administration	5,642,992	6,989,339	0	0	5,642,992	6,989,339
Operation and maintenance of plant services	3,564,897	3,646,447	0	0	3,564,897	3,646,447
Pupil Transportation	2,848,872	2,792,243	0	0	2,848,872	2,792,243
Student Activities	786,427	826,295	0	0	786,427	826,295
Community Services	327,209	330,226	0	0	327,209	330,226
Facilities, Construction and Improvements	598,045	0	0	0	598,045	0
Interest	909,261	466,191	0	0	909,261	466,191
Food Service	0	0	1,208,293	1,016,591	1,208,293	1,016,591
Transfer	0	0	0	0	0	0
Total Expenses	41,593,144	44,025,379	\$1,208,293	\$1,016,591	\$42,801,437	45,041,970
Increase (Decrease) in net assets	\$2,793,112	\$3,068,955	\$65,925	\$66,035	\$2,859,037	\$3,134,990

Statement of Activities. The District's total revenues were \$48,176,960 for the year ended June 30, 2021. (See Table A-2.) Property taxes and other taxes levied for general purposes continue to account for most of the District's revenue in the amount of \$26,202,209 or 54.39% of total revenues. Another 22.81% or \$10,987,072 came from state formula aid, which includes basic education and student transportation subsidies. Approximately 21.47% or \$10,343,817 came from operating grants and contributions, with the remainder of \$643,862 or 1.34% coming from fees charged for services and other miscellaneous sources.

BLUE MOUNTAIN SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 FOR THE YEAR ENDED JUNE 30, 2021

The total cost of all programs and services was \$45,041,970. (See Table A-2). The majority of the District's costs in the amount of \$28,974,638 or 64.33% were directly related to instruction. Student support services (transportation, food service, student activities) accounted for \$4,635,129 or 10.29%. The remaining costs of \$11,432,203 or 25.38% included administration, operation and maintenance of plant services, community services, and interest. Total revenue exceeded expenditures, increasing net assets by \$3,134,990.

Figure A-4 Sources of Blue Mountain School District Revenues for Fiscal Year 2020

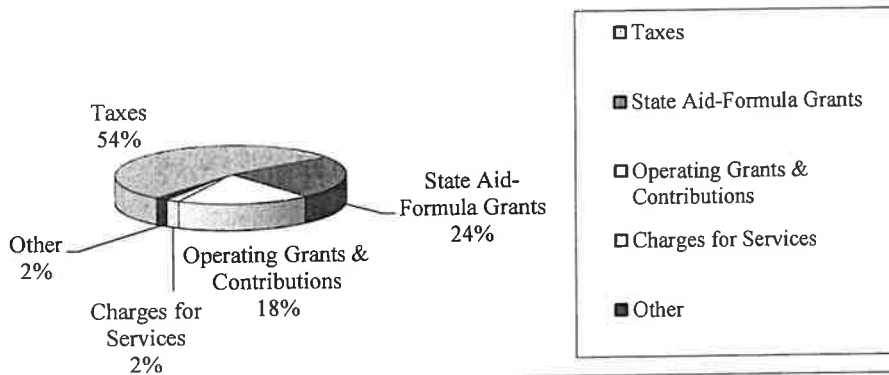
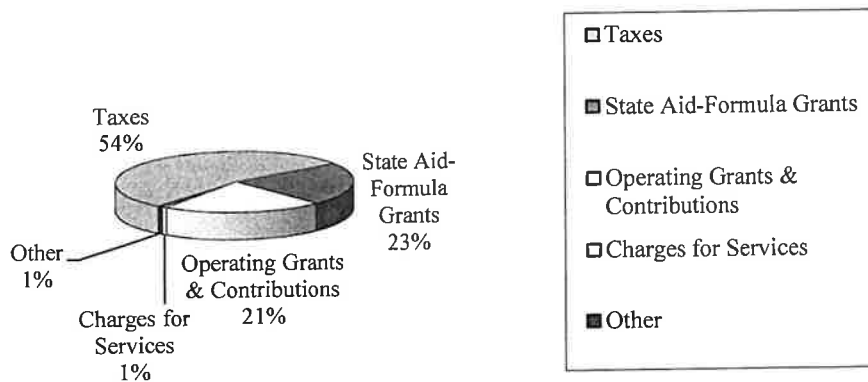
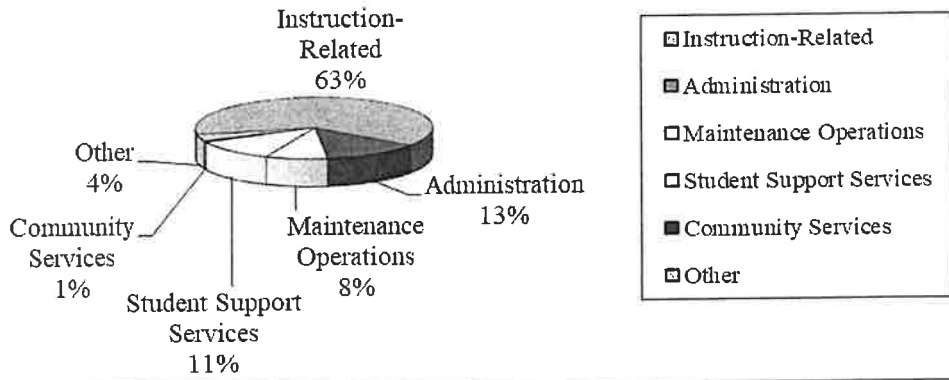


Figure A-4 Sources of Blue Mountain School District Revenues for Fiscal Year 2021

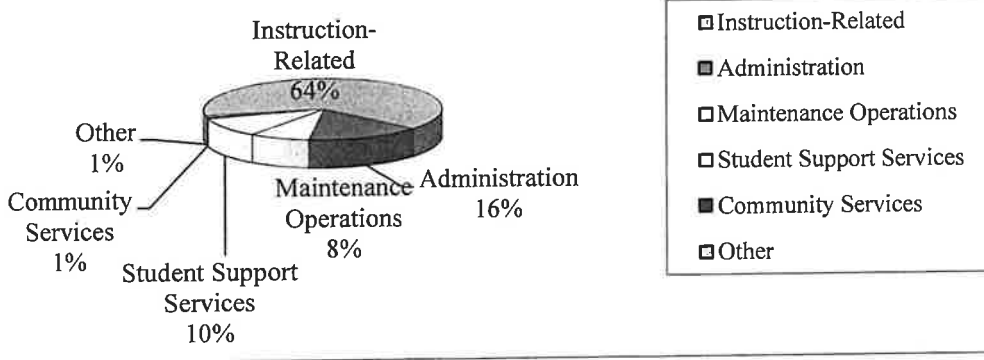


BLUE MOUNTAIN SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 FOR THE YEAR ENDED JUNE 30, 2021

**Figure A-6 Blue Mountain School District Expenses for
 Fiscal Year 2020**



**Figure A-6 Blue Mountain School District Expenses for Fiscal
 Year 2021**



BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

The cost of all District activities was \$45,041,970. (See Table A-2).

- Some of the cost was paid by the users of the District's programs (\$328,333).
- Federal and state governments subsidized certain programs with grants and contributions (\$10,343,817).
- Most of the District's costs (\$37,504,810), however, were paid for by District taxpayers and taxpayers of our state.
 - This portion of governmental activities was paid for with \$26,202,209 in taxes, \$10,987,072 of state aid based on the statewide education aid formula and with investment earnings and other general revenues.

Total Cost of Services for the District increased by 5.32% while the Net cost of Services increased by 2.42%.

**Blue Mountain School District
Fiscal Year Ended June 30, 2021
Net Cost of Activities**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2020</u>	<u>2021</u>	<u>2020-2021</u>	<u>2020</u>	<u>2021</u>	<u>2020-2021</u>
Instruction	\$24,693,885	\$26,679,106	8.04%	\$20,452,230	\$21,011,808	2.74%
Instructional Student Support	2,221,556	2,295,532	3.33%	1,799,324	1,870,110	3.93%
Administration	5,642,992	6,989,339	23.86%	5,209,308	6,539,299	25.53%
Operation and maintenance of plant services	3,564,897	3,646,447	2.29%	3,316,148	3,397,601	2.46%
Pupil transportation	2,848,872	2,792,243	(1.99)%	1,028,801	776,924	(24.48)%
Student activities	786,427	826,295	5.07%	526,164	632,882	20.28%
Community services	327,209	330,226	.92%	296,146	309,355	4.46%
Interest	909,261	466,191	(48.73)%	314,507	(170,788)	(154.30)%
Food service	1,208,293	1,016,591	(15.87)%	16,344	2,629	(83.91)%
Facilities, Construction & Improvements	598,045	0	(100.00)%	598,045	0	(100.00)%
	\$42,801,437	\$45,041,970	5.23%	\$33,557,017	\$34,369,820	2.42%

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$24,905,892, an increase of \$18,152,635 from the prior year. The schedule below summarizes the fund balances and the total change in fund balances as of June 30, 2020 and 2021:

	Fund Balance 6/30/2020	Fund Balance 6/30/2021	Increase (Decrease)
General	\$ 5,351,578	\$ 6,147,710	\$796,132
Capital Projects	89,723	17,423,189	17,333,466
Capital Reserve	1,307,379	1,334,993	27,614
Special Revenue	4,577	0	(4,577)
Total	\$ 6,753,257	\$24,905,892	\$ 18,152,635

GENERAL FUND

The following schedule provides a summary of General Fund revenues and other financing sources:

	Year Ended 6/30/2020	Year Ended 6/30/2021	Increase (Decrease)	% Change
Local Sources				
Taxes	\$24,608,509	\$26,376,917	\$1,768,408	7.19%
Interest	171,471	37,555	(133,916)	(78.10)%
Other	11,810,364	8,198,073	(3,612,291)	(30.59)%
State Sources	17,449,253	17,908,606	459,353	2.63%
Federal Sources	567,509	2,004,893	1,437,384	253.28%
Total Revenue	54,607,106	54,526,044	(81,062)	(.15)%

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

General Fund revenue decreased by \$81,062 or .15%, from the previous year. Overall, tax collections have increased \$1,768,408 or 7.19%. Real estate tax revenue increased \$1,495,289 or 7.99%. There was an increase in the earned income tax collection from the prior year in the amount of \$42,512 or 1.54%. The occupation assessment tax remained the same at \$230 and income from this tax increased by \$48,083 or 3.07% from the prior year.

