

**SCHOOL DISTRICT OF THE  
CITY OF YORK  
YORK, PENNSYLVANIA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

SCHOOL DISTRICT OF THE CITY OF YORK, PENNSYLVANIA

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors  
School District of the City of York  
York, Pennsylvania

**Report on the Financial Statements**

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

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

The School District's 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.



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**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 activity, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, 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.

**Adoption of Governmental Accounting Standards Board Principles**

As described in Note 1 to the financial statements, in 2020 the School District adopted the provisions of Governmental Accounting Standards Board's Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". Our opinion is not modified with respect to these matters.

**Emphasis of Matter Regarding Subsequent Events**

As discussed in Note 19, subsequent events may have a significant impact on the operations of the School District. Management has determined that it is not possible to predict the eventual outcome of the subsequent event related to the pandemic. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability and related ratios – retirees health plan, the schedule of the District's proportionate share of the net OPEB liability – PSERS plan, the schedule of the District's OPEB contributions – PSERS plan, the schedule of the District's proportionate share of the net pension liability, and the schedule of district pension contributions on pages 4-13 and 66-71 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.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School District's internal control over financial reporting and compliance.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
January 29, 2021

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

Our discussion and analysis of the School District of the City of York, "the District" and its financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements.

**Financial Highlights**

- The District decreased its net position related to governmental activities by \$5,725,382 or 9.1%. This change is detailed in the Statement of Activities included in the financial statements.
- The District decreased its outstanding bonds and loans payable by \$10,092,059 to a balance of \$66,268,469 as of June 30, 2020. The District's activity in long-term debt is detailed in the notes to the financial statements.
- The operations of the General Fund of the District finished the year with \$150,684,053 of revenue which was \$2,375,769 or (1.55%) unfavorable as compared to budget and \$169,798,088 of expenditures which was \$8,945,589 or 5.00% favorable to the budget. Revenues exceeded expenditures by \$6,569,820 more than was budgeted with the favorable to budget expenditures funded by the unfavorable to budget revenues.
- The District's General Fund ended the year with a fund balance of \$17,899,832 which represents an increase of \$285,232 which is \$6,569,970 favorable to the budgeted decrease in fund balance.

**A Brief Guide to the Financial Statements**

The financial statements of the District include presentation on two levels-

- Government-wide statements
- Governmental fund statements

**Government-wide Statements**

These statements present the District's financial information in an aggregated format split into two types of activities.

- Governmental activities
- Business-type activities

Most of the activities of the District are reported as governmental activities. The operations of the District's Food Service Fund, whose operations involve primarily the serving of meals to students during the school day, is the District's only business-type activity.

The presentation provided in these government-wide statements is primarily focused on presenting the financial position of the District and the change in financial position as a result of the activities that occurred during the fiscal year. The significant differences in these statements as compared to governmental fund statements are:

- Government-wide statements include fixed assets for governmental activities—government fund statements do not.
- Government-wide statements include long-term debt for governmental activities—government fund statements do not.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

- Government-wide statements are prepared utilizing the accrual basis of accounting—government fund statements are generally prepared utilizing a modified accrual basis of accounting. This results in differences in the timing of the recognition of certain revenues.
- Government-wide statements present in a format to highlight net assets. Government fund statements deal with fund balance. Net assets are a much broader financial measurement.

For a more detailed explanation of these financial statements, please review the notes to the financial statements.

**Government Fund Statements**

This format is concerned primarily with the presentation of “the flow of funds” rather than with measuring financial position. This is the presentation format which is utilized for preparation of budgets and is presented on a more disaggregated format than the government-wide statements.

This format, as with the government-wide statements, presents information by firstly grouping funds by type. In the case of governmental funds the types are:

- Governmental funds
- Proprietary funds
- Fiduciary funds

These statements are presented by type and then utilizing criteria to identify “major funds” presenting information on a segregated basis for each of the major funds and then aggregating the information for all other funds within the fund type.

The District has the following “major funds” for government fund statement presentation-

- Governmental funds
  - General fund
  - Capital projects fund
- Proprietary funds
  - Food service fund

This is the District's only proprietary fund.

- Fiduciary funds
  - Agency funds
  - Private purpose trust fund

For more information regarding the presentation of fund financial statements, please review the notes to the financial statements.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**Condensed Government-wide Financial Statements-**

**Condensed Statement of Net Position  
June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 18,515,535	\$ 1,234,489	\$ 19,750,024
Taxes receivable-net	5,193,702	-	5,193,702
Other current assets	12,565,145	74,035	12,639,180
Total current assets	36,274,382	1,308,524	37,582,906
Capital assets	124,186,107	276,780	124,462,887
Other non-current assets	1,434,310	-	1,434,310
Total assets	161,894,799	1,585,304	163,480,103
<b>Total Deferred Outflows of Resources</b>	40,378,402	1,217,103	41,595,505
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	4,009,176	82,637	4,091,813
Current portion of long-term debt and loan/note	9,419,059	-	9,419,059
Accrued salaries, benefits and withholdings	11,089,094	10,345	11,099,439
Other current liabilities	760,483	59,375	819,858
Total current liabilities	25,277,812	152,357	25,430,169
Bonds and loan payable-net of current portion	56,849,410	-	56,849,410
Net pension liability	158,962,630	4,916,370	163,879,000
Other non-current liabilities	20,478,923	534,314	21,013,237
Total liabilities	261,568,775	5,603,041	267,171,816
<b>Total Deferred Inflows of Resources</b>	7,593,110	234,838	7,827,948
<b>Net Position:</b>			
Invested in capital assets-net of related debt	59,704,500	276,780	59,981,280
Restricted	682,108	175,634	857,742
Unrestricted	(127,275,292)	(3,487,886)	(130,763,178)
<b>Total Net Position</b>	<b>\$ (66,888,684)</b>	<b>\$ (3,035,472)</b>	<b>\$ (69,924,156)</b>

**Comments regarding the condensed June 30, 2020 government-wide statements:**

**Statement of Net Position**

- Cash, cash equivalents and investments consist primarily of overnight investments and demand deposits which are federally insured or collateralized by securities held by third parties and funds held in government investment pools.
- Taxes receivable include delinquent real estate and current income tax collections and real estate transfer taxes primarily from the June 30, 2020 quarter.
- Fixed assets are presented net of depreciation and include the facilities and equipment of the District.
- Accrued salaries and benefits consist primarily of the amounts due teachers for salaries and benefits earned in the 2019-20 school year that are paid over a twelve month period beginning when the District's academic year begins in late August through the following August. These are the remaining amounts which were paid in July and August, 2020 and related benefits and payroll taxes for the 2019-20 school year.



**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

- The bonds payable include several general obligation bonds and notes series of the District. The loan payable is the balance of a \$3.0 million interest free loan provided in June, 2014 by the Commonwealth of Pennsylvania. Such loan is being repaid over a ten-year period with ten annual \$300,000 installments.

The notes to the financial statements provide additional detail on these and other items included in the Statement of Net Position.

Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
				Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Instruction	\$ 107,838,323	\$ -	\$ 20,954,615	\$ (86,883,708)		\$ (86,883,708)
Instructional Student Support	12,638,997	-	3,081,741	(9,557,256)		(9,557,256)
Admin. & Financial Support Services	13,119,436	-	1,702,291	(11,417,145)		(11,417,145)
Operation & Maintenance of Facilities	16,832,494	-	1,247,453	(15,585,041)		(15,585,041)
Pupil Transportation	2,554,201	-	493,097	(2,061,104)		(2,061,104)
Student Activities	896,503	-	120,675	(775,828)		(775,828)
Community Services	380,188	-	234,117	(146,071)		(146,071)
Interest on Long-Term debt	2,866,987	-	2,177,414	(689,573)		(689,573)
<b>Total Governmental Activities</b>	<b>\$ 157,127,129</b>	<b>\$ -</b>	<b>\$ 30,011,403</b>	<b>(127,115,726)</b>		<b>(127,115,726)</b>
<b>Business-type activities:</b>						
Food Service	5,273,771	64,410	4,505,789		(703,572)	(703,572)
<b>Total Primary Government</b>	<b>\$ 162,400,900</b>	<b>\$ 64,410</b>	<b>\$ 34,517,192</b>	<b>(127,115,726)</b>	<b>(703,572)</b>	<b>(127,819,298)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net				31,342,527	-	31,342,527
Taxes levied - other				3,434,289	-	3,434,289
Grants, subsidies, & contributions not restricted				83,203,412	-	83,203,412
Investment Earnings				744,076	2,819	746,895
Miscellaneous Income				2,666,040	-	2,666,040
<b>Total general revenues, special items, extraordinary items and transfers</b>				<b>121,390,344</b>	<b>2,819</b>	<b>121,393,163</b>
<b>Change in Net Assets</b>				<b>(5,725,382)</b>	<b>(700,753)</b>	<b>(6,426,135)</b>
Net Position—beginning				(61,163,302)	(2,334,719)	(63,498,021)
<b>Net Position—ending</b>				<b>\$ (66,888,684)</b>	<b>\$ (3,035,472)</b>	<b>\$ (69,924,156)</b>

**Statement of Activities**

- Governmental activities operating grants include various subsidies including \$6,584,837 of state funds for special education, \$4,925,227 of Federal Title I funds, \$464,759 of state subsidy to support student transportation, and \$17,276,571 as a state subsidy to reimburse the District for a portion of its required retirement and social security contributions.
- General revenues include \$30,651,696 of real estate taxes, \$2,623,977 of earned income taxes, and a Basic Education Funding subsidy from the State of \$73,188,260. The District also received \$2,900,523 from gaming revenues to fund homestead exemptions utilized to reduce local real estate taxes for qualified taxpayers.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**The condensed Governmental Activities Statement of Net Position June 30, 2020 as compared to June 30, 2019 including the change in the elements of net position-**

	Governmental Activities		
	6/30/2020	6/30/2019	Inc. (Dec.) in Net Position
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 18,515,535	\$ 13,408,221	\$ 5,107,314
Taxes receivable-net	5,193,702	5,139,834	53,868
Other current assets	12,565,145	15,986,788	(3,421,643)
Total current assets	36,274,382	34,534,843	1,739,539
Capital assets	124,186,107	127,867,806	(3,681,699)
Other non-current assets	1,434,310	2,456,829	(1,022,519)
Total assets	161,894,799	164,859,478	(2,964,679)
<b>Total Deferred Outflows of Resources</b>	40,378,402	36,020,411	4,357,991
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	4,009,176	3,160,224	(848,952)
Current portion of long-term debt and loan/note	9,419,059	8,947,059	(472,000)
Accrued salaries, benefits and withholdings	11,089,094	10,491,553	(597,541)
Other current liabilities	760,483	1,008,847	248,364
Total current liabilities	25,277,812	23,607,683	(1,670,129)
Bonds and loan payable-net of current portion	56,849,410	67,413,469	10,564,059
Net pension liability	158,962,630	149,612,800	(9,349,830)
Other non-current liabilities	20,478,923	17,265,134	(3,213,789)
Total liabilities	261,568,775	257,899,086	(3,669,689)
<b>Total Deferred Inflows of Resources</b>	7,593,110	4,144,105	(3,449,005)
Change in net position			\$ (5,725,382)
<b>Net Position:</b>			
Invested in capital assets-net of related debt	59,704,500	56,125,039	3,579,461
Restricted & unrestricted	(126,593,184)	(117,288,341)	(9,304,843)
Total Net Position	\$ (66,888,684)	\$ (61,163,302)	\$ (5,725,382)
			-9.4%

**Analysis of the changes in the Governmental Activities Statement of Net Assets**

- The cash, cash equivalents and investments increased primarily as a result of an increase in state revenue due to increased social security reimbursements being received as well a decrease in expenditures during the year.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**The condensed Business-type Activities Statement of Net Position June 30, 2020 as compared to June 30, 2019 including the change in the elements of net position-**

	<b>Business-Type Activities</b>		
	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>Inc. (Dec.) in Net Position</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 1,234,489	\$ 1,607,540	\$ (373,051)
Other current assets	74,035	426,570	(352,535)
Total current assets	1,308,524	2,034,110	(725,586)
Fixed assets-net	276,780	267,101	9,679
Total assets	1,585,304	2,301,211	(715,907)
<b>Total Deferred Outflows of Resources</b>	1,217,103	1,090,667	126,436
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	82,637	439,653	357,016
Accrued salaries and benefits	10,345	16,589	6,244
Other current liabilities	59,375	15,522	(43,853)
Total current liabilities	152,357	471,764	319,407
Other non-current liabilities	5,450,684	5,126,665	(324,019)
Total liabilities	5,603,041	5,598,429	(4,612)
<b>Total Deferred Inflows of Resources</b>	234,838	128,168	(106,670)
Change in net position			\$ (700,753)
<b>Net Position:</b>			
Invested in capital assets-net of related debt	276,780	267,101	9,679
Restricted & unrestricted	(3,312,252)	(2,601,820)	(710,432)
Total Net Position	\$ (3,035,472)	\$ (2,334,719)	\$ (700,753)
			-30.0%

**Analysis of changes in Business-type activities Statement of Net Assets**

- The cash, cash equivalents and investments decreased due to decreased lunches served during the year resulting in decreased federal grant funds.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**A condensed Statement of Activities for the fiscal year ended June 30, 2020 as compared to the fiscal year ended June 30, 2019**