Revenues from state sources represent an increase of \$459,353 or 2.63% from the previous year. The Basic education subsidy decreased in the amount of \$6 or 0%. The Special education subsidy decreased in the amount of \$54 or 0%. As some fixed expenditures increase for the district, the state reimburses school districts for a portion of those costs. The major expenses the state contributes money towards are transportation, which the reimbursement increased by \$194,928 or 10.76% over the prior year, retirement, which increased by \$32,673 or 1.04% and social security, which increased by \$4,117 or 0.60%. Transportation revenues are driven by a state formula while social security and retirement are solely reimbursed on the size of the overall payroll. Revenues from federal sources represent an increase of \$1,437,384 or 253.28%.

The following schedule presents a summary of General Fund expenditures and other financing uses:

	Year Ended 6/30/2020	Year Ended 6/30/2021	Increase (Decrease)	% Change
Salaries	\$17,557,721	\$17,697,037	\$139,316	0.79%
Employee Benefits	12,910,195	12,936,455	26,260	0.20%
Purchased Services	10,535,932	9,559,239	(976,693)	(9.27)%
Supplies, Material, Equipment	1,687,115	2,749,784	1,062,669	62.99%
Debt Service	4,212,612	4,353,318	140,706	3.34%
Other Expenditures	10,058,924	6,434,078	(3,624,846)	(36.04)%
Total Expenditures	56,962,499	53,729,911	(3,232,588)	(5.67)%

Total General Fund expenditures decreased \$3,232,588 or 5.67% from the previous year. This decrease can be attributed to the fact that a larger amount of General Obligation Bonds was refunded last year than the current year.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District reviews expenditures and makes appropriate adjustments to cover unexpected expenditures in the annual operating budget due to increases in appropriations of significant budgeted costs.

The District's final budget for the General Fund anticipated that expenditures and other financing uses would be \$670,940 greater than revenues and other financing sources, with the balance of revenues to be taken from the unassigned fund balance. Actual results show that revenues and other financing sources exceeded expenditures and other financing uses by \$796,133.

CAPITAL PROJECTS FUND

The Capital Projects Fund was established in the 2008/2009 year to account for the proceeds of our \$20,000,000 bond issue which was borrowed to fund the Elementary East building renovation and improvement project. The Capital Projects Fund starting with the 2020/2021 year is being used to account for the proceeds of our \$20,000,000 bond issue which was borrowed to fund the construction of the West Elementary building.

CAPITAL ASSETS

The District invested \$82,053,648 in a broad range of capital assets, including school buildings, computer, and audio-visual equipment. (See Table A-8) Total depreciation expense for the year totaled \$1,915,430.

Table A-8
Blue Mountain School District
Fiscal Year Ended June 30, 2021
Capital Assets

	Governmental		Business-type		Totals		Percentage Change
	Activities		Activities				
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020-2021</u>
Construction in Progress	\$0	\$3,978,788	\$0	\$0	\$0	\$3,978,788	-
Land	\$9,396,742	\$9,396,742	\$0	\$0	\$9,396,742	\$9,396,742	0%
Building and Building Improvements	63,407,297	59,118,699	0	0	63,407,297	59,118,699	(6.76)%
Furniture and Equipment	14,171,859	13,358,113	182,043	180,094	14,353,902	13,538,207	(5.68)%
Less: Accumulated Depreciation	(49,231,038)	(46,529,693)	(163,851)	(166,408)	(49,394,889)	(46,696,101)	(5.46)%
Total	\$37,744,860	\$39,322,649	\$18,192	\$13,686	\$37,763,052	\$39,336,335	4.17%

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

LONG-TERM LIABILITIES

At year-end, the District had \$42,604,000 in general obligation bonds, an increase of 55.12% from last year. (See Table A-9). The implementation of GASB 45 required the District to account for estimated liabilities for future post employment benefits.

The total of \$(1,285,736) represents the difference between the estimated annual cost and the amount paid.

GENERAL FUND

	<u>Totals</u>		<u>% Change</u>	
	<u>2020</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>2020-2021</u>
General Obligation Bonds	\$27,465,000	\$42,604,000	\$15,139,000	55.12%
Capital Leases	558,721	344,193	(214,528)	(38.40)%
Compensated Absences	1,309,515	1,343,431	33,916	2.59%
Other Postemployment Benefit Obligation	17,042,461	17,783,514	741,053	4.35%
Other Postemployment Benefit Obligation-PSERS	2,358,647	2,840,568	481,921	20.43%
Accrued pension obligation	52,523,404	65,919,912	13,396,508	25.51%
Total	<u>\$101,257,748</u>	<u>\$130,835,618</u>	<u>29,577,870</u>	<u>29.21%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district is experiencing a slower growth phase in the residential housing market due to the economic downturn. The Blue Mountain School District is comprised of nine (9) boroughs and townships and is mainly a residential community with minimal support from commercial/manufacturing development.

The professional staff's collective bargaining agreement is in place through June 30, 2023. The service personnel have a collective bargaining agreement through June 30, 2026.

Act 1 continues to pose an additional concern to the financial structure of the District. The administration will continue to monitor its contractual obligations and seek alternative revenue sources for maintaining the financial credibility of the Blue Mountain School District. Residential property tax is the mainstay of the district's tax base and with little hope for increase in state or federal funding more of the tax burden will be placed on the individual property owner. During 2020-2021 Real Estate Taxes comprised 37 percent of revenues collected.

Costs related to the District's contribution to the Pennsylvania School Employees Retirement System (PSERS) started to climb in 2010-2011 and are expected to increase over the next 10 years. Rates increased from 5.64

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2021

percent in 2010-2011 to 8.65 percent in 2011-2012, 12.36 percent in 2012-2013, 16.93 percent for 2013-2014, 21.40 percent for 2014-2015, 25.84 percent for 2015-2016, 30.03 percent for 2016-2017, 32.57 percent for 2017-2018, 33.43 percent for 2018-2019, 34.29 percent for 2019-2020 and 34.51 for 2020-2021.

Rates are projected to increase annually every year until 2027-2028. This increase will have a major effect on the District's expenditures.

In 2011-2012 the District implemented a self-insured health plan. Self-insured health costs are difficult to forecast. To smooth the impact of these increases and decreases in costs, the District established a health insurance trust.

The District will continue to face budget challenges as federal, state and local revenue sources are projected to remain stagnant or decline.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information please contact Amy Tomalavage, Business Administrator, at the Blue Mountain School District, 685 Red Dale Road, Orwigsburg, Pennsylvania 17961, (570)-366-0515.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and cash equivalents	\$ 27,934,832	\$ 348,121	\$ 28,282,953
Taxes receivable, net	3,788,028	0	3,788,028
Accounts receivable	4,009	150	4,159
Internal balances	50,191	59,073	109,264
Intergovernmental receivables	2,997,607	0	2,997,607
Other receivables	39,863	3	39,866
Prepaid expenses	1,651,278	61,974	1,713,252
Inventories	0	15,278	15,278
TOTAL CURRENT ASSETS	36,465,808	484,599	36,950,407
NON-CURRENT ASSETS			
Constuction in Progress	3,978,788	0	3,978,788
Land	9,396,742	0	9,396,742
Building and improvements (net acc dep)	23,690,450	0	23,690,450
Furniture and equipment (net acc dep)	1,386,036	13,686	1,399,722
Site improvements (net acc dep)	870,633	0	870,633
TOTAL NON-CURRENT ASSETS	39,322,649	13,686	39,336,335
TOTAL ASSETS	75,788,457	498,285	76,286,742
DEFERRED OUTFLOWS OF RESOURCES			
Pension obligation	10,984,847	174,153	11,159,000
OPEB District	4,839,033	174,497	5,013,530
OPEB PSERS	410,208	14,792	425,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,234,088	363,442	16,597,530
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 92,022,545	\$ 861,727	\$ 92,884,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)			
CURRENT LIABILITIES			
Internal balance	\$ 64,304	\$ 50,191	\$ 114,495
Accounts payable	1,241,315	22,070	1,263,385
Accrued salaries and benefits	2,820,997	39,325	2,860,322
Payroll deductions and withholdings	1,459,508	0	1,459,508
Current portion of long-term debt	3,425,824	0	3,425,824
Accrued interest	89,845	0	89,845
Claims lag	259,053	9,722	268,775
Other current liabilities	0	51,329	51,329
TOTAL CURRENT LIABILITIES	9,360,846	172,637	9,533,483
NON-CURRENT LIABILITIES			
Bonds payable	39,354,000	0	39,354,000
Lease purchase obligations	168,369	0	168,369
Other postemployment benefit obligations	17,783,514	641,277	18,424,791
Other postemployment benefit obligations - PSERS	2,840,568	102,432	2,943,000
Accrued pension obligation	65,919,912	1,045,088	66,965,000
Long-term portion of compensated absences	1,343,432	25,485	1,368,917
TOTAL NON-CURRENT LIABILITIES	127,409,795	1,814,282	129,224,077
TOTAL LIABILITIES	136,770,641	1,986,919	138,757,560
DEFERRED INFLOWS OF RESOURCES	11,790,133	189,667	11,979,800
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	148,560,774	2,176,586	150,737,360
NET POSITION (DEFICIT)			
Invested in capital assets, net of related debt	(199,720)	13,686	(186,034)
Restricted	18,758,182	0	18,758,182
Committed	2,675,000	0	2,675,000
Unrestricted (Deficit)	(77,771,691)	(1,328,545)	(79,100,236)
TOTAL NET POSITION (DEFICIT)	(56,538,229)	(1,314,859)	(57,853,088)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 92,022,545	\$ 861,727	\$ 92,884,272

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 26,679,106	\$ 161,910	\$ 5,505,388	\$ 0	\$ (21,011,808)	\$ 0	\$ (21,011,808)
Instructional student support	2,295,532	0	425,422	0	(1,870,110)	0	(1,870,110)
Administrative and financial support services	6,989,339	0	450,040	0	(6,539,299)	0	(6,539,299)
Operation and maintenance of plant services	3,646,447	0	248,846	0	(3,397,601)	0	(3,397,601)
Pupil transportation	2,792,243	0	2,015,319	0	(776,924)	0	(776,924)
Student activities	826,295	56,023	137,390	0	(632,882)	0	(632,882)
Community services	330,226	0	20,871	0	(309,355)	0	(309,355)
Facilities, construction and improvements	0	0	0	0	0	0	0
Interest on long-term debt	466,191	0	0	636,979	170,788	0	170,788
TOTAL GOVERNMENTAL ACTIVITIES	44,025,379	217,933	8,803,276	636,979	(34,367,191)	0	(34,367,191)
BUSINESS-TYPE ACTIVITIES							
Food services	1,016,591	110,400	903,562	0	0	(2,629)	(2,629)
TOTAL PRIMARY GOVERNMENT	45,041,970	328,333	9,706,838	636,979	(34,367,191)	(2,629)	(34,369,820)
GENERAL REVENUES AND TRANSFERS							
Taxes:							
Property taxes, levied for general purposes, net					20,975,390	0	20,975,390
Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net					5,226,819	0	5,226,819
Grants, subsidies, and contributions not restricted					10,987,072	0	10,987,072
Investment earnings					42,139	1,257	43,396
Transfers					0	0	0
Miscellaneous					204,726	67,407	272,133
TOTAL GENERAL REVENUES AND TRANSFERS					37,436,146	68,664	37,504,810
CHANGE IN NET ASSETS					3,068,955	66,035	3,134,990
NET POSITION (DEFICIT) - BEGINNING					(59,607,184)	(1,380,894)	(60,988,078)
NET POSITION (DEFICIT) - ENDING					\$ (56,538,229)	\$ (1,314,859)	\$ (57,853,088)

See notes to financial statements which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Non-Major Fund (Special) (Revenue)</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 7,120,589	\$ 18,112,913	\$ 1,324,420	\$ 0	\$ 26,557,922
Taxes receivable, net	3,788,028	0	0	0	3,788,028
Due from other funds	50,191	0	10,573	0	60,764
Intergovernmental receivables	2,997,607	0	0	0	2,997,607
Other receivables	23,862	0	0	0	23,862
Prepaid Expenses	16,000	0	0	0	16,000
TOTAL ASSETS	<u>13,996,277</u>	<u>18,112,913</u>	<u>1,334,993</u>	<u>0</u>	<u>33,444,183</u>
DEFERRED OUTFLOWS OF RESOURCES					
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,996,277</u>	<u>\$ 18,112,913</u>	<u>\$ 1,334,993</u>	<u>\$ 0</u>	<u>\$ 33,444,183</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 69,647	\$ 0	\$ 0	\$ 0	\$ 69,647
Intergovernmental payables	3,081	0	0	0	3,081
Accounts payable	547,519	689,724	0	0	1,237,243
Accrued salaries and benefits	2,820,997	0	0	0	2,820,997
Payroll deductions and withholdings	1,464,738	0	0	0	1,464,738
Deferred revenue	2,942,585	0	0	0	2,942,585
TOTAL LIABILITIES	<u>7,848,567</u>	<u>689,724</u>	<u>0</u>	<u>0</u>	<u>8,538,291</u>
DEFERRED INFLOWS OF RESOURCES					
	0	0	0	0	0
FUND BALANCES					
Committed:					
Athletic fund	41,000	0	0	0	41,000
Health care costs	250,000	0	0	0	250,000
Retirement	1,300,000	0	0	0	1,300,000
Educational programs	300,000	0	0	0	300,000
Capital Improvements	784,000	0	0	0	784,000
Restricted:					
Capital projects	0	17,423,189	0	0	17,423,189
Capital reserve	0	0	1,334,993	0	1,334,993
Unassigned	3,472,710	0	0	0	3,472,710
TOTAL FUND BALANCES	<u>6,147,710</u>	<u>17,423,189</u>	<u>1,334,993</u>	<u>0</u>	<u>24,905,892</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 13,996,277</u>	<u>\$ 18,112,913</u>	<u>\$ 1,334,993</u>	<u>\$ 0</u>	<u>\$ 33,444,183</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (DEFICIT)

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 24,905,892
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of capital assets	85,852,342	
Less: accumulated depreciation	<u>(46,529,693)</u>	39,322,649
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.		
Bond payable	(42,604,000)	
Accrued compensated absences	(1,343,432)	
Other postemployment benefit obligation	(17,783,514)	
Other postemployment benefit obligation - PSERS	(2,840,568)	
Deferred outflows (inflows)	8,477,105	
Pension obligation	(65,919,912)	
Capital leases payable	<u>(344,193)</u>	(122,358,514)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		
		2,942,585
Governmental funds report debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums, discounts, and deferred charges are reported as an unamortized asset or liability in the District-wide financial statements.		
		(4,033,150)
Governmental funds do not report a liability for accrued interest until due and payable.		
		(89,845)
Activities of internal service funds properly included within governmental activities.		
		<u>2,772,154</u>
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		\$ <u>(56,538,229)</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Capital Reserve	Non-Major Fund (Special) (Revenue)	Total Governmental Funds
REVENUES					
Local sources	\$ 28,099,673	\$ 572	\$ 4,004	\$ 8	\$ 28,104,257
State sources	17,908,606	0	0	0	17,908,606
Federal sources	2,004,893	0	0	0	2,004,893
TOTAL REVENUES	48,013,172	572	4,004	8	48,017,756
EXPENDITURES					
Instructional	26,323,983	0	0	0	26,323,983
Support services	15,415,675	243,623	0	0	15,659,298
Operation of non-instructional services	1,156,651	0	0	0	1,156,651
Capital outlay	91,079	3,887,709	77,528	0	4,056,316
Refund of prior year receipts	0	0	0	0	0
Debt service	4,353,318	0	0	0	4,353,318
TOTAL EXPENDITURES	47,340,706	4,131,332	77,528	0	51,549,566
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	672,466	(4,130,760)	(73,524)	8	(3,531,810)
OTHER FINANCING SOURCES (USES)					
Face Value of Bonds Issued	0	18,590,000	0	0	18,590,000
Proceeds from Refunding of Bonds	5,750,000	0	0	0	5,750,000
Bond Premiums	669,400	2,964,199	0	0	3,633,599
Interfund Transfers - In	89,972	0	101,138	0	191,110
Sale of or loss of Fixed Assets	3,500	0	0	0	3,500
Debt Service - Refunded Bonds	(6,288,067)	0	0	0	(6,288,067)
Interfund Transfers - Out	(101,138)	(89,972)	0	(4,585)	(195,695)
TOTAL OTHER FINANCING SOURCES (USES)	123,667	21,464,227	101,138	(4,585)	21,684,447
NET CHANGE IN FUND BALANCES	796,133	17,333,467	27,614	(4,577)	18,152,637
FUND BALANCES - BEGINNING	5,351,578	89,723	1,307,378	4,577	6,753,256
FUND BALANCES - ENDING	\$ 6,147,711	\$ 17,423,190	\$ 1,334,992	\$ 0	\$ 24,905,893