<b>Functions/Programs</b>	<b>FY Ended 6/30/2020</b>	<b>FY Ended 6/30/2019</b>	<b>Favorable (Unfavorable) Change 2020</b>
<b>Expenses</b>			
<b>Governmental activities:</b>			
Instruction	\$ 107,838,323	\$ 102,057,086	\$ (5,781,237)
Instructional Student Support	12,638,997	11,828,058	(810,939)
Admin. & Financial Support Services	13,119,436	12,506,801	(612,635)
Operation & Maintenance of Facilities	16,832,494	17,248,863	416,369
Pupil Transportation	2,554,201	3,212,375	658,174
Student Activities	896,503	923,035	26,532
Community Services	380,188	375,861	(4,327)
Interest on Long-Term debt	2,866,987	3,001,938	134,951
<b>Total Governmental Activities</b>	<u>157,127,129</u>	<u>151,154,017</u>	<u>(5,973,112)</u>
<b>Business-type activities:</b>			
Food Service	5,273,771	6,021,621	747,850
<b>Total Expense</b>	<u>162,400,900</u>	<u>157,175,638</u>	<u>(5,225,262)</u>
<b>Program Revenues &amp; Charges for Services</b>			
<b>Governmental activities:</b>			
Instruction	20,954,615	22,293,177	(1,338,562)
Instructional Student Support	3,081,741	3,664,929	(583,188)
Admin. & Financial Support Services	1,702,291	1,992,366	(290,075)
Operation & Maintenance of Facilities	1,247,453	1,570,506	(323,053)
Pupil Transportation	493,097	554,228	(61,131)
Student Activities	120,675	155,191	(34,516)
Community Services	234,117	256,742	(22,625)
Interest on Long-Term debt	2,177,414	2,284,540	(107,126)
<b>Total Governmental Activities</b>	<u>30,011,403</u>	<u>32,771,679</u>	<u>(2,760,276)</u>
<b>Business-type activities:</b>			
Food Service	4,570,199	5,930,498	(1,360,299)
<b>Total Program Revenues &amp; Charges for Services</b>	<u>34,581,602</u>	<u>38,702,177</u>	<u>(4,120,575)</u>
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purposes, net	31,342,527	30,791,186	551,341
Taxes levied-other	3,434,289	4,236,453	(802,164)
Grants, subsidies, & contributions not restricted	83,203,412	76,055,422	7,147,990
Investment Earnings-governmental activities	744,076	952,425	(208,349)
Investment earnings-business-type activities	2,819	2,301	518
Miscellaneous Income	2,666,040	2,544,868	121,172
<b>Total General Revenues</b>	<u>121,393,163</u>	<u>114,582,655</u>	<u>6,810,508</u>
<b>Change in Net Position</b>	<u>\$ (6,426,135)</u>	<u>\$ (3,890,806)</u>	<u>\$ (2,535,329)</u>

- Instructional expenses decreased in the current fiscal year primarily because of a reduction in staffing due to the pandemic.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**Statement of Net Position-Governmental Funds**

	<b>General Fund</b>	<b>Capital Project Fund</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 18,515,535	\$ -	\$ 18,515,535
Taxes receivable-net	5,193,702	-	5,193,702
Due from other funds	262,323	-	262,323
Due from other governments	8,238,697	-	8,238,697
Other receivables	989,067	-	989,067
Inventories	52,102	-	52,102
Prepaid expenses	3,022,956	-	3,022,956
Restricted assets-			
Cash, cash equivalents and investments	-	1,222,680	1,222,680
<b>Total Assets</b>	<b>\$ 36,274,382</b>	<b>\$ 1,222,680</b>	<b>\$ 37,497,062</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 3,468,604	\$ 540,572	\$ 4,009,176
Accrued salaries and benefits	5,705,046	-	5,705,046
Payroll deductions and withholdings	5,384,048	-	5,384,048
Deferred revenues	42,804	-	42,804
<b>Total liabilities</b>	<b>14,600,502</b>	<b>540,572</b>	<b>15,141,074</b>
<b>Deferred Outflows of Resources:</b>			
Unavailable tax revenues- property taxes	3,774,048	-	3,774,048
<b>Total Deferred Outflows of Resources</b>	<b>3,774,048</b>	<b>-</b>	<b>3,774,048</b>
<b>Fund Balances:</b>			
Nonspendable	3,075,058	-	3,075,058
Restricted	-	682,108	
Unassigned	14,824,774	-	14,824,774
<b>Total fund balances</b>	<b>17,899,832</b>	<b>682,108</b>	<b>18,581,940</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 36,274,382</b>	<b>\$ 1,222,680</b>	<b>\$ 37,497,062</b>

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**The General Fund Budget vs Actual for the June 30, 2020 Fiscal Year**

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Local Sources				
Real Estate Taxes	\$ 31,500,000	\$ 31,500,000	\$ 30,650,696	\$ (849,304)
Other Taxes	3,822,000	3,822,000	3,434,290	(387,710)
Investment Income	825,000	825,000	718,362	(106,638)
Other Revenue	2,791,367	2,791,317	846,121	(1,945,196)
Total Local Revenues	38,938,367	38,938,317	35,649,469	(3,288,848)
State Sources	102,502,881	102,878,549	104,657,244	1,778,695
Federal Sources	8,614,015	11,242,956	10,377,340	(865,616)
Total Revenues	150,055,263	153,059,822	150,684,053	(2,375,769)
EXPENDITURES				
Instructional Services				
Regular education programs	69,826,195	71,086,207	63,732,514	7,353,693
Special education programs	25,959,590	27,188,589	26,503,179	685,410
Vocational education programs	5,995,485	5,995,485	5,103,406	892,079
Other instructional programs	1,451,686	2,311,008	2,139,038	171,970
Nonpublic school programs	168,458	136,793	200,381	(63,588)
Adult education programs	386,140	386,140	304,982	81,158
Pre-kindergarten	2,293,082	2,633,750	2,643,810	(10,060)
Total Instructional Services	106,080,636	109,737,972	100,627,310	9,110,662
Instructional Support Services				
Pupil personnel support services	5,908,368	5,352,075	6,039,158	(687,083)
Instructional staff support services	3,526,838	3,576,141	3,679,350	(103,209)
Administrative services	8,139,501	8,424,152	8,483,323	(59,171)
Pupil health services	1,853,405	1,746,405	1,908,783	(162,378)
Business services	1,260,405	1,307,794	1,286,938	20,856
Operation & maintenance of facilities	11,527,909	11,520,742	10,832,150	688,592
Student transportation services	2,798,874	2,858,874	2,554,201	304,673
Central & other business support services	1,918,130	1,918,130	2,072,473	(154,343)
Other support services	36,000	36,000	23,028	12,972
Total Instructional Support Services	36,969,430	36,740,313	36,879,404	(139,091)
Noninstructional Services				
Student activities	776,507	776,507	808,440	(31,933)
Community services	526,448	386,206	344,829	41,377
Total Noninstructional Services	1,302,955	1,162,713	1,153,269	9,444
Capital Outlay	-	-	327,793	(327,793)
Debt Service (Principal & Interest)	11,986,934	31,102,679	30,810,312	292,367
Total Expenditures	156,339,955	178,743,677	169,798,088	8,945,589
Excess of Revenues Over (Under) Expenditures	(6,284,692)	(25,683,855)	(19,114,035)	6,569,820
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Sales	-	-	150	150
Issuance of Refunding Bonds	-	17,470,000	17,470,000	-
Bond Premium	-	1,929,117	1,929,117	-
Budgetary reserve	(100,000)	-	-	-
Total Other Financing Sources (Uses)	(100,000)	19,399,117	19,399,267	150
Net Change in Fund Balance	\$ (6,384,692)	\$ (6,284,738)	\$ 285,232	\$ 6,569,970

**Analysis of actual results as compared to budget**

- The above budget local source revenues decrease is due to slightly lower than anticipated real estate taxes and revenues from intermediary sources.
- The increase in State revenues is due primarily to additional social security reimbursements being received.
- Regular education programs were lower than anticipated due to decreased employee salary and benefit costs than anticipated.

**School District of the City of York  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020**

**Long-term debt activity in the fiscal year ended June 30, 2020**

Description	Balance 6/30/2019	Additional Borrowings	Repayments/ Reductions	Balance 6/30/2020
General obligation debt	\$ 74,860,528	\$ 17,470,000	\$ 27,262,059	\$ 65,068,469
Loan payable	1,500,000	-	300,000	1,200,000
	<u>\$ 76,360,528</u>	<u>\$ 17,470,000</u>	<u>\$ 27,562,059</u>	<u>\$ 66,268,469</u>

See the notes to the financial statements for additional details.

**Capital asset activity in the fiscal year ended June 30, 2020**

**Governmental Activities Capital Assets:**

Description	Cost 6/30/2019	Fiscal Year 6/30/20		Cost 6/30/2019	Fiscal Year 6/30/20		Accumulated Depreciation 6/30/2020	Net Asset 6/30/2019
		Additions	Retire/Trsf		Depreciation	Retirement		
Land	\$ 2,804,679	\$ -	\$ -	\$ 2,804,679	\$ -	\$ -	\$ -	\$ 2,804,679
Buildings & improvements	180,717,570	855,442	-	181,573,012	4,882,796	-	63,503,838	118,069,174
Furniture & equipment	6,148,807	929,260	-	7,078,067	571,110	-	3,765,813	3,312,254
Construction in Progress	12,495	-	(12,495)	-	-	-	-	-
	<u>\$ 189,683,551</u>	<u>\$ 1,784,702</u>	<u>\$ (12,495)</u>	<u>\$ 191,455,758</u>	<u>\$ 5,453,906</u>	<u>\$ -</u>	<u>\$ 67,269,651</u>	<u>\$ 124,186,107</u>

**Business Type Capital Assets:**

Description	Cost 6/30/2019	Fiscal Year 6/30/20		Cost 6/30/2019	Fiscal Year 6/30/20		Accumulated Depreciation 6/30/2020	Net Asset 6/30/2019
		Additions	Retire/Trsf		Depreciation	Retirement		
Furniture & equipment	\$ 1,295,944	\$ 49,387	\$ -	\$ 1,345,331	\$ 39,708	\$ -	\$ 1,068,551	\$ 276,780
	<u>\$ 1,295,944</u>	<u>\$ 49,387</u>	<u>\$ -</u>	<u>\$ 1,345,331</u>	<u>\$ 39,708</u>	<u>\$ -</u>	<u>\$ 1,068,551</u>	<u>\$ 276,780</u>

See the notes to the financial statements for additional details.

**Potential Future Issues**

The following matters will potentially have future impact on the District:

- The Pennsylvania School Employees Retirement System (PSERS), a State-wide multi-employer pension plan covering substantially all of the District's employees as well as most of the employees of all of the public school employees in the State, has experienced a significant funding shortfall. There is uncertainty as to the extent of and resolution of this shortfall but the current plan to resolve the shortfall includes increases in required employer contributions which have had and will continue to have a negative financial impact on the District.
- The District has been identified by the Pennsylvania Department of Education as a "financially distressed" district under the Commonwealth's Act 141 of 2012. A requirement of that Act is, among other things, for the Secretary of Education of the Commonwealth to appoint a Chief Recovery Officer who is responsible to develop a Financial Recovery Plan for the District and to monitor the progress of the District towards fulfilling the requirements of that plan. A Plan has been developed and the work towards achieving the goals of the Recovery Plan is ongoing.
- The District is an urban District with limited local resources. As such, the District is to a significant extent dependent upon the financial support of the Commonwealth.
- During the last 3-1/2 months of the fiscal year 06/30/2020, the District was operating under an order of disaster emergency by the Governor of the Commonwealth of Pennsylvania responding to the health emergency created by the coronavirus ("COVID-19") outbreak, resulting in physical school closures and minimal operations. After July 1, the Governor along with related state agencies gave recommendations for school instruction coordination but have not mandated any closure of operations. At the time of this audit, the District was maintaining instruction through virtual means and weighing the pros and cons of re-introducing students back into the classroom. It is not determinable at this time when the District may resume normal operations or what the financial impact of this change in operations will have on the District.

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 4,015,535	\$ 1,234,489	\$ 5,250,024
Investments	14,500,000	-	14,500,000
Taxes Receivable, net	5,193,702	-	5,193,702
Internal Balances	262,323	(262,323)	-
Due from Other Governments	8,238,697	38,528	8,277,225
Other Receivables	989,067	4,941	994,008
Inventories	52,102	117,255	169,357
Other Assets	3,022,956	175,634	3,198,590
Total Current Assets	36,274,382	1,308,524	37,582,906
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents	222,680	-	222,680
Investments	1,000,000	-	1,000,000
Bond Discounts, net of Amortization	211,630	-	211,630
Capital Assets, not being depreciated	2,804,679	-	2,804,679
Capital Assets, being depreciated, net	121,381,428	276,780	121,658,208
Total Noncurrent Assets	125,620,417	276,780	125,897,197
TOTAL ASSETS	161,894,799	1,585,304	163,480,103
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Loss on Refunding, net of Accumulated Amortization	1,025,409	-	1,025,409
OPEB	2,384,353	73,743	2,458,096
Pensions	36,968,640	1,143,360	38,112,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	40,378,402	1,217,103	41,595,505
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	4,009,176	82,637	4,091,813
Current Portion of Long-Term Debt	9,119,059	-	9,119,059
Current Portion of Loan Payable	300,000	-	300,000
Accrued Salaries and Benefits	5,705,046	10,345	5,715,391
Accrued Interest on Long-Term Debt	717,679	-	717,679
Payroll Deductions and Withholdings	5,384,048	-	5,384,048
Unearned Revenues	42,804	59,375	102,179
Total Current Liabilities	25,277,812	152,357	25,430,169
Noncurrent Liabilities			
Bonds Payable	55,949,410	-	55,949,410
Bond Premiums, net of Amortization	1,872,857	-	1,872,857
Long-Term Portion of Compensated Absences	2,372,248	32,237	2,404,485
Loan Payable	900,000	-	900,000
Net Pension Liability	158,962,630	4,916,370	163,879,000
Net OPEB Liability	16,233,818	502,077	16,735,895
Total Noncurrent Liabilities	236,290,963	5,450,684	241,741,647
TOTAL LIABILITIES	261,568,775	5,603,041	267,171,816
<u>DEFERRED INFLOWS OF RESOURCES</u>			
OPEB	1,868,963	57,803	1,926,766
Pensions	5,724,147	177,035	5,901,182
TOTAL DEFERRED INFLOWS OF RESOURCES	7,593,110	234,838	7,827,948
<u>NET POSITION</u>			
Net Investment in Capital Assets	59,704,500	276,780	59,981,280
Restricted	682,108	175,634	857,742
Unrestricted	(127,275,292)	(3,487,886)	(130,763,178)
TOTAL NET POSITION	\$ (66,888,684)	\$ (3,035,472)	\$ (69,924,156)

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



SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 107,838,323	\$ -	\$ 20,954,615	\$ -	\$ (86,883,708)	\$ -	\$ (86,883,708)
Instructional Student Support	12,638,997	-	3,081,741	-	(9,557,256)	-	(9,557,256)
Administrative and Financial Support Services	13,119,436	-	1,702,291	-	(11,417,145)	-	(11,417,145)
Operation and Maintenance of Plant Services	16,832,494	-	1,247,453	-	(15,585,041)	-	(15,585,041)
Pupil Transportation	2,554,201	-	493,097	-	(2,061,104)	-	(2,061,104)
Student Activities	896,503	-	120,675	-	(775,828)	-	(775,828)
Community Services	380,188	-	234,117	-	(146,071)	-	(146,071)
Interest on Long-Term Debt	2,866,987	-	2,177,414	-	(689,573)	-	(689,573)
Total Governmental Activities	157,127,129	-	30,011,403	-	(127,115,726)	-	(127,115,726)
Business-Type Activities:							
Food Services	5,273,771	64,410	4,505,789	-	-	(703,572)	(703,572)
Total Primary Government	<u>\$ 162,400,900</u>	<u>\$ 64,410</u>	<u>\$ 34,517,192</u>	<u>\$ -</u>	(127,115,726)	(703,572)	(127,819,298)
General Revenues:							
Taxes:							
Property Taxes, net					31,342,527	-	31,342,527
Public Utility Tax					28,263	-	28,263
Earned Income Tax					2,623,977	-	2,623,977
In Lieu of Tax					172,195	-	172,195
Real Estate Transfer Tax					609,854	-	609,854
Unrestricted Grants and Subsidies					83,203,412	-	83,203,412
Unrestricted Investment Earnings					744,076	2,819	746,895
Gain on disposal of capital asset					150	-	150
Miscellaneous Income					2,665,890	-	2,665,890
Total General Revenues					121,390,344	2,819	121,393,163
Changes in Net Position					(5,725,382)	(700,753)	(6,426,135)
Net position - beginning of year					(61,163,302)	(2,334,719)	(63,498,021)
Net position - end of year					<u>\$ (66,888,684)</u>	<u>\$ (3,035,472)</u>	<u>\$ (69,924,156)</u>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,015,535	\$ -	\$ 4,015,535
Investments	14,500,000	-	14,500,000
Taxes Receivable, net allowance of \$419,339	5,193,702	-	5,193,702
Due from Other Funds	262,323	-	262,323
Due From Other Governments	8,238,697	-	8,238,697
Other Receivables	989,067	-	989,067
Inventories	52,102	-	52,102
Prepaid Expenses	3,022,956	-	3,022,956
Restricted Assets:			
Cash and Cash Equivalents	-	222,680	222,680
Investments	-	1,000,000	1,000,000
<b>TOTAL ASSETS</b>	<b>\$ 36,274,382</b>	<b>\$ 1,222,680</b>	<b>\$ 37,497,062</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 3,468,604	\$ 540,572	\$ 4,009,176
Accrued Salaries and Benefits	5,705,046	-	5,705,046
Payroll Deductions and Withholdings	5,384,048	-	5,384,048
Deferred Revenue	42,804	-	42,804
<b>TOTAL LIABILITIES</b>	<b>14,600,502</b>	<b>540,572</b>	<b>15,141,074</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Tax Revenues - Property Taxes	3,774,048	-	3,774,048
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,774,048</b>	<b>-</b>	<b>3,774,048</b>
<b>FUND BALANCES</b>			
Nonspendable	3,075,058	-	3,075,058
Restricted	-	682,108	682,108
Unassigned	14,824,774	-	14,824,774
<b>TOTAL FUND BALANCES</b>	<b>17,899,832</b>	<b>682,108</b>	<b>18,581,940</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 36,274,382</b>	<b>\$ 1,222,680</b>	<b>\$ 37,497,062</b>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

Total fund balance - governmental funds	\$	18,581,940
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. Those assets consist of:

Land	\$	2,804,679	
Buildings and improvements, net of \$63,503,838 accumulated depreciation		118,069,174	
Furniture and Equipment, net of \$3,765,813 accumulated depreciation		3,312,254	
 Total capital assets			124,186,107

Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		3,774,048
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(65,068,469)	
Loan Payable	(1,200,000)	
Accrued Interest on Long-Term Debt	(717,679)	
Deferred Loss on Refunding, net of Amortization	1,025,409	
Net Pension Liability	(158,962,630)	
Deferred Outflows of Resources - Pensions	36,968,640	
Deferred Inflows of Resources - Pensions	(5,724,147)	
Bond Premium/Discount, net of Amortization	(1,661,227)	
Compensated Absences	(2,372,248)	
Other Post-Employment Benefits (OPEB)	(16,233,818)	
Deferred Outflows of Resources - OPEB	2,384,353	
Deferred Inflows of Resources - OPEB	(1,868,963)	
		(213,430,779)
 TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ (66,888,684)

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

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Real Estate Taxes	\$ 30,650,696	\$ -	\$ 30,650,696
Other Taxes	3,434,290	-	3,434,290
Investment Income	718,362	25,713	744,075
Other Revenue	846,121	-	846,121
Total Local Sources	35,649,469	25,713	35,675,182
State Sources	104,657,244	-	104,657,244
Federal Sources	10,377,340	-	10,377,340
Total Revenues	150,684,053	25,713	150,709,766
EXPENDITURES			
Instructional Services	100,627,310	-	100,627,310
Support Services	36,879,404	-	36,879,404
Noninstructional Services	1,153,269	-	1,153,269
Capital Outlay	327,793	1,444,414	1,772,207
Debt Service			
Principal	27,562,059	-	27,562,059
Interest	3,248,253	-	3,248,253
Total Expenditures	169,798,088	1,444,414	171,242,502
Excess of Revenues Over (Under) Expenditures	(19,114,035)	(1,418,701)	(20,532,736)
OTHER FINANCING SOURCES (USES)			
Proceeds of capital asset sales	150	-	150
Issuance of refunding bonds	17,470,000	-	17,470,000
Bond premium	1,929,117	-	1,929,117
Total Other Financing Sources	19,399,267	-	19,399,267
Net Changes in Fund Balance	285,232	(1,418,701)	(1,133,469)
Fund Balances - Beginning of Year	17,614,600	2,100,809	19,715,409
Fund Balances - End of Year	\$ 17,899,832	\$ 682,108	\$ 18,581,940

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

SCHOOL DISTRICT OF THE CITY OF YORK  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net changes in fund balances - total governmental funds	\$	(1,133,469)
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlays in the period is as follows:

Depreciation expense	\$ (5,453,906)	
Capital outlays	<u>1,772,207</u>	(3,681,699)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of

Debt issued:		
General obligation debt	(17,470,000)	
Repayments:		
General obligation debt	27,262,059	
Loan Payable Repayment	<u>300,000</u>	10,092,059

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	(442,477)	
Pension benefit expense	(9,222,937)	
Other postemployment benefits expense	(480,839)	
Amortization of debt premium/discount	(1,809,514)	
Amortization of deferred loss from refunding	269,894	
Accrued interest on long-term debt	<u>(8,231)</u>	(11,694,104)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.

		<u>691,831</u>
Change in net position of governmental activities	\$	<u><u>(5,725,382)</u></u>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Enterprise Fund Food Service
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 1,234,489
Receivable from Other Governments	38,528
Other Receivables	4,941
Inventories	117,255
Prepaid Expenses	175,634
	<hr/>
Total Current Assets	1,570,847
	<hr/>
Noncurrent Assets	
Furniture and equipment, net	276,780
	<hr/>
Total Noncurrent Assets	276,780
	<hr/>
TOTAL ASSETS	1,847,627
	<hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
OPEB	73,743
Pensions	1,143,360
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,217,103
	<hr/>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	82,637
Accrued Wages Payable	10,345
Due to Other Funds	262,323
Unearned Revenue	59,375
	<hr/>
Total Current Liabilities	414,680
	<hr/>
Noncurrent Liabilities	
Compensated Absences Payable	32,237
Net Pension Liability	4,916,370
Net OPEB Liability	502,077
	<hr/>
Total Noncurrent Liabilities	5,450,684
	<hr/>
TOTAL LIABILITIES	5,865,364
	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
OPEB	57,803
Pensions	177,035
	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	234,838
	<hr/>
<u>NET POSITION</u>	
Net Investment in Capital Assets	276,780
Restricted	175,634
Unrestricted	(3,487,886)
	<hr/>
TOTAL NET POSITION	\$ (3,035,472)
	<hr/>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Food Service</u>
Operating Revenues	
Intergovernmental Revenues	
Federal	\$ 4,092,167
State	159,863
Donated Commodities	253,759
Food Service Revenue	<u>64,410</u>
Total Operating Revenues	<u>4,570,199</u>
Operating Expenses	
Salaries	1,316,116
Employee Benefits	1,373,249
Other Purchased Services	2,069,472
Supplies	475,226
Depreciation	<u>39,708</u>
Total Operating Expenses	<u>5,273,771</u>
Operating Loss	<u>(703,572)</u>
Nonoperating Revenues	
Investment Earnings	<u>2,819</u>
Total Nonoperating Revenues	<u>2,819</u>
Change in Net Position	(700,753)
Net Position - Beginning of year	<u>(2,334,719)</u>
Net Position - End of Year	<u><u>\$ (3,035,472)</u></u>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Federal and State Agencies	\$ 4,677,913
Cash Received from User Charges	127,762
Cash Payments to Employees for Services	(2,391,356)
Cash Payments to Suppliers for Goods and Services	(2,978,889)
Internal Activity	238,087
Net Cash Used In Operating Activities	<u>(326,483)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of Capital Asset	<u>(49,387)</u>
Net Cash Used in Capital Financing Activities	<u>(49,387)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings	<u>2,819</u>
Net Cash Provided by Investing Activities	<u>2,819</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(373,051)
Cash and Cash Equivalents - Beginning of Year	<u>1,607,540</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,234,489</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:	
Donated Commodities	<u>\$ 253,759</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (703,572)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Depreciation	39,708
Change in assets and liabilities	
Accounts Receivable	191,623
Prepaid Expense	(12,024)
Inventory	(65,151)
Accounts Payable	(357,016)
Accrued Salaries and Benefits	(6,244)
Accrued Sick and Vacation	4,136
Net Pension Liability and Pension Deferred Inflows/Outflows	285,245
Other Postemployment Benefits and Deferred Inflows/Outflows	14,872
Due to/Due From Other Funds	238,087
Deferred Revenue	43,853
Total Adjustments	<u>337,381</u>
Net Cash Used In Operating Activities	<u>\$ (326,483)</u>

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



SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	<u>\$     143,241</u>	<u>\$     197,324</u>
TOTAL ASSETS	<u>143,241</u>	<u>197,324</u>
LIABILITIES		
Other Current Liabilities	<u>-</u>	<u>197,324</u>
TOTAL LIABILITIES	<u>-</u>	<u>197,324</u>
NET POSITION		
Restricted for Scholarships	<u><u>\$     143,241</u></u>	<u><u>\$          -</u></u>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Gifts and Contributions	\$ 210
Earnings on Investments	<u>1,761</u>
Total Additions	<u>1,971</u>
DEDUCTIONS	
Instructional Services (net)	<u>(308)</u>
Total Deductions	<u>(308)</u>
Change in Net Position	2,279
Net Position - Beginning of Year	<u>140,962</u>
Net Position - End of Year	<u><u>\$ 143,241</u></u>

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

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The School District of the City of York (the "District") is an educational institution located in York, Pennsylvania. It is a school district of the second class based on its population and is comprised of elementary, middle and secondary schools.

B. Reporting Entity

Governmental Accounting Standards Board ("GASB") Statement No. 61, *"The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34"*, established the criteria to be used by the District to evaluate the possible inclusion of related entities within its reporting entity based upon financial accountability and the nature and significance of the relationship. Based on the foregoing criteria, the District has no component units that are required to be included in the District's financial statements.

C. Joint Ventures

The York County School of Technology

The District is one of fourteen-member school districts participating in the operation of the York County School of Technology. The school is operated, administered and managed by a joint operating committee consisting of board members from the fourteen-member school districts. These members are elected by the individual school board of directors. The District's share of annual operating costs of the York County School of Technology fluctuates based on the number of students enrolled. The amount paid during the year ended June 30, 2020, for tuition and debt service was \$5,987,194. Complete financial information for the York County School of Technology can be obtained at 2179 South Queen Street, York, PA 17402.