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 18,152,637
Governmental funds report capital outlays as expenditures. 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 capital outlays exceeded depreciation in the current period.	1,577,788
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(18,073,260)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	274,855
Because some property taxes will not be collected for several months after the District's year end, they are not considered as available revenues in the governmental funds.	(159,018)
Postemployment benefits are recognized when they are paid on the fund statements. With the implementation of GASB #45, an estimated liability for future benefits due will be phased in over several years. This amount represents the difference between the estimated annual cost and the amount paid.	1,325,379
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(33,917)
An internal service fund is used by the District's management to charge the cost of health insurance to the individual funds. The net revenue of the internal service fund is recognized in governmental activities.	<u>4,491</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u>3,068,955</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL**

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 26,264,109	\$ 26,264,109	\$ 28,099,673	\$ 1,835,564
State sources	17,397,534	17,397,534	17,908,606	511,072
Federal sources	861,902	861,902	2,004,893	1,142,991
TOTAL REVENUES	<u>44,523,545</u>	<u>44,523,545</u>	<u>48,013,172</u>	<u>3,489,627</u>
EXPENDITURES				
Regular programs	16,394,574	16,393,915	17,538,514	(1,144,599)
Special programs	7,145,845	7,145,845	6,998,165	147,680
Vocational programs	1,570,809	1,570,809	1,767,870	(197,061)
Other instructional programs	18,375	18,375	17,028	1,347
Non-public school programs	0	0	2,406	(2,406)
Pupil personnel services	1,692,961	1,692,961	1,645,746	47,215
Instructional staff services	731,252	731,911	711,354	20,557
Administrative services	2,732,175	2,732,175	2,908,292	(176,117)
Pupil health	835,361	835,361	791,072	44,289
Business services	602,030	602,030	625,650	(23,620)
Operation and maintenance of plant services	3,838,710	3,838,710	3,600,075	238,635
Student transportation services	2,626,195	2,626,195	2,795,264	(169,069)
Central and other support services	1,591,404	1,591,404	2,338,222	(746,818)
Student activities	927,335	927,335	836,949	90,386
Community services	326,000	326,000	319,702	6,298
Existing Site Improvement Services	0	0	0	0
Building Acquis & Construction Services	0	0	91,079	(91,079)
Debt service (principal and interest)	4,111,459	4,111,459	4,353,318	(241,859)
TOTAL EXPENDITURES	<u>45,144,485</u>	<u>45,144,485</u>	<u>47,340,706</u>	<u>(2,196,221)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(620,940)</u>	<u>(620,940)</u>	<u>672,466</u>	<u>1,293,406</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding of Bonds	0	0	5,750,000	5,750,000
Bond Premiums	0	0	669,400	669,400
Interfund transfers	0	0	(11,166)	(11,166)
Sale or loss of Fixed Assets	0	0	3,500	3,500
Debt Service - Refunded Bonds	0	0	(6,288,067)	(6,288,067)
Budgetary reserve	(50,000)	(50,000)	0	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>123,667</u>	<u>173,667</u>
NET CHANGE IN FUND BALANCES	<u>(670,940)</u>	<u>(670,940)</u>	<u>796,133</u>	<u>1,467,073</u>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>6,881,752</u>	<u>6,881,752</u>	<u>5,351,578</u>	<u>(1,530,174)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 6,210,812</u>	<u>\$ 6,210,812</u>	<u>\$ 6,147,711</u>	<u>\$ (63,101)</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Food Service</u>	<u>Internal Service</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 296,444	\$ 1,428,588
Due from other funds	59,073	0
Other receivables	3	4,159
Prepaid expenses	0	1,713,252
Inventories	<u>15,278</u>	<u>0</u>
TOTAL CURRENT ASSETS	370,798	3,145,999
NON-CURRENT ASSETS		
Furniture and equipment (net)	13,686	0
TOTAL NON-CURRENT ASSETS	<u>13,686</u>	<u>0</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	174,153	
Deferred Outflows - OPEB District	174,497	
Deferred Outflows - OPEB PSERS	<u>14,792</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	363,442	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 747,926</u>	<u>\$ 3,145,999</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 22,033	\$ 1,028
Compensated absences	25,485	0
Prepaid meals	51,329	0
Due to other funds	50,191	0
Claims lag	0	268,776
Accrued salaries and benefits	<u>39,325</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	188,363	269,804
NON-CURRENT LIABILITIES		
Pension Liability	1,045,088	
OPEB - District	641,277	
OPEB - PSERS	<u>102,432</u>	
TOTAL NON-CURRENT LIABILITIES	1,788,797	0
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues	4,391	0
Deferred Inflows - Pension	74,099	
Deferred Inflows - OPEB District	101,501	
Deferred Inflows - OPEB PSERS	<u>9,676</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES	189,667	0
NET POSITION (DEFICIT)		
Invested in capital assets - net of related debt	13,686	0
Restricted for legal purposes	0	2,876,195
Unrestricted	<u>(1,432,587)</u>	<u>0</u>
TOTAL NET POSITION (DEFICIT)	(1,418,901)	2,876,195
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	<u>\$ 747,926</u>	<u>\$ 3,145,999</u>

See note to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION (DEFICIT)

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	Food Service	Internal Service
OPERATING REVENUES		
Food service revenues	\$ 110,400	\$ 0
Charges for services	0	5,323,057
Other operating revenues	67,684	0
TOTAL OPERATING REVENUES	178,084	5,323,057
 OPERATING EXPENSES		
Salaries	304,072	0
Employee Benefits	145,061	5,291,143
Purchased professional and technical services	457,591	21,034
Purchased property services	37,447	0
Supplies	76,375	0
Depreciation	4,229	0
Other operating expenses	2,992	0
TOTAL OPERATING EXPENSES	1,027,767	5,312,177
 OPERATING INCOME (LOSS)	(849,683)	10,880
 NON-OPERATING REVENUES (EXPENSES)		
Earnings on investments	1,257	4,787
Loss on Sale of Fixed Assets	(278)	0
State sources	29,899	0
Federal sources	873,663	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	904,541	4,787
 INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	54,858	15,667
 CONTRIBUTIONS AND TRANSFERS	0	0
 CHANGE IN NET ASSETS	54,858	15,667
 NET POSITION (DEFICIT) - BEGINNING OF YEAR	(1,473,759)	2,860,528
 NET POSITION (DEFICIT) - END OF YEAR	\$ (1,418,901)	\$ 2,876,195

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	Food Service	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 280,297	\$ 5,327,503
Cash received from other operating revenue	67,684	0
Cash payments to employees for service	(619,533)	0
Cash payments for insurance	0	(5,315,451)
Cash payments to suppliers for goods and services	(557,775)	0
Cash payments for other operating expenses	<u>(2,992)</u>	<u>(21,057)</u>
NET CASH PROVIDED (USED FOR) OPERATING ACTIVITIES	<u>(832,319)</u>	<u>(9,005)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State sources	29,899	0
Federal sources	<u>873,663</u>	<u>0</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	903,562	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	<u>1,257</u>	<u>4,787</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,500	(4,218)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>223,944</u>	<u>1,432,806</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 296,444</u>	<u>\$ 1,428,588</u>
OPERATING INCOME (LOSS)	\$ (849,683)	\$ 10,880
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Changes in current assets and current liabilities		
Depreciation and net amortization	4,229	0
(Increase) Decrease in accounts receivable	173,983	1,401
(Increase) Decrease in advance from other funds	10,263	5,406
(Increase) Decrease in inventories	10,657	0
(Increase) Decrease in Deferred Outflows	(229,908)	0
Increase (Decrease) in accounts payable	8,237	(26,692)
Increase (Decrease) in accrued salaries and benefits	(83)	0
Increase (Decrease) in deferred revenue	(4,086)	0
Increase (Decrease) in Pension Liability	49,492	0
Increase (Decrease) in OPEB Liability	132,115	0
Increase (Decrease) in Deferred Inflows	(119,882)	0
Increase (Decrease) in other current liabilities	(11,108)	0
Increase (Decrease) in advances to other funds	<u>(6,545)</u>	<u>0</u>
TOTAL ADJUSTMENTS	17,364	(19,885)
TOTAL CASH PROVIDED (USED FOR) OPERATING ACTIVITIES	<u>\$ (832,319)</u>	<u>\$ (9,005)</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>	<u>Private Purpose Trust</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and cash equivalents	\$ 194,793	\$ 5,388
	<u>194,793</u>	<u>5,388</u>
TOTAL ASSETS	194,793	5,388
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 194,793</u>	<u>\$ 5,388</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Internal balances	\$ 0	\$ 0
Other current liabilities	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	0	0
DEFERRED INFLOWS OF RESOURCES	0	0
NET POSITION		
Restricted	194,793	0
Unrestricted	<u>0</u>	<u>5,388</u>
TOTAL NET POSITION	194,793	5,388
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 194,793</u>	<u>\$ 5,388</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Program income	\$ 77,253	\$ 0
Investment income	<u>0</u>	<u>18</u>
TOTAL ADDITIONS	<u>77,253</u>	<u>18</u>
 DEDUCTIONS		
Scholarship expense in accordance with trust agreements	<u>0</u>	250
Program expense	<u>60,850</u>	<u>0</u>
TOTAL DEDUCTIONS	<u>60,850</u>	<u>250</u>
 CHANGE IN NET POSITION	<u>16,403</u>	<u>(232)</u>
 NET POSITION - BEGINNING OF YEAR	<u>178,390</u>	<u>5,620</u>
 NET POSITION - END OF YEAR	<u><u>194,793</u></u>	<u><u>5,388</u></u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Blue Mountain School District is governed by the Blue Mountain School District Board of Education, which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The financial statements of the Blue Mountain School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments.