Lincoln Intermediate Unit #12 (LIU)

The LIU Board of Directors consists of 13 members elected among the school directors of the 25 constituent school districts in York, Adams and Franklin Counties. The Board has decision-making authority, the power to designate management, the ability to significantly influence operations, and has primary accountability for fiscal matters. The School District of the City of York contracts with LIU for special education services for School District students, and for certain joint services. The amount paid for these services during the year ended June 30, 2020, was \$1,201,684. Accounts payable at June 30, 2020, includes \$144,759 payable to LIU. The District also receives Federal grant funding through the LIU. The District had a receivable from the LIU under the Special Education Cluster (IDEA) (CFDA #84.027) as of June 30, 2020 totaling \$1,660,230. Complete financial information for LIU can be obtained at 65 Billerbeck Street, New Oxford, PA 17350.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C. Joint Ventures (Continued)

Lincoln Benefit Trust (LBT)

The District is one of 20 school districts, 2 vocational/technical schools, and the LIU which are members of LBT. LBT provides a funding mechanism, plan review, comprehensive reporting, joint purchasing of administrative service providers and reinsurance, and other services related to the self-insured health benefit plans of its members. The District's share of LBT's professional service fees and audit expenses during the year ended June 30, 2020, was \$969,922. Complete financial information for the Lincoln Benefit Trust can be obtained at 65 Billerbeck Street, New Oxford, PA 17350.

York Adams Tax Bureau

The District participates with 20 other school districts and 110 municipalities for the collection of earned income and other locally-leveled taxes. Each member appoints one representative to serve on the Bureau's Board of Directors. Collections are distributed quarterly to member taxing authorities. Operating expenses of the York Adams Tax Bureau are deducted from these distributions, and the District records tax revenues net of these expenses. Financial information for the Bureau can be obtained at 1405 North Duke Street, York, PA 17405.

D. Measurement Focus, Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report on all the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements which incorporates noncurrent assets as well as long term debt and obligations. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Amounts expended to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

2. Fund Financial Statements

The operations of the District are organized and are recorded in individual funds. Each fund is a separate accounting entity, with self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of taxes which must be received within 60 days of year end to be deemed available.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

Governmental Funds (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the District.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Proprietary Funds

The District's Food Service Fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net position.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

Proprietary Funds (Continued)

The proprietary funds 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 nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

Fiduciary Funds

The District's Fiduciary Funds are presented in the fund financial statements as Private-Purpose Trust Fund and Agency Fund. Since, by definition, the assets of these funds are held for the benefit of a third party (individuals, private organizations, and/or other governments) and cannot be used to satisfy obligations of the District, these funds are not incorporated into the government-wide financial statements. The District's fiduciary funds are presented on the accrual basis of accounting.

E. Basis of Presentation

The District reports the following major funds:

Governmental Fund Types:

- The General Fund is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for financial resources accumulated from debt proceeds related to fixed asset acquisitions, construction, and improvements, other than those financed by the proprietary fund.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E. Basis of Presentation (Continued)

Proprietary Fund Types:

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

Additionally, the District reports the following funds:

- The Private-Purpose Trust Fund is used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and therefore are not available to support the District's own programs.
- Agency funds are custodial in nature and account for assets held by the District as an agent for various student activities.

F. Assets, Liabilities, Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the District considers all highly liquid investments with initial maturities of three months or less when purchased to be cash equivalents.

2. Investments

Investments for the District are reported at fair value. Investments that do not have an established market value are reported at estimated values.

3. Restricted Assets

Restricted assets for the District represent cash and investment balances from unspent bond proceeds and capital reserves funds. At June 30, 2020, the restricted cash balance was \$222,680 and the restricted investment balance was \$1,000,000.

4. Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis and are expended when used.



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

5. Capital Assets

Capital assets which include property, plant, and equipment are reported in the Governmental or Business-Type Activities column in the government-wide and proprietary fund financial statements. Donated assets are stated at estimated fair value on the date donated. The District generally capitalizes assets or groups of assets with a cost of \$4,000 or more and useful lives of greater than one year. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method.

Estimated useful lives, in years, for depreciable assets are generally as follows:

Buildings and Building Improvements	15 - 40 Years
Furniture and Equipment	5 - 12 Years

6. Receivables and Payables

- Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All receivables are shown net of an allowance for doubtful accounts.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

8. Compensated Absences

The District accrues unused vacation, sick leave, and personal days as a liability. Upon termination or retirement, the employee will be paid for these accumulated absences in accordance with District policy.

9. Unearned Revenues

Revenues that are received but not yet earned are recorded as unearned revenue in the District's financial statements. In the District's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

10. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the assignment will be reappropriated and honored in subsequent years.

11. Net Position/Fund Balances

The District follows GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – Amounts that are not in a spendable form (such as Inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

- *Committed Fund Balance* – Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of School Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. This formal action is a Board approved Resolution.
- *Assigned Fund Balance* – Amounts the District intends to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the Business Manager pursuant to authorization established by the Board of School Directors.
- *Unassigned Fund Balance* – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

All encumbrances are classified as Assigned Fund Balance in the General Fund, or as Restricted Fund Balance in non-general funds.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

When an expense is incurred for purposes for which restricted and unrestricted net position is available, the District is to apply restricted net position first.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

12. Accounting Estimates

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

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund, and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

14. Deferred Outflows / Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has four items that qualify for reporting in these categories: deferred outflows on refunding bonds, deferred outflows and inflows related to pensions, deferred outflows and inflows related to other postemployment benefits, and deferred inflows related to unavailable tax revenue.

Deferred outflows/inflows on refundings are the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows and inflows of resources related to pensions are described further in Note 16 and deferred outflows and inflows of resources related to other postemployment benefits are described further in Note 17. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension and other postemployment benefits ("OPEB") expense over a closed period, which reflects the weighted average remaining service life of all PSERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on PSERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). *Unavailable tax revenue*, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balances (Continued)

14. Deferred Outflows / Inflows of Resources (Continued)

The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

15. PSERS Pensions and OPEB

For purposes of measuring net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public School Employee's 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 benefit terms investments are reported at fair value.

G. Adoption of Governmental Accounting Standards Board Statements

The District adopted the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The adoption of this statement had no effect on previously reported amounts.

H. Pending Changes in Accounting Principles

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The District is required to adopt the provisions of statement No. 84 for its fiscal year 2021 financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The District is required to adopt the provisions of Statement No. 87 for its fiscal year 2022 financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District is required to adopt the provisions of Statement No. 89 for its fiscal year 2022 financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The District is required to adopt the provisions of Statement No. 90 for its fiscal year 2021 financial statements.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

H. Pending Changes in Accounting Principles (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The District is required to adopt the provisions of Statement No. 91 for its fiscal year 2023 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The District is required to adopt the provisions of Statement No. 92 for its fiscal year 2022 financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The District is required to adopt the provisions of Statement No. 93 for its fiscal year 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The District is required to adopt the provisions of Statement No. 94 for its fiscal year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The District is required to adopt the provisions of Statement No. 96 for its fiscal year 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The District is required to adopt the provisions of Statement No. 97 for its fiscal year 2021 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures related to adoption of the District's budget and reporting of its financial statements, specifically:

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the department level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code.

Management may amend the budget at the department level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported in the fund financial statements as assignments of fund balances.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program by program basis by the federal and state funding agencies.

NOTE 3: DEPOSIT AND INVESTMENT RISK

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

Obligations of (a) 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, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) 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.

Deposits 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.

The deposit and investment policy of the District adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

Custodial Credit Risk

For deposits and investments, 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 securities that are in the possession of an outside party. The District has a policy for custodial credit risk. As of June 30, 2020, the District's cash balance was \$5,812,648, and its bank balance was \$8,581,992.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Custodial Credit Risk (Continued)

At June 30, 2020, \$8,081,992 of the bank balance was exposed to custodial credit risk, as it was uninsured and collateralized with securities held by the financial institution's trust departments not in the District's name. The District's cash equivalents of \$621 were not subject to custodial credit risk, as they were invested in a state investment pool.

As of June 30, 2020, the District had the following debt investments and maturities that are classified as cash equivalents:

Fair Value	Investment Maturities (in Years)			
	Less Than 1	1-5	6-10	More Than 10
\$ 621	\$ 621	\$ -	\$ -	\$ -

Interest Rate Risk

The District's investment policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Participation in External Investment Pools

Investment Pool investments are multiple investment portfolios with PSDLAF similar to a money market fund. The portfolio securities are valued at amortized cost, which approximates market value. The District has no regulatory oversight for the pool, which is governed by the Board of Trustees. The pool is audited annually by PricewaterhouseCoopers LLP. The pool is rated AAA by Standard & Poor's. PSDLAF issues separate financial statements available at [www.psdlaf.org](http://www.psdlaf.org).

As of June 30, 2020, the District had the following investments with PSDLAF:

Investments	Fair Value
<u>Governmental Funds:</u>	
General Fund	
Pennsylvania School District Liquid Asset Fund Collateralized "CD" Investment Pool	\$ 14,500,000
Capital Projects Fund	
Pennsylvania School District Liquid Asset Fund Collateralized "CD" Investment Pool	1,000,000
Total Governmental Funds	<u>15,500,000</u>
Total Investments	<u>\$ 15,500,000</u>

The Pennsylvania Local Government Investment Trust (PLGIT) I-Class is a 2a7-like pool. The District's investment in PLGIT is reported at amortized cost, which approximates fair value. At June 30, 2020, the District has investments classified as cash and cash equivalents in money market holdings and other short-term investments of \$2,077,815.



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP. The pool is rated AAA by Standard & Poor's. PLGIT issues separate financial statements available at [www.plgit.com](http://www.plgit.com).

*Restrictions on Qualified Investment Pool Withdrawals.* The District is limited to two withdrawals per calendar month from the PLGIT account.

NOTE 4: REAL ESTATE TAXES

Based upon assessed valuations provided by the County, the Treasurer for the City of York collects property taxes on behalf of the District. The District's tax rate for the year ended June 30, 2020, is 33.736 mills (\$33.736 per \$1,000 of assessed valuation). The schedule for property taxes levied for the year ended June 30, 2020, is as follows:

July 1	Tax Levy Date
July 1 – August 31	2% Discount Period
September 1 – October 31	Face Payment Period
November 1 – December 31	10% Penalty Period
January 1	Lien Filing Date

On January 15, of the following year, all delinquent taxpayers are turned over for collection to the York City Tax Claim Bureau. Uncollected real estate taxes attach as an enforceable lien on property when recorded by the York City Tax Claim Bureau in January. Taxes receivable at June 30, 2020 were \$5,613,041.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivable and payable balances at June 30, 2020, are as follows:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds:</u>		
General	\$ 262,323	\$ -
Total Governmental Funds	<u>262,323</u>	<u>-</u>
<u>Proprietary Funds:</u>		
Enterprise Funds:		
Food Service	-	262,323
Total Proprietary Funds	<u>-</u>	<u>262,323</u>
	<u>\$ 262,323</u>	<u>\$ 262,323</u>

NOTE 6: INTERFUND OPERATING TRANSFERS

The District did not make any interfund operating transfers during the year.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 7: DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2020, the following amounts are due from other governmental units:

<u>Due From</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Federal Grants and Subsidies	\$ 1,190,603	\$ 37,096
State Retirement Subsidy	3,887,637	-
State FICA Subsidy	1,032,016	-
Other State Subsidies	414,865	1,432
Other LEA's	1,713,576	-
	<u>\$ 8,238,697</u>	<u>\$ 38,528</u>

NOTE 8: CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020, is as follows:

<b>Governmental Activities</b>				
	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2020</u>
Capital Assets not Being Depreciated (cost):				
Land	\$ 2,804,679	\$ -	\$ -	\$ 2,804,679
Construction in Process	12,495	-	12,495	-
Total Capital Assets not Being Depreciated	<u>2,817,174</u>	<u>-</u>	<u>12,495</u>	<u>2,804,679</u>
Capital Assets Being Depreciated:				
Building and Building Improvements	180,717,570	855,442	-	181,573,012
Furniture and Equipment	6,148,807	929,260	-	7,078,067
Total Capital Assets Being Depreciated	<u>186,866,377</u>	<u>1,784,702</u>	<u>-</u>	<u>188,651,079</u>
Less Accumulated Depreciation for:				
Building and Building Improvements	(58,621,042)	(4,882,796)	-	(63,503,838)
Furniture and Equipment	(3,194,703)	(571,110)	-	(3,765,813)
Total Accumulated Depreciation	<u>(61,815,745)</u>	<u>(5,453,906)</u>	<u>-</u>	<u>(67,269,651)</u>
Capital Assets Being Depreciated, Net	<u>125,050,632</u>	<u>(3,669,204)</u>	<u>-</u>	<u>121,381,428</u>
Governmental Activities, Capital Assets, Net	<u>\$ 127,867,806</u>	<u>\$ (3,669,204)</u>	<u>\$ 12,495</u>	<u>\$ 124,186,107</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 8: CAPITAL ASSETS (CONTINUED)

Capital asset activity for business-type activities for the year ended June 30, 2020, is as follows:

	Business Type Activities		
	Balance July 1, 2019	Additions	Balance June 30, 2020
Capital Assets Being Depreciated:			
Furniture and Equipment	\$ 1,295,944	\$ 49,387	\$ 1,345,331
Total Capital Assets Being Depreciated	1,295,944	49,387	1,345,331
Less Accumulated Depreciation for:			
Furniture and Equipment	(1,028,843)	(39,708)	(1,068,551)
Total Accumulated Depreciation	(1,028,843)	(39,708)	(1,068,551)
Capital Assets Being Depreciated, Net	267,101	9,679	276,780
Business-Type Activities, Capital Assets, Net	<u>\$ 267,101</u>	<u>\$ 9,679</u>	<u>\$ 276,780</u>

Depreciation Expenses were charged to governmental activities as follows:

Instruction	\$ 258,193
Instructional Student Support	19,414
Administration and Financial Services	56,746
Operation and Maintenance of Plant	5,117,162
Student Activities	2,391
	<u>\$ 5,453,906</u>

NOTE 9: ACCRUED SALARIES AND BENEFITS

At June 30, 2020, the District was liable for payroll and related benefits, which are payable during July and August 2020, to those employees who have a ten-month contract but are paid over a twelve-month period, to non-instructional employees who performed services through June 30, 2020, and to retiring employees who are receiving a payout of their accumulated compensated absences. Unemployment compensation is included in workers compensation insurance for both the general fund and food service fund.

The balances at June 30, 2020, are as follows:

	General Fund	Food Service	Total
Accrued Payroll	\$ 3,968,929	\$ 7,197	\$ 3,976,126
Workers Compensation Insurance	71,384	128	71,512
Unemployment Compensation	34	1	35
Retirement	1,361,273	2,468	1,363,741
Social Security	303,426	551	303,977
	<u>\$ 5,705,046</u>	<u>\$ 10,345</u>	<u>\$ 5,715,391</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS

A summary of changes in long-term debt obligations follows:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
<u>Governmental activities</u>					
General obligation debt	\$ 74,860,528	\$ 17,470,000	\$ (27,262,059)	\$ 65,068,469	\$ 9,119,059
Loan Payable	1,500,000	-	(300,000)	1,200,000	300,000
Compensated absences	1,929,771	442,477	-	2,372,248	-
<u>Governmental activities long-term liabilities</u>	<u>\$ 78,290,299</u>	<u>\$ 17,912,477</u>	<u>\$ (27,562,059)</u>	<u>\$ 68,640,717</u>	<u>\$ 9,419,059</u>
<u>Business-type activities</u>					
Compensated absences	\$ 28,101	\$ 4,136	\$ -	\$ 32,237	\$ -
<u>Business-type activities long-term liabilities</u>	<u>\$ 28,101</u>	<u>\$ 4,136</u>	<u>\$ -</u>	<u>\$ 32,237</u>	<u>\$ -</u>

An analysis of debt service requirements to maturity on the Governmental Activities obligations with the exception of the loan payable is as follows:

Years Ended June 30:	Principal Retirements	Interest Requirements*	Total Debt Service Requirements
2021	\$ 9,119,059	\$ 1,916,862	\$ 11,035,921
2022	9,236,059	1,743,101	10,979,160
2023	9,403,059	1,582,631	10,985,690
2024	9,492,059	1,404,356	10,896,415
2025	9,632,059	1,181,884	10,813,943
2026-2029	18,186,174	1,628,194	19,814,368
	<u>\$ 65,068,469</u>	<u>\$ 9,457,028</u>	<u>\$ 74,525,497</u>

\*The Interest Requirements include a federal subsidy associated with the District's outstanding 2010 QSCB Bond.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below:

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at June 30, 2020
2009	\$ 19,790,000	In 2009, the School District issued General Obligation Notes, Series A-1 through A-3 of 2009 to provide funds for the current refunding of the outstanding General Obligation Notes, Series of 2000 and General Obligation Notes of 2003. Series A-1 Notes matured serially through September 15, 2015, Series A-2 mature serially through September 25, 2020 and Series A-3 mature serially through September 25, 2022. Effective April 25, 2012, the Series A-1, A-2, and A-3 bonds were refinanced at a fixed interest rate of 1.83% from the previous variable interest rate with a maximum interest rate of 15.00%.	\$ 4,147,000
2010	24,600,000	In 2010, the State Public School Building Authority issued Federally Taxable Revenue Bonds, Series A of 2010 (Qualified School Construction Bonds) in the amount of \$325,526,000 of which \$24,600,000 is the responsibility of the School District. The proceeds of the Bond provide funds to pay issuance costs and finance costs of certain capital projects to be undertaken by the School District. The Bonds mature serially through September 1, 2027 and carry an interest rates of 0.17%.	11,576,469
2011	9,000,000	In 2011, the State Public School Building Authority issued Federally Taxable Revenue Bonds, Series A of 2011 (Qualified School Construction Bonds) and Series B of 2011 (Qualified Zone Academy Bonds) in the amount of \$71,308,000 of which \$9,000,000 is the responsibility of the School District. The proceeds of the Bond provide funds to pay issuance costs and finance costs of certain capital projects to be undertaken by the School District. The Bonds mature serially through September 1, 2026 and carry interest rates of 5.426%.	7,005,000
2012	9,995,000	In 2012, the School District issued General Obligation Bonds, Series of 2012, in the amount of \$9,995,000. The proceeds of the Bonds advance refunded a portion of the outstanding School Revenue Bonds, Series of 2003 issued for the benefit of the School District through the State Public School Building Authority and the School District's related General Obligation Note, Series B of 2003 and to pay the costs of issuing and insuring the bonds. The Bonds mature serially beginning May 1, 2016 through May 1, 2021 at rates of 2.00% and 3.00%.	105,000

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding at June 30, 2020
2013	\$ 8,585,000	In 2013, the School District issued General Obligation Bonds, Series A of 2013, in the amount of \$8,585,000. The proceeds of the Bonds were used to currently refund the outstanding School Revenue Bonds, Series of 2003 issued for the benefit of the School District through the State Public Building Authority and the School District's related General Obligation Note, Series B of 2003 and to pay the costs of issuing and insuring the bonds. The Bonds mature serially through May 1, 2023 and carry an interest rate of 0.65% to 3.00%.	\$ 3,810,000
2013	4,125,000	In 2013, the School District issued General Obligation Bonds, Series B of 2013, in the amount of \$4,125,000. The proceeds of the Bonds were used to finance renovations and improvements to Jackson Elementary School and to pay the costs of issuing and insuring the bonds. The Bonds mature serially through May 1, 2026 and carry an interest rate of 1.00% to 3.25%.	4,090,000
2015	9,840,000	In 2015, the School District issued General Obligation Bonds, Series of 2015, in the amount of \$9,840,000. The proceeds of the Bonds were used for the current refunding of a portion of the outstanding General Obligation Bonds, Series of 2005 and the advanced refunding of the General Obligation Bonds, Series of 2007, and to pay the costs of issuing the bonds. The Bonds mature serially through June 1, 2024 and carry an interest rate of 3.85% to 5.00%.	4,520,000
2016	9,315,000	In 2016, the School District issued General Obligation Bonds, Series of 2016, in the amount of \$9,315,000. The proceeds of the Bonds were used for the current refunding of the outstanding General Obligation Bonds, Series of 2005 and the General Obligation Bonds, Series of 2007. The Bonds mature serially through June 1, 2024 and carry an interest rate of .8% to 4.00%.	4,525,000
2019	8,560,000	In 2019, the School District issued General Obligation Bonds, Series of 2019, in the amount of \$8,560,000. The proceeds of the Bonds were used for the current refunding of a portion of the outstanding General Obligation Bonds, Series of 2009. The Bonds mature serially through June 1, 2029 and carry an interest rate of 2.00% to 2.625%.	8,190,000
2020	17,470,000	In 2020, the School District issued General Obligation Bonds, Series of 2020, in the amount of \$17,470,000. The proceeds of the Bonds were used to currently refund the outstanding General Obligation Bond, Series of 2017 and General Obligation Bond, Series of 2017A. The Bonds mature serially through May 1, 2029 and carry an interest rate of 1.44% to 4.00%.	17,100,000
Total Balance Outstanding			<u>\$ 65,068,469</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 10: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

The following is a summary of changes in general long-term obligation debt for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
GON, Series A-2 of 2009	\$ 3,632,000	\$ -	\$ (1,775,000)	\$ 1,857,000	\$ 1,857,000
GON, Series A-3 of 2009	2,290,000	-	-	2,290,000	-
GON, Series of 2010	13,023,528	-	(1,447,059)	11,576,469	1,447,059
GON, Series of 2011	7,990,000	-	(985,000)	7,005,000	985,000
GOB, Series of 2012	240,000	-	(135,000)	105,000	105,000
GOB, Series A of 2013	4,970,000	-	(1,160,000)	3,810,000	1,210,000
GOB, Series B of 2013	4,095,000	-	(5,000)	4,090,000	5,000
GOB, Series of 2015	5,515,000	-	(995,000)	4,520,000	1,010,000
GOB, Series of 2016	5,495,000	-	(970,000)	4,525,000	1,000,000
GON, Series of 2017	9,715,000	-	(9,715,000)	-	-
GOB, Series A of 2017	9,335,000	-	(9,335,000)	-	-
GOB, Series of 2019	8,560,000	-	(370,000)	8,190,000	900,000
GOB, Series of 2020	-	17,470,000	(370,000)	17,100,000	600,000
	<u>\$ 74,860,528</u>	<u>\$ 17,470,000</u>	<u>\$ (27,262,059)</u>	<u>\$ 65,068,469</u>	<u>\$ 9,119,059</u>

In December 2019, the School District issued General Obligation Bonds, Series of 2020 in the amount of \$17,470,000. The proceeds were used to currently refund the outstanding General Obligation Bonds, Series of 2017 and General Obligation Bonds, Series of 2017A in the amount of \$19,050,000 and to pay the cost of issuing and insuring the bonds.

The School District paid bond issuance costs in the amount of \$283,272 and recorded a bond premium of \$1,929,117. The Bonds mature serially through May 1, 2029 and carry an interest rate of 1.44% to 4.00%.

This refunding transaction resulted in an estimated cash flow savings of \$453,012 and an estimated economic gain of \$431,907 for the School District.

NOTE 11: LOAN PAYABLE

The District received a loan totaling \$3 million through the Pennsylvania Department of Education Financial Recovery Transitional Loan Program to assist with the elimination of accumulated deficits and replenish fund balance. The loan is non-interest bearing and shall be paid annually over 10 equal installments of \$300 thousand through June 30, 2024. The outstanding balance on the loan at June 30, 2020 was \$1,200,000.

	Principal Retirements
Years Ended June 30:	
2021	300,000
2022	300,000
2023	300,000
2024	300,000
	<u>\$ 1,200,000</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 12: COMPENSATED ABSENCES

The changes in the District's compensated absences in 2020 are summarized as follows:

	Governmental Activities	Business-Type Activities
Balance July 1, 2019	\$ 1,929,771	\$ 28,101
Change	442,477	4,136
Balance June 30, 2020	<u>\$ 2,372,248</u>	<u>\$ 32,237</u>

Compensated absences are paid from the General Fund and Food Service Fund.

NOTE 13: OPERATING LEASES

In August 2016, the District entered into a 59-month operating lease for Sharp equipment, maintenance and supplies. The contract calls for a fixed monthly charge.

In November 2016, the District entered into a 60-month operating lease for two Enterprise vehicles. The contract calls for a fixed monthly charge.

In January 2020, the District entered into a 60-month operating lease for a Pitney Bowes mail machine. The contract calls for a fixed monthly charge.

In January 2020, the District entered into a 60-month operating lease for a Pitney Bowes mail machine for William Penn Senior High School. The contract calls for a fixed monthly charge.

Lease expense in the general fund during the year ended June 30, 2020 was \$146,662. The District's future obligation under the operating leases are as follows for the fiscal years ending June 30:

Years Ended June 30:	
2021	149,798
2022	36,652
2023	6,273
2024	6,273
2025	3,136
	<u>\$ 202,132</u>



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 14: FUND BALANCES / NET POSITION

The financial statements present fund balances / net position based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective funds can be spent. The classifications used in the financial statements are as follows:

Governmental Funds

General Fund

Nonspendable

Inventory	\$	52,102
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Prepayments made to Lincoln Benefit Trust for employee health care costs.		3,022,956
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Unassigned

Available for any purpose		14,824,774
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Capital Projects

Restricted

Restriction of funds for capital projects.		682,108
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Total Governmental Funds, Fund Balance	\$	<u>18,581,940</u>
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Governmental Activities

Net Investment in Capital Assets	\$	59,704,500
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Restricted Net Position

Restricted for capital projects, net unspent bond proceeds.		682,108
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Unrestricted Net Position		<u>(127,275,292)</u>
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	\$	<u>(66,888,684)</u>
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Business-Type Activities

Net Investment in Capital Assets		276,780
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Restricted Net Position		175,634
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Unrestricted Net Position		<u>(3,487,886)</u>
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	\$	<u>(3,035,472)</u>
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SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 15: RISK MANAGEMENT

Medical Insurance

The District is exposed to risk of loss related to employee health care. In July 1989, the District joined the Lincoln Benefit Trust, a public entity risk pool currently operating as a claim-servicing pool for member school districts and the intermediate unit. The District is liable for all claims up to \$150,000. Claims incurred for \$150,001 to \$300,000 are paid from a stop-loss pool fund. Claims incurred for \$300,001 to \$1,000,000 are paid from a stop-loss insurance policy purchased by the Trust. The District pays premiums from the general fund and the enterprise fund. At June 30, 2020, the District's funding for claims exceeded the payments to date; accordingly the District has a prepaid balance with the Lincoln Benefit Trust. The general fund prepaid balance is equally offset by a nonspendable fund balance, indicating that the balances do not constitute available, spendable resources. A liability for benefit claims payable, and benefit claims incurred but not reported is netted against the prepaid balance.