The financial statements include:

- Management's Discussion and Analysis (MD&A), providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on major funds.

The District has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, non-exchange transactions and certain liabilities and expenditures.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

REPORTING ENTITY

As required by GAAP, these financial statements present the District and its component unit, Blue Mountain Insurance Trust Employee Benefit Plan, for which the District is considered to be financially accountable. The District is not a component unit of any other primary government.

The Blue Mountain Insurance Trust Employee Benefit Plan is a nonprofit organization established to provide health and welfare benefits to active and retired District employees. The Insurance Trust exclusively services the District, and is presented as an internal service fund of the District.

BASIS OF PRESENTATION

District-wide statements - The statement of net assets and the statement of activities provide information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each business-type activity of the District and for each function of the District's governmental activities.

- Direct Expenses are those that are clearly identifiable with a specific program.
- Program revenues include 1) charges to students or recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.
- Taxes and other items not properly included among program revenues are reported as general revenues.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements.

Fund Financial Statements - The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary fund operating revenues, such as charges for services result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Enterprise fund operating revenues are related to charges for food in the District's cafeteria. The primary non-operating revenues are federal nutrition program grants and commodities received from the U.S. Department of Agriculture.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

The District reports the following major governmental funds:

General Fund - 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.

Capital Reserve Fund - The Capital Reserve Fund is used to account for maintenance of facilities, capital improvements, replacement and additions to public works and improvements, purchase of school buses, and for debt service incurred for capital improvements.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports the following major proprietary fund types:

Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation.

Internal Service Fund - The District has a single internal service fund, which accounts for the activities of the District's health and welfare benefits.

Other fund types:

Agency Funds - These funds account for assets held by the District as an agent for various student groups and clubs.

Private Purpose Trust Fund - These funds account for assets held by the District as an agent for an outside party, who has placed restrictions on the use of the fund's assets.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

All business-type activities and enterprise funds of the district follow FASB Statements and Interpretations on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BUDGETING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Project-length financial plans are used for capital projects funds. All unencumbered budget appropriations, except capital projects, lapse at the end of each fiscal year.

At the fund level, actual expenditures cannot exceed budgeted appropriations, however, with proper approval by the school board, budgetary transfers between account can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all transfers.

DEPOSITS AND INVESTMENTS

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.

Investments with a maturity of one year or less at the time of purchase are recorded at cost or amortized cost. Those with a maturity of greater than one year are reported at fair value. Changes in the fair value of investments are recorded as investment income.

TAXES ASSESSED

The following is a listing of the taxes assessed along with their respective tax levy:

<u>Tax Type</u>	<u>Millage/Rate</u>	<u>Assessed Valuation</u>
Real Estate - Schuylkill County	41.258	\$ 21,210,646
Occupation Tax - Act 511	\$230.00/person	3,388,130
Total Assessed Valuation		\$ 24,598,776

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

TAXES ASSESSED - continued

The following is the tax calendar showing levy date, payment periods and delinquent dates for the above listed taxes:

Levy date	July 1
Discount (2%) payment period	July 1 to August 31
Face payment period	September 1 to October 31
Penalty (10%) payment period	November 1 to December 31
Delinquent date	December 31

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. An allowance has been established to recognize the uncollectible portion.

INVENTORY

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standard costs, as determined by the Department of Agriculture. In the fund based financial statements, commodities received are recorded as deferred revenue until consumed.

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS - continued

Depreciation is computed using the straight-Line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Land Improvements	20 years
Buildings and Improvements	15-30 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences. Sick leave is recorded using the termination payment method, which has no current maximum per employee. The District allows only restricted sabbatical leave and therefore, has no recorded liability in advance of the sabbatical. The District also records estimated vested retirement incentives for employees.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In government-wide financial statements as well as proprietary fund financial statements, all accrued liabilities and long-term debt are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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 on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RESTRICTED ASSETS

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the District-wide financial statements.

FUND EQUITY

In the fund financial statements, governmental funds report fund balance in accordance with GASB No. 54 (See Note 9).

NET ASSETS

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

During the year ended June 30, 2020, the District adopted the provisions of GASB Statement No. 74, "*Financial Reporting for Postemployment Benefits Plan other than Pension Plan*" and GASB Statement No. 75, "*Accounting and Financial Reporting for Post Employment Benefits Other than Pensions.*" This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 75 requires that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the District's net OPEB obligation for 2020 was reported on the statement of net assets.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS:

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The deposit policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions.

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to:

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

At June 30, 2021, the carrying amount of the District's deposits were \$11,680,796. and the bank balance was \$11,975,937. Of the bank balance, \$503,913. was covered by federal depository insurance coverage, and \$11,472,024. was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name.

At June 30, 2021, the district had \$700. as cash on hand.

INVESTMENTS

The investment policy of the school district adheres to state statutes and prudent business practices. The investments of the school district consist of certificates of deposit and U.S. Agency Obligations as authorized by the Board. Investments are stated at cost including accrued interest which approximates market value.

The District invests in the Pennsylvania Treasurer's Invest Program for Local Government as authorized by the Board. Pennsylvania Treasurer's Invest Program for Local Government insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds \$100,000., unless such deposits are secured by (1) Treasurer, federal agencies (collateralized at 102%) or (2) certificates of deposit (collateralized by 120%). These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - continued:

INVESTMENTS - continued

As of June 30, 2021, the District had the following investment.

Pennsylvania Local Government Investment Trust (PLGIT)	\$ <u>16,802,338</u>
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Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the District to limit its interest rate risk by investing in securities with maturity dates under one year. At June 30, 2021, the District's investments in securities of U.S. agencies had maturity dates of less than one year.

Custodial Credit Risk

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

Credit Risk

Under Section 4440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Concentration Risk

The District does not have a policy that would limit the amount it may invest in any one issuer. More than five percent of the District's investments are Pennsylvania Local Government Invest Trust (PLGIT). Those investments are 100 percent of the District's total investments.

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND INVESTMENTS

The classification of cash, cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash & Cash Equivalents</u>	<u>Investments</u>
Cash, Cash Equivalents, and Investments	\$ <u>11,680,796</u>	\$ <u>16,802,338</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS:

A summary of capital asset activity during the fiscal year follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Net Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated			
Land	\$ 9,396,742	\$ 0	\$ 9,396,742
Construction in Progress	<u>0</u>	<u>3,978,788</u>	<u>3,978,788</u>
Total Capital Assets, Not Being Depreciated	9,396,742	3,978,788	13,375,530
Capital Assets, Being Depreciated:			
Buildings and Improvements	59,416,800	(4,207,243)	55,209,557
Site Improvements	3,990,497	(81,355)	3,909,142
Furniture and Equipment	<u>14,171,859</u>	<u>(813,746)</u>	<u>13,358,113</u>
Total Capital Assets, Being Depreciated	<u>77,579,156</u>	<u>(5,102,344)</u>	<u>72,476,812</u>
Accumulated Depreciation For			
Buildings and Improvements	(33,817,458)	2,298,351	(31,519,107)
Site Improvements	(3,117,984)	79,475	(3,038,509)
Furniture and Equipment	<u>(12,295,596)</u>	<u>323,519</u>	<u>(11,972,077)</u>
Total Accumulated Depreciation	<u>(49,231,038)</u>	<u>2,701,345</u>	<u>(46,529,693)</u>
Total Depreciable Assets, Net	<u>28,348,118</u>	<u>(2,400,999)</u>	<u>25,947,119</u>
Governmental Activities - Capital Assets, Net	<u>\$ 37,744,860</u>	<u>\$ 1,577,789</u>	<u>\$ 39,322,649</u>
Business-Type Activities:			
Furniture/Equipment	\$ 182,046	0 (1,952)	\$ 180,094
Less: Accumulated Depreciation	<u>(163,854)</u>	<u>(2,554)</u>	<u>(166,408)</u>
Business-Type Activities - Capital Assets, Net	<u>\$ 18,192</u>	<u>\$ (4,506)</u>	<u>\$ 13,686</u>

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

Instructional	\$ 1,245,767
Instructional Supprt	36,057
Administration	301,119
Operation and Maintenance of Plant Services	182,396
Student Activities	<u>41,753</u>
Total Depreciation Expense	<u>\$ 1,807,092</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - GENERAL LONG-TERM DEBT:

A summary of general long-term debt is as follows:

	Accrued Compensated Absences	Other Post Employment Benefits	Capital Leases	General Obligation Bond Series of 2013A	General Obligation Bond Series of 2014AA	General Obligation Bond Series of 2015	General Obligation Bond Series of 2017	General Obligation Bond Series of 2019	General Obligation Bond Series of 2021	General Obligation Bond Series of 2021A	General Obligation Bond Series of 2021B	Total
Balance - June 30, 2020	\$ 1,309,516	\$ 17,042,461	\$ 558,721	\$ 665,000	\$ 310,000	\$ 7,930,000	\$ 9,440,000	\$ 9,120,000	\$ 2,295,000	\$ 3,455,000	\$ 18,590,000	\$ 46,375,698
Additions	33,916	741,053	0	0	0	0	0	0	2,295,000	3,455,000	0	25,114,969
Reductions	0	0	(214,528)	(5,000)	0	(3,095,000)	(66,000)	(5,000)	0	0	0	(3,385,528)
Reductions - Refinancing	0	0	0	(660,000)	0	0	(3,370,000)	(2,000,000)	0	0	0	(6,030,000)
Balance - June 30, 2021	\$ 1,343,432	\$ 17,783,514	\$ 344,193	\$ 0	\$ 310,000	\$ 4,835,000	\$ 6,004,000	\$ 7,115,000	\$ 2,295,000	\$ 3,455,000	\$ 18,590,000	\$ 62,075,139
Due Within One Year	\$ 0	\$ 0	\$ 175,824	\$ 0	\$ 0	\$ 3,240,000	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 3,425,824

A summary of general long-term debt, principal maturities, and interest requirements follows:

Year Ending June 30,	Capital Leases	General Obligation Bond Series of 2013A	General Obligation Bond Series of 2014AA	General Obligation Bond Series of 2015	General Obligation Bond Series of 2017	General Obligation Bond Series of 2019	General Obligation Bond Series of 2021	General Obligation Bond Series of 2021A	General Obligation Bond Series of 2021B	Total
2022	\$ 192,764	\$ 0	\$ 7,750	\$ 3,400,750	\$ 148,299	\$ 294,300	\$ 38,960	\$ 110,560	\$ 582,080	\$ 4,775,463
2023	90,365	0	313,875	1,634,875	148,299	1,180,900	48,700	138,200	732,575	4,287,789
2024	90,365	0	0	0	148,299	2,413,400	48,699	138,200	732,525	3,571,488
2025	0	0	0	0	164,209	2,398,500	48,700	138,200	732,475	3,482,084
2026	0	0	0	0	932,660	1,728,900	48,699	138,200	732,413	3,580,872
2027-2031	0	0	0	0	5,411,000	0	2,446,090	3,951,500	4,388,262	16,196,852
2032-2036	0	0	0	0	0	0	0	0	13,465,500	13,465,500
2037-2039	0	0	0	0	0	0	0	0	7,229,100	7,229,100
Total	\$ 373,494	\$ 0	\$ 321,625	\$ 5,035,625	\$ 6,952,766	\$ 8,016,000	\$ 2,679,848	\$ 4,614,860	\$ 28,594,930	\$ 56,589,148
Less: Interest	(29,301)	0	(11,625)	(200,625)	(648,766)	(601,000)	(384,848)	(1,159,860)	(10,004,930)	(13,640,965)
Outstanding Principal	\$ 344,193	\$ 0	\$ 310,000	\$ 4,835,000	\$ 6,004,000	\$ 7,115,000	\$ 2,295,000	\$ 3,455,000	\$ 18,590,000	\$ 42,948,183

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CHANGES IN LONG-TERM DEBT – continued

GENERAL OBLIGATION BONDS – SERIES OF 2013A

During February 2013, the District issued General Obligation Bonds in the amount of \$700,000. The Bonds were issued to finance renovations and improvements to the Elementary West and other capital improvements. The Bonds carry interest ranging from 1.45% to 2.62% and mature in various yearly installments until 2024. The bond was refunded by General Obligation Series A of 2021 during the current year.

GENERAL OBLIGATION BONDS – SERIES OF 2014AA

During April 2014, the District issued General Obligation Bonds in the amount of \$9,865,000. The Bonds were issued to partially refund the District's General Obligation Bonds Series A of 2009. The bond was partially refunded by General Obligation Bond Series of 2019. The remaining principal balance of \$310,000 carries an interest rate of 2.5% and will be paid off in October 2022.

GENERAL OBLIGATION BONDS – SERIES OF 2015

During July 2015, the District issued General Obligation Bonds in the amount of \$14,365,000. The Bonds were issued to refund the District's General Obligation Bonds Series of 2005, the General Obligation Bonds Series A of 2009, the General Obligation Bonds Series of 2010. The Bonds carry interest ranging from .30% to 5.00% and mature in various yearly installments until 2022.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CHANGES IN LONG-TERM DEBT – continued

GENERAL OBLIGATION BONDS – SERIES OF 2017

During July 2017, the District issued General Obligation Bonds in the amount of \$9,814,000. The Bonds were issued to refund the District's General Obligation Bonds Series of 2012 and the General Obligation Bonds Series of 2013. The bond was partially refunded by General Obligation Bond Series of 2019. The remaining principal balance of \$9,440,000 carries interest rates ranging between 2.47% and 3.00% and mature in various semiannual installments until July 2028. The bond was partially refunded by General Obligation Series A of 2021 during the current year. The remaining principal balance of \$6,004,000 carries an interest rate ranging from 2.47% and 3.00% and will be paid off in July 2028.

GENERAL OBLIGATION BONDS – SERIES OF 2019

During July 2019, the District issued General Obligation Bonds in the amount of \$9,120,000. The Bonds were issued to partially refund the District's General Obligation Bonds Series AA of 2014 and the General Obligation Bonds Series of 2017. The Bonds carry interest rates ranging between 2% and 4% and mature in various semiannual installments until August 2025. The bond was partially refunded by General Obligation Series of 2021 during the current year. The remaining principal balance of \$7,115,000 carries an interest rate ranging between 2% and 4% and will be paid off in August 2025.

GENERAL OBLIGATION BONDS – SERIES OF 2021

During April 2021, the District issued General Obligation Bonds in the amount of \$2,295,000. The bonds were issued to partially refund the District's General Obligation Bonds Series of 2019. The bonds carry interest rates ranging between 2.01% and 2.35% and mature in various yearly installments until July 2028.

GENERAL OBLIGATION BONDS – SERIES OF 2021A

During April 2021, the District issued General Obligation Bonds in the amount of \$3,455,000. The bonds were issued to refund the District's General Obligation Bonds Series of 2013A and partially refund the District's General Obligation Bonds Series of 2017. The bonds carry interest rates of 4% and mature in various yearly installments until August 2030.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CHANGES IN LONG-TERM DEBT – continued

GENERAL OBLIGATION BONDS – SERIES OF 2021B

During April 2021, the District issued General Obligation Bonds in the amount of \$18,590,000. The bonds were issued to finance the construction of the new West Elementary School. The bonds carry interest rates ranging between 1% and 4% and mature in various yearly installments until August 2038.

COMPENSATED ABSENCES

Compensated absences at June 30, 2021, consist of the following:

	Long-Term Debt	Food Service	Total
Retirement Incentive	\$ 432,000	\$ 8,500	\$ 440,500
Sick Leave/Personal Days	556,276	16,985	573,261
Vacation	355,156	0	355,156
Total	\$ 1,343,432	\$ 25,485	\$ 1,368,917

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - RISK MANAGEMENT AND LITIGATION:

This District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains coverage from commercial insurance companies to cover these risks of loss.

On November 1, 1981, the District established the Blue Mountain Insurance Trust Employee Benefit Plan (the Trust) for the purpose of providing health and welfare benefits to active and retired District employees. The District has combined the Trust as a component unit and recorded its results of operation on Internal Service Fund. Interfund premiums have been reported as quasi-external transaction.

GRANT PROGRAMS

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - DISTRICT

PLAN DESCRIPTION

The Blue Mountain School District Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the School Board. The Plan provides postemployment healthcare benefits to eligible retirees of the District in accordance with the various labor contracts and personnel policies. Inasmuch as the Plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

FUNDING POLICY

The contribution requirements of plan members and the District are established and may be amended by the School Board, subject to applicable labor contracts and benefit plans. Plan members are required to pay \$100. per month towards the premium for medical, drugs, dental, and vision. The District pays the remaining premium for the member and remaining premium for member and spouse for those under Act 93 Agreement. The District also pays the full premium for life insurance in varying amounts. The length of benefits coverage ranges from five years or from date of retirement to age 65.

For 2021, the District made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$585,255. for 2021. These costs are recognized as an expense when claims or premiums are paid.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – DISTRICT-continued

Plan Membership

Inactive plan member or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>342</u>
	365
	=====

Components of the net OPEB liability

Total OPEB liability	\$ 18,424,791.
Plan fiduciary net position	<u>0.</u>
Net OPEB liability	\$ 18,424,791.
	=====

Plan fiduciary net position of the total OPEB liability 0.00%

Sensitivity of the Net OPEB liability to changes in the discount rate

	1% Decrease <u>2.50%</u>	Current Discount Rate <u>3.50%</u>	1% Increase <u>4.50%</u>
Net OPEB liability (asset)	\$ 20,221,057	\$ 18,424,791	\$ 16,783,998

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

	1% Decrease 4.50% decreasing <u>to 3.70%</u>	Healthcare cost Trend Rates 5.50% decreasing to <u>4.70%</u>	1.00% Increase 6.50% decreasing to <u>5.70%</u>
Net OPEB liability (asset)	\$ 16,729,888	\$ 18,424,791	\$ 20,329,946

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - DISTRICT-
continued**

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the District and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2019 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 10% in the short-term to 5% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 20 years.

NOTE 7 – OPERATING LEASES:

The District leases copiers and mailing system under various operating leases. The total monthly lease payments are for a five year term with leases beginning January 2008 through June 2027. The District has the option to purchase the copiers for fair market value, determined by the lessor, at the end of the lease or the option to continue the lease on a month to month basis, or return the equipment.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – OPERATING LEASES - continued

The future minimum rental payments are as follows:

Year Ending June 30,	Amount
2022	\$ 85,212
2023	16,952
2024	3,300
2025	3,300
2026	3,300
2027	825
Total	\$ 112,889

Rental expenses for all operating leases for the year ended June 30, 2021 was \$85,500.

NOTE 8 - GASB STATEMENT NO. 54:

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent. Established classifications are as follows:

Nonspendable – Amounts that cannot be spend because they are either in a nonspendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

Committed – Amounts constrained to be used for a specific purpose determined by a formal action of the School District Board of Directors (the district’s highest level of decision-making authority).

Assigned – Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - GASB STATEMENT NO. 54 – continued

Unassigned – Residual amounts available for any purpose not contained in other classifications.

The District assigned fund balance is fund balance reporting occurring by the School Board Administration Authority, under the direction of the Business Manager.

ORDER OF FUND BALANCE SPENDING POLICY

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting entries.

First, nonspendable fund balances are determined. Then, restricted fund balances for the nongeneral funds are classified as restricted fund balance.

It is possible for the nongeneral funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the nongeneral fund.

BALANCE SHEET - GOVERNMENTAL FUNDS

	JUNE 30, 2021				Total
	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
EQUITY					
Restricted	\$ 0	\$ 17,423,189	\$ 1,334,993	\$ 0	\$ 18,758,182
Committed	2,675,000	0	0	0	2,675,000
Unassigned	<u>3,472,710</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,472,710</u>
TOTAL FUND BALANCE	<u>\$ 6,147,710</u>	<u>\$ 17,423,189</u>	<u>\$ 1,334,993</u>	<u>\$ 0</u>	<u>\$ 24,905,892</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 - RELATED ORGANIZATIONS:

Not included in the School's District financial statements are any Parent-Teacher Associations (PTA), Parent-Teacher Organizations (PTO) and athletic and band booster clubs. These agencies provide services to students and employees of the School District, but are separate legal entities having sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School District. The School District does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

NOTE 10 – PENSION:

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.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION - continued

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.state.pa.us.

BENEFITS PROVIDED

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION – continued

BENEFITS PROVIDED - continued

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

Member 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 service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contributed at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elected Class T-F membership, contribute at 10.30% (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 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions:

The school district's contractually required contribution rate for fiscal year ended June 30, 2021 was 34.29% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$6,352,165. for the year ended June 30, 2021.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION - continued

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2021, the District reported a liability of \$66,965,000. 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 District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District proportion was .1360%, which was an increase of .0216% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$2,008,811. At June 30, 2021, the 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>
Difference Between Expected and Actual Experience	\$ 175,000	\$ 1,605,000
Changes in Assumptions	2,943,000	0
Net Difference Between Projected and Actual Investment Earnings	0	0
Changes in Proportion	8,041,000	3,143,000
Difference Between Employer Contributions and Proportionate Share of Total Contributions	0	0
Contributions Subsequent to the Measurement Date	0	0
	<u>\$ 11,159,000</u>	<u>\$ 4,748,000</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION - continued

***PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS
OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED
TO PENSIONS – continued***

\$11,159,000. reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2021	\$ 806,000
2022	1,281,000
2023	3,450,000
2024	874,000
Total Deferred Outflows/ Inflows of Resources	\$ <u>6,411,000</u>

The total pension liability at June 30, 2020 was determined by rolling forward the System's total pension liability at 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 – 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.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION - continued

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – continued

ACTUARIAL ASSUMPTIONS – continued

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	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%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk party	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.00%	-0.7%
	<u>100%</u>	

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PENSION - continued

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - continued

DISCOUNT RATE

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

SENSITIVITY OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net position 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%
District's proportionate share of the net pension liability	\$ 82,850,000	\$ 66,965,000	\$ 53,508,000

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about PSER's 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.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS)**

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees’ Retirement System (PSERS) and additions to/deductions from PSERS’s fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit 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, 2019, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) - continued**

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.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees

Employer Contributions:

The school districts’ contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$160,000 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$2,943,000. 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 .1362% percent, which was an increase of .0218% from its proportion measured as of June 30, 2020.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) - continued**

**2. OPEB Liabilities, OPEB Expense, and Deferred Outflow Resources and
Inflows of Resources Related to OPEB- continued**

For the year ended June 30, 2020, the District recognized OPEB expense of \$50,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 27,000	\$ 0
Changes in assumptions	120,000	65,000
Net difference between projected and actual investment earnings	5,000	0
Changes in proportion	425,000	213,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	0	0
Total All Funds	<u>\$ 577,000</u>	<u>\$ 278,000</u>

\$577,000. 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, 2021. 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>Estimated Amount</u>
2021	\$ 37,000
2022	36,000
2023	36,000
2024	67,000
2025	49,000
Thereafter	<u>75,000</u>
Total Deferred Outflows/ Inflows of Resources	<u>\$ 300,000</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) - continued**

3. Actuarial Assumptions

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

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

- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium Assistance.
- Mortality rates 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.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSRES) - continued**

3. Actuarial Assumptions - continued

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.0%
US Core Fixed Income	46.5%	-0.1%
Non-US Developed Fixed	3.2%	-0.1%
	100.0%	

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

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, 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.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSRES) - continued**

3. Actuarial Assumptions - continued

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021 retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 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 System net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 2,942,000	\$ 2,943,000	\$ 2,943,000

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

The following presents the net OPEB liability, calculated using the discount rate of 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	\$ 3,355,000	\$ 2,943,000	\$ 2,601,000

OPEB plan fiduciary net position

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 – DEFEASED DEBT:

On April 2021, the Blue Mountain School District issued General Obligation Bond Series of 2021, General Obligation Bond Series 2021A, and General Obligation Bond Series of 2021B to partially refinance the General Obligation Bond Series of 2019, to partially refinance the General Obligation Bond Series of 2017, to fund capital projects of the District, and pay the cost of issuing the bonds.

NOTE 13 – CORONAVIRUS (COVID-19) PANDEMIC DECLARATION:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 6, 2020 Pennsylvania Governor Tom Wolf proclaimed the existence of a disaster emergency throughout the Commonwealth of Pennsylvania. The duration of the business disruption and related financial impact cannot be reasonably estimated at this time but may materially affect our ability to operate our business and result in additional costs. The extent to which this virus pandemic may impact our operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at the date of this report, including new information that may emerge concerning the severity of the coronavirus and steps taken to contain the coronavirus or treat its impact, among others.

OTHER SUPPLEMENTAL INFORMATION

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. Auditor's report expresses an unqualified opinion on the financial statements of the Blue Mountain School District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Blue Mountain School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Blue Mountain School District expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Blue Mountain School District.
7. The programs tested as major programs were as follows:

Program	CFDA
ESSER Fund	84.425
NSL	10.553
NSL	10.555

8. The threshold for distinguishing types A and B Programs was \$750,000.
9. The Blue Mountain School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors' Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue June 30, 2020	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2021
U.S. DEPARTMENT OF EDUCATION									
Passed Through State Department of Education:									
E.S.E.A Title I - Improving Basic Programs	84.010	013-20-0042	\$ 322,016	07-01-19/09-30-20	\$ 85,854	\$ 0	\$ 0	\$ 0	\$ 0
E.S.E.A Title I - Improving Basic Programs	84.010	013-21-0042	318,330	07-01-20/09-30-21	318,330	0	318,330	318,330	0
E.S.E.A Title II - Improving Teacher Quality	84.367	020-20-0042	69,267	07-01-19/09-30-20	17,824	17,824	0	0	0
E.S.E.A Title II - Improving Teacher Quality	84.367	020-21-0042	63,518	07-01-20/09-30-21	63,518	0	60,325	60,325	(3,193)
Title IV - Student Support and Academic Enrichment	84.424	144-20-0042	24,529	07-01-19/09-30-20	11,447	9,904	1,543	1,543	0
Title IV - Student Support and Academic Enrichment	84.424	144-21-0042	24,422	07-01-20/09-30-21	15,700	0	21,499	21,499	5,799
CARES Act - ESSER Fund Local	84.425	200-20-0042	264,486	07-01-20/09-30-21	236,645	(10,136)	246,781	246,781	0
CARES Act - ESSER Fund II Local	84.425	200-21-0042	1,175,495	03-13-20/09-30-23	76,961	0	1,101,598	1,101,598	1,024,637
CARES Act - COVID-19 SECIM	84.027	252-20-0042	5,000	07-01-20/09-30-21	5,000	0	5,000	5,000	0
Passed Through State Commission on Crime and Delinquency:									
COVID-19 School Health & Safety Grant	84.425	2020-CS-01-33998	225,851	03-01-20/10-30-20	225,851	0	225,851	225,851	0
ESSER School Health & Safety Grants	84.425D	2020-ES-01-35245	70,631	03-13-20/09-30-22	12,853	0	34,489	34,489	21,636
Passed Through Schuykill I.U. #29:									
IDEA - B	84.027	62-110029	455,536	07-01-20/06-30-21	455,536	0	455,536	455,536	0
IDEA - Section 619	84.173	62-110029	7,272	07-01-20/06-30-21	7,272	0	7,272	7,272	0
TOTAL DEPARTMENT OF EDUCATION			3,026,353		1,532,791	103,446	2,478,224	2,478,224	1,048,879
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES									
Passed Through State Department of Human Resources:									
Medical Assistance Reimbursement for Administration	93.778	044-00-7042	17,522	07-01-20/06-30-21	10,752	10,752	0	0	0
Medical Assistance Reimbursement for Administration	93.778	044-00-7042	25,329	07-01-20/06-30-21	10,764	0	25,329	25,329	14,565
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			42,851		21,516	10,752	25,329	25,329	14,565
U.S. DEPARTMENT OF AGRICULTURE									
Passed Through State Department of Education:									
Regular/Needy Breakfast	10.553	129-54-080-3	136,276	07-01-19/06-30-20	64,622	64,622	0	0	0
Regular/Needy Breakfast	10.553	129-54-080-3	113,706	07-01-20/06-30-21	113,706	0	113,706	113,706	0
Regular/Needy Breakfast	N/A	129-54-080-3	7,632	07-01-19/06-30-20	2,903	2,903	0	0	0
Regular/Needy Breakfast	N/A	129-54-080-3	5,783	07-01-20/06-30-21	5,753	0	5,753	5,753	0
National School Lunch	10.555	129-54-080-3	403,365	07-01-19/06-30-20	101,035	101,035	0	0	0
National School Lunch	10.555	129-54-080-3	704,612	07-01-20/06-30-21	704,612	0	704,612	704,612	0
National School Lunch	N/A	129-54-080-3	28,137	07-01-19/06-30-20	4,065	4,065	0	0	0
National School Lunch	N/A	129-54-080-3	24,147	07-01-19/06-30-20	24,147	0	24,147	24,147	0
Passed Through State Department of Agriculture:									
Value of USDA Commodities	10.555	129-54-080-3	55,344	07-01-20/06-30-21	51,257	(8,478)	55,344	55,344	(4,391)
TOTAL DEPARTMENT OF AGRICULTURE			1,478,992		1,072,100	164,147	903,562	903,562	(4,391)
SUB-TOTAL			4,548,196		2,628,407	278,345	3,407,115	3,407,115	1,058,053
STATE AWARD EXPENDITURES			65,669		36,968	6,968	29,900	29,900	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,482,527		\$ 2,589,539	\$ 271,377	\$ 3,377,215	\$ 3,377,215	\$ 1,059,053

Source Code Legend:
(I) Indicates indirect federal financial assistance funding.
(S) Indicates State matching funding.
(CV) Indicates Coronavirus funding

OTHER CODE LEGEND
(A) Indicates value of USDA commodities received in current.
(B) Indicates beginning inventory value of USDA commodities.
(C) Indicates value of USDA commodities used in current year.
(D) Indicates ending inventory value of USA commodities.
See notes to financial statements
which are an integral part of this report.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 2 - COMMODITIES:

The beginning and ending deferred income figures listed represent the beginning and ending commodities inventories in the Cafeteria Fund. These commodities are received through the State from the U.S. Department of Agriculture. The commodities are valued at amounts assigned to the various items by the U.S. Department of Agriculture when the commodities are offered

NOTE 3 – INDIRECT COSTS:

The District did not charge any indirect costs to any of the federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

NOTE 4 - CLUSTER PROGRAMS:

The following CFDA's have been deemed a cluster of programs by the Office of Management and Budget and, therefore, are treated as one program in determining the major programs to be audited.

Child Nutrition Cluster		Special Education Cluster (IDEA)	
CFDA #	Expenditures	CFDA #	Expenditures
10.553	\$ 113,706	84.027	\$ 455,536
10.555	704,612	84.173	7,272
Total	\$ 818,318	Total	\$ 462,808

REQUIRED SUPPLEMENTAL INFORMATION

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.1360%	0.1144%					
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ 66,965,000	\$ 53,519,000	\$ 60,678,000	\$ 61,143,000	\$ 63,036,000	\$ 54,057,000	\$ 49,080,000
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996	\$ 16,475,021	\$ 16,052,348	\$ 15,818,808
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	350.18%	339.14%	356.48%	370.90%	382.61%	336.75%	310.25%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	54.32%	55.66%	54.00%	51.84%	50.14%	54.30%	52.24%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 6,352,165	\$ 5,123,000	\$ 5,364,000	\$ 4,735,000	\$ 4,047,000	\$ 3,222,000	\$ 2,470,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>6,352,165</u>	<u>5,123,000</u>	<u>5,364,000</u>	<u>4,735,000</u>	<u>4,047,000</u>	<u>3,222,000</u>	<u>(2,470,000)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996	\$ 16,475,021	\$ 16,052,348	\$ 15,818,808
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	33.22%	32.46%	31.51%	28.72%	24.56%	20.07%	15.61%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB- PSERS LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
DISTRICT'S PROPORTION OF THE NET OPEB- PSERS LIABILITY (ASSET)					
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB - PSERS LIABILITY (ASSET)	\$ 2,943,000	\$ 2,433,000	\$ 2,635,000	\$ 2,522,000	\$ 2,740,000
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996	\$ 16,475,021
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB - PSERS LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	15.39%	15.42%	15.48%	15.30%	16.63%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB - PSERS LIABILITY	N/A	N/A	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB PSERS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ <u>160,000</u>	\$ <u>131,000</u>	\$ <u>141,000</u>	\$ <u>137,000</u>
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>160,000</u>	<u>131,000</u>	<u>141,000</u>	<u>137,000</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0.84%	0.83%	0.83%	0.83%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY (ASSET)					
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)	\$ 18,424,791	\$ 17,579,702	\$ 18,051,844	\$ 17,494,670	\$ 17,494,670
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 17,074,371	\$ 16,657,923	\$ 16,650,928	\$ 16,244,808	\$ 16,475,021
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	107.91%	105.53%	108.41%	107.69%	106.19%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	N/A	N/A	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 17,074,371	\$ 16,657,923	\$ 16,650,928	\$ 16,244,808
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

JONES & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES, III, M.B.A., C.P.A.
RICHARD W. PITCAVAGE, C.P.A.
EDWIN H. EBLING, C.P.A.
JOHN W. PAULSHOCK, C.P.A.
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110 North Second Street
Pottsville, Penna. 17901
Telephone: (570) 622-5010
Fax: (570) 622-3283
Email: jonescpa@comcast.net

March 25, 2022

Pottsville Republican
111 Mahantongo Street
Pottsville, PA 17901

Ladies and Gentlemen:

Please publish this notice in the legal notice section of your newspaper once a week for three (3) successive weeks.

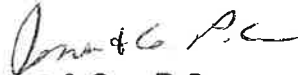
NOTICE OF AUDIT
BLUE MOUNTAIN SCHOOL DISTRICT

Pursuant to Section 2432 of the Public School Code of 1949 as amended, the Auditor's Report of the Blue Mountain School District of Schuylkill County for the fiscal year ended June 30, 2021, has been filed with the District on March 25, 2022, and the same will be confirmed unless an appeal is taken therefrom within thirty days after filing thereof.

The Audit Report is available for public inspection at the Business Office of the School District, 685 Red Dale Road. Orwigsburg, Pa 17961.

Please invoice the District at the address indicated in the notice. Also provide them with a proof of publication.

Very truly yours,



Jones & Co., P.C.
Certified Public Accountants

JONES & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES, III, M.B.A., C.P.A.
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110 North Second Street
Pottsville, Penna. 17901
Telephone: (570) 622-5010
Fax: (570) 622-3283
Email: jonescpa@comcast.net

March 17, 2022

Board of School Directors
Blue Mountain School District
685 Red Dale Road
Orwigsburg, PA 17961

Dear Ladies and Gentlemen:

We have recently completed the annual audit of your School District for the year ended June 30, 2021 and have submitted our reports to your business office for filing. Therefore, in accordance with our firm policy, we would like to formally request a meeting with the Board of School Directors to discuss the current audit. We are available to meet with you at your convenience, but we do ask that you notify us at least five days before the meeting in order for us to properly schedule. In addition, we ask that you notify us in writing of your intention to accept or reject our meeting offer.

Also, as a reminder, the Audit Report must be filed with the agencies listed on page 2 of the audit report within 30 days of the receipt of the report from us, but no later than nine months after the District's year end.

As always, it has been a pleasure to serve your District, and we look forward to hearing from you and meeting you soon.

Very truly yours,



Edwin H. Ebling, CPA
Director