	General Fund	Food Service Fund	Total
Prepaid Expense	\$ 3,022,956	\$ 175,634	\$ 3,198,590

Changes in the District's claims liability in fiscal years 2020 and 2019 are:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
General Fund				
2018-2019	\$ 631,404	\$ 14,952,358	\$ (14,806,208)	\$ 777,554
2019-2020	\$ 777,554	\$ 13,923,610	\$ (13,726,574)	\$ 974,590
Enterprise Fund				
2018-2019	\$ 30,096	\$ 516,665	\$ (511,615)	\$ 35,146
2019-2020	\$ 35,146	\$ 527,464	\$ (520,000)	\$ 42,610
Total				
2018-2019	\$ 661,500	\$ 15,469,023	\$ (15,317,823)	\$ 812,700
2019-2020	\$ 812,700	\$ 14,451,074	\$ (14,246,574)	\$ 1,017,200

Other Risks

The District is exposed to various risks of loss related to workers compensation; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. During the year ended June 30, 2020, and the two previous fiscal years, no settlements exceeded insurance coverage.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN

General Information about the Pension Plan

Plan Description

The Pennsylvania Public School Employees' Retirement System ("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.

The administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The Board consists of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two Governor appointees, at least one of whom shall not be a school employee or an officer or employee of the State of Pennsylvania; three who are elected by the active professional members of PSERS from among their number; one who is elected by annuitants from among their number; one who is elected by the active nonprofessional members of PSERS from among their number; and one who is elected by members of Pennsylvania public school boards from among their number. The chairman of the Board is elected by the Board members. Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

PSERS was established on July 18, 1917, under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code ("Code"). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, 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) preserved the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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 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.

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.

All members are fully vested in their individual balance in the Members' Saving Account. All non-vested members may receive a refund of their individual balance of member contributions and interest from the Members' Savings Account upon termination of public school employment. Vested members who enrolled prior to July 1, 2011 may elect to receive a return of their accumulated contributions and interest upon their retirement which results in a reduced monthly annuity. Vested Class T-E and T-F members cannot withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement.

Contributions

Employer Contributions:

The contribution policy is set by the Code. The District's contractually required contribution rate for fiscal year ended June 30, 2020 was 32.60% 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. The contribution rate includes an Act 5 employer contribution rate of .09%. Contributions to the pension plan from the District were \$17,205,000 for the year ended June 30, 2020.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN (CONTINUED)

Contributions (Continued)

Member Contributions:

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contribution rate are as follows:

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 contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

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

At June 30, 2020, the District reported a total liability of \$163,879,000 for its proportionate share of the net pension liability. The Governmental and Business-Type Activities reported liabilities of \$158,962,630 and \$4,916,370 as of year-end. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as a percentage of the collective covered payroll of all members of PSERS. At June 30, 2020, the District's proportion was 0.3503 percent, which was an increase of 0.0290 from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$26,709,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions in the Governmental and Business-Type Activities from the following sources:

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN (CONTINUED)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 455,900
Difference between expected and actual experience	875,910	5,268,247
Changes in proportions	17,884,860	-
Changes in assumptions	1,519,020	-
Contributions subsequent to the measurement date	16,688,850	-
Total	<u>\$ 36,968,640</u>	<u>\$ 5,724,147</u>

  

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 14,100
Difference between expected and actual experience	27,090	162,935
Changes in proportions	553,140	-
Changes in assumptions	46,980	-
Contributions subsequent to the measurement date	516,150	-
Total	<u>\$ 1,143,360</u>	<u>\$ 177,035</u>

\$17,205,000 is 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:

	Governmental Activities	Business-Type Activities	Total
Year ended June 30:			
2021	\$ 8,877,381	\$ 274,558	\$ 9,151,939
2022	3,674,301	113,638	3,787,939
2023	1,722,661	53,278	1,775,939
2024	281,300	8,701	290,001

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Assumptions used in the measurement of the Total Pension Liability beginning June 30, 2019

- The Investment Rate of Return is 7.25%
- The inflation assumption is at 2.75%
- Salary growth is an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2019 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board of Trustees at their June 10, 2016 meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

The Plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not considered to be substantively automatic.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	(20%)	0.7%
	<u>100%</u>	

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total 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 change in the discount rate

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

	1% Decrease 6.25%	Current discount rate 7.25% (in Thousands)	1% Increase 8.25%
District's share of the net pension liability	\$ 204,130	\$ 163,879	\$ 129,797

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSERS financial report which can be found on the system's website at [www.psers.pa.gov](http://www.psers.pa.gov).

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$4,692,372 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 16: PENSION PLAN (CONTINUED)

Act 5 of 2017

On June 12, 2017, the commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN

District Specific Plan

Plan Description

*Plan Administration.* The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the "Plan") that is used to provide post-retirement medical, prescription drug, vision, and dental benefits for teachers and administrative employees who meet the following eligibility requirements:

- Administrator/Individual Contracted Employees: Age 55 and 7 years of service with District as Administrator
- Administrative Coordinating Personnel: Age 55 or 35 years of service
- All other employees: Retire under the qualifications of the Pennsylvania School Employee's Retirement System.

Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

*Plan Membership.* As of June 30, 2020 the Plan's membership consisted of the following:

Active Participants	745
Retired Participants	<u>67</u>
Total	<u><u>812</u></u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

*Benefits Provided.* The Plan provides healthcare benefits to eligible retirees their spouses. Benefits are provided through the District varying based on employee classification and years of service of the retiree.

	Former Superintendent	Administrator/ Contracted Employees	Administrative Coordinating Personnel	All Other Employees
Period of Coverage				
Retiree	Life	Until the earlier of 10 years or retiree's Medicare eligibility	Until the earlier of 10 years or retiree's Medicare eligibility	Until Medicare eligible.
Spouse	Life	If retiree dies or becomes Medicare eligible, spousal coverage is available at spouse's expense until spouse's Medicare eligible.	If retiree dies or becomes Medicare eligible, spousal coverage is available at spouse's expense until spouse's Medicare eligible.	Until retiree becomes Medicare eligible. If retiree dies or becomes Medicare eligible, Spouse coverage is available at Spouse expense until Medicare eligible.
Medical Benefits	Medical, prescription drug, and dental coverage for retiree and spouse	Medical, prescription drug, dental, and vision coverage for retiree and spouse	Medical, prescription drug, dental, and vision coverage for retiree and spouse	Medical and prescription drug coverage for retiree and dependents

The School Board of Directors has the authority to periodically negotiate the benefit terms established in the bargaining agreements.

*Contributions.* The contribution requirements of plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amounts vary depending on classification and years of service with the District.

Total OPEB Liability

The District's total OPEB liability of \$9,285,895 was measured as of July 1, 2019 and was rolled forward using actuarial assumptions to the valuation date of July 1, 2017.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.50% average, including inflation
Discount Rate	3.36%
Healthcare Cost Trend Rates	5.5% in 2019 through 2021, 5.4% in 2022, decreasing to an ultimate rate of 3.8% by 2075.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2019.

Mortality rates are assumed using the rates assumed in the PSERS defined benefit pension plan actuarial valuation with projections incorporated based on the Buck Modified 2016 projection scale to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2019 valuation were based on historical results, as a recent experience study was not completed.

Changes in the District's total OPEB liability for the plan for the fiscal year ended June 30, 2020 was as follows:

	Total OPEB Liability
Balance at 6/30/2018, beginning of year	\$ 9,013,144
Changes for the year:	
Service Cost	752,378
Interest	282,392
Changes in Assumptions	(227,968)
Benefit Payments	(534,051)
Net Changes	272,751
Balance at 6/30/2019, end of year	<u>\$ 9,285,895</u>
Split of Total OPEB Liability, end of year:	
Governmental Activities	9,007,318
Business-Type Activities	278,577
Total	<u>\$ 9,285,895</u>

Changes in assumptions reflect a change in the discount rate from 2.98% to 3.36%.

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.*  
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.5%) or 1-percentage higher (6.5%) than the current discount rate:

	1% Decrease 4.50%	Medical Trend Rate 5.50%	1% Increase 6.50%
Total OPEB Liability	<u>\$ 8,311,624</u>	<u>\$ 9,285,895</u>	<u>\$ 10,431,813</u>

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

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

	1% Decrease 2.36%	Current Discount Rate 3.36%	1% Increase 4.36%
Total OPEB Liability	<u>\$ 9,895,817</u>	<u>\$ 9,285,895</u>	<u>\$ 8,709,324</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$908,844. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,245,925
Changes in assumptions	247,936	459,841
Contributions subsequent to the measurement date	524,665	-
Total	<u>\$ 772,601</u>	<u>\$ 1,705,766</u>
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 749,423	\$ 1,654,593
Business-Type Activities	23,178	51,173
Total	<u>\$ 772,601</u>	<u>\$ 1,705,766</u>

\$524,665 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the 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:

Year ended June 30:	Governmental Activities	Business-Type Activities	Total
2021	\$ (122,148)	\$ (3,778)	\$ (125,926)
2022	(122,148)	(3,778)	(125,926)
2023	(122,148)	(3,778)	(125,926)
2024	(122,148)	(3,778)	(125,926)
2025	(122,148)	(3,778)	(125,926)
Thereafter	(803,354)	(24,846)	(828,200)

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan

Plan Description

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, 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.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan 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 services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

Benefits Provided

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

*Employer Contributions.* The Districts' contractually required contribution rate for fiscal year ended June 30, 2020 was 0.83% of covered payroll, an actuarially determined 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 PSERS Plan from the District were \$432,495 for the year ended June 30, 2020.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

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

At June 30, 2020, the District reported a liability of \$7,450,000 for its proportionate share of the net OPEB liability. The Governmental and Business-Type Activities reported liabilities of \$7,226,500 and \$223,500 as of year-end. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all Districts in the PSERS Plan. At June 30, 2020, the District's proportion was 0.3503 percent, which was an increase of 0.0290 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expense of \$546,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 13,000	\$ -
Changes in assumptions	247,000	221,000
Changes in proportion	952,000	-
Difference between expected and actual experience	41,000	
Contributions subsequent to the measurement date	432,495	-
Total	<u>\$ 1,685,495</u>	<u>\$ 221,000</u>

Split of Deferred Outflows/Inflows of Resources:

Governmental Activities	\$ 1,634,930	\$ 214,370
Business-Type Activities	50,565	6,630
Total	<u>\$ 1,685,495</u>	<u>\$ 221,000</u>

\$432,495 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued)

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

Year ended June 30:	Governmental Activities	Business-Type Activities	Total
2021	\$ 177,510	\$ 5,490	\$ 183,000
2022	177,510	5,490	183,000
2023	175,570	5,430	181,000
2024	173,630	5,370	179,000
2025	186,240	5,760	192,000
Thereafter	110,580	3,420	114,000

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement 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, 2017 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates 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.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Actuarial Assumptions (Continued)

A recent actuarial experience study was not performed.

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.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
Total	100.0%	

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



SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 17: OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's Proportionate Share of the net OPEB liability as well as what the District's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease (Between 4% - 6.50%)	Medical Trend Rate (Between 5% - 7.50%)	1% Increase (Between 6% - 8.50%)
District's proportionate share of the net OPEB liability	\$ 7,449,000	\$ 7,450,000	\$ 7,451,000

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.79 percent) or higher (3.79 percent) than the current discount rate:

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
District's proportionate share of the net OPEB liability	\$ 8,488,000	\$ 7,450,000	\$ 6,591,000

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](http://www.psers.pa.gov).

At June 30, 2020 the District reported a payable of \$116,372 for the outstanding amount of contributions to the OPEB plan.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

NOTE 18: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various employment/health care-related lawsuits, and charges asserted by its employees and its bargaining units. The outcome of these matters cannot be determined at this time. Management believes that any potential losses from these matters will not have a material adverse effect on the District's financial position, however the outcome of these matters, and any potential losses, are not determinable.

Grants

The District is party to various grants with Federal and State agencies, which are subject to program and compliance audits by the grantors or under the Single Audit Act Amendments of 1996. Findings and questioned costs arising out of such audits are subject to the ultimate disposition by the grantor agency.

NOTE 19: SUBSEQUENT EVENTS

In December 2020, the Board of School Directors approved a resolution to issue General Obligation Bonds, Series of 2021 in the maximum aggregate principal amount not to exceed \$31,125,000. The proceeds of the bond issuance will be to currently refund the School District's outstanding General Obligation Bonds, Series A of 2013, General Obligation Bonds, Series B of 2013, General Obligation Bond, Series of 2015 and General Obligation Bonds, Series of 2016 and to pay the costs of issuing the bonds.

Prior to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of schools, local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of the School District's operations. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State and Federal tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by counties, school districts, and local municipalities to fund specific projects. In addition, the School District's own source revenue or derived revenues could be affected negatively. Schools were required to close and to develop a plan to continue education for students, the costs of implementation will impact the School District. Overall, decreased funding and increased costs could result in the School District having to curtail or eliminate some services.

Management of the School District has evaluated subsequent events through the report issuance date. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements other than the events noted above.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
REVENUES	Original	Final	Amounts	
Local Sources:				
Real Estate Taxes	\$ 31,500,000	\$ 31,500,000	\$ 30,650,696	\$ (849,304)
Other Taxes	3,822,000	3,822,000	3,434,290	(387,710)
Investment Income	825,000	825,000	718,362	(106,638)
Other Revenue	2,791,367	2,791,317	846,121	(1,945,196)
Total Local Sources	38,938,367	38,938,317	35,649,469	(3,288,848)
State Sources	102,502,881	102,878,549	104,657,244	1,778,695
Federal Sources	8,614,015	11,242,956	10,377,340	(865,616)
Total Revenues	150,055,263	153,059,822	150,684,053	(2,375,769)
EXPENDITURES				
Instructional Services				
Regular Programs	69,826,195	71,086,207	63,732,514	7,353,693
Special Programs	25,959,590	26,963,589	26,503,179	460,410
Vocational Programs	5,995,485	5,995,485	5,103,406	892,079
Other Instructional Program	1,451,686	2,311,008	2,139,038	171,970
Nonpublic School Programs	168,458	136,793	200,381	(63,588)
Adult Education Programs	386,140	386,140	304,982	81,158
Pre-Kindergarten Programs	2,293,082	2,633,750	2,643,810	(10,060)
Total Instructional Services	106,080,636	109,512,972	100,627,310	8,885,662
Instructional Support Services				
Pupil Personnel Services	5,908,368	5,352,075	6,039,158	(687,083)
Instructional Staff Services	3,526,838	3,601,141	3,679,350	(78,209)
Administrative Services	8,139,501	8,499,152	8,483,323	15,829
Pupil Health	1,853,405	1,756,405	1,908,783	(152,378)
Business Services	1,260,405	1,307,794	1,286,938	20,856
Operation of Plant and Maintenance Services	11,527,909	11,520,742	10,832,150	688,592
Student Transportation Services	2,798,874	2,858,874	2,554,201	304,673
Central and Other Business Services	1,918,130	2,033,130	2,072,473	(39,343)
Other Support Services	36,000	36,000	23,028	12,972
Total Instructional Support Services	36,969,430	36,965,313	36,879,404	85,909
Noninstructional Services				
Student Activities	776,507	776,507	808,440	(31,933)
Community Services	526,448	386,206	344,829	41,377
Total Noninstructional Services	1,302,955	1,162,713	1,153,269	9,444
Capital Outlay	-	-	327,793	(327,793)
Debt Service	11,986,934	31,102,679	30,810,312	292,367
Total Expenditures	156,339,955	178,743,677	169,798,088	8,945,589
Excess of Revenues Over (Under)				
Expenditures	(6,284,692)	(25,683,855)	(19,114,035)	6,569,820
OTHER FINANCING SOURCES (USES)				
Proceeds of Capital Asset Sales	-	-	150	150
Issuance of Refunding Bonds	-	17,470,000	17,470,000	-
Bond Premium	-	1,929,117	1,929,117	-
Budgetary Reserve	(100,000)	-	-	-
Total Other Financing Sources (Uses)	(100,000)	19,399,117	19,399,267	150
Net Changes in Fund Balance	\$ (6,384,692)	\$ (6,284,738)	\$ 285,232	\$ 6,569,970

SCHOOL DISTRICT OF THE CITY OF YORK

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - RETIREES HEALTH PLAN

JUNE 30, 2020

	2018	2019	2020
Total OPEB liability			
Service cost	\$ 668,851	\$ 709,108	\$ 752,378
Interest	252,527	336,784	282,392
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(1,472,457)	-
Changes of assumptions or other inputs	330,583	(294,755)	(227,968)
Benefit payments	(654,801)	(690,186)	(534,051)
Net change in total OPEB liability	597,160	(1,411,506)	272,751
Total OPEB liability - beginning	9,827,490	10,424,650	9,013,144
Total OPEB liability - ending	\$ 10,424,650	\$ 9,013,144	\$ 9,285,895
Covered payroll	\$ 37,343,714	\$ 47,086,179	\$ 47,086,179
District's total OPEB liability as a percentage of covered payroll	27.92%	19.14%	19.72%

Changes of Assumptions

Effective 7/1/19 - The discount rate changed from 2.98% to 3.36%

Effective 7/1/18 - The discount rate changed from 3.13% to 2.98%

Effective 7/1/17 - The discount rate changed from 2.49% to 3.13%

Effective 7/1/18 - The trend assumption was updated. The assumed percentage of eligible Act 110/43 employees electing coverage at retirement was decreased from 70% to 65%.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF THE CITY OF YORK

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN

JUNE 30, 2020

	Measurement Date June 30,			
	2016	2017	2018	2019
District's proportion of the net OPEB liability	0.2907%	0.3043%	0.3213%	0.3503%
District's proportionate share of the net OPEB liability	\$ 6,262,000	\$ 6,200,000	\$ 6,699,000	\$ 7,450,000
District's covered payroll	\$ 37,653,466	\$ 40,512,841	\$ 43,264,374	\$ 48,314,852
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17%	15%	15%	15%
Plan fiduciary net position as a percentage of the total OPEB liability	5%	6%	6%	6%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF THE CITY OF YORK

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually determined contribution	\$ 336,000	\$ 359,000	\$ 401,000	\$ 432,495
Contributions in relation to the contractually determined contribution	336,000	359,123	401,027	432,495
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (123)</u>	<u>\$ (27)</u>	<u>\$ -</u>
Covered payroll	\$ 40,512,841	\$ 43,264,374	\$ 48,314,852	\$ 50,657,864
Contributions as a percentage of covered payroll	0.83%	0.83%	0.83%	0.85%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Measurement Date June 30,					
	2014	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.2624%	0.2709%	0.2907%	0.3043%	0.3213%	0.3503%
District's proportionate share of the net pension liability	\$ 106,025,000	\$ 117,341,000	\$ 144,062,000	\$ 150,289,000	\$ 154,240,000	\$ 163,879,000
District's covered payroll	\$ 33,486,767	\$ 34,858,951	\$ 37,653,466	\$ 40,512,841	\$ 43,264,374	\$ 48,314,852
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	317%	337%	383%	371%	357%	339%
Plan fiduciary net position as a percentage of the total pension liability	57%	54%	50%	52%	54%	54%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only six years are presented in the above schedule.



SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 6,983,716	\$ 9,217,874	\$ 11,662,000	\$ 13,658,000	\$ 15,724,000	\$ 17,205,000
Contributions in relation to the contractually required contribution	6,983,716	9,217,874	11,662,000	13,658,000	15,724,000	17,205,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	34,858,951	37,653,466	40,512,841	43,264,374	48,314,852	50,657,864
Contributions as a percentage of covered - payroll	20.03%	24.48%	28.79%	31.57%	32.54%	33.96%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only six years are presented in the above schedule.

**SCHOOL DISTRICT OF THE  
CITY OF YORK, PENNSYLVANIA**

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2020

SCHOOL DISTRICT OF THE CITY OF YORK  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2020

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# *Zelenkofske Axelrod LLC*

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

### INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
School District of the City of York  
York, 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 SCHOOL DISTRICT OF THE CITY OF YORK, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the SCHOOL DISTRICT OF THE CITY OF YORK's basic financial statements, and have issued our report thereon dated January 29, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the SCHOOL DISTRICT OF THE CITY OF YORK's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SCHOOL DISTRICT OF THE CITY OF YORK's internal control. Accordingly, we do not express an opinion on the effectiveness of the SCHOOL DISTRICT OF THE CITY OF YORK'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as Finding 2020-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the SCHOOL DISTRICT OF THE CITY OF YORK'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as Finding 2020-001.



# *Zelenkofske Axelrod LLC*

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## **THE SCHOOL DISTRICT OF THE CITY OF YORK's Response to the Finding**

The SCHOOL DISTRICT OF THE CITY OF YORK's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The SCHOOL DISTRICT OF THE CITY OF YORK's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
January 29, 2021



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
School District of the City of York  
York, Pennsylvania

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

We have audited the SCHOOL DISTRICT OF THE CITY OF YORK's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the SCHOOL DISTRICT OF THE CITY OF YORK's major federal programs for the year ended June 30, 2020. The SCHOOL DISTRICT OF THE CITY OF YORK's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the SCHOOL DISTRICT OF THE CITY OF YORK's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SCHOOL DISTRICT OF THE CITY OF YORK'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 qualified opinions on compliance for the major federal programs. However, our audit does not provide a legal determination of the SCHOOL DISTRICT OF THE CITY OF YORK's compliance.



# *Zelenkofske Axelrod LLC*

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## ***Basis for Qualified Opinion on GRANTS TO LOCAL EDUCATIONAL AGENCIES - TITLE I and SPECIAL EDUCATION CLUSTER (IDEA)***

As described in the accompanying schedule of findings and questioned costs, the SCHOOL DISTRICT OF THE CITY OF YORK did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2020-001	84.010 84.027	Grants to Local Educational Agencies (Title I, Part A) Special Education Cluster (IDEA, Part B)	Equipment and Real Property
2020-002	84.010	Grants to Local Educational Agencies (Title I, Part A)	Reporting
2020-003	84.027	Special Education Cluster (IDEA, Part B)	Procurement and Suspension and Debarment

Compliance with such requirements is necessary, in our opinion, for the SCHOOL DISTRICT OF THE CITY OF YORK to comply with the requirements applicable to those programs.

## ***Qualified Opinion on GRANTS TO LOCAL EDUCATIONAL AGENCIES - TITLE I and SPECIAL EDUCATION CLUSTER (IDEA)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the SCHOOL DISTRICT OF THE CITY OF YORK complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs listed above for the year ended June 30, 2020.

### ***Other Matters***

The SCHOOL DISTRICT OF THE CITY OF YORK's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The SCHOOL DISTRICT OF THE CITY OF YORK's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the SCHOOL DISTRICT OF THE CITY OF YORK 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 SCHOOL DISTRICT OF THE CITY OF YORK'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 SCHOOL DISTRICT OF THE CITY OF YORK's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and a significant deficiency.



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2020-001 and 2020-003 to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2020-002 to be a significant deficiency.

The SCHOOL DISTRICT OF THE CITY OF YORK's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The SCHOOL DISTRICT OF THE CITY OF YORK's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the SCHOOL DISTRICT OF THE CITY OF YORK as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the SCHOOL DISTRICT OF THE CITY OF YORK's basic financial statements. We issued our report thereon dated January 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SCHOOL DISTRICT OF THE CITY OF YORK's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

*Zelenkofske Axelrod LLC*

ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania  
January 29, 2021



SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

Federal Grantor Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ End Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2019	Total Received for the Year	Expenditure	Accrued (Deferred) Revenue at June 30, 2020	Subrecipient Expenditures
<b>U.S. Department of Defense</b>									
<b>Passed Through the United States Army</b>									
Junior Reserve Officers Training Corps	12.000	N/A	7/01/19-6/30/20	N/A	\$ -	\$ 62,297	\$ 68,312	\$ 6,015	\$ -
Junior Reserve Officers Training Corps	12.000	N/A	7/01/18-6/30/19	N/A	3,198	3,198	-	-	-
<b>Total Passed Through the United States Army</b>					<u>3,198</u>	<u>65,495</u>	<u>68,312</u>	<u>6,015</u>	<u>-</u>
<b>Total U.S. Department of Defense</b>					<u>3,198</u>	<u>65,495</u>	<u>68,312</u>	<u>6,015</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>									
<b>Passed Through the Pennsylvania Department of Agriculture</b>									
<b>Child Nutrition Cluster:</b>									
National School Lunch Program - USDA Commodities	10.555		7/01/19-6/30/20	N/A	-	253,759	194,384	(59,375)	-
National School Lunch Program - USDA Commodities	10.555		7/01/18-6/30/19	N/A	(15,522)	-	15,522	-	-
<b>Total Child Nutrition Cluster Passed Through the Pennsylvania Department of Agriculture</b>					<u>(15,522)</u>	<u>253,759</u>	<u>209,906</u>	<u>(59,375)</u>	<u>-</u>
<b>Passed Through the Pennsylvania Department of Education</b>									
<b>Child Nutrition Cluster:</b>									
School Breakfast Program	10.553		7/01/19-6/30/20	N/A	-	1,384,329	1,398,647	14,318	-
School Breakfast Program	10.553		7/01/18-6/30/19	N/A	36,578	36,578	-	-	-
National School Lunch Program	10.555		7/01/19-6/30/20	N/A	-	2,397,420	2,420,198	22,778	-
National School Lunch Program	10.555		7/01/18-6/30/19	N/A	58,251	58,251	-	-	-
Summer Food Service Program for Children	10.559		7/01/19-6/30/20	N/A	-	47,788	47,788	-	-
Summer Food Service Program for Children	10.559		7/01/18-6/30/19	N/A	20,864	20,864	-	-	-
<b>Total Child Nutrition Cluster Passed Through the Pennsylvania Department of Education</b>					<u>115,693</u>	<u>3,945,230</u>	<u>3,866,633</u>	<u>37,096</u>	<u>-</u>
<b>Total Child Nutrition Cluster</b>					<u>100,171</u>	<u>4,198,989</u>	<u>4,076,539</u>	<u>(22,279)</u>	<u>-</u>
Fresh Fruit & Vegetable	10.582		7/01/19-6/30/20	N/A	-	124,750	124,750	-	-
Fresh Fruit & Vegetable	10.582		7/01/18-6/30/19	N/A	46,974	46,974	-	-	-
<b>Total Fresh Fruit &amp; Vegetable Program</b>					<u>46,974</u>	<u>171,724</u>	<u>124,750</u>	<u>-</u>	<u>-</u>
Child and Adult Care Food Program	10.558		7/01/19-6/30/20	N/A	-	100,784	100,784	-	-
<b>Total Child and Adult Care Food Program</b>					<u>-</u>	<u>100,784</u>	<u>100,784</u>	<u>-</u>	<u>-</u>
<b>Total Passed Through the Pennsylvania Department of Education</b>					<u>162,667</u>	<u>4,217,738</u>	<u>4,092,167</u>	<u>37,096</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>					<u>147,145</u>	<u>4,471,497</u>	<u>4,302,073</u>	<u>(22,279)</u>	<u>-</u>
* denotes tested as a major program									

See Notes to Schedule of Expenditures of Federal Awards.

**SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ End Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2019	Total Received for the Year	Expenditure	Accrued (Deferred) Revenue at June 30, 2020	Subrecipient Expenditures
<b>U.S. Department of Education</b>									
<b>Passed Through the Pennsylvania Department of Education</b>									
<b>Title I, Part A:</b>									
Title I, Grants to Local Education Agencies	84.010	013-200498	7/1/2019-9/30/2020	4,736,432	\$ -	\$ 2,842,133	\$ 3,174,506	\$ 332,373	\$ -
Title I, Grants to Local Education Agencies	84.010	013-190498	7/6/2018-9/30/2019	4,826,896	146,778	1,286,924	1,140,146	-	-
Title I, Grants to Local Education Agencies	84.010	042-180498	2/4/2019-9/30/2019	420,995	(72,233)	315,746	387,979	-	-
Title I, Grants to Local Education Agencies	84.010	152-180498	07/25/2018-9/30/2019	1,006,072	783,477	1,006,072	222,595	-	-
<b>Total Title I Part A</b>					<u>858,022</u>	<u>5,450,875</u>	<u>4,925,226</u>	<u>332,373</u>	<u>-</u>
<b>Title II, Part A - Improving Teacher Quality State Grants</b>									
Improving Teacher Quality State Grants, Title II	84.367	020-20-0498	7/6/2019-9/30/2020	445,816	-	118,521	96,154	(22,367)	-
Improving Teacher Quality State Grants, Title II	84.367	020-19-0498	7/6/2018-9/30/2019	450,407	(140,089)	106,561	246,650	-	-
Improving Teacher Quality State Grants, Title II	84.367	020-18-0498	8/23/2017-9/30/2018	513,724	(43,719)	-	43,719	-	-
<b>Total Title II Part A - Improving Teacher Quality State Grants</b>					<u>(183,808)</u>	<u>225,082</u>	<u>386,523</u>	<u>(22,367)</u>	<u>-</u>
<b>Title III, Language Instruction for Limited English Proficient and Immigrant Students:</b>									
English Language Acquisition State Grants, Title III	84.365	010-20-0498	7/1/2019-9/30/2020	308,620	-	308,620	288,183	(20,437)	-
English Language Acquisition State Grants, Title III	84.365	010-19-0498	9/6/2018-9/30/2019	399,325	(32,859)	-	32,859	-	-
English Language Acquisition State Grants, Title III	84.365	010-18-0498	8/23/2017-9/30/2018	332,289	18,992	23,735	4,743	-	-
<b>Total Title III, Language Instruction for Limited English Proficient and Immigrant Students</b>					<u>(13,867)</u>	<u>332,355</u>	<u>325,785</u>	<u>(20,437)</u>	<u>-</u>
<b>Title IV Part B - 21st Century Community Learning Centers</b>									
21st Century Community Learning Centers	84.287C	41000-83451	7/1/2019-6/30/2020	400,000	-	203,548	262,657	59,109	-
21st Century Community Learning Centers	84.287C	41000-83452	7/1/2019-6/30/2020	400,000	-	219,684	316,149	96,465	-
<b>Total Title IV Part B - 21st Century Community Learning Centers</b>					<u>-</u>	<u>423,232</u>	<u>578,806</u>	<u>155,574</u>	<u>-</u>
<b>Title IV, Student Support and Academic Enrichment</b>									
Student Support and Academic Enrichment Program	84.424	144-200498	7/6/19-9/30/20	361,264	-	337,180	361,264	24,084	-
Student Support and Academic Enrichment Program	84.424	144-180498	7/6/18-9/30/19	350,988	233,992	-	-	233,992	-
<b>Total Title IV, Student Support and Academic Enrichment</b>					<u>233,992</u>	<u>337,180</u>	<u>361,264</u>	<u>258,076</u>	<u>-</u>
<b>Total Passed Through Pennsylvania Department of Education</b>					<u>894,339</u>	<u>6,768,724</u>	<u>6,577,604</u>	<u>703,219</u>	<u>-</u>

\* denotes tested as a major program

See Notes to Schedule of Expenditures of Federal Awards.

SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

Federal Grantor Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ End Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2019	Total Received for the Year	Expenditure	Accrued (Deferred) Revenue at June 30, 2020	Subrecipient Expenditures
<b>U.S. Department of Education (Continued)</b>									
<b>Passed Through Lincoln Intermediate Unit No. 12</b>									
<b>Special Education Cluster (IDEA):</b>									
Regular IDEA, Part B Section 611	84.027		7/01/19-6/30/20	1,640,870	\$ -	\$ -	\$ 1,640,870	\$ 1,640,870	\$ -
Regular IDEA, Part B Section 611	84.027		7/01/18-6/30/19	1,609,532	1,609,532	1,609,532	-	-	-
Preschool IDEA, Part B Section 619	84.027		7/01/19-6/30/20	19,360	-	-	19,360	19,360	-
Preschool IDEA, Part B Section 619	84.027		7/01/18-6/30/19	22,344	22,344	22,344	-	-	-
<b>Total Special Education Cluster (IDEA)</b>					<u>1,631,876</u>	<u>1,631,876</u>	<u>1,660,230</u>	<u>1,660,230</u>	<u>-</u>
<b>Total Passed Through Lincoln Intermediate Unit No. 12</b>					<u>1,631,876</u>	<u>1,631,876</u>	<u>1,660,230</u>	<u>1,660,230</u>	<u>-</u>
<b>Total U.S. Department of Education</b>					<u>2,526,215</u>	<u>8,400,600</u>	<u>8,237,834</u>	<u>2,363,449</u>	<u>-</u>
<b>U.S. Department of Human Services</b>									
<b>Passed Through the Pennsylvania Department of Health and Human Services</b>									
<b>Medicaid Cluster:</b>									
Medical Assistance-Admin Claiming	93.778		N/A	N/A	110,163	110,163	279,008	279,008	-
<b>Total Medicaid Cluster Passed Through the Pennsylvania Department of Health and Human Services</b>					<u>110,163</u>	<u>110,163</u>	<u>279,008</u>	<u>279,008</u>	<u>-</u>
<b>Total U.S. Department of Human Services</b>					<u>110,163</u>	<u>110,163</u>	<u>279,008</u>	<u>279,008</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<u>\$ 2,786,721</u>	<u>\$ 13,047,755</u>	<u>\$ 12,887,227</u>	<u>\$ 2,626,193</u>	<u>\$ -</u>

\* denotes tested as a major program

See Notes to Schedule of Expenditures of Federal Awards.

SCHOOL DISTRICT OF THE CITY OF YORK  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

NOTE 1:       REPORTING ENTITY

The School District of the City of York (the "District") as the reporting entity for financial reporting purposes is defined in Note 1B to the District's basic financial statements. For purposes of preparing the Schedule of Expenditures of Federal Awards, the District's reporting entity is the same that was used for financial reporting.

NOTE 2:       BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards included the grant activity of the School District and is presented using the modified accrual basis of accounting, which is described in Note 1D to the District's basic financial statements. The School District did not use the 10% de minimis indirect cost rate.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SCHOOL DISTRICT OF THE CITY OF YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results:

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant Deficiency(s) identified?  
       yes   X   none reported

Noncompliance material to financial statements noted?   X   yes        no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?   X   yes        no
- Significant Deficiency(s) identified?  
  X   yes        none reported

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

Federal Agency and Name of Major Program	Type of Opinion on Major Program
U.S. Department of Education – Title I, Grants to Local Educational Agencies (Title I, Part A)	Qualified
U.S. Department of Education – Special Education Cluster - Regular IDEA, Part B Section 611, Preschool IDEA, Part B Section 619	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes        no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster (IDEA, Part B)
84.010	Title I, Grants to Local Educational Agencies (Title I, Part A)

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

Auditee qualified as low-risk auditee?        yes   X   no

SCHOOL DISTRICT CITY OF YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2020-001 in SECTION III – FEDERAL AWARD FINDINGS.

SCHOOL DISTRICT CITY OF YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

SECTION III – FEDERAL AWARD FINDINGS (CONTINUED)

Finding 2020-001

Equipment and Real Property

CFDA # 84.010 Grants to Local Educational Agencies (Title I, Part A)  
CFDA # 84.027 Special Education Cluster (IDEA, Part B)

Criteria:	Federal Regulation 2 CFR section 215.34 requires equipment records shall be maintained accurately. Further a physical inventory of equipment purchased with federal grant funds shall be taken and the results reconciled with the equipment records at least once every two years. The recipient shall verify the existence, current utilization, and continued need for the equipment.
Condition:	As a result of our testing, we noted that the District maintained equipment records, but the District did not specify funding with which the equipment was purchased, the cost of the equipment, the percentage of Federal participation in the costs, as well as the actual acquisition date of the equipment items. ZA was unable to ensure the accuracy and completeness of the records and also noted that the District does not have policies in place to ensure the security of these items. During the testing performed, ZA noted that there is not consistent record keeping process among the schools within the District.
Cause:	The District did not maintain proper records documenting equipment purchased with Federal Funds. The District does not have adequate procedures in place to ensure compliance with Federal equipment and real property compliance requirements of the Title I, Part A and IDEA, Part B programs.
Effect:	Adequate internal controls are not in place and the District is not in compliance with Federal Equipment and Real Property compliance requirements of the Title I, Part A and IDEA, Part B programs. The finding was a repeat of Finding 2019-001 in the prior year.
Questioned Costs:	Questioned costs, if any, are undeterminable.
Recommendation:	Procedures should be developed to ensure that the District is following the state and federal requirements on physical inventory control and management of equipment. The District should indicate how to properly track equipment in their policy manual. The District's property policy needs to be expanded in order for equipment to be tracked the same way for all schools located within the District.
District's Response:	The District's Technology Department has updated its inventory of equipment to improve the tracking of equipment purchased with federal as well as other fund sources. The District is continuing its effort to implement a new comprehensive fixed asset system that coordinates with the District's accounting system.



SCHOOL DISTRICT CITY OF YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

SECTION III – FEDERAL AWARD FINDINGS (CONTINUED)

Finding 2020-002

Reporting

CFDA # 84.010 Grants to Local Educational Agencies (Title I, Part A)

Criteria:	The District is required to file with the Pennsylvania Department of Education a Final Expenditure Report within 30 days of the close of the grant or as soon as funds are liquidated, whichever comes first. In addition, reports that are filed (i.e. Final Expenditure Report, Cash on Hand Report, etc.) should be adequately supported by accounting or other appropriate records of the District and appropriately reviewed prior to submission. The District is required to file with the Pennsylvania Department of Education the Reconciliation of Cash on Hand Quarterly Reports no later than the 10 <sup>th</sup> working day of the month of submission.
Condition:	As a result of our testing, we noted that the District did not file the first quarter Title I Cash on Hand Quarterly Report during the year under audit.
Cause:	The District's procedures were not properly followed to ensure compliance with Federal Reporting compliance requirements.
Effect:	Internal controls are not operating effectively and the District is not in compliance with Federal Reporting compliance requirements.
Questioned Costs:	Questioned costs, if any, are undeterminable.
Recommendation:	Procedures should be implemented to ensure the quarterly reports are filed in a timely manner.
District's Response:	The District has a process in place. The District will make every effort to file the reports in a timely manner in the future.

SCHOOL DISTRICT CITY OF YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020

SECTION III – FEDERAL AWARD FINDINGS (CONTINUED)

Finding 2020-003

Procurement and Suspension and Debarment

CFDA # 84.027 Special Education Cluster (IDEA, Part B)

Criteria:	The District is required to perform procedures to ensure that a provider is neither suspended nor debarred prior to entering into a covered transaction. This may be accomplished by checking the System for Award Management Exclusions, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.
Condition:	As a result of our testing, we noted that the District entered into a covered transaction with one provider without performing procedures to ensure that the provider was not suspended or debarred.
Cause:	The District does not have adequate procedures in place to ensure compliance with Federal Procurement and Suspension and Debarment compliance requirements.
Effect:	Adequate internal controls are not in place and the District is not in compliance with Federal Procurement and Suspension and Debarment compliance requirements.
Questioned Costs:	Questioned costs, if any, are undeterminable.
Recommendation:	Procedures should be implemented to ensure that a provider is neither suspended nor debarred prior to entering into a covered transaction.
District's Response:	The District has updated its procurement procedures to ensure that a provider is neither suspended nor debarred prior to entering into a covered transaction. The District will ensure that all required components are in the contract. The Federal Programs Coordinator will verify that the provider is in good standing by checking the System for Award Management Exclusions.

SCHOOL DISTRICT CITY OF YORK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

The summary which follows indicates the current year status of findings identified in the prior year Single Audit Report.

Findings for the year ended June 30, 2019:

Program	Prior Year Finding	Brief Description of Finding	Current Year Status
Title I Special Education Cluster IDEA	2019-001	Equipment and Real Property	Unresolved See Current Year Finding 2020-